Infinity Development Holdings Company Limited
星謙發展控股有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 640

Infinity Development

Annual Report 2024

CONTENTS

Note: This annual report is in English and Chinese. In case of any inconsistency, the English version shall prevail.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ieong Un *(Chairman and Chief Executive Officer)*
Mr. Ip Chin Wing
Mr. Ip Ka Lun
Mr. Stephen Graham Prince

Independent Non-executive Directors

Mr. Chan Wing Yau George
Mr. Simon Luk
Mr. Tong Hing Wah
Ms. Li Sin Man

AUDIT COMMITTEE

Mr. Tong Hing Wah *(Chairman)*
Mr. Chan Wing Yau George
Mr. Simon Luk
Ms. Li Sin Man

NOMINATION COMMITTEE

Mr. Simon Luk *(Chairman)*
Mr. Chan Wing Yau George
Mr. Tong Hing Wah
Ms. Li Sin Man
Mr. Ip Ka Lun

REMUNERATION COMMITTEE

Mr. Chan Wing Yau George *(Chairman)*
Mr. Simon Luk
Mr. Tong Hing Wah
Ms. Li Sin Man
Mr. Ip Ka Lun

COMPANY SECRETARY

Mr. Shum Hoi Luen

AUTHORISED REPRESENTATIVES

Mr. Ip Chin Wing
Mr. Shum Hoi Luen

AUDITOR

RSM Hong Kong
Certified Public Accountants
(Public Interest Entity Auditor registered
in accordance with the Accounting and Financial Reporting
Council Ordinance)

REGISTERED OFFICE

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman
KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2201–2202, 22/F
Alliance Building
133 Connaught Road Central
Hong Kong

HEAD OFFICE OF THE GROUP

Rua de Pequim No. 202A–246
Macau Finance Centre
16 Andar A–D, Macau

LEGAL ADVISER

Michael Li & Co.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman
KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Banco Tai Fung, S.A.R.L., Macau
The Bank of East Asia, Ltd., Macau
The Hongkong and Shanghai Banking Corporation Limited, Macau
Citibank, N.A., Hong Kong
DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

STOCK CODE

640

CORPORATE WEBSITE

www.infinitydevelopment.com.hk

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Infinity Development Holdings Company Limited (the "**Company**"), I am pleased to present the 2024 annual report of the Company and its subsidiaries (collectively the "**Group**") for the year ended 30 September 2024 to the shareholders (the "**Shareholders**") of the Company.

RESULTS

The revenue of the Group for the years ended 30 September 2024 and 2023 were approximately HK$736,338,000 and approximately HK$671,750,000 respectively, representing an increase of approximately 9.6% during the year under review. The net profit of the Group for the years ended 30 September 2024 and 2023 were approximately HK$100,411,000 and approximately HK$67,054,000 respectively, representing an increase of approximately 49.7% during the year under review. Details of the Group's results and prospects are discussed under the section of "Management Discussion and Analysis" in the 2024 annual report of the Company.

DIVIDENDS

For the year ended 30 September 2024, the Board has resolved to recommend the payment of a final dividend of HK5.4 cents (year ended 30 September 2023: HK3.3 cents) per ordinary share to the Shareholders, which will be subject to approval by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2024. Interim dividend for the six months ended 31 March 2024 of HK3.6 cents (six months ended 31 March 2023: HK2.4 cents) per ordinary share to the Shareholders was declared on 29 May 2024 and paid on 27 June 2024. Including the interim dividend for the six months ended 31 March 2024 of HK3.6 cents (six months ended 31 March 2023: HK2.4 cents) per ordinary share to the Shareholders already paid, the total dividend for the year ended 30 September 2024 will amount to HK9.0 cents (year ended 30 September 2023: HK6.5 cents (including a special dividend of HK0.8 cents)) per ordinary share.

APPRECIATION

On behalf of the Board, I would like to extend sincere gratitude to all patrons, suppliers, business partners and the Shareholders for their support and patience during the past year. May I also salute to our managers at all levels and dedicated staff of the Company for their invaluable contributions and diligent efforts during the past year.

Ieong Un
Chairman

Hong Kong, 13 December 2024

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group for the years ended 30 September 2024 and 2023 were approximately HK$736,338,000 and approximately HK$671,750,000 respectively, representing an increase of approximately 9.6%.

The increase in the revenue was mainly due to the increase in the revenue contribution in all geographical regions for the year ended 30 September 2024.

Gross profit

The gross profit of the Group for the years ended 30 September 2024 and 2023 were approximately HK$277,440,000 and approximately HK$209,106,000 respectively, representing an increase of approximately 32.7%.

The increase in the gross profit was primarily due to the strengthening of its costs control proactively and effectively by the Group in response to the uncertainties of high inflation and the severe competition in the adhesive related market for the year ended 30 September 2024.

Selling and distribution costs

The selling and distribution costs of the Group for the years ended 30 September 2024 and 2023 were approximately HK$52,282,000 and approximately HK$51,521,000 respectively, and remained stable.

Administrative expenses

The administrative expenses of the Group for the years ended 30 September 2024 and 2023 were approximately HK$103,667,000 and approximately HK$87,143,000 respectively, representing an increase of approximately 19.0%.

The increase in the administrative expenses was mainly due to the increase in the staff costs for year ended 30 September 2024.

Profit for the year attributable to owners of the Company

As a result of the abovementioned, the profit attributable to owners of the Company for the years ended 30 September 2024 and 2023 were approximately HK$100,411,000 and approximately HK$67,054,000 respectively, representing an increase of approximately 49.7%.

BUSINESS REVIEW AND PROSPECTS

Businesses

For the year ended 30 September 2024, the Group was principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

As at 30 September 2024, the Group had three manufacturing plants in the People's Republic of China (the "**PRC**"), the Socialist Republic of Vietnam ("**Vietnam**") and the Republic of Indonesia ("**Indonesia**") respectively. After the acquisition of a piece of land (the "**Land**") in Indonesia for industrial use in April 2022 as disclosed in the Company's announcement dated 13 April 2022, the Group is now in the process of construction of the new manufacturing plant on the Land as disclosed in the Company's announcements dated 24 April 2024 and 25 April 2024. As further disclosed in the Company's announcement dated 19 November 2024, the Group contracted to acquire machinery and production equipment; and certain pipeline, instrument and electrical works for the new manufacturing plant on the Land. With the above development, the Group believes that it would better serve its customers by improving its costs competitiveness and freight time advantages, and further solidify its core business. If necessary, the Group will consider to further expand its existing manufacturing facilities and implement any new manufacturing plants to satisfy its prestige customers' needs.

Cost control

The Group will continue to carefully review and extensively investigate the current situation of costs and resources deployment. In response to the uncertainties of high inflation and the severe competition in the adhesive related market, the Group will consider to strengthen its control over the operational costs proactively and effectively in the short term.

Research and development

The Group is always environmental-oriented and continuously dedicated to developing high quality products to satisfy the market needs; and closely monitors the future development direction of the market to research and develop products continuously in order to satisfy the needs of future development in the industry. In addition to its own research and development team, the Group also cooperated with some internationally well-known chemical corporations (including those from Germany and Japan) to develop new products and entered into technology cooperation agreements with several sophisticated technology experts in the industry (including those from countries and regions such as Japan, Taiwan and Hong Kong Special Administrative Region ("**Hong Kong**") of the PRC). Hopefully, through the above measures, it will strengthen the competence in research and development capabilities of the Group so as to maintain its technological leading position in the industry.

Prospects

Short to medium term outlook: In view of the uncertainties of high inflation and the severe competition in the adhesive related market, it is difficult for the Board to predict the sales performance of the Group in 2025.

Medium to long term outlook: As the global demand for footwear is still growing continually, more stringent requirement from the manufacturers for the quality of adhesives would gradually eliminate industry players with less competitiveness and the demand for the use of environmental water-based adhesive products by footwear brands and manufacturers will still be growing, the effect of the previous regional deployments of the Group has become prominent in response to the market changes. The Group has been maintaining partner relationship with its prestige customers for a number of years. As such, the Board expects that the growth of the Group's sales in the medium to long term will remain stable. The Group will continue to devote necessary resources to further increase its market share if feasible.

Leveraging on the Group's solid experience accumulated over the years, its high quality products recognised by the market and its competence in research and development capabilities, the Group will continue to commit to its core business. The Group will also consider to invest and develop its OEM business in a proactive manner in order to broaden its revenue base.

Looking ahead, the Board will remain prudent and optimistic about the prospects of the Group's core business in the long term. The Group will follow a very cautious approach to ensure corporate sustainability in 2025. In 2025, the Group will monitor its working capital management closely. The Group will also closely and carefully monitor the latest development of the footwear manufacturing industry and its core business; and the latest development of inflation and adhesive related market and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

As at 30 September 2024, the Group had interest-bearing bank borrowings of HK$39,000,000 (30 September 2023: HK$85,000,000). As at 30 September 2024, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK$21,382,000 (30 September 2023: approximately HK$18,749,000); and (ii) a corporate guarantee executed by the Company.

In addition, one of the lease agreements was guaranteed by the Company as at 30 September 2024.

The Group currently does not have any interest rate hedging policy while the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has normally funded the liquidity and capital requirements primarily through net cash generated from its operating activities.

As at 30 September 2024, the Group had restricted bank deposits of approximately HK$21,382,000 (30 September 2023: approximately HK$18,749,000). As at 30 September 2024, the Group had interest-bearing bank borrowings of HK$39,000,000 (30 September 2023: HK$85,000,000) and lease liabilities of approximately HK$4,471,000 (30 September 2023: approximately HK$4,258,000). Therefore, as at 30 September 2024, the gearing ratio (defined as the total of bank borrowings and lease liabilities divided by total equity) of the Group was approximately 7.4% (30 September 2023: approximately 17.4%). As at 30 September 2024, the current ratio of the Group was approximately 2.9 (30 September 2023: approximately 2.7).

FOREIGN EXCHANGE EXPOSURE

The Group has certain exposure to foreign currency risks as (i) most of the Group's business transactions are denominated in United States dollars; and (ii) the Group's assets and liabilities are principally derived from our overseas operations and mainly denominated in United States dollars, Renminbi and Vietnam Dong. The Group expects that Hong Kong dollars will continue to be pegged to United States dollars. As such, the Group expects that Hong Kong dollars will not have material fluctuations against foreign currencies which might materially affect the Group's operations. For the year ended 30 September 2024, the Group did not employ any financial instruments for hedging purpose. The Group monitors its foreign currency exposure closely and will consider adopting hedging policy should the need arise.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

Save as disclosed elsewhere in this annual report, for the year ended 30 September 2024, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

Save as disclosed elsewhere in this annual report, there was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures as at 30 September 2024 and up to the date of this annual report.

CAPITAL COMMITMENTS

As at 30 September 2024, the Group had capital commitments of approximately HK$51,347,000 (30 September 2023: approximately HK$11,262,000) in respect of acquisitions of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities (30 September 2023: HK$Nil).

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 19 November 2024, on 19 November 2024, an indirect wholly-owned subsidiary of the Company (the "**Purchaser**"), entered into an agreement with a vendor (the "**Vendor**") who is a third party independent of the Company and its connected persons, pursuant to which the Vendor would sell machinery and production equipment; and provide certain pipeline, instrument and electrical works for the new manufacturing plant in Indonesia, to the Purchaser at a consideration of US$4,250,000 (equivalent to approximately HK$33,150,000).

Save as disclosed elsewhere in this annual report, there have been no other material events occurring after the reporting period and up to the date of this annual report.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2024, the Group employed a total of 423 (30 September 2023: 411) employees. It is the policy of the Group to provide a regular review on its employees' pay levels, performance bonus system and other fringe benefits (including social insurance and training sponsorship) to ensure that the remuneration policy is competitive within the relevant industry. For the year ended 30 September 2024, the employee benefits expense (including Directors' emoluments) amounted to approximately HK$109,735,000 (year ended 30 September 2023: approximately HK$92,367,000).

The remuneration policy for the Directors is based on their experience, level of responsibilities, lengths of services and general market conditions and has been reviewed by the remuneration committee of the Company. Any discretionary bonus and other merit payments are linked to the financial results of the Group and the individual performance of the Directors.

No share option scheme has been adopted by the Company since 22 July 2020.

INVESTMENTS OF THE GROUP

Warrant Parking Management Limited

The Group has held 40% equity interest in Warrant Parking Management Limited ("**Warrant Parking**") since 2017. The principal activity of Warrant Parking was mainly engaged in the provision of management service to the government car parks in Macau for the year ended 30 September 2024.

Hunan Honestone New Energy Co., Ltd.[#]

The Group has held 30% equity interest in Hunan Honestone New Energy Co., Ltd. ("**Hunan Honestone**") since 2022. The principal activity of Hunan Honestone was mainly engaged in the photovoltaics related projects in the PRC for the year ended 30 September 2024.

Save as disclosed elsewhere in this annual report, the Group had no other material investments as at 30 September 2024.

[#] The official name of this entity is in Chinese. The English translation is for identification purpose only. For the official name of this entity in Chinese, please refer to the Chinese version of this annual report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

To create a long term value for the interests of the Shareholders is the Board's main objective. As such, the Board is highly committed to achieving a high standard of corporate governance and striving to maintain the management practices in a transparent and responsible way. The Board reviews and improves the Group's corporate governance practices and business ethics on an ongoing basis.

For the year ended 30 September 2024 and up to the date of this annual report, the Company complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") except for the deviation mentioned in the section of "Chairman and Chief Executive".

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. All the Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code throughout the year ended 30 September 2024.

THE BOARD

Responsibilities

The Board is responsible for the Group's corporate policy formulation, business strategic planning, business development, risk management, material acquisitions and disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management, such as the preparation of annual and interim accounts for the Board's final approval before its publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations. The Board has also delegated to the relevant senior management the authority and responsibility for the day-to-day management and operation of the Group.

The Board has also established the Board Committees (as defined below) and has delegated to these Board Committees various responsibilities as set out in their respective terms of reference.

The Board is also responsible for performing corporate governance duties of the Group and will assign relevant functions to other Board Committees, namely the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the audit committee (the "**Audit Committee**") (collectively, the "**Board Committees**") as and when appropriate.

Every Director is entitled to have access to Board papers and related materials, and the advice and services provided by the company secretary (the "**Company Secretary**") of the Company, and has the liberty to seek independent professional advice at the Company's expense if so reasonably required. The Directors will be continuously provided by the updates on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Composition

As of 30 September 2024, the Board currently comprises eight members, consisting of four executive Directors and four independent non-executive Directors. Details of the composition of the Board and biographies of the Directors are set out on page 2 of this annual report in the section of "Corporate Information" and on pages 46 to 48 of this annual report in the section of "Profile of Directors and Senior Management", respectively.

The Board possesses the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group which brings a good balance of relevant skills and experience to the Company. The independent non-executive Directors also provide their independent professional judgements on the assessment of the development, performance and risk management of the Group.

Meetings and Attendance

The attendance of individual members of the Board at various meetings for the year ended 30 September 2024, as well as the number of such meetings held, are set out below:

	Number of meetings attended/held				
	Board Meeting[6]	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Ieong Un [1]	6/6	N/A	N/A	N/A	1/1
Mr. Ip Chin Wing	5/5	N/A	N/A	N/A	0/1 [7]
Mr. Ip Ka Lun	5/5	N/A	2/2	2/2	1/1
Mr. Stephen Graham Prince	5/5	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Chan Wing Yau George [2]	6/6	3/3	2/2	2/2	1/1
Mr. Simon Luk [3]	6/6	3/3	2/2	2/2	1/1
Mr. Tong Hing Wah [4]	6/6	3/3	2/2	2/2	1/1
Ms. Li Sin Man [5]	4/4	1/1 [5]	0/0[5]	0/0[5]	1/1

(1) Chairman of the Board and chief executive officer of the Company.

(2) Chairman of the Remuneration Committee.

(3) Chairman of the Nomination Committee.

(4) Chairman of the Audit Committee.

(5) Appointment with effect from 29 December 2023.

(6) Including one meeting held by the chairman of the Board with the independent non-executive Directors (without the presence of other executive Directors).

(7) Absent due to illness.

Regular Board meetings are held at least four times annually and additional Board meetings are held when the Board considers appropriate. Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Draft agenda of each Board meeting is sent to the Directors in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Notices of regular Board meetings are served to all the Directors at least 14 days before the meetings. For other Board meetings and committee meetings, reasonable notices are generally given.

In respect of regular Board meetings or committee meetings and so far as practicable in all other cases, meeting papers are sent to the Directors or respective committee members in a timely manner and at least 3 days before the intended date of the respective meetings to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

Relevant senior management would attend regular Board meetings and where necessary, other Board meetings and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

Relationship

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relationships) between each other.

Independent Non-executive Directors

The Company has complied with Rules 3.10(1) and (2), and Rule 3.10A of the Listing Rules for the year ended 30 September 2024.

Pursuant to the requirements of the Listing Rules, the Company has received written confirmation from each of the independent non-executive Directors confirming his or her independence from the Company, and considers all of the independent non-executive Directors to be independent in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules.

Appointment, Re-election and Removal of Directors

In accordance with the articles (the "**Articles**") of association of the Company, all the Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself or herself for re-election by the Shareholders at the first annual general meeting after appointment. Any further appointment of an independent non-executive Director, who has served the Board for more than nine years, shall be subject to a separate resolution to be approved by the Shareholders in accordance with code provision B.2.3 of the CG Code.

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles. The Nomination Committee is responsible for reviewing the Board's composition, structure and size, developing and formulating the relevant procedures for nomination and appointment of the Directors, monitoring the appointment and succession planning of the Directors and assessing the independence of the independent non-executive Directors.

On 23 December 2022, each of the executive Directors entered into a new service contract with the Company for a term of three years commencing from 1 January 2023.

On 13 December 2024, each of the independent non-executive Directors entered into a new letter of appointment with the Company for a term of two years either commencing from 29 December 2024 or 1 January 2025 (as the case may be).

Notwithstanding the specific term of appointments, the Articles provide that every Director, including all the independent non-executive Directors, shall be subject to retirement at an annual general meeting at least once every three years. At each annual general meeting, one-third of the Directors for the time being will retire from office by rotation and be eligible for re-election by the Shareholders.

Mr. Simon Luk ("**Mr. Luk**") has been appointed as an independent non-executive Director for more than nine years. The Company has received a confirmation of independence from Mr. Luk according to Rule 3.13 of the Listing Rules. Mr. Luk has not engaged in any executive management of the Group. Taking into consideration of his independent scope of work in the past years, the Board considers that Mr. Luk is still independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Mr. Luk has confirmed that he will continue to devote sufficient time for the discharge of his function and responsibility as an independent non-executive Director. With his background and experience, Mr. Luk is fully aware of the responsibility and expected time involvement in the Company. Based on the foregoing, the Board believes that the position of Mr. Luk outside the Company will not affect him in maintaining his current role in, and his function and responsibility for, the Company. The Board also believes that the continued tenure of Mr. Luk will bring considerable stability to the Board and the Board has benefited greatly from the presence of Mr. Luk who has over time gained valuable insight into the Group.

Based on the abovementioned and in accordance with code provision B.2.3 of the CG Code, the re-election of Mr. Luk will be subject to a separate resolution to be approved by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2024.

Under code provision B.2.4 of the CG Code, where all the independent non-executive Directors have served more than nine years, it requires that (i) a new independent non-executive Director should be appointed at the Group's next annual general meeting with effect starting from the financial year commencing on or after 1 January 2023; and (ii) the Shareholders' circular and/or explanatory statement accompanying the notice of the annual general meeting should disclose the length of tenure of each existing independent non-executive Director on a named basis. The Company had complied with code provision B.2.4 of the CG Code during the year ended 30 September 2024.

Directors' Induction and Development

For the year ended 30 September 2024, the Company arranged a seminar provided by an independent third party for its Directors as continuing professional trainings for corporate governance and compliance purposes. Some Directors also participated in other seminars according to their own preferences to develop and refresh their knowledge, skills and understanding of the Group and its business or to update their skills and knowledge on the latest development or changes in the relevant regulations, the Listing Rules and corporate governance practices.

Pursuant to code provision C.1.1 of the CG Code, each newly appointed Director should receive a comprehensive, formal and tailored induction on appointment, and subsequently he/she should receive any briefing and professional development necessary to ensure that he/she has a proper understanding of the Company's operations and businesses and is fully aware of his/her responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. During the year ended 30 September 2024 and up to the date of this annual report, newly appointed Director was provided with proper induction, regular briefing on the amendments to or updates on the relevant laws, rules and regulations.

The Directors confirmed that they have complied with code provision C.1.4 of the CG Code on Directors' training. For the year ended 30 September 2024, all Directors have participated in continuous professional development by attending seminars/in-house briefings/reading materials to develop and refresh their knowledge and skills.

	Type of continuous professional development	
Name of the Director	**Attending seminars, conferences, workshops and in-house briefings**	**Reading materials and updates**
Executive Directors		
Mr. Ieong Un	✓	✓
Mr. Ip Chin Wing	✓	✓
Mr. Ip Ka Lun	✓	✓
Mr. Stephen Graham Prince	✓	✓
Independent non-executive Directors		
Mr. Chan Wing Yau George	✓	✓
Mr. Simon Luk	✓	✓
Mr. Tong Hing Wah	✓	✓
Ms. Li Sin Man	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE

In respect of code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Ieong Un is the chairman of the Board and chief executive officer of the Company. He is the founder of the Group, the substantial Shareholder and the controlling Shareholder and has considerable experience in the adhesive related industry. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process. The Board also considers that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group.

BOARD DIVERSITY POLICY

The Company has adopted a Board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. The Company is committed to having a Board with appropriate balance of expertise, skills, experience and diversity of perspectives.

The Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Board sets measurable objectives to implement the Board Diversity Policy and reviews such objectives from time to time. The ultimate decision will be based on merit and contribution that the selected candidate will bring to the Board.

The Nomination Committee will monitor the implementation of the Board Diversity Policy by conducting review of the Board's composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to the Board Diversity Policy when making recommendation on any Board appointments.

At present, the Nomination Committee considered that the diversity of the Board is sufficient.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The Board considered that the requirement under Rule 13.92 of the Listing Rules had be complied with.

BOARD COMMITTEES

The Board has established the Board Committees to oversee specific aspects of the Company's affairs and help it in the execution of its responsibilities. Specific written terms of reference of these committees clearly outline each committee's authority and duty.

Each committee is required to report back on its decisions or recommendations to the Board on a timely basis, unless there are any legal or regulatory restrictions imposed on it.

Audit Committee

The Audit Committee is mainly responsible for (a) maintaining the relationship with the Company's auditor; (b) reviewing the Company's financial information; (c) overseeing the Company's financial reporting system, risk management and internal control systems; and (d) assessing the Group's corporate governance functions. The full version of the terms of reference of the Audit Committee is available on the Stock Exchange's website and the Company's website at www.infinitydevelopment.com.hk.

Pursuant to Rule 3.21 of the Listing Rules, the Audit Committee is made up of four independent non-executive Directors, including Mr. Tong Hing Wah (chairman of the Audit Committee), Mr. Chan Wing Yau George, Mr. Simon Luk and Ms. Li Sin Man. Mr. Tong Hing Wah (chairman of the Audit Committee) possesses the appropriate professional qualifications or accounting or related financial management expertise as required.

The Audit Committee held three committee meetings for the year ended 30 September 2024.

Summary of work of the Audit Committee for the year ended 30 September 2024

The Audit Committee held three committee meetings with the auditor, RSM Hong Kong, to (a) discuss and review the audit plan of the Group for the year ended 30 September 2023; (b) discuss and review the Group's results for the year ended 30 September 2023 and recommended the same to the Board for approval; and (c) discuss and review the Group's results for the six months ended 31 March 2024 and recommended the same to the Board for approval.

Other than the above, the Audit Committee also reviewed and discussed the Group's risk management and internal control function and financial reporting matters, the existing terms of reference of the Audit Committee and the Group's overall corporate governance functions.

Nomination Committee

The Nomination Committee is mainly responsible for (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) reviewing the Board Diversity Policy and the progress on achieving the objectives set for implementing the said policy; (c) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (d) assessing the independence of the independent non-executive Directors and any proposed independent non-executive Directors; and (e) making recommendations to the Board on the appointment or re-appointment of the Directors, and succession planning for Directors in particular the chairman of the Board and the chief executive of the Company. The full version of the terms of reference of the Nomination Committee is available on the Stock Exchange's website and the Company's website at www.infinitydevelopment.com.hk.

The Nomination Committee is made up of five members including Mr. Simon Luk (chairman of the Nomination Committee), Mr. Chan Wing Yau George, Mr. Tong Hing Wah, Ms. Li Sin Man and Mr. Ip Ka Lun.

The Nomination Committee held two committee meetings for the year ended 30 September 2024.

Director Nomination Policy

The Company has adopted a Director nomination policy (the "**Director Nomination Policy**") for the Nomination Committee to identify and evaluate a suitable candidate for nomination to (i) the Board for appointment; or (ii) the Shareholders for election, as Directors, at general meetings.

The Director Nomination Policy sets out a number of factors in making nomination, including but not limited to the following:

- Skills, experience and professional expertise which are relevant to the operations of the Group;
- Diversity in all aspects as set out in the Board Diversity Policy and in accordance with the Listing Rules;
- Commitment in respect of sufficient time and participation to discharge duties as a member of the Board and/or Board Committee(s);
- Character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director; and
- Requirements of independence of the proposed independent non-executive Directors in accordance with the Listing Rules.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Summary of work of the Nomination Committee for the year ended 30 September 2024

The Nomination Committee held two committee meetings to (a) recommend the nomination of an appointment of Ms. Li Sin Man as an independent non-executive Director to the Board; and (b) review and consider the composition of the Board, the Director Nomination Policy, the confirmation of independence of the independent non-executive Directors, the re-appointment of retiring Directors and the existing terms of reference of the Nomination Committee.

Remuneration Committee

The Remuneration Committee is mainly responsible for (a) making recommendations to the Board on the Company's policy and the structure for all the Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; (c) determining, making recommendations to the Board, considering and approving the remuneration package of all the Directors and senior management of the Group and the compensation arrangements relating to loss or termination of office and dismissal or removal of the Directors; (d) deciding the remunerations of the Directors with independence; (e) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; (f) advising the Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval under Rule 13.68 of the Listing Rules; (g) consulting the chairman of the Board and/or the chief executive officer of the Company about their proposals relating to the remuneration of other executive Directors; and (h) ensuring proper disclosure of the Director's remuneration in the annual report of the Company in accordance with the accounting principles and the Listing Rules. The terms of reference of the Remuneration Committee was amended on 30 December 2022 and the full version of the amended terms of reference of the Remuneration Committee is available on the Stock Exchange's website and the Company's website at www.infinitydevelopment.com.hk.

The Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to the Group and the performance of the Group.

The Remuneration Committee is made up of five members including Mr. Chan Wing Yau George (chairman of the Remuneration Committee), Mr. Simon Luk, Mr. Tong Hing Wah, Ms. Li Sin Man and Mr. Ip Ka Lun.

The Remuneration Committee held two committee meetings for the year ended 30 September 2024.

Summary of work of the Remuneration Committee for the year ended 30 September 2024

The Remuneration Committee held two committee meetings to (a) review and approve the remuneration package of Ms. Li Sin Man as an independent non-executive Director and recommend the same to the Board for approval; and (b) review and approve the remuneration package and structure of all the Directors and senior management independently and the existing terms of reference of the Remuneration Committee.

Details of the five highest paid individuals in the Group and the Directors' emoluments are set out in notes 14 and 15 to the consolidated financial statements respectively.

Senior management's remuneration

Pursuant to code provision E.1.5 of the CG Code, the remuneration paid to the members of the senior management by band for the year ended 30 September 2024 is set out below:

Remuneration bands (HK$)	Number of person(s)
1,000,001 – 1,500,000	3
1,500,001 – 2,000,000	–
2,000,001 – 2,500,000	1

CORPORATE GOVERNANCE FUNCTION

The Board, with the assistance of other Board Committees, is responsible for performing the corporate governance functions, and it accordingly reviews and monitors the training and continuing professional development of the Directors and the senior management, and ensures its policies and practices in compliance with relevant laws and regulatory requirements. For the year ended 30 September 2024, the Board reviewed the Company's policies and practices on corporate governance. The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

AUDITOR'S REMUNERATION

For the year ended 30 September 2024, the auditor of the Company, RSM Hong Kong, received HK$1,250,000 for provision of audit service and approximately HK$380,000 for non-audit services.

There were no disagreements between the Board and the Audit Committee regarding the re-appointment of the auditor, RSM Hong Kong, for the year ended 30 September 2024.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparation of consolidated financial statements which give a true and fair view of the Group's state of affairs as at 30 September 2024 and of the Group's results and cash flows for the year ended 30 September 2024. In preparing the consolidated financial statements of the Group for the year ended 30 September 2024, the Directors selected suitable accounting policies and applied them consistently, and made judgements and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

There are no material uncertainties relating to any events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The reporting responsibilities of the Company's independent auditor on the consolidated financial statements of the Group for the year ended 30 September 2024 are set out in the "Independent Auditor's Report" on pages 56 to 60 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's risk management and internal control procedures include a management structure with clearly defined lines of responsibility and limits of authority. It primarily aims to provide a reasonable, but not absolute, assurance that assets are properly safeguarded against misappropriations, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The procedure is designed to identify, evaluate and manage risks effectively rather than to eliminate all risks of failure.

The Board, with the assistance of other Board Committees, is responsible for maintaining adequate procedures of risk management and internal control for the Group and the Board had conducted an annual review of its effectiveness for the year ended 30 September 2024. Same as last year's practice, the Company engaged an external independent internal control adviser to conduct a review on the internal control procedures of the Group. The review covered material controls, including financial, operational and compliance controls and risk management functions for the year ended 30 September 2024. The findings have been addressed. No significant areas of improvement which are required to be brought to the attention of the Board have been revealed.

As such, the Board is satisfied that the Group's internal control procedures including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place and considers that the Group's internal control procedures and risk management functions are both effective and adequate.

The Group has conducted an annual review on whether there is a need for an internal audit department. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is aware of its obligations under the Securities and Futures Ordinance (Cap. 571) (the "**SFO**") and the Listing Rules and is required, as soon as reasonably practicable after any inside information has come to its knowledge, to disclose the information to the public;

- has established and implemented procedures for responding to external enquiries about the Group's affairs.

Senior management is identified and authorised to act as the Company's spokespersons and respond to enquiries in allocated areas of issues.

COMPANY SECRETARY

The Company Secretary, who is also the financial controller of the Company, is a full time employee of the Company. For the year ended 30 September 2024, the Company Secretary undertook no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. His biography is set out on page 48 of this annual report in the section of "Profile of Directors and Senior Management".

COMMUNICATIONS WITH SHAREHOLDERS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investor understanding of the Group's business, performance and strategies, as such, the Company endeavors to maintain an ongoing dialogue with the Shareholders and in particular, through annual general meeting and extraordinary general meeting (the "**EGM**"). In respect of each matter to be considered at the annual general meeting and the EGM, including the re-election of Directors, a separate resolution will be proposed by the chairman of the Board. The chairman of the Board and the chairmen of the Board Committees will be available at the annual general meeting and the EGM to meet with the Shareholders and answer their enquiries. The Company will also invite representatives of the auditor of the Company to attend the annual general meeting of the Company to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication, the Company maintains the website of www.infinitydevelopment.com.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information of the Group including annual and interim reports, announcements and other corporate communications which will be published on the website of the Stock Exchange and on the website of the Company at www.infinitydevelopment.com.hk and despatched to the Shareholders (if requested) on a timely basis. Any enquiries raised by the Shareholders requiring the Board's attention can be sent in writing as set out in the paragraph headed "The procedures for sending enquiries to the Board".

The Company has assessed the above communication channels with the Shareholders and considered that they were effective for the year ended 30 September 2024.

The annual general meeting ("**2024 AGM**") of the Company for the year ended 30 September 2024 is scheduled to be held on Monday, 24 February 2025. The notice of the 2024 AGM, setting out details of each proposed resolutions and other relevant information, will be published on the website of the Stock Exchange and on the website of the Company at www.infinitydevelopment.com.hk and despatched to the Shareholders (if requested) not less than 21 clear days prior to the date of the 2024 AGM.

Amendments to the Constitutional Documents

For the year ended 30 September 2024, there were no changes in the Company's constitutional documents.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") in recommending dividends, to allow the Shareholders to participate in the Company's profits and for the Company to retain adequate reserves for future growth.

The Dividend Policy would be in the best interests of the Group and the Shareholders. The Board endeavours to maintain a balance between meeting the Shareholders' expectations and prudent capital management with a sustainable Dividend Policy.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends, inter alia:

(a) the actual and expected financial performance and the financial results;

(b) the actual and available surplus and working capital;

(c) the expected working capital requirements and cash flow required for the future expansion plans;

(d) the debt to equity ratios and the debt level;

(e) any restrictions on payment of dividends that may be imposed by the lenders;

(f) the general economic conditions, business cycle and other internal and external factors that may have an impact on the business conditions or financial performance, the strategies and the financial position of the Company;

(g) the future operations and earnings; and

(h) any other conditions or factors that the Board deems relevant.

Any final or special dividends must be approved by the Shareholders at a general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders any interim dividends as appear to the Directors to be justified by the profits of the Group.

The form, frequency and amount of dividend payment by the Company are subject to any restrictions under the Companies Act (As Revised), Cap. 22 of the Cayman Islands, Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Listing Rules, the Articles, any other applicable laws and regulations and any other financial covenants imposed by financial institutions. The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The Board will continually review the Dividend Policy and reserve the rights in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

SHAREHOLDERS' RIGHTS

1. The way in which the Shareholders can convene an EGM

Pursuant to Article 58 of the Articles, EGMs shall be convened on the requisition of one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) himself (themselves) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and lodged to the Company Secretary at the Company's principal place of business in Hong Kong with the address at Units 2201–2202, 22/F, Alliance Building, 133 Connaught Road Central, Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

If the requisition is in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the requisition is invalid, the members concerned will be advised of this outcome, and accordingly, an EGM will not be convened as requested.

The notice period to be given to all Shareholders for consideration of the proposal raised by the Shareholders concerned at an EGM must be at least 14 clear days' notice in writing.

2. The procedures the Shareholders can use to propose a person for election as a Director

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected including that person's biographical details, shall have been lodged to the Company Secretary at the Company's principal place of business in Hong Kong with the address at Units 2201–2202, 22/F, Alliance Building, 133 Connaught Road Central, Hong Kong, at least 14 days prior to the date of the general meeting. The lodgement of notice should also be in compliance with the other requirements of the Listing Rules and the Articles.

3. The procedures for sending enquiries to the Board

Any Shareholder(s) who wish to raise his/their enquiry(ies) concerning the Company to the Board may deliver his/their written enquiry(ies) to the principal place of business of the Company in Hong Kong at the address at Units 2201–2202, 22/F, Alliance Building, 133 Connaught Road Central, Hong Kong, or at any address notified by the Company from time to time and for the attention of the chairman of the Board and the Company Secretary. Upon receipt of the enquiry(ies), the Company would reply as soon as possible.

Pursuant to the Listing Rules, voting by poll is mandatory on all resolutions put forward at general meetings, and the poll results will be published on the Stock Exchange's website and the Company's website at www.infinitydevelopment.com.hk after the relevant general meeting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

The board (the "**Board**") of directors (the "**Directors**") of Infinity Development Holdings Company Limited (the "**Company**", together with its subsidiaries, hereafter referred to as the "**Group**" or "**we**" or "**us**") is pleased to present our Environmental, Social, and Governance (the "**ESG**") report for the year ended 30 September 2024, which outlines our commitment to sustainable practices and responsible governance in the manufacturing sector.

In recent years, the importance of ESG factors has grown exponentially, and we recognise our responsibility to operate not only for our shareholders but also for our employees, customers, communities and the environment. Our commitment to sustainability is embedded in our corporate strategy and is an essential part of our mission to lead the industry while minimizing our carbon footprint.

The Group strives for the highest standards of governance and ethics in our operations. We assess and identify environmental, social and governance and climate-related risks and opportunities, and response to the challenges and minimise the impacts. We also establish and implement appropriate and effective risk management and internal control systems.

We are dedicated to reducing adverse environmental impact through manufacturing processes and sustainable resource management. The Group has set clear short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements of different countries and regions. Relevant emission reduction targets and corresponding strategies are established, and climate-related factors have been incorporated into the Group's strategic planning, business model and other decision-making processes.

We also believe that our employees are our greatest asset. We are committed to provide a pleasant working environment with a set of health and safety standards, ensuring that our employees work in a safe and supportive environment. We organise training and development programs to enhance the workforce's skills and career opportunities for our employees.

Looking to the future, we will continue to set ambitious ESG goals and report transparently on our progress. We believe that by embracing sustainable practices, we can create long-term value for all our stakeholders and contribute positively to society and the environment.

ABOUT THIS REPORT

The Group is pleased to present this ESG Report (the "**ESG Report**") to provide an overview of the Group's management on significant issues affecting the operation, and the performance of the Group in terms of environmental and social aspects.

The objective of the ESG Report is to demonstrate the ESG performance of the Group, assisting stakeholders to understand our ESG principles, development and practices in pursuit of sustainable development for the future.

The ESG Report was prepared by the external independent consultant, CityLinkers Corporate Advisory Services Limited, reviewed and approved by the ESG Working Group (as defined in the section "Our ESG Governance Structure" below) and the Board.

Information and Feedback

The Group welcomes your feedback and suggestions on the ESG Report. Please feel free to share your views and recommendation via ir@infinitydevelopment.com.hk.

Basis and Scope

The ESG Report covers the ESG management approaches and focuses on the environmental performance of our core manufacturing plants in the People's Republic of China (the "**PRC**") and the Socialist Republic of Vietnam ("**Vietnam**") and the social performance of the whole Group from 1 October 2023 to 30 September 2024 (the "**Reporting Period**").

The Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers. The reporting boundary is determined based on the materiality of the businesses involved. Specifically, operations that generate significant revenue are selected to ensure a comprehensive presentation of the Group's impact and sustainability performance. During the Reporting Period, the manufacturing plants in the PRC and Vietnam have contributed approximately 88.6% of revenue. We are committed to improving internal data collection procedures and gradually expanding the scope of the disclosure when necessary.

Reporting Principles

The ESG report is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("**ESG Reporting Guide**") under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group has complied with all "comply or explain" provisions set out in the ESG Reporting Guide and followed the four reporting principles – materiality, quantitative, balance and consistency, in the preparation of the ESG Report.

Materiality

Important and relevant information to stakeholders on different ESG aspects is covered in the ESG Report. A materiality assessment was conducted to determine material ESG concerns with results approved by the Board.

Quantitative

The relevant standards, methodologies and assumptions used to prepare the quantitative information is disclosed, as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.

Balance

The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

Consistency

Consistent methodologies are used to prepare and present ESG data in the ESG Report, unless otherwise specified, to allow for meaningful comparisons.

OUR ESG GOVERNANCE STRUCTURE

Our ESG governance structure adopts a top-down management approach, clarifying the division of responsibilities at three levels of governance, monitor, management and execution, and integrating ESG works into daily operations.

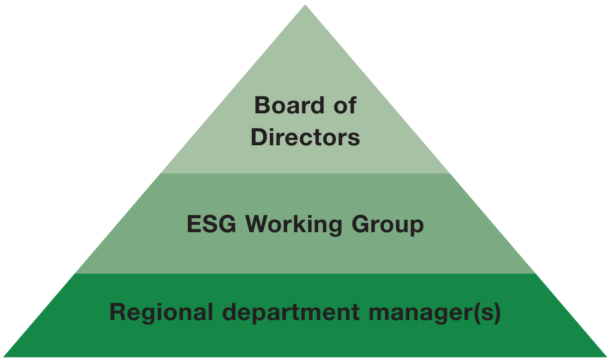
The Board is ultimately responsible for overseeing all ESG matters, including target settings and establishment of appropriate internal control system of the Group. Under the Board, the ESG Working Group (as defined below) mainly responsible for:

1. Reviewing the Group's ESG strategies, risks, opportunities and material issues;

2. Assessing the Group's progress and performance in implementing ESG policies and initiatives, and devising plans for improvement;

3. Discussing and reviewing the recommendations by the regional department managers; and

4. Making recommendations to the Board regarding ESG strategies and policies.



Our ESG Working Group (the "**ESG Working Group**") consists of a total of 6 persons, including Directors and senior management. The ESG Working Group reports to the Board at least once a year.

The regional department managers, mainly consist of the manager(s) of administrative department, human resources department, procurement department and production department. These managers are responsible for:

1. Executing the Group's ESG policies and measures;

2. Promoting the awareness of ESG matters among employees;

3. Collecting ESG data to monitor the performance in various ESG aspects; and

4. Monitoring the implementation of relevant ESG policies and improvement plans.

Through the joint efforts of the ESG Working Group and regional department managers, we are able to effectively manage ESG issues, implement relevant policies and measures, and promote the ESG culture throughout the Group.

STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback in regard to our businesses and ESG aspects. With the goal of strengthening the sustainability approach and performance of the Group, we put effort into maintaining close communication with our key stakeholders, including but not limited to government and regulatory authorities, shareholders, employees, customers, suppliers, and the public. We take stakeholders' expectations into consideration when formulating our business and ESG strategies by utilising diversified engagement methods and communication channels, as shown below.

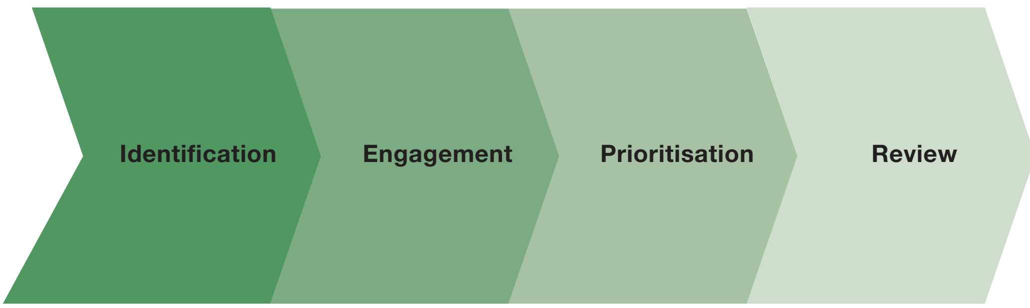
Stakeholders	Concerns and expectation	Communication channels
Government and regulatory authorities	• Compliance with laws and regulations	• Announcements and other regulatory reports
Shareholders and investors	• Return on investments • Corporate governance • Sustainable development • Compliance with laws and regulations	• Annual general meetings and other general meetings of the Company • Information disclosed on the websites of the Stock Exchange and the Company
Employees	• Employees' compensation and benefits • Career development • Occupational safety and health	• On-the-job training • Performance evaluation • Regular meetings
Customers	• High-quality products and services • Protection of customer rights • On time delivery	• Website of the Company • E-mail, telephone and facsimile • Product and service feedback
Suppliers	• Creditworthiness • Long-term co-operation	• Performance assessment • Meetings • On-site visits
Public	• Compliance with laws and regulations • Involvement in communities • Environmental protection awareness	• Industry events • Corporate social responsibility activities

MATERIALITY ASSESSMENT

We have conducted a materiality assessment through an survey in order to identify the priority of material issues to the Group. In the survey, various ESG-related issues were listed, including environmental protection, operational practices, community involvement and human resources. Different stakeholders were invited to rate the relative importance of the ESG issues to the Group's development as well as to the stakeholders.

The result of the assessment reflects the concerns of our stakeholders regarding various ESG issues. This insight helps us in optimizing the planning and implementation of relevant policies and measures, enabling more effective management of critical sustainability matters. Based on the result of the assessment, the Board has established the foundation for the Group's ESG development strategy.

We will continue to maintain close communication with stakeholders, regularly review relevant strategies and objectives to align with business development needs and expectations, thereby driving continual improvements in the Group's sustainability performance.



Identification
Based on the ESG Reporting Guide, international standards, and peer benchmarking, we successfully identified 28 issues that are closely related to the Group's business and impact.

Engagement
Internal and external stakeholders to rate those identified ESG issues via survey. The scoring criteria include the significance to stakeholders as well as the significance to the Group's business and operation.

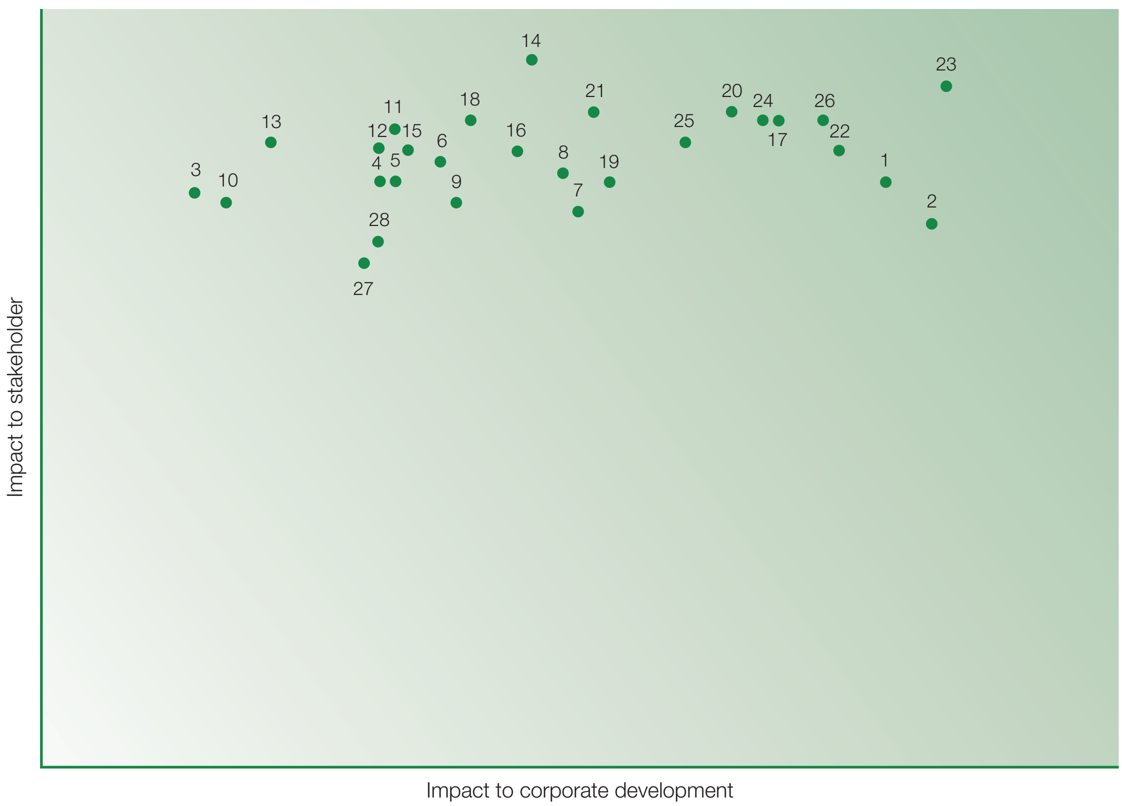
Prioritisation
We reviewed and consolidated the stakeholders' feedback and opinions. Based on the results of the survey, we determined the materiality level and ranking of each issue.

Review
The ESG Working Group reviewed and approved the prioritisation of such ESG issues as our material issues of the Reporting Period.

Materiality Matrix

The ESG issues that fall within the top right-hand area is the greatest importance to our stakeholders and our operation. The assessment result shows that the stakeholders have highlighted product safety as an area to prioritise. In particular, they also emphasised issues relating to air emissions, supply chain management and intellectual property. This allows us to prioritise our effort in improving various aspects of our ESG policies and forward-looking strategy.

Materiality Matrix



Environment

1 Air emissions
2 Greenhouse gas emissions
3 Effluents management
4 Waste management
5 Energy efficiency
6 Water efficiency
7 Use of raw materials and packaging materials
8 Environmental regulations compliance
9 Land use, pollution and restoration
10 Climate change

Employment

11 Employment practices
12 Diversity and equal opportunities
13 Anti-discriminations
14 Staff occupational health and safety
15 Staff development and training
16 Prohibition of child labour and forced labour

Operation

17 Responsible supply chain management
18 Environmental friendliness on products or service purchased
19 Compliance with regulations on marketing, product and service labelling
20 Customers' privacy and confidentiality
21 Customer satisfaction
22 Intellectual property
23 Product safety
24 Quality of services/products
25 Business ethics
26 Anti-corruption training and practices

Community

27 Contributions to the society
28 Communication and connection with community

GREEN PRODUCTION

The Group recognises the importance of environmental sustainability and have taken significant steps to integrate it into our operations. We have developed the Sustainable Development Policy and the Environmental Protection Policy to guide our efforts. We strive to minimise our environmental footprint, conserve natural resources, and mitigate the impact of our operations on the ecosystem.

We also keep ourselves abreast of updates of relevant environmental laws and regulations and ensuring the operations are performed in accordance with the government requirements for environmental protection.

Environmental Management Policy

The Group is committed to maintain sustainable development to minimise the environment impact brought by our operational activities while delivering high-quality products to our valued customers. The Group has obtained the certification of ISO 14001:2015 – Environmental Management System.

We have formulated a series of measures in production to safeguard our environment and our staff, for example:

- Implementation of responsible chemical sales and management system, and making continuous effort to improve public health, community safety and environmental protection;
- Assigning designated personnels to pay attention to the latest developments and regulation updates in relation to the environment, and occupational health and safety aspects;
- Strictly enforcement of safety guidelines for utilizing and handling chemicals;
- Provision of regular training on occupational safety to employees;
- Investment in research and development of ecological and eco-logical products; and
- Replacing old electrical appliances and machineries by environmental-friendly electrical appliances and machineries gradually.

Emissions

Air emissions and greenhouse gas (the "GHG") emissions

By employing best practices and adopting advanced technologies, we aim to mitigate the environmental impact of our operations. The Group has actively implemented the GHG Emission Management Policy and Environmental, Health and Safety Policy and carried out the works for reducing the emission of exhausted gases.

The air emissions and the GHG emissions are mainly generated by our manufacturing plants. Recognising the importance of addressing these concerns, we have implemented a range of mitigation measures to reduce our air emissions.

Volatile Organic Compounds ("VOCs")
VOCs are emitted, during the manufacturing process, and we have implemented the following measures to mitigate the harmful effects:

- Maintain an active carbon absorption system in specific manufacturing processes to absorb the emission of VOCs;
- Installation of industrial fans in certain manufacturing processes to improve the air quality of the manufacturing base; and
- Provision of protective equipment, for example surgical masks, safety goggles and gloves to minimise the exposure to workplace safety hazards.

During the year ended 30 September 2024, the Group's air emissions and GHG emissions data is listed as below:

Emissions	Unit	2024	2023
Air pollutants			
Nitrogen oxides	Kg	**149**	4,302
Sulphur oxides	Kg	**30**	283
Particulate matters	Kg	**63**	226
VOCs	Kg	**3,466**	3,920
GHG emissions			
Scope 1 – Combustion of fuels	Tonne of CO_2 equivalent	**317**	238
Scope 2 – Consumption of heat and electricity	Tonne of CO_2 equivalent	**2,171**	2,857
Total GHG emissions	Tonne of CO_2 equivalent	**2,488**	3,095
GHG emissions intensity	Tonne of CO_2 equivalent/tonne of adhesives produced[1]	**0.09**	0.13

Due to variations in the products manufactured each year in response to orders, the air pollutants generated during the production process also differ. This variability highlights the need for ongoing monitoring and assessment of air quality impacts associated with manufacturing activities.

Wastes Management

Due to our business nature, the generation of sewage, hazardous wastes and non-hazardous wastes are unavoidable during the manufacturing process, however, we put the most our effort in minimise of the production and adverse impacts to the environment.

Chemical wastes and domestic wastes
The Management Procedures has included procedures and guidelines to ensure wastes are stored, handled, disposed and treated properly. The Group's hazardous waste was mainly generated during the production process, including waste adhesives, waste packaging, batteries, activated carbon used in exhaust treatment, while non-hazardous waste mainly consists of industrial waste and domestic waste.

Hazardous wastes are labelled and stored in a designated area which are separated from the collection points of non-hazardous wastes. Licensed waste collectors would collect the hazardous and chemical waste regularly. Non-hazardous wastes are collected by qualified collectors. For non-hazardous waste, the industrial waste was incinerated in incineration sites and useful parts were recycled, where domestic waste was mainly transferred to landfill for burial.

1 The total amount of adhesives produced in the Reporting Period was approximately 27,154 tonnes.

Hazardous liquids such as waste lubricating oil, oil-containing wastewater and acid-containing waste liquid are stored in the hazardous waste warehouse in the manufacturing plant. The manufacturing plant would not dispose the liquids which contained chemicals to qualified environmental recycling company before approval from the local Ecology and Environment Bureau is obtained.

Sewage treatment
The wastewater generated in the business process of the Group can be divided into domestic used water and industrial sewage. The domestic used water mainly comes from toilets and the daily operation of canteens. Industrial sewage mainly includes wastewater from production equipment parts cleaning, cooling water circulation system, floor washing, wastewater discharged when cleaning the circulation system and wastewater discharged from cleaning packaging tools. The industrial sewage may contain acid or oil and were treated properly according to the requirements of the local government. The used domestic water which does not contain any chemicals are discharged into the municipal pipeline network.

The increase in the number of employees during the Reporting Period, along with those residing in dormitories, is the primary reason for the rise in water consumption and sewage generation. We regularly conduct repair and maintenance for the wastewater treatment facilities and pipelines to ensure that they operate properly to prevent leakage, and also to reduce water resources wastage and secondary pollution to the environment.

During the year ended 30 September 2024, the waste data is listed as below:

Waste production	**Unit**	**2024**	2023
Sewage	Tonne	**62,347**	45,266
Sewage intensity	Kg/tonne of adhesives produced[2]	**2.30**	1.84
Hazardous waste	Tonne	**66.3**	44.9
Hazardous waste intensity	Kg/tonne of adhesives produced[2]	**2.44**	1.82
Non-hazardous waste	Tonne	**50.2**	45.1
Non-hazardous waste intensity	Kg/tonne of adhesives produced[2]	**1.85**	1.83

Compliance on relevant environmental laws and regulations
During the Reporting Period, the Group did not receive any fine, complaint or warning related to any material non-compliance in respect of the GHG emissions, exhausted gas emissions, noise pollution, sewage discharges and waste disposals. The Group has complied with the following environmental laws and regulations in the PRC and Vietnam, and committed to minimizing the impact on the environment and continuing to pay attention to relevant legislative amendments:

- Law of the People's Republic of China on Environmental Protection;
- Law of the People's Republic of China on the Prevention and Control of Water Pollution;
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution;
- Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution;
- Law of the People's Republic of China on the Prevention and Control of Soil Pollution;
- Emission Standards for Volatile Organic Compounds in the Chemical Industry;
- Emission Standards for Volatile Organic Compounds Part II: Organic Chemical Industry;
- Safety Specifications of Special Work in Hazardous Chemicals Enterprises;

2 The total amount of adhesives produced in the Reporting Period was approximately 27,154 tonnes.

- Fire Prevention Law of the People's Republic of China;
- Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network;
- Integrated Emission Standard of Air Pollutants;
- Ink and Adhesive Industry stipulated in the National Standard of the People's Republic of China;
- Air Pollutant Emission Limits in Guangdong Province;
- Interim Measures on Administration of Carbon Emission of the Guangdong Province;
- Environmental Protection Law of the People's Republic of China;
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution;
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste;
- Law of the People's Republic of China on the Prevention and Control of Water Pollution;
- Environmental Protection Law of Vietnam;
- National Technical Regulations on Industrial Emission of Inorganic Substances and Dusts of Vietnam;
- National Technical Regulations on Industrial Emission of Organic Substances of Vietnam;
- the Regulations on the Prevention and Control of Environmental Pollution by Solid Wastes of the Guangdong Province;
- Standard for Pollution Control on General Industrial Solid Wastes Storage and Disposal Sites;
- Standard for Pollution Control on Hazardous Wastes Storage stipulated in the Nation Standard of the People's Republic of China;
- Environmental Protection Regulations of Zhuhai; and
- Energy Conservation Law of the People's Republic of China.

Use of Resources

During the Reporting Period, the Group's primary consumption of resources was in energy and water for production. Throughout the production process, which includes research and development, sourcing of raw materials, and production management, we carefully consider the consumption of water, power, raw materials, and other natural resources to minimise the consumption of non-renewable resources.

Energy conservation

During the manufacturing process, electricity, fuel, steam, water and packaging materials are consumed. As an environmentally responsible company, the Group is committed to improve the efficiency and effectiveness by minimising the usage of resources and avoid wastage by production planning.

Packaging materials

We aim to improve the functionality of the packaging materials through continuous examination of using more durable or lighter packaging materials found in the market, whenever feasible. To reflect our commitment to sustainability, during the Reporting Period, we have used glass containers as a new packaging material as glass is a recyclable and reusable material. Although there is an increase in the total consumption and the consumption intensity of packaging materials, it is mainly due to the increase in consumption of reusable materials, such as metal and glass.

Consumption data

During the year ended 30 September 2024, the consumption of natural resources and packaging materials are listed as below:

Consumption of resources	Unit	2024	2023
Energy			
Diesel	MWh	**638**	642
Electricity	MWh	**3,311**	3,161
Steam	MWh	**1,225**	1,001
Total energy consumption	MWh	**5,174**	4,804
Energy consumption intensity	MWh/tonnes of adhesives produced[3]	**0.19**	0.20
Water	M^3	**77,934**	51,454
Water consumption intensity	M^3/tonnes of adhesives produced[3]	**2.87**	2.09
Packaging materials			
Carton boxes	Tonne	**289**	176
Plastic	Tonne	**884**	602
Metal	Tonne	**1,463**	1,194
Wood	Tonne	**–**	68
Glass	Tonne	**33**	–
Total consumption of packaging materials	Tonne	**2,669**	2,039
Consumption intensity of packaging materials	Tonne/tonnes of adhesives produced[3]	**0.10**	0.08

3 The total amount of adhesives produced during the Reporting Period was approximately 27,154 tonnes.

The Environment and Natural Resources

The Group has been committed to protect the environment and maintain open communication with our stakeholders to understand their concerns. The environmental objectives and policies are periodically reviewed. During the process of developing our sustainable development strategies, active collaboration and practical suggestions from the employees enhance our progress towards green management. We would continue to increase our investment in various environmental protection initiatives, identify sources of waste and assess the environmental impact of resources usage, and enhance and optimise our environmental facilities and supporting equipment. Additionally, we aim to strengthen our internal environmental management system by aligning it with international environmental management guidelines. Through awareness campaigns, trainings, and other effective methods, we strive to continuously improve employees' understanding of the importance of environmental protection and resources conservation, fostering a shared commitment to social responsibilities and obligations throughout our business development. The Group also invests significantly in the research and development of new technologies and environmentally friendly plastics.

Measures for resource conservation and effectiveness

Our operation manuals in production and procurement are formulated based on the recognised international standard of ISO 14001. The Group not only promote the importance of environmental friendly practices, such as placing signs and slogans at prominent places, to our employees, we have also implemented various measures to minimising the adverse impacts brought to the environment.

Electricity Consumption

For offices and public areas:

- Replacement of lighting systems in offices and factories by energy-saving LED lighting systems with voice-controlled automation systems or infra-red inductors where feasible;
- Replacement of high energy efficiency electrical appliances, especially split-type air conditioner;
- Set up electricity meters by sections to monitor the electricity consumption status to detect and avoid abnormal usage as early as possible; and
- Controls on the temperature settings of air conditioners at 25 degrees Celsius.

For manufacturing plant areas:

- Installation of solar photovoltaics panels to generate solar energy;
- Installation of louver at the exhausted fans in the cold storage warehouse to minimise loss in air conditioning; and
- Regular inspection and repair gaps and holes in the cold storage warehouse to minimise loss in air conditioning.

Water Consumption

- Set up water meters by sections to monitor the water consumption status and to detect and avoid abnormal usage as early as possible;
- Installation of cooling steam system to reuse the water;
- Installation of instrumentation in the cooling system to monitor and avoid abnormal usage; and
- Regular inspection of pipelines and faucets to avoid leakage.

Waste

- Recycle bins are provided for staff to recycle paper, plastic, glass, and other recyclable materials; and
- Review and optimise production efficiency to minimise production wastes.

Emission target and achievement

To ensure that we uphold our environmental vision, we have set clear reduction targets in the GHG emissions, wastes productions and consumption of natural resources by 3% before 2026 and 20% before 2036 from the base year of 2021. These commitments serve as guiding principles, driving our corporation towards sustainable development.

Reduction target	**Unit**	**Performance in 2024**	Performance in 2021	Progress
GHG emissions	Tonne of CO_2 equivalent	**2,489**	2,978	↓ 19.7%
GHG emissions intensity	Tonne of CO_2 equivalent/tonnes of adhesives produced[4]	**0.09**	0.12	↓ 25.0%
Energy consumption	MWh	**5,175**	4,520	↑ 14.5%
Energy consumption intensity	MWh/tonnes of adhesives produced[4]	**0.19**	0.17	↑ 11.8%
Hazardous wastes	Tonne	**66**	60	↑ 10.5%
Hazardous wastes intensity	Tonne of CO_2 equivalent/tonnes of adhesives produced[4]	**2.4**	2.3	↑ 6.1%
Non-hazardous wastes	Tonne	**50**	267	↓ 81.2%
Non-hazardous wastes intensity	Tonne of CO_2 equivalent/tonnes of adhesives produced[4]	**1.9**	10.3	↓ 82.0%
Water consumption	M^3	**77,934**	72,156	↑ 8.0%
Water consumption intensity	M^3/tonnes of adhesives produced[4]	**2.87**	2.79	↑ 2.9%

Climate Change

With the increasingly severe impacts of climate change, we proactively pinpoint the impact of climate risks on our operation and production and have formulated the Climate Change Policy to address the pressing issue. Recognising that energy consumption significantly contributes to the carbon footprint, we have made it a priority to reduce our energy usage. To achieve this, we actively seek innovative solutions to lower our carbon emissions, particularly in the realm of energy consumption. We invest in energy-saving technologies and integrate them into our product design and manufacturing processes. Additionally, we emphasise environmental education and knowledge sharing as crucial steps towards further reducing the carbon footprint.

In addition to reducing carbon emissions, we understand the importance of monitoring climate-related risks and opportunities. To effectively manage these risks, we have established robust procedures for risk assessment, preparedness, and response to extreme climate events.

[4] The total amount of adhesives produced during the Reporting Period was approximately 27,154 tonnes.

Risk	Responses
Climate Physical Risk	
• The continued rise in global average temperature is unceasingly making physical impact of climate change such as rising sea-level, increasing extreme temperature, rainfall, flooding, and typhoons to unneglectable threat. The potential impact is worrying.	• The Group has formulated the Climate Change Policy, which prioritises the reduction of energy consumption as it accounts for a dominant proportion of our carbon footprint. We actively seek new and innovative ways to reduce our carbon emissions, including energy saving technologies in product design and manufacturing cycle.
Climate Transition Risk	
• The transition to a low-carbon economy induces environmental, political, and economic actions carried out by the different local governments and markets. In response to the Paris Agreement, given the short-term and long-term national goals, it is anticipated that the government authorities will begin to tighten the environmental laws and regulations.	• The Group has established a GHG reduction target, aiming to reduce the GHG emission intensity by 20% before 2036. We work closely with internal and external stakeholders to continuously promote low carbon practices in their daily operations. The Board monitors and reviews the progress and emissions reduction targets on regular basis.

EMPLOYEE ENGAGEMENT, DEVELOPMENT AND WELLBEING

The Group considers building a harmonious and safe working environment is a key factor for sustainable development. We put well-being and professional development of our employees and recognises that they are the most valuable assets. We are dedicated to fostering an environment where every employee in our workforce feels safe, respected and valued.

The Group provides an equal, harmonious and diversified working environment to attract and retain suitable talents in the competitive labour market. The staff handbook is distributed to every employee at the commencement of employment. The staff handbook provides clear guidelines in equal opportunities and anti-harassment.

Employment

Remuneration and dismissal

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with the employment market. Laws and regulations on minimum wage and statutory social benefits are complied. Dismissal must also comply with the relevant employment laws and regulations, as well as internal policies and procedures, including policies preventing dismissal based solely on employees' gender, marital status, pregnancy, disability, age or family status.

Recruitment and promotion

The Group attracts talent through fair, flexible and transparent recruitment strategy. The recruitment process includes the application submission, position description, collection of job applications, interviews, selection, approval, and job offers. Based on the annual performance evaluation result, the Group offers rewards and promotion opportunities to employees with outstanding performances.

Working hours, rest periods, benefits and welfare

Employees' working hours, rest periods, benefits, and welfare (including social security benefits, mandatory provident fund and labour pension) are required to comply with employment or labour laws and regulations. Selected benefit programs, including medical coverage, are also provided.

Equal opportunities, diversity and anti-discrimination

The Group is an equal opportunity employer. The Group endeavours to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, age, or other measures of diversity. To promote equal opportunities for career development, employees are required to disclose any relatives employed by the Group during the job application process.

As at 30 September 2024, the Group has 423 employees. The data of staff distribution and turnover rate in the Reporting Period are listed as below:

	Number of employees	Employees turnover rate
Total	423	9.6%
By Gender		
Male	307	9.8%
Female	116	9.1%
By Age Group		
18 to 30	97	13.9%
31 to 50	274	8.7%
51 or above	52	6.2%
By Employment Type		
Full-time	423	9.6%
Part-time	–	–
By Geographical Regions		
Vietnam and Cambodia	200	8.9%
The PRC	108	4.8%
The Republic of Indonesia (“**Indonesia**”)	79	17.1%
Hong Kong Special Administrative Region (“**Hong Kong**” or “**HKSAR**”) of the PRC, Macao Special Administrative Region of the PRC and Taiwan	19	12.2%
The Republic of India	7	9.1%
The People’s Republic of Bangladesh	6	7.1%
The Republic of Singapore	4	14.3%

Health and Safety

The Group prioritises safety above all else, establishing a comprehensive system to address a wide range of safety tasks, from detecting potential hazards to implementing contingency plans for emergencies. Recognising that our production teams face higher health and safety risks, the Group has developed an Employee (Occupational Health) Physical Examination Management System to monitor employee health and minimise the risk of occupational diseases.

To foster a strong safety culture, the Group conducts regular safety training, ensuring employees are well-informed about safety protocols. All necessary safety gear and equipment, including goggles, helmets, and respirators, are provided to employees working on production lines. Precautionary measures and training enhance the technical knowledge and skills of our corporate safety management team to effectively prevent accidents.

Handling of chemicals, hazardous materials, and waste is approached with great care, with clear hazard signage prominently displayed. The Group has formulated detailed emergency response solutions, defining the duties of personnel in the event of incidents such as fires, floods, and chemical leaks, with the aim of minimizing casualties and losses.

Safety education is also a priority. Employees receive regular briefings and training on safety and environmental knowledge, ensuring they understand the risks associated with their tasks and maintain awareness of their surroundings. A fire emergency and evacuation plan is in place for timely responses to major safety incidents, and workplace safety is routinely monitored to prevent hazards.

To ensure effective fire emergency control, the Group has appointed a third-party institute to test fire alarms and inspect fire safety equipment. Additionally, to promote a pleasant and healthy working environment, fitness facilities like basketball courts and swimming pools are available at our factories.

Investigations are conducted after every incident, with recommendations or corrective actions implemented as necessary. Looking ahead, the Group remains committed to striving for the ultimate objective of zero accidents and a zero-injury rate during operations. The data of the Group's work-related injuries and fatalities during the Reporting Period and the past two reporting periods is as follows:

	2024	2023	2022
Number of work-related fatalities	**–**	–	–
Number of work injuries incident	**2**	–	2
Lost days due to work injury	**76**	–	131

Development and Training

Training and development objectives are to continuously upgrade the quality of manpower and job skills, thereby creating greater corporate value and achieving operational goals and future development. In order to achieve the goals of the Group's training and development, it is essential to consider not only the Group's business vision and objectives but also the assessment of employees' performance and capability.

The "Training Management Procedures" are in place to monitor, supervise and evaluate the effectiveness of training programs According to the Group's training and development policy, trainings are organised according to their job level and occupation. Each department head formulates an "Annual Department Training Plan" according to their own business development needs and submits it to the Human Resources Department for review. The Human Resources Department would coordinate the training resources needed and prepares a company-level "Annual Training Plan". Induction program is in place for new employee to understand the Group's culture, policies and standards as soon as possible and then helps the employees set up personal planning from each of the employees.

To ensure the sustainable development of the Company, the Group organises trainings, such as green production, management skills, quality controls and production planning, for staff at managerial grade.

The Group also provide trainings for our frontline staff, such as trainings related to chemical and the use of fire extinguishers, occupational safety knowledge, occupational health knowledge, and promote environmental protection awareness.

During the year ended 30 September 2024, the employee training data of the Group is listed as below:

	Number of Trained Employees	Average Training Hours
Overall	319	16.2
By Gender		
Male	219	15.8
Female	100	17.1
By Job Ranking		
Senior management	4	30.0
Managerial staffs	21	23.5
General staffs	294	15.4

Labour Standards

The Group is committed to upholding the labour rights of staff and has established a compliant mechanism for staff to report any labour violations. It is always the Group's policy to prohibit the employment of staff members under the legal working age of 18. During the Reporting Period, there were no recorded labour disputes between the Group and our staff.

The Group would not hire child labour below the relevant legal threshold of the respective markets. The Group stringently verifies applicants' information with documents, including identity cards and academic certificates, during the recruitment process to guard against child labour. We would contact the parents of the under-aged interviewee to bring their child home. Furthermore, the employment contract clearly stated that the employment terms and conditions in accordance with essential legal requirements. Upon discovering any child labour, the human resources department would immediately remove the child from the workplace.

All employees have to sign the employment contract and agreed on the stipulated employment terms and conditions. The rights and interests of women and minorities are protected under the Group's policies and all the applicable national regulations. All employees only work overtime voluntarily and when needed. The Group prohibits any punishments, management methods and behaviors involving verbal abuse, physical punishment, physical abuse, oppression, sexual harassment, etc. against our employees for any reasons. If a violation is found, the Group would take necessary disciplinary action, including immediate terminations of employment.

Compliance with employment laws and regulations

The Group strictly abides by the relevant employment laws and regulations, including but not limited to the following:

- Labour Contract Law of the People's Republic of China;
- Social Insurance Law of the People's Republic of China;
- Employment Promotion Law of the People's Republic of China;
- Labour Code of Vietnam;
- Labour Law of the People's Republic of China;
- Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases;
- Fire Control Law of the People's Republic of China;
- Occupational Safety and Health Ordinance;
- Fire Prevention and Fire Fighting Law and Its Implementation Guidelines of Vietnam;
- Law of the People's Republic of China on the Protection of Minors;
- Employment Ordinance of the HKSAR; and
- Employees' Compensation Ordinance of the HKSAR.

OPERATING PRACTICES

Supply Chain Management

The Group places significant importance on collaboration with suppliers, believing that strong partnerships enhance continuous improvement in workflow and product quality. To manage these relationships effectively, the Group has established a Supply Chain Management System that conducts comprehensive evaluations of suppliers on a regular basis.

When assessing suppliers, the Group considers various factors, including brand reputation, product quality, and environmental and social responsibility performance, which are critical in establishing strategic relationships. For new suppliers, in-depth research and assessments focus on their history, reputation, quality control, and corporate social responsibility performance, particularly regarding environmental, social, and ethical standards. Suppliers with certified environmental management systems, such as ISO 14001, receive higher scores in the assessment and evaluation process.

To mitigate environmental and social risks within the supply chain, suppliers must sign the "Environmental Requirements for Material Suppliers," which outlines their commitment to managing wastewater, exhaust gas, and noise in compliance with national and local emission standards. Hazardous chemical suppliers are required to provide valid production permits, while distributors must supply operating permits for hazardous chemicals. Additionally, to prevent leakage or pollution during transportation, suppliers must use vehicles that meet safety specifications according to product categories. They bear full responsibility for transportation-related risks and environmental protection.

The Group is committed to promoting the procurement and use of environmentally friendly products and materials. As part of the "Restricted Substances Management Procedures," suppliers must submit a "Restricted Substances Compliance Declaration" to ensure that their materials and products comply with international environmental protection standards. This includes maintaining low levels of restricted substances in raw materials and ensuring that no hazardous chemicals are detected in finished products and packaging.

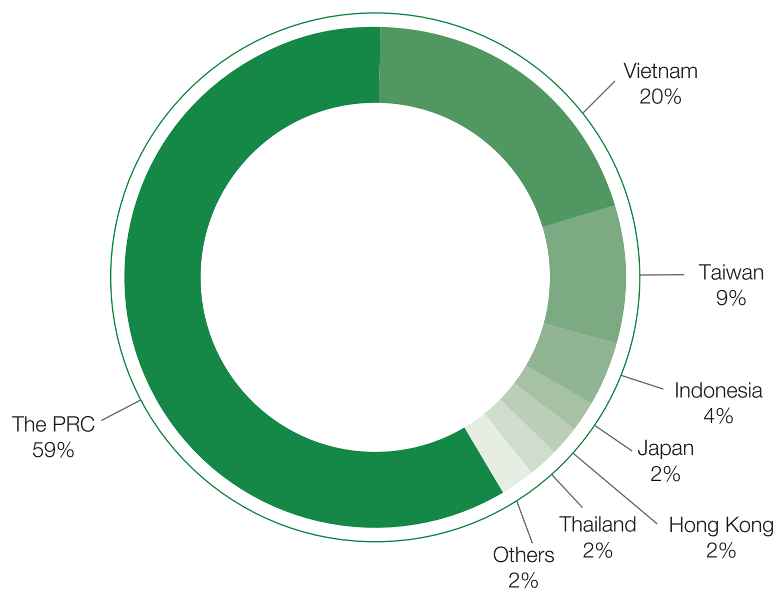
For existing qualified suppliers, the Group conducts annual performance reviews and maintains efficient communication channels regarding the latest requirements. The objectives are to strengthen collaborative relationships with strategic suppliers and create competitive advantages within the value chain, ensuring that suppliers share a commitment to sustainability.

The strategic screening mechanism for suppliers allows the Group to ensure compliance with its performance standards, which is vital for developing long-term partnerships and maintaining an effective supply chain management system. Suppliers on the approved list are continuously reviewed through site inspections and risk assessments, taking into account delivery times, material quality, and after-sales services. Suppliers with unsatisfactory performance may be removed from the approved list.

Social factors, including working environment and employment practices, are also integral to the supplier selection process. All qualified suppliers are required to sign the Supplier Integrity Commitment, ensuring their practices align with the Group's values.

During the year ended 30 September 2024, the Group has 221 suppliers.

Geographical distribution of suppliers



Quality Management

Quality management is a crucial element to ensure the consistent quality of our products. We have implemented a series of systematic processes and standards, quality management seeks to identify and mitigate risks, enhance efficiency, and foster a culture of continuous improvement. This approach not only safeguards product integrity but also builds customer trust and satisfaction. Through regular monitoring, evaluation, and feedback mechanisms, businesses can maintain high-quality standards, adapt to changing market demands, and ultimately drive long-term success.

During the Reporting Period, our manufacturing plant in Vietnam received an ESG-related award. This award aims to encourage entity in sustainable procurement within the chemical industry by leveraging professional expertise.

Product Safety and Quality Controls

Due to the nature of our operations, the use of chemicals, hazardous and toxic materials are unavoidable. However, we strongly believe providing high quality and harmless products is our key to success. Given the public awareness and expectations regarding chemical safety and product quality are steadily increasing, the Group would focus of our development on environmental friendly products.

We have implemented the chemical management system, safety procedures for the use of hazardous and toxic materials and focusing on researching and developing products that comply with the latest ecologically and environmentally friendly principles and the safety standards.

We have established detailed quality management procedures in accordance with the requirements of ISO 9001:2015 quality management system certifications to ensure that the entire process from the receipt of raw materials to the shipment of goods from the manufacturing plant is effectively monitored and controlled to achieve consistent product quality.

In line with the requirements of ISO 9001:2015 and ISO 14001:2015, our Group enforces strict internal codes and procedures for quality checks throughout the manufacturing process. Defective items products are managed appropriately, following established procedures that include accurate labeling and documentation.

We standardise the quality inspection of raw materials, semi-finished goods, and finished products, including the packaging in accordance with our "Testing Management Procedures". This ensures that quality is closely monitored before products are transported to the next production stage. Raw materials which have passed the inspection and ready for production would be labelled and stored separately.

Certificate CN07/31216

The management system of

CENTRESIN CHEMICAL PRODUCT LTD. ZHUHAI (Subsidiary Company of IAO SON HONG TINTA E VERNIZES LDA.)

Unified Social Credit Code: 914404007147321 82R
Business Registration Address: DONGRONG ROAD WEST, FINE CHEMICAL AREA, HARBOR INDUSTRIAL ZONE, ZHUHAI CITY, GUANGDONG PROVINCE, P.R. CHINA
Business Operation Address: DONGRONG ROAD WEST, FINE CHEMICAL AREA, HARBOR INDUSTRIAL ZONE, ZHUHAI CITY, GUANGDONG PROVINCE, P.R. CHINA

has been assessed and certified as meeting the requirements of

ISO 14001:2015

For the following activities

Development and manufacture of adhesives and primers
Manufacture of water-based adhesives

This certificate is valid from 26 December 2023 until 25 December 2026 and remains valid subject to satisfactory surveillance audits.
Issue 4. Certified since 29 January 2007

Authorised by
Jonathan Hall
Global Head - Certification Services
SGS United Kingdom Ltd
Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
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During the Reporting Period, the Group strictly complied with applicable laws and regulations, including but not limited to the Product Quality Law of the PRC, Standards for Adhesives for Shoes and Bags, Limits of Adhesive Volatile Organic Compounds, Limits for Volatile Organic Compounds Content in Cleaning Agents and Technical Requirement for Environmental Labeling Products – Adhesives stipulated in the National Standard of the PRC.

Our quality assurance department is responsible for quality control at all stages of production, from raw materials to finished products. We utilise various testing equipment to facilitate quality control measures. The major quality controls procedures in placed are as follows:

Raw Materials

- Upon receipt of the raw materials, our quality control team performs random sample checks
- The environment of storage are monitored and inspected

Production

- Sample testing are performed throughout the production lines

Before Despatch

- Conduct final inspection of products and packaging
- Unqualified batches are separated for second inspections

Product Return and Recall Policy, Customer Complaint Handling

Although the Group has implemented a series of testing procedures to ensure that all products meet the high-quality standards, we take immediate action when customers report quality issues of products. Our sales representatives and quality assurance department conduct prompt follow-ups to address these concerns. Additionally, the Group would return and recall products or compensate all affected customers in accordance with the relevant terms and conditions of the sales agreement.

In addition to regulating various "non-conformity" conditions, e.g. abnormal quality, occur during the transportation of raw materials to and within the factories and warehouses, manufacturing processes, as well as shipping and delivery process in the manufacturing plants, the "Substandard Management Procedures" also includes procedures for handling customer complaints or returns. The employees who handle the situation are required to fill in the "Substandard Countermeasures Form" and submit it to the Quality Control Department. The Quality Control Department will determine and classify the "non-conformity" conditions, and propose solutions to the complaint, such as arrangement of the return procedure. After the "non-conformity" products are identified, they may be prohibited for use or discarded. After the procedures are completed, the Quality Control Department will archive and manage them in accordance with the "Records Management Procedures", and conduct analysis and review from time to time. Relevant records will be added to the group's internal review system and annual management review system.

In our commitment to sustainability and responsibility, our sales representatives maintain close contacts with our customers. We actively engage with customers to understand their needs and concerns, reflects customer feedbacks to management and the production team. This collaborative approach not only fosters a culture of responsiveness but also emphasizes our dedication to customer satisfaction, as we continuously strive to enhance our products and services based on the insights gathered from our valued customers.

During the year ended 30 September 2024, we have not received verified complaints about our products or services and no products have been recalled due to health and safety reasons.

Product Advertising and Labelling

The Group places a strong emphasis on accountability regarding its product labels and advertising materials. All information presented is accurate, clear, and compliant with regulations. All our products includes thorough reviews of labeling content to guarantee that all crucial information are transparently communicated. By prioritizing responsibility in these areas, the group aims to build trust with customers and uphold its reputation for integrity in the marketplace.

Our labels are prepared in the compliance of the General Rules for Preparation of Precautionary for Chemicals of the PRC which provides clear guidelines on the sizes, positions and contents of the labels.

Intellectual Property Protection and Data Protection and Privacy

We are fully committed to safeguarding our customers' confidential information and data from any form of direct and indirect disclosure. Non-Disclosure Agreement is signed as a clear indication of the importance we place on maintaining the privacy and security of our customers' information.

The staff handbook also emphasizes the critical importance of confidentiality among employees, stating that all workers are responsible for safeguarding sensitive information related to the company's operations. This includes personnel matters, bidding processes, contracts, customer data, statistical information, technical details, management strategies, and accounting records. The handbook clearly warns that any breach of confidentiality, particularly concerning the company's operational and technical confidential information, as well as violations of intellectual property rights of the Company, would result in immediate termination. This policy underscores the organization's commitment to protecting its proprietary information and maintaining a secure business environment.

The Group collects information from suppliers and customers for different purposes and takes appropriate procedures to ensure that the information collected is solely for lawful and relevant purposes. The Group sets out data privacy requirements in the Company policies, under which customer and suppliers' data would be used exclusively for matters relating to the Group's operation only. Unless the customer's consent is obtained, the collected customer information will not be used for promotional purposes. We strive to ensure all collected data is free of unauthorised or accidental access, processing, erasure or other use.

In order to ensure only safe genuine computer software and system are installed, any unauthorised installation of software is prohibited.

The Group abides by national and local laws and regulations relating to intellectual property, including but not limited to any of the following:

- Patent Law of the People's Republic of China;
- Copyright Law of the People's Republic of China; and
- Trademark Law of the People's Republic of China.

Ethical Business

The Group is dedicated to upholding the highest standards of business integrity and accountability, as we recognise that maintaining the trust of our employees, business partners, and customers is paramount. We have implemented stringent measures to prevent any forms of business misbehaviour, ensuring our long-term growth and sustainability.

We maintain a zero-tolerance policy towards corrupt practices such as bribery, extortion, fraud, and money laundering. From the onset of employment, we communicate this policy to all our employees, and new hires are required to sign an integrity commitment letter. To provide clear guidance and prevent any breaches of our codes and national anti-corruption laws, we have included comprehensive guidelines on business integrity and expectations in the Staff Handbook. We explicitly forbid them from exploiting their positions for unauthorised personal benefits. Furthermore, we hold our supply chain and business partners to the same high standards of business integrity and practices that we adhere to. Anti-Bribery Commitment is signed with our suppliers before the commencement of business.

Vigilance is essential for safeguarding the Company's reputation and ensuring alignment with industry standards and legal requirements. During the Reporting Period, the management attended 2 training sessions about anti-money laundering and counter-terrorist financing. It is the Company's dedication to stay informed about the latest regulatory developments and best practices in AML/CTF compliance. Our management not only enhances the understanding of potential risks but also reinforces the importance of maintaining a robust compliance framework. Looking ahead, we will continue to invest more resources to provide anti-corruption training to all levels of employees and expand the scope of anti-corruption training data disclosure.

During the Reporting Period, there was no concluded legal case regarding corrupt practice brought against the Group or employees. The Group strictly abides by national laws and regulations in the PRC, Vietnam, and all our regional representative offices related to bribery, extortion, fraud and money laundering. These relevant laws and regulations including but not limited to:

- Company Law of the People's Republic of China;
- Anti-Money Laundering Law of the People's Republic of China;
- Anti-Unfair Competition Law of the People's Republic of China;
- Law on Anti-Money Laundering of Vietnam;
- Law on Anti-Corruption of Vietnam;
- Criminal Code of Vietnam; and
- Law on Amendments to the Criminal Code of Vietnam.

COMMUNITY INVESTMENT

The Group is dedicated to addressing social issues and supporting individuals in need through a variety of initiatives. We actively engage in donation drives, providing essential resources to those facing hardships. In addition to financial contributions, the organization emphasizes the importance of volunteering, mobilizing community members to offer their time and skills. Through these efforts, it not only alleviates immediate challenges for vulnerable populations but also fosters a spirit of solidarity and compassion within the community, encouraging a collective commitment to social welfare.

During the Reporting Period, the Group has made donation of VND20,000,000 and food to the Vietnam Red Cross Society to support the poor and the elderly in Vietnam.

The Group has consistently been committed to addressing educational challenges in impoverished areas. Since 2006, we have been supporting Youxin Peimiao Primary School in Teng County, Guangxi in various ways. In September 2024, we have provided scholarship to capable students who aims to receive further education. Also, our employees visited the school and distributed stationery, snacks and mooncakes to every student.

We recognise that the effects of global warming and extreme weather events are becoming increasingly common. The Group has come together to express their heartfelt solidarity with the victims of the devastating earthquake in Hualin, Taiwan. Understanding the profound impact of this disaster, we have made donations of HKD100,000 and SGD10,000 to the Taiwan Foundation for Disaster Relief. The foundation is mainly used to provide financial assistance to the families who are affected by natural disaster.

The recent typhoon in September happened in Vietnam resulted in the tragic loss of over a hundred lives and left many missing, while causing significant destruction to homes and crops. In response, the Group contributed certain donations to the Vietnamese Fatherland Front to aid in relief efforts. Additionally, we organised a volunteer team which actively participated in support activities following the disaster, demonstrating our commitment to helping those affected during this challenging time.

These collective effort not only reflects our compassion and commitment to supporting the community in times of crisis but also hope to bring hope and relief to those who have suffered.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ieong Un ("Mr. Ieong"), aged 70, being a founder of the Group, is our executive Director, chairman of the Board and chief executive officer of the Group. Mr. Ieong is primarily responsible for (i) the Group's strategic planning, including geographical and network expansion of the Group's business; (ii) product research and development; (iii) enhancement of the Group's capability in marketing and promotion as well as technical assistance to customers; and (iv) positioning the Group in the adhesive industry. Mr. Ieong has been leading the Group engaging in adhesive development, sale and production business. Mr. Ieong has approximately 30 years' experience in the adhesive related industry. Prior to the establishment of the Group in 1990, Mr. Ieong held a senior management position of Luen Ying Hong Company Limited, a distributor of petroleum related products for more than 6 years in Macau. During such employment, Mr. Ieong was responsible for the management of the business operation, and the marketing and technical services team. Mr. Ieong is the sole shareholder and sole director of All Reach Investments Limited, the controlling Shareholder.

Mr. Ip Chin Wing ("Mr. CW Ip"), aged 70, is our executive Director and deputy general manager of the Group. He is responsible for the management and daily operation of the Group and also assists the chairman of the Board in formulating business strategies and implementing corporate and operational decisions. Prior to joining the Group in 2001, Mr. CW Ip served as a general manager of Dongguan Advanced Coatings Company Limited, a sino-foreign joint venture company registered in the PRC. In 2009, Mr. CW Ip was awarded by the China Academy of Productivity Science[##] and the China Enterprise Newspapers Office[##] as the China enterprise innovative and outstanding person of 2009[##]. Mr. CW Ip obtained a certificate in industrial trade instruction from Hong Kong Technical Teachers' College in 1982.

Mr. Ip Ka Lun ("Mr. KL Ip"), aged 70, is our executive Director and deputy general manager of the Group. He is responsible for overseeing the treasury and administrative functions of the Group and also assists the chairman of the Board in formulating business strategies and implementing corporate and operational decisions. Mr. KL Ip has over 40 years' experience of overseeing the operation of accounting and finance departments. Since graduation, Mr. KL Ip has been pursuing accounting and financial work in commercial organizations. Mr. KL Ip obtained a bachelor degree in business from Tamkang University (Taiwan) in 1977.

Mr. Stephen Graham Prince ("Mr. Prince"), aged 62, is our executive Director and the director of business and marketing of the Group. He is responsible for overseeing sales and marketing functions of the Group. Prior to joining the Group in 2005, Mr. Prince worked as a general manager of Interliance LLC. and was the chief representative of this company in Shanghai, responsible for project management, business intelligence and operational strategy. Mr. Prince obtained a Master's Degree in Business Administration from Fordham University in 2001.

Independent Non-executive Directors

Mr. Chan Wing Yau George ("Mr. Chan"), aged 69, is our independent non-executive Director. He joined the Group in March 2010. He is the chief executive officer of Capital Focus Asset Management Limited and the managing director of Shun Loong Securities Company Limited. Mr. Chan was re-elected as the independent non-executive director of Weiqiao Textile Company Limited ("**Weiqiao**"), a company previously listed on the Main Board of the Stock Exchange, in May 2021 and he ceased the position of the independent non-executive director of Weiqiao upon the completion of privatisation and withdrawal of listing of Weiqiao for the year ended 30 September 2024. He had been a director of Jardine Fleming Investment Services Limited. After leaving Jardine Fleming Investment Services Limited, he joined HSBC Asset Management Hong Kong Limited as an executive director. He has extensive experience in fund management. Mr. Chan had held several positions of public services, such as a member of the Financial Services Advisory Committee of the Hong Kong Trade Development Council, the chairman of Investment Sub-Committee of and board member of Ocean Park Corporation, and the chairman of the Hong Kong Investment Funds Association China Sub-Committee. Mr. Chan obtained a bachelor of mathematics degree from the University of Waterloo in 1978.

[##] The official name of this term is in Chinese. The English translation is for identification purpose only. For the official name of this term in Chinese, please refer to the Chinese version of this annual report.

Mr. Simon Luk ("Mr. Luk"), aged 59, is our independent non-executive Director. He joined the Group on 21 November 2013. Mr. Luk graduated from the University of Alberta in 1990 with a bachelor degree in Arts major in Economics. Mr. Luk has been a responsible officer to carry out Type 9 (Asset Management) regulated activities under the SFO since 2003. He has over 20 years' experience in asset management and investment advising. Mr. Luk worked in various investment advising companies. Mr. Luk was an independent non-executive director of Link Holdings Limited (Stock code: 8237), a company listed on GEM of the Stock Exchange, from November 2021 to July 2023. Mr. Luk has been appointed as an independent non-executive director of China Investment and Finance Group Limited (Stock code: 1226), a company listed on the Main Board of the Stock Exchange, since 2 July 2014. Since 23 September 2020, Mr. Luk has been the responsible officer of Zhanlin Securities Limited (formerly known as EAI Securities Limited).

Mr. Tong Hing Wah ("Mr. Tong"), aged 54, is our independent non-executive Director. He joined the Group on 21 November 2013. Mr. Tong graduated from the Hong Kong Polytechnic University in 1993 with a bachelor degree in accountancy. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. He has over 25 years of experience in regulatory compliance, financial reporting, auditing and financial management, including over 15 years of experience as the chief financial officer and/or company secretary in Hong Kong listed companies. Mr. Tong is currently a chief financial officer of a company listed on Nasdaq of the United States.

Ms. Li Sin Man ("**Ms. Li**"), aged 44, is our independent non-executive Director. She joined the Group on 29 December 2023. Ms. Li has over 10 years of experience in accounting and financial management. She graduated with a Bachelor Degree in Accountancy from The Hong Kong Polytechnic University in 2002 and a Master Degree in Social Sciences in International Business Management for Belt and Road Countries. Since August 2006, she has been a member of the Association of Chartered Certified Accountants (the "**ACCA**"). Since August 2011, she has been a fellow member of the ACCA. She worked in various audit firms from 2002 to 2006 including Deloitte Touche Tohmatsu. She held accounting positions in various companies from 2007 to 2016. From June 2016 onward, she has been working for Prudential Hong Kong Limited and the latest position she is now serving is an unit manager.

SENIOR MANAGEMENT

Mr. Zheng Guo Liang ("Mr. Zheng"), aged 61, is the production and operation director of the Group. Mr. Zheng joined the Group as a sales representative in 1990. Prior to joining the Group, he worked for a mechanical engineering company in Zhuhai and responsible for the mechanical maintenance for more than five years. Mr. Zheng finished his secondary education in 1987. Mr. Zheng currently is responsible for planning and operating matters in terms of production.

Mr. Wu Xiang Ming ("Mr. Wu"), aged 55, is the technical director of research and development of the Group responsible for the establishment and implementation of the research and development plan in accordance with the requirements of the customers of the Group and the market. He is also responsible for the general management of the research and development team of the Group. Prior to joining the Group in 2007, Mr. Wu had more than 12 years' research and development working experience. He was a research and development manager of a Hong Kong based chemical science company for seven years. Mr. Wu graduated from East China University of Science and Technology[##] (formerly known as East China Institute of Science and Technology[##]) in 1990 with a bachelor degree in engineering and obtained a master degree of engineering from Zhejiang University in 1996.

The official name of this term is in Chinese. The English translation is for identification purpose only. For the official name of this term in Chinese, please refer to the Chinese version of this annual report.

Mr. Zhong Xuan Feng ("Mr. Zhong"), aged 54, is the director of human resources and information technology departments of the Group responsible for diverse range of human resources activities of the Group including recruitment, compensation and benefits, staff training and employee relationship management. Apart from human resources, he is also responsible for the development of information technology platform to support the operation of the Group in accordance with development needs. Mr. Zhong joined the Group in 1998. He had 6 years' experience of accounting. He was a head of accounting department of an investment company. In 2006, Mr. Zhong was sponsored by the Group to study in Hong Kong, and obtained a Master's Degree in Business Administration from Hong Kong Baptist University in 2008.

Mr. Shum Hoi Luen ("Mr. Shum"), aged 49, joined our Group in April 2018 and was appointed as the Company Secretary in May 2018. Mr. Shum is also the financial controller of the Company and is mainly responsible for company secretarial affairs, corporate governance and corporate finance of the Group. Mr. Shum obtained a Bachelor of degree (Honors) in Accounting from The Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants, Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries). He is also a professional member of Hong Kong Institute of Human Resource Management and an associate and a certified tax adviser of The Taxation Institute of Hong Kong. Mr. Shum is also currently the company secretary of Superland Group Holdings Limited (Stock code: 368), a company listed on the Main Board of the Stock Exchange.

REPORT OF THE DIRECTORS

The Directors present the annual report of the Company and the audited financial statements of the Group during the year ended 30 September 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is a Hong Kong-based investment holding company. The principal activities and other particulars of its principal subsidiaries are set out in note 22 to the consolidated financial statements.

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the section of "Management Discussion and Analysis" set out on pages 4 to 7 of this annual report. These discussions form part of the Report of the Directors. In addition, details of the Group's financial risk management are disclosed in note 6 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE AND RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group is committed to environmental protection and safety usage of chemical products.

Environmental policies have been adopted by the Group for implementation of environmental friendly measures and practices in the operation of the Group's businesses. The Group has also reviewed its environmental policies and performance from time to time in order to minimise the environmental impacts from our business operations.

The Group is committed to providing equal opportunities, a harmonious and diversified working environment to our employees.

The Group maintains active relationship with our customers in the industry to explore potential business opportunities and is highly committed to delivering high quality products to our customers.

The Group maintains a list of approved suppliers (based on their prices, quality, past performance and capacities).

During the year, there was no material dispute or argument between the Group and its employees, suppliers and customers.

Further discussion and review on the environmental policies and performance and relationship with employees, suppliers and customers of the Group as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), can be found in the Environmental, Social and Governance Report set out on pages 21 to 45 of this annual report. This discussion forms part of this Report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group continues to commit to complying with the relevant laws and regulations, such as the Companies Act (As Revised), Cap. 22 of the Cayman Islands, the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the SFO, the Listing Rules and other relevant laws and regulations. So far as the Board is concerned, there were no material breaches of or non-compliance with the relevant rules and regulations by our Group that have significant impacts on the business and operations of our Group.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 8 to 20.

RESULTS AND DIVIDENDS

The results of the Group during the year ended 30 September 2024 and the Group's financial position as at 30 September 2024 are set out in the consolidated financial statements on pages 61 to 123.

For the year ended 30 September 2024, the Board has resolved to recommend the payment of a final dividend of HK5.4 cents (year ended 30 September 2023: HK3.3 cents) per ordinary share to the Shareholders, which will be subject to approval by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2024. Interim dividend for the six months ended 31 March 2024 of HK3.6 cents (six months ended 31 March 2023: HK2.4 cents) per ordinary share to the Shareholders was declared on 29 May 2024 and paid on 27 June 2024. Including the interim dividend for the six months ended 31 March 2024 of HK3.6 cents (six months ended 31 March 2023: HK2.4 cents) per ordinary share to the Shareholders already paid, the total dividend for the year ended 30 September 2024 will amount to HK9.0 cents (year ended 30 September 2023: HK6.5 cents (including a special dividend of HK0.8 cents)) per ordinary share.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 124 of this annual report. This summary does not form part of the audited consolidated financial statements.

DONATION

During the year ended 30 September 2024, charitable donation made by the Group amounted to approximately HK$179,000 (year ended 30 September 2023: approximately HK$8,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 30 September 2024 are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

During the year ended 30 September 2024, the Company did not issue any shares (year ended 30 September 2023: Nil). Details of movements in the Company's authorised or issued share capital during the year ended 30 September 2024 are set out in note 33 to the consolidated financial statements.

SHARE OPTIONS

Share option scheme

The Company adopted a share option scheme on 22 July 2010 which was expired on 22 July 2020. No share option scheme has been adopted by the Company since 22 July 2020. No options granted under the share option scheme remained outstanding as at 30 September 2024.

No equity-linked agreements were entered into during the year ended 30 September 2024 or subsisted at the end of the year ended 30 September 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the Companies Act (As Revised), Cap. 22 of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 September 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities of the Company.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 30 September 2024, calculated under the Companies Act (As Revised), Cap. 22 of the Cayman Islands, amounted to approximately HK$154,551,000 (2023: approximately HK$186,605,000). The share premium account of the Company is available for distribution or paying dividends to the Shareholders subject to the provisions of the Articles and provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts immediately as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales to the five largest customers of the Group accounted for approximately 43.9% of the Group's total revenue and sales to the largest customer accounted for approximately 21.4% of the Group's total revenue during the year ended 30 September 2024.

The aggregate purchases from the five largest suppliers of the Group accounted for approximately 50.2% of the Group's total purchases and purchases from the largest supplier accounted for approximately 14.3% of the Group's total purchases during the year ended 30 September 2024.

None of the Directors, their close associates or any Shareholders (which, to the knowledge of the Directors, owns more than 5% of the shares (the "**Shares**") of the Company) had any interests in the five largest customers or suppliers of the Group.

DIRECTORS

The Directors during the financial year and up to the date of this annual report were:

Executive Directors

Mr. Ieong Un *(Chairman and Chief Executive Officer)*
Mr. Ip Chin Wing
Mr. Ip Ka Lun
Mr. Stephen Graham Prince

Independent non-executive Directors

Mr. Chan Wing Yau George
Mr. Simon Luk
Mr. Tong Hing Wah
Ms. Li Sin Man

In accordance with Article 84 of the Articles, Mr. Ip Chin Wing and Mr. Ip Ka Lun, being the executive Directors, and Mr. Simon Luk, being an independent non-executive Director, will retire from office by rotation at the 2024 AGM. Being eligible, each of them will offer himself for re-election as an executive Director or an independent non-executive Director (as the case may be) at the 2024 AGM.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all of its independent non-executive Directors to be independent in accordance with the guidelines as set out under the Listing Rules.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in details of the Directors' information are set out below:

- For the year ended 30 September 2024, Mr. Chan Wing Yau George has ceased the position of the independent non-executive director of Weiqiao.

Save as disclosed above and in elsewhere in this annual report, there is no change to any information required to be disclosed in relation to any Directors pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical information of the Directors and senior management of the Company are set out in the section of "Profile of Directors and Senior Management" on pages 46 to 48 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the 2024 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The Directors' remuneration are subject to the Shareholders' approval at the general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the remuneration of the Directors during the year ended 30 September 2024 are set out in note 15 to the consolidated financial statements.

PERMITTED INDEMNITY

Under the Articles, the Company had a permitted indemnity provision (as defined in section 469 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) in force for the benefit of the Directors throughout the year and as at the date of approval of this Report of the Directors, pursuant to which the Company shall indemnify any Director against any liability, loss suffered and expenses incurred by the Director in connection with any legal proceedings in which he is involved by reason of being a Director, and in which the judgement is given in his favour or in which he is acquitted. The Company has maintained insurance cover for the Directors' and officers' liabilities in respect of legal actions against the Directors and officers arising out of corporate activities.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section of "Continuing Connected Transactions" in the Report of the Directors and "Related Party Transactions" in note 40 to the consolidated financial statements, no Director nor a connected entity of a Director had material interests, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 September 2024 and up to the date of this annual report, none of the Directors or their close associates (as defined under the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DISCLOSURE OF INTERESTS

Interests and short positions of the Directors and Chief Executive of the Company

As at 30 September 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long position in the Shares

Name of the Director	Capacity	Position	Number of the Shares held	Approximate percentage of shareholding
Mr. Ieong Un (Note)	Interest in controlled corporation	Long	342,500,000	60.80%
Mr. Ieong Un (Note)	Beneficial owner	Long	78,818,769	13.99%

Note: 342,500,000 Shares are held by All Reach Investments Limited ("**All Reach**"), the entire issued share capital of which is wholly and beneficially owned by Mr. Ieong Un. By virtue of the SFO, Mr. Ieong Un is deemed to be interested in 342,500,000 Shares held by All Reach.

(ii) Long position in the ordinary shares of associated corporation

Name of associated corporation	Name of the Director	Capacity	Position	Number of shares in the associated corporation	Approximate percentage of shareholding in the associated corporation
All Reach	Mr. Ieong Un	Beneficial owner	Long	200	100%

Save as disclosed above, as at 30 September 2024, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 30 September 2024, so far as was known to the Directors, the interests and short positions of the persons (other than the section of "Interests and Short Positions of the Directors and Chief Executive of the Company" as disclosed above) in the Shares and/or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company are set out below:

Name of the shareholder	Capacity	Position	Number of Shares held	Approximate percentage of shareholding
All Reach (Note 1)	Beneficial owner	Long	342,500,000	60.80%
Ms. Chan Sut Kuan ("**Mrs. Ieong**") (Notes 1 and 2)	Interest of spouse	Long	421,318,769	74.79%

Notes:

1. All Reach is directly, wholly and beneficially owned by Mr. Ieong Un. By virtue of the SFO, Mr. Ieong Un, an executive Director, is deemed to be interested in the entire 342,500,000 Shares held by All Reach. The total interests beneficially held by Mr. Ieong Un are 78,818,769 Shares. Mrs. Ieong is the spouse of Mr. Ieong Un and is therefore deemed to be interested in 421,318,769 Shares which Mr. Ieong Un is interested in.

2. According to the laws of Macau, the regime of matrimonial property of Mr. Ieong Un and Mrs. Ieong is community.

Save as disclosed above, as at 30 September 2024, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Interests and Short Positions of the Directors and Chief Executive of the Company" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to section 336 of the SFO.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS

Save as disclosed in the section of "Disclosure of Interests" in this report, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 September 2024, the Group had not conducted any connected transactions or continuing connected transactions that were not exempt from the annual reporting requirement under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 30 September 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules during the year ended 30 September 2024 and up to the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 19 November 2024, on 19 November 2024, the Purchaser entered into an agreement with the Vendor who is a third party independent of the Company and its connected persons, pursuant to which the Vendor would sell machinery and production equipment; and provide certain pipeline, instrument and electrical works for the new manufacturing plant in Indonesia, to the Purchaser at a consideration of US$4,250,000 (equivalent to approximately HK$33,150,000).

Save as disclosed in elsewhere in this annual report, there have been no other material events occurring after the reporting period and up to the date of this annual report.

ANNUAL GENERAL MEETING

The 2024 AGM is scheduled to be held on Monday, 24 February 2025. The notice convening the 2024 AGM will be issued and disseminated to the Shareholders in due course.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlements to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Wednesday, 19 February 2025 to Monday, 24 February 2025, both days inclusive, during which period no transfer of Shares shall be effected. In order to qualify for the entitlements to attend and vote at the 2024 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 18 February 2025.

For determining the entitlements of the proposed final dividend, the register of members of the Company will be closed from Friday, 28 February 2025 to Monday, 3 March 2025, both days inclusive, during which period no transfer of Shares shall be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 27 February 2025.

References to time and dates in this annual report are to Hong Kong time and dates.

AUDITOR

The consolidated financial statements for the year ended 30 September 2024 have been audited by RSM Hong Kong, who will retire at the 2024 AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Hong Kong as auditor of the Company will be proposed at the 2024 AGM.

On behalf of the Board

Ip Ka Lun
Executive Director

Hong Kong, 13 December 2024

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF
INFINITY DEVELOPMENT HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Infinity Development Holdings Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 61 to 123, which comprise the consolidated statement of financial position as at 30 September 2024, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade and bills receivables Refer to notes 4(m), 5(d), 6(c) and 26 to the consolidated financial statements. As at 30 September 2024, the Group had gross trade and bills receivables of approximately HK$232,899,000 and allowances for doubtful debts of approximately HK$22,814,000. In general, the credit terms granted by the Group to customers range between 30 days to 120 days. Management performed periodic assessments of the recoverability of trade and bills receivables and the sufficiency of allowances for doubtful debts based on information including credit profile of different customers, ageing of the trade debtors, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment. We focused on this area because the impairment assessment of trade and bills receivables under the expected credit losses model involved the use of significant management judgements and estimates.	Our procedures in relation to management's impairment assessment of trade and bills receivables included: – Understanding and evaluating management's controls and process over customer's credit assessment and collection of trade and bills receivables, the assessment of recoverability and the estimation of allowance for trade and bills receivables; – Assessing inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, and susceptibility to management bias or fraud; – Assessing whether trade debtors had been appropriately grouped by management based on their shared credit risk characteristics; – Assessing the external valuer's qualifications, experience and expertise and considering their objectivity; – Testing the accuracy and completeness of the data used by external valuer to develop the historical loss rates and assessing the appropriateness, reliability and relevance of that data; – Testing, on a sample basis, the accuracy of the ageing of trade and bills receivables to supporting documents; – With the assistance of our engaged valuation experts, testing the calculation of the historical loss rate and evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic conditions; and – Testing the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade and bills receivables outstanding at the reporting date.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tam Shing Yu.

RSM Hong Kong
Certified Public Accountants
Hong Kong

13 December 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2024

	Note	**2024** **HK$'000**	2023 HK$'000
Revenue	8	**736,338**	671,750
Cost of goods sold		**(458,898)**	(462,644)
Gross profit		**277,440**	209,106
Other income	9	**12,758**	8,568
Gain on disposal of assets classified as held for sale		**–**	840
Changes in fair value of investment properties		**(800)**	–
Other gains and losses, net	10	**(4,777)**	(109)
(Allowances)/reversal of allowances for trade, bills and other receivables, net		**(5,000)**	1,756
Selling and distribution costs		**(52,282)**	(51,521)
Administrative expenses		**(103,667)**	(87,143)
Profit from operations		**123,672**	81,497
Finance costs	11	**(2,587)**	(2,908)
Share of profits of associates	23	**731**	2,459
Profit before tax		**121,816**	81,048
Income tax expense	12	**(21,405)**	(13,994)
Profit for the year attributable to owners of the Company	13	**100,411**	67,054
Earnings per share	17		
– Basic		**HK17.82 cents**	HK11.90 cents
– Diluted		**Not applicable**	Not applicable

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2024

	2024 **HK$'000**	2023 HK$'000
Profit for the year attributable to owners of the Company	**100,411**	67,054
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Fair value changes of equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**698**	291
Items that may be reclassified to profit or loss:		
Fair value changes of debt instruments at FVTOCI	**–**	563
Reclassification adjustment for amount transferred to profit or loss upon disposal of debt instruments at FVTOCI	**83**	–
Exchange differences on translating foreign operations	**12,329**	(4,025)
	12,412	(3,462)
Other comprehensive income for the year, net of tax	**13,110**	(3,171)
Total comprehensive income for the year attributable to owners of the Company	**113,521**	63,883

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	Note	**2024** **HK$'000**	2023 HK$'000
Non-current assets			
Investment properties	18	**3,000**	3,800
Property, plant and equipment	19	**84,300**	73,889
Right-of-use assets	20	**39,421**	37,872
Intangible assets	21	**5,632**	6,262
Investments in associates	23	**9,271**	8,540
Club debentures		**1,080**	1,080
Financial assets at FVTOCI	24	**2,777**	4,547
Deposits for acquisition of property, plant and equipment		**30,876**	8,811
Total non-current assets		**176,357**	144,801
Current assets			
Inventories	25	**71,459**	49,853
Trade, bills and other receivables	26	**218,323**	178,098
Debt instruments at amortised cost	27	**10,023**	7,102
Restricted bank deposits	28	**21,382**	18,749
Bank and cash balances	28	**321,885**	346,392
Total current assets		**643,072**	600,194
Current liabilities			
Trade, bills and other payables	29	**152,023**	108,185
Lease liabilities	30	**1,739**	2,947
Bank loans	31	**39,000**	85,000
Current tax liabilities		**32,370**	28,071
Total current liabilities		**225,132**	224,203
Net current assets		**417,940**	375,991
Total assets less current liabilities		**594,297**	520,792

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	Note	**2024** **HK$'000**	2023 HK$'000
Non-current liabilities			
Lease liabilities	30	**2,732**	1,311
Deferred tax liabilities	32	**8,002**	6,061
Total non-current liabilities		**10,734**	7,372
Net assets		**583,563**	513,420
Total assets		**819,429**	744,995
Total liabilities		**235,866**	231,575
Capital and reserves			
Share capital	33	**5,634**	5,634
Reserves		**577,929**	507,786
Total equity		**583,563**	513,420

Approved by the Board on 13 December 2024 and are signed on its behalf by:

Ip Chin Wing
Executive Director

Ip Ka Lun
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2024

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Special reserve HK$'000 (Note 35(b)(i))	Foreign currency translation reserve HK$'000 (Note 35(b)(ii))	Legal reserve HK$'000 (Note 35(b)(iii))	Statutory surplus reserve fund HK$'000 (Note 35(b)(iv))	Financial assets at FVTOCI reserve HK$'000 (Note 35(b)(v))	Retained profits HK$'000	Total HK$'000
At 1 October 2022	5,634	123,757	857	1,097	(31,221)	503	2,814	(1,850)	385,690	487,281
Profit for the year	–	–	–	–	–	–	–	–	67,054	67,054
Other comprehensive income for the year	–	–	–	–	(4,025)	–	–	854	–	(3,171)
Total comprehensive income for the year	–	–	–	–	(4,025)	–	–	854	67,054	63,883
Dividends (Note 16)	–	–	–	–	–	–	–	–	(37,744)	(37,744)
At 30 September 2023	5,634	123,757	857	1,097	(35,246)	503	2,814	(996)	415,000	513,420
At 1 October 2023	5,634	123,757	857	1,097	(35,246)	503	2,814	(996)	415,000	513,420
Profit for the year	–	–	–	–	–	–	–	–	100,411	100,411
Other comprehensive income for the year	–	–	–	–	12,329	–	–	781	–	13,110
Total comprehensive income for the year	–	–	–	–	12,329	–	–	781	100,411	113,521
Dividends (Note 16)	–	–	–	–	–	–	–	–	(43,378)	(43,378)
At 30 September 2024	5,634	123,757	857	1,097	(22,917)	503	2,814	(215)	472,033	583,563

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2024

	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**121,816**	81,048
Adjustments for:		
Interest income on bank deposits	**(9,988)**	(4,699)
Interest income on certificates of deposit	**(321)**	(241)
Interest income on debt instruments at FVTOCI	**(15)**	(113)
Dividend income from equity instruments at FVTOCI	**(184)**	(260)
Finance costs	**2,587**	2,908
Amortisation of intangible assets	**731**	42
Depreciation on right-of-use assets	**3,504**	3,339
Depreciation on property, plant and equipment	**11,493**	11,775
(Reversal of allowances)/allowances for inventories, net	**(643)**	3,002
Allowances/(reversal of allowances) for trade, bills and other receivables, net	**5,000**	(1,756)
Share of profits of associates	**(731)**	(2,459)
Changes in fair value of investment properties	**800**	–
Gain on disposal of assets classified as held for sale	**–**	(840)
Gain on disposal of property, plant and equipment	**–**	(549)
Gain on disposal of equity instruments at FVTOCI	**(17)**	–
Loss on disposal of debt instruments at FVTOCI	**40**	–
Written off of property, plant and equipment	**2**	3
Operating profit before working capital changes	**134,074**	91,200
(Increase)/decrease in inventories	**(20,372)**	75,384
(Increase)/decrease in trade, bills and other receivables	**(43,839)**	101,129
Increase/(decrease) in trade, bills and other payables	**42,940**	(32,534)
Cash generated from operations	**112,803**	235,179
Income taxes paid	**(15,265)**	(13,782)
Interest on lease liabilities	**(165)**	(155)
Net cash generated from operating activities	**97,373**	221,242

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2024

	Note	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from bank deposits		**10,117**	3,585
Interest received from certificates of deposit		**206**	76
Interest received from debt instruments at FVTOCI		**15**	113
Dividend received from equity instruments at FVTOCI		**184**	260
Purchases of property, plant and equipment		**(11,729)**	(6,647)
Deposits paid for acquisition of property, plant and equipment		**(29,754)**	(8,197)
Purchases of debt instruments at amortised cost		**(9,826)**	(13,131)
Proceeds from disposal of equity instruments at FVTOCI		**1,007**	–
Proceeds from disposal of debt instruments at FVTOCI		**1,521**	–
Purchases of intangible assets		**–**	(1,735)
Payment for right-of-use assets		**(989)**	(1,297)
Redemption of financial assets at amortised cost		**7,020**	6,194
Gross proceeds from disposal of assets classified as held for sale		**–**	538
Proceeds from disposal of property, plant and equipment		**–**	2,186
Increase in time deposits with maturities of over three months but less than one year		**(292)**	(12,836)
Increase in restricted bank deposits		**(2,633)**	(2,666)
Net cash used in investing activities		**(35,153)**	(33,557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on bank loans		**(2,538)**	(2,264)
Dividends paid	16	**(43,378)**	(37,744)
Inception of bank loans		**–**	60,000
Repayment of bank loans		**(46,000)**	(5,000)
Payment of lease liabilities	36(b)	**(3,329)**	(3,373)
Net cash (used in)/generated from financing activities		**(95,245)**	11,619
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(33,025)**	199,304
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**8,226**	(986)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**331,380**	133,062
CASH AND CASH EQUIVALENTS AT END OF YEAR		**306,581**	331,380
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**321,885**	346,392
Less: Time deposits with maturities of over three months but less than one year		**(15,304)**	(15,012)
		306,581	331,380

1. GENERAL INFORMATION

Infinity Development Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, the Cayman Islands. The addresses of its principal places of business in Hong Kong Special Administrative Region ("**Hong Kong**") and Macao Special Administrative Region ("**Macau**") of the People's Republic of China (the "**PRC**") are Units 2201-2202, 22/F., Alliance Building, 133 Connaught Road Central, Hong Kong and Rua de Pequim No. 202A-246, Macau Finance Centre, 16 Andar A-D, Macau, respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The consolidated financial statements are expressed in Hong Kong dollars ("**HK$**"), and all values are rounded to nearest thousand (HK$'000), except when otherwise stated.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 22 to the consolidated financial statements.

In the opinion of the directors of the Company (the "**Directors**"), All Reach Investments Limited, a company incorporated in the British Virgin Islands, is the immediate and the ultimate parent and Mr. Ieong Un is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 October 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 4 to the consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective (Continued)

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

Except for the new standard mentioned below, the Directors anticipate that the application of all new and amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of Financial Statements" and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures ("**MPM**") are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as "other".

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 September. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Associates (Continued)

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equal or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(e) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land	Over the term of the lease
Buildings	
– office units	Over the term of the lease
– factory premises	5%
Furniture, fixtures and equipment	10%–25%
Leasehold improvements	20%
Motor vehicles	$16^2/_3$%–20%
Plant and machinery	10%–20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rentals and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time.

Gains or losses arising from changes in fair value of investment properties are recognised in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is withdrawn from use. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 4(s).

(g) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Leases (Continued)

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group entities, which does not have recent third-party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 4(f).

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(g) Leases (Continued)

(i) The Group as a lessee (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

(h) Intangible assets

Intangible assets with finite useful life are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives. Intangible asset with indefinite useful life is not amortised.

(i) Club membership

For club membership with an indefinite useful life, it is stated at cost less any impairment losses. For club membership with a definite useful life, amortisation is calculated using the straight-line method to allocate the cost of club membership over their estimated useful lives of ranging from 41 to 44 years. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Intangible assets (Continued)

(ii) Formula rights

Formula rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years.

(iii) Software – acquired

Software is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10 years.

(i) Club debentures

Club debentures with indefinite useful life is stated at cost less impairment losses. Impairment is reviewed annually or when there is any indication that the club debentures have suffered an impairment loss.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(l) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the financial assets at FVTOCI reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the financial assets at FVTOCI reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowances for expected credit losses ("**ECL**").

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(o) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sales of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowances) of the assets.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(w) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(w) Taxation (Continued)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(x) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated pro rata amongst the assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(y) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade and other receivables, restricted bank deposits and bank and cash balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(y) Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the financial assets at FVTOCI reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Split of land and building elements

The Group determined that the lease payments cannot be allocated reliably between the land and building elements. Accordingly the entire lease of land and buildings is classified as a finance lease and included under property, plant and equipment.

(b) Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year ended 30 September 2024, approximately HK$21,405,000 (2023: HK$13,994,000) of income tax was charged to profit or loss based on the estimated profit.

(b) Impairment loss for trade and bills receivables

The Group uses a provision matrix to calculate the ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, customer type and rating).

The provision matrix is initially based on the historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Group also appointed an independent professional valuer to assess the ECLs for trade and bills receivables.

The assessment of the correlation among historical observed default rates, forecast economic conditions, factors that are specific to the customers and the ECLs is a significant estimate. The amount of the ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables are included in note 6(c) and 26 to the consolidated financial statements.

As at 30 September 2024, the carrying amount of trade and bills receivables was approximately HK$210,085,000 (net of allowances for doubtful debts of HK$22,814,000) (2023: HK$161,995,000 (net of allowances for doubtful debts of HK$17,814,000)).

(c) Allowances for slow-moving inventories and net realisable value of inventories

Allowances for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowances charge/write-back in the period in which such estimate has been changed.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer's taste and competitor's actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

The carrying amount of inventories as at 30 September 2024 was approximately HK$71,459,000 (2023: HK$49,853,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Renminbi ("**RMB**"), Vietnamese Dong ("**VND**"), Indonesian Rupiah ("**IDR**"), United States dollars ("**USD**") and Singapore dollars ("**SGD**"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 30 September 2024, if the RMB had weakened 5 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$1,047,000 (2023: HK$988,000) higher, arising mainly as a result of the foreign exchange gain on bank and cash balances and trade and bills receivables denominated in USD. If the RMB had strengthened 5 per cent against the USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$1,047,000 (2023: HK$988,000) lower, arising mainly as a result of the foreign exchange loss on bank and cash balances and trade and bills receivables denominated in USD.

At 30 September 2024, if the VND had weakened 5 per cent against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$426,000 (2023: HK$186,000) higher, arising mainly as a result of the foreign exchange gain on bank and cash balances and trade and bills receivables denominated in USD. If the VND had strengthened 5 per cent against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$426,000 (2023: HK$186,000) lower, arising mainly as a result of the foreign exchange loss on bank and cash balances and trade and bills receivables denominated in USD.

At 30 September 2024, if the IDR had weakened 5 per cent against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$956,000 (2023: HK$519,000) higher, arising mainly as a result of the foreign exchange gain on bank and cash balances and trade and bills receivables denominated in USD. If the IDR had strengthened 5 per cent against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$956,000 (2023: HK$519,000) lower, arising mainly as a result of the foreign exchange loss on bank and cash balances and trade and bills receivables denominated in USD.

At 30 September 2024, if the SGD had weakened 5 per cent against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$5,184,000 (2023: HK$3,296,000) higher, arising mainly as a result of the foreign exchange gain on bank and cash balances denominated in USD. If the SGD had strengthened 5 per cent against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$5,184,000 (2023: HK$3,296,000) lower, arising mainly as a result of the foreign exchange loss on bank and cash balances denominated in USD.

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Price risk

The Group is exposed to equity price risk mainly through its equity instruments at FVTOCI. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower (2023: 10% higher/lower), other comprehensive income for the year ended 30 September 2024 would increase/decrease by HK$278,000 (2023: HK$307,000) as a result of the changes in fair value of equity instruments at FVTOCI.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and bills receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with acceptable credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade and bills receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-120 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

As at 30 September 2024, the Group had certain concentrations of credit risk as 20% (2023: 18%) and 49% (2023: 44%) of the Group's trade and bills receivables were due from the Group's largest customer and the five largest customers, respectively.

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowances based on past due status is not further distinguished between the Group's different customer bases.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and bills receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and bills receivables as at 30 September 2024 and 2023:

	2024		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowances HK$'000**
Current (not past due)	**4.89%**	**168,405**	**8,228**
1–30 days past due	**9.10%**	**35,360**	**3,218**
31–60 days past due	**13.01%**	**11,454**	**1,490**
61–90 days past due	**21.75%**	**3,265**	**710**
More than 90 days past due	**63.60%**	**14,415**	**9,168**
		232,899	**22,814**

	2023		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowances HK$'000
Current (not past due)	5.26%	124,025	6,523
1–30 days past due	7.91%	28,834	2,281
31–60 days past due	10.73%	12,426	1,333
61–90 days past due	20.27%	3,961	803
More than 90 days past due	65.08%	10,563	6,874
		179,809	17,814

Expected loss rates are based on actual loss experience over the past 8 (2023: 7) years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and bills receivables (Continued)

Movement in the loss allowances for trade and bills receivables during the year is as follows:

	2024 **HK$'000**	2023 HK$'000
At beginning of year	**17,814**	17,814
Net impairment losses recognised for the year	**5,000**	–
At end of year	**22,814**	17,814

Financial assets at amortised cost

All of the Group's financial instruments at amortised cost are considered to have low credit risk, and the loss allowances recognised during the period were therefore limited to 12-month expected losses. Instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Financial assets at amortised cost include other receivables.

Movement in the loss allowances for other receivables during the year is as follows:

	2024 **HK$'000**	2023 HK$'000
At beginning of year	**4,327**	6,159
Impairment losses reversed for the year	**–**	(1,756)
Exchange difference	**92**	(76)
At end of year	**4,419**	4,327

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand HK$'000	**Less than 1 year** HK$'000	**Between 1 and 2 years** HK$'000	**Between 2 and 5 years** HK$'000	**Total** HK$'000
At 30 September 2024					
Trade, bills and other payables	**–**	**152,023**	**–**	**–**	**152,023**
Lease liabilities	**–**	**1,896**	**932**	**1,994**	**4,822**
Bank loans (Note)	**39,000**	**–**	**–**	**–**	**39,000**
	39,000	**153,919**	**932**	**1,994**	**195,845**
At 30 September 2023					
Trade, bills and other payables	–	108,185	–	–	108,185
Lease liabilities	–	3,045	1,186	169	4,400
Bank loans (Note)	85,000	–	–	–	85,000
	85,000	111,230	1,186	169	197,585

Note: Bank loans with a repayment on demand clause are included in the 'on demand' time band in the above maturity analysis. As at 30 September 2024, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$39,000,000 (2023: HK$85,000,000). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank loans will be repaid within two to four years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$42,278,000 (2023: HK$90,976,000).

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

The Group's cash flow interest rate risk primarily relates to variable-rate bank balances and bank loans. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's restricted bank deposits and time deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest-risk arises from its bank balances and bank loans. These balances and loans bear interests at variable rates that vary with the then prevailing market condition.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing bank balances and bank loans at the end of the reporting period and assumed that the amount of assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. The management does not anticipate a decrease in interest rate in the next financial year having regard to the trends in market interest rates and global economic environment. Accordingly, sensitivity analysis on a decrease in interest rates is not presented.

If interest rates on bank balances and bank loans had been 50 basis points (2023: 50 basis points) higher and all other variables were held constant, the potential effect on consolidated profit after tax for the year is as follows:

	2024 **HK$'000**	2023 HK$'000
Increase/(decrease) in consolidated profit after tax for the year	**325**	(160)

(f) Categories of financial instruments

	2024 **HK$'000**	2023 HK$'000
Financial assets		
Financial assets measured at FVTOCI:		
Debt instruments	**–**	1,477
Equity instruments	**2,777**	3,070
Financial assets measured at amortised cost	**566,684**	541,357
Financial liabilities		
Financial liabilities measured at amortised cost	**191,023**	193,185
Lease liabilities	**4,471**	4,528

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 30 September 2024:

	Fair value measurements using			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Description				
Recurring fair value measurements:				
Financial assets at FVTOCI				
Listed equity securities	**2,777**	**–**	**–**	**2,777**
Investment properties				
Office units – the PRC	**–**	**–**	**3,000**	**3,000**
Total	**2,777**	**–**	**3,000**	**5,777**

Disclosures of level in fair value hierarchy at 30 September 2023:

	Fair value measurements using			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Description				
Recurring fair value measurements:				
Financial assets at FVTOCI				
Listed equity securities	3,070	–	–	3,070
Listed debt securities	–	1,477	–	1,477
	3,070	1,477	–	4,547
Investment properties				
Office units – the PRC	–	–	3,800	3,800
Total	3,070	1,477	3,800	8,347

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Investment properties 2024 HK$'000	2023 HK$'000
At beginning of year	**3,800**	3,800
Total losses recognised in profit or loss (#)	**(800)**	–
At end of year	**3,000**	3,800
(#) Include losses for assets held at end of reporting period	**(800)**	–

The total losses recognised in profit or loss including those for assets held at end of reporting period are presented in changes in fair value of investment properties in the consolidated statement of profit or loss.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2024:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors (the "**Board**") for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurements are mainly:

- Time difference (estimated based on valuation experts' in-house database)
- Size difference (estimated based on actual data)
- Market quote adjustment factor (estimated based on valuation experts' in-house database)
- Market yield (estimated based on valuation experts' in-house database)
- Floor level difference (estimated based on valuation experts' in-house database)
- Location difference (estimated based on valuation experts' in-house database)

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2024: (Continued)

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value 2024 HK$'000	2023 HK$'000
Debt securities	Executable and indicative quotes from multiple contributors	N/A	–	1,477

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2024 HK$'000	2023 HK$'000
Office units located in the PRC	Income approach	Time difference	–0.6% to 0% (2023: –1.1% to 0%)	Increase	**3,000**	3,800
		Size difference	–7.1% to –5.6% (2023: –7.2% to –3.4%)	Increase		
		Market quote adjustment factor	–20% (2023: –15%)	Increase		
		Market yield	5.1% to 5.9% (2023: 4.8% to 5.4%)	Decrease		
		Floor level difference	–3% to 3% (2023: –3% to 0%)	Increase		
		Location difference	0% (2023: –10% to 0%)	Increase		

During the years ended 30 September 2024 and 2023, there were no significant changes in the valuation techniques used.

8. REVENUE AND SEGMENT INFORMATION

Operating segment information

The Group has only one operating and reportable segment. Management determines the operating segment based on the information reported to the Group's chief operating decision makers ("**CODMs**") (i.e. the executive Directors). The CODMs assess the operating performance and allocate the resources of the Group as a whole as the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanised shoes adhesive related products used by the footwear manufacturers. Accordingly, there is only one operating and reportable segment.

No analysis of segment assets and liabilities is presented because the CODMs do not base on such analysis for resource allocation and performance assessment.

	2024	2023
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of goods	**736,338**	671,750

The Group derives revenue from the transfer of goods at a point in time in the following geographical locations:

	2024	2023
	HK$'000	HK$'000
Revenue		
– The PRC	**99,897**	92,531
– The Socialist Republic of Vietnam ("**Vietnam**")	**453,938**	433,286
– The Republic of Indonesia ("**Indonesia**")	**90,492**	82,309
– The People's Republic of Bangladesh	**88,193**	63,624
– The Republic of India ("**India**")	**3,818**	–
	736,338	671,750

During the year, there was a customer contributing revenue of approximately HK$157,452,000 (2023: HK$145,977,000) which accounted for approximately 21% (2023: 22%) of the Group's total revenue.

An analysis of the Group's non-current assets (excluding financial assets at FVTOCI) by their geographical locations is as follows:

	2024	2023
	HK$'000	HK$'000
The PRC	**33,624**	35,236
Macau	**8,178**	7,942
Vietnam	**55,134**	58,782
Indonesia	**74,309**	35,894
Others	**2,335**	2,400
	173,580	140,254

9. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Interest income on bank deposits	**9,988**	4,669
Interest income on certificates of deposit	**321**	241
Interest income on debt instruments at FVTOCI	**15**	113
Dividend income from equity instruments at FVTOCI	**184**	260
Income from sale of scrap materials	**689**	1,234
Government grants (note)	**845**	883
Gross rental income from investment properties	**682**	811
Others	**34**	357
	12,758	8,568

Note: Government grants mainly related to the subsidies received from the local government authority for the achievements of certain subsidiaries of the Group.

10. OTHER GAINS AND LOSSES, NET

	2024 HK$'000	2023 HK$'000
Exchange losses, net	**(4,586)**	(646)
Gain on disposal of property, plant and equipment	**–**	549
Written off of property, plant and equipment	**(2)**	(3)
Gain on disposal of equity instruments at FVTOCI	**17**	–
Loss on disposal of debt instruments at FVTOCI	**(40)**	–
Others	**(166)**	(9)
	(4,777)	(109)

11. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	**165**	155
Interest on bank loans	**2,422**	2,753
	2,587	2,908

12. INCOME TAX EXPENSE

	2024 **HK$'000**	2023 HK$'000
Current tax		
Provision for the year		
– PRC Enterprise Income Tax ("**PRC EIT**")	**1,286**	–
– Macau Complementary Tax	**11,095**	13,575
– Vietnam Enterprise Income Tax ("**Vietnam EIT**")	**4,540**	1,399
– Indonesia Corporate Income Tax ("**Indonesia CIT**")	**2,769**	1,782
	19,690	16,756
Over-provision in prior years		
– Macau Complementary Tax	**(226)**	(3,034)
	19,464	13,722
Deferred tax (note 32)	**1,941**	272
	21,405	13,994

PRC EIT, Macau Complementary Tax, Vietnam EIT, Indonesia CIT, Singapore Corporate Income Tax ("**Singapore CIT**"), India Corporate Income Tax ("**India CIT**") and Taiwan Corporate Income Tax ("**Taiwan CIT**") are calculated at the applicable rates in accordance with the relevant laws and regulations in the respective jurisdictions.

Except for the concessionary PRC EIT rate applicable to a subsidiary of the Company in the PRC as described below, other subsidiaries of the Company in the PRC are subject to PRC EIT at a rate of 25% (2023: 25%) during the year ended 30 September 2024. No provision for PRC EIT has been made as other subsidiaries of the Company in the PRC have no assessable profits during the years ended 30 September 2024 and 2023.

Pursuant to the relevant laws and regulations in the PRC, Zhuhai Centresin Chemical Product Company Limited# ("**Zhuhai Centresin"**), a subsidiary of the Company in the PRC, is recognised as a High and New Technology Enterprise by the relevant PRC government authorities and Zhuhai Centresin was therefore entitled to enjoy a concessionary PRC EIT rate of 15% (2023: 15%) during the year ended 30 September 2024. Provision of PRC EIT of Zhuhai Centresin for the year ended 30 September 2024 is based on the assessable profits for the year less tax losses brought forward. No provision for PRC EIT had been made as Zhuhai Centresin had sufficient tax losses brought forward to set off against last year's assessable profits during the year ended 30 September 2023.

Pursuant to the relevant laws and regulations in Macau, entities are divided into Group A ("**Group A**") and Group B ("**Group B**") taxpayers. Group A taxpayers are companies that have maintained proper accounting books and records, with capital of Macanese Pataca ("**MOP**") 1,000,000 and above or average assessed annual taxable profits in the past 3 years of more than MOP1,000,000 (2023: MOP500,000). Group B taxpayers are those who do not meet the criteria mentioned above. Group A taxpayers are assessed based on their actual taxable profits and Group B taxpayers are assessed based on deemed profits ascertained by the Macau Finance Bureau. The Group has Group A taxpayers and Group B taxpayers. Macau Complementary Tax for Group A taxpayers and Group B taxpayers is calculated at a rate of 12% on the actual taxable profits above MOP600,000 and 12% on the deemed profits above MOP600,000 during the years ended 30 September 2024 and 2023, respectively.

The official name of this entity is in Chinese. The English translation is for identification purpose only. For the official name of this entity in Chinese, please refer to the Chinese version of this annual report.

12. INCOME TAX EXPENSE (Continued)

Pursuant to the relevant laws and regulations in Vietnam, subsidiaries of the Company in Vietnam are subject to Vietnam EIT at 20% (2023: 20%) during the year ended 30 September 2024.

Pursuant to the relevant laws and regulations in Indonesia, subsidiaries of the Company in Indonesia are subject to Indonesia CIT at 22% (2023: 22%) during the year ended 30 September 2024.

Pursuant to the relevant laws and regulations in the Republic of Singapore ("**Singapore**"), Zhong Bu Development Singapore Pte. Ltd. ("**Zhong Bu Singapore**"), a subsidiary of the Company in Singapore, is subject to Singapore CIT at 17% (2023: 17%) during the year ended 30 September 2024. No provision for Singapore CIT has been made as Zhong Bu Singapore has no assessable profits during the years ended 30 September 2024 and 2023.

Pursuant to the relevant laws and regulations in India, Zhong Bu Development India Private Ltd. ("**Zhong Bu India**"), a subsidiary of the Company in India, is subject to India CIT at 25% during the year ended 30 September 2024. No provision for India CIT has been made as Zhong Bu India has no assessable profits during the year ended 30 September 2024.

Pursuant to the relevant laws and regulations in Taiwan, Zhong Bu Development Taiwan Co., Ltd. ("**Zhong Bu Taiwan**"), a subsidiary of the Company in Taiwan, is subject to Taiwan CIT at 20% on the assessable profits above New Taiwan Dollar 120,000 during the year ended 30 September 2024. No provision for Taiwan CIT has been made as Zhong Bu Taiwan has no assessable profits during the year ended 30 September 2024.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in nor is derived from Hong Kong during the years ended 30 September 2024 and 2023.

The reconciliation between the income tax expense and the product of profit before tax multiplied by Macau Complementary Tax rate is as follows:

	2024 **HK$'000**	2023 HK$'000
Profit before tax	**121,816**	81,048
Tax at Macau Complementary Tax rate of 12% (2023: 12%)	**14,618**	9,726
Tax effect of expenses that are not deductible	**8,149**	5,471
Tax effect of income that is not taxable	**(164)**	(1,307)
Tax effect of tax exemption and tax concession granted to certain subsidiaries	**(301)**	(224)
Tax effect of tax losses not recognised	**1,581**	2,905
Utilisation of tax losses not previously recognised	**(531)**	(317)
Dividend withholding tax	**1,941**	272
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,183**	(833)
Over-provision in prior years	**(226)**	(3,034)
Tax effect of temporary difference not recognised	**(5,845)**	1,335
Income tax expense	**21,405**	13,994

13. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's profit for the year attributable to owners of the Company is stated after charging/(crediting) the following:

	2024 HK$'000	2023 HK$'000
Auditor's remuneration		
– audit service	**1,250**	1,160
– non-audit services	**380**	502
Amortisation of intangible assets	**731**	42
(Reversal of allowances)/allowances for inventories, net *(note)*	**(643)**	3,002
Cost of inventories recognised as expenses	**428,983**	441,523
Depreciation on property, plant and equipment	**11,493**	11,775
Depreciation on right-of-use assets	**3,504**	3,339
Royalty fees included in cost of goods sold	**2,688**	2,183
Research and development expenses	**3,404**	3,438
Short-term lease expenses	**2,941**	4,050
Allowances/(reversal of allowances) for trade, bills and other receivables, net	**5,000**	(1,756)
Gross property rental income	**(682)**	(811)

Note: The net reversal of allowances for inventories for the year ended 30 September 2024 was mainly resulted from the utilisation of the inventories of which allowances had previously been provided for.

Cost of goods sold includes employee benefits expense (excluding Directors' emoluments), depreciation and short-term lease expenses of approximately HK$21,269,000 (2023: HK$20,445,000) which are included in the amounts disclosed separately above or in note 14 for each of these types of expenses.

14. EMPLOYEE BENEFITS EXPENSE

	2024 HK$'000	2023 HK$'000
Employee benefits expense (excluding Directors' emoluments):		
Salaries, bonuses and allowances	**86,432**	68,489
Retirement benefit scheme contributions	**6,533**	6,367
	92,965	74,856

The Group contributes to defined contribution retirement schemes which are available to all employees. The only obligation of the Group is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payables in the future years.

14. EMPLOYEE BENEFITS EXPENSE (Continued)

Five highest paid individuals

The five highest paid individuals in the Group during the year included four (2023: four) Directors whose emoluments are reflected in the analysis presented in note 15(a). The emoluments of the remaining one (2023: one) individual are set out below:

	2024	2023
	HK$'000	HK$'000
Basic salaries and allowances	**873**	792
Discretionary bonus	**1,144**	1,214
Retirement benefit scheme contributions	**70**	63
	2,087	2,069

The emoluments fell within the following band:

	Number of individuals	
	2024	2023
HK$2,000,001 to HK$2,500,000	**1**	1

During the year, no emoluments were paid by the Group to any of the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: HK$Nil).

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every Director is set out below:

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertaking					
	Fees HK$'000	**Salaries HK$'000**	**Discretionary bonus HK$'000**	**Housing allowance HK$'000**	**Employer's contribution to a retirement benefit scheme HK$'000**	**Total HK$'000**
Name of director						
Mr. Ieong Un *(Chairman and Chief Executive Officer)*	–	5,560	2,822	387	278	9,047
Mr. Ip Chin Wing	–	1,996	140	46	160	2,342
Mr. Ip Ka Lun	–	1,996	183	–	160	2,339
Mr. Stephen Graham Prince	–	1,996	202	116	160	2,474
Mr. Chan Wing Yau George	151	–	–	–	–	151
Mr. Simon Luk	151	–	–	–	–	151
Mr. Tong Hing Wah	151	–	–	–	–	151
Ms. Li Sin Man (Note (i))	115	–	–	–	–	115
Total for the year ended 30 September 2024	**568**	**11,548**	**3,347**	**549**	**758**	**16,770**

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertaking					
	Fees HK$'000	Salaries HK$'000	Discretionary bonus HK$'000	Housing allowance HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Name of director						
Mr. Ieong Un *(Chairman and Chief Executive Officer)*	–	5,404	3,633	616	282	9,935
Mr. Ip Chin Wing	–	1,941	192	44	155	2,332
Mr. Ip Ka Lun	–	1,941	212	–	155	2,308
Mr. Stephen Graham Prince	–	1,941	279	115	154	2,489
Mr. Chan Wing Yau George	149	–	–	–	–	149
Mr. Simon Luk	149	–	–	–	–	149
Mr. Tong Hing Wah	149	–	–	–	–	149
Total for the year ended 30 September 2023	447	11,227	4,316	775	746	17,511

Note (i): Ms. Li Sin Man was appointed as an independent non-executive Director with effect from 29 December 2023.

Neither the chief executive nor any of the Directors waived any emoluments during the year (2023: HK$Nil).

(b) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in these consolidated financial statements, and contracts amongst group companies, no other significant transactions, arrangements and contracts to which the Company was a party and in which a Director and other Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. DIVIDENDS

	2024 HK$'000	2023 HK$'000
Interim dividend for the year ended 30 September 2024 declared and paid – HK3.6 cents (year ended 30 September 2023: HK2.4 cents declared and paid) per ordinary share	**20,281**	13,520
Final dividend for the year ended 30 September 2023 approved and paid – HK3.3 cents (year ended 30 September 2022: HK4.3 cents approved and paid) per ordinary share	**18,590**	24,224
Special dividend for the year ended 30 September 2023 approved and paid – HK0.8 cents (year ended 30 September 2022: HK$Nil approved and paid) per ordinary share	**4,507**	–
	43,378	37,744

Subsequent to the end of the reporting period, a final dividend of HK5.4 cents per ordinary share totalling approximately HK$30,421,000, in respect of the year ended 30 September 2024, has been proposed by the Directors and are subject to approval by the shareholders (the "**Shareholders**") of the Company at the forthcoming annual general meeting.

17. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the following:

	2024 **HK$'000**	2023 HK$'000
Earnings		
Profit for the purpose of calculating basic earnings per share	**100,411**	67,054

	2024 **'000**	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**563,351**	563,351

(b) Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the years ended 30 September 2024 and 2023.

18. INVESTMENT PROPERTIES

	HK$'000
At 1 October 2022, 30 September 2023 and 1 October 2023	3,800
Fair value loss for the year	(800)
At 30 September 2024	3,000

Investment properties were revalued at 30 September 2024 and 2023 by Ascent Partners Valuation Service Limited, an independent firm of chartered surveyors.

Valuation for the PRC office units was derived using the Income Approach (or sometimes referred to as a method of the Market Approach for the reversionary interests and the rate of return are market-derived) by taking into account the current rent receivables from the existing tenancy agreements and the reversionary potential of the property interests.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 October 2022	66,072	9,962	7,330	5,861	90,790	2,584	182,599
Additions	–	1,047	637	–	1,238	3,725	6,647
Transfers	–	211	–	–	1,605	(1,816)	–
Disposals	(2,423)	(50)	(217)	–	(13)	–	(2,703)
Written off	–	(79)	–	–	(42)	–	(121)
Exchange difference	(1,204)	(245)	(19)	(44)	(2,004)	(324)	(3,840)
At 30 September 2023 and 1 October 2023	62,445	10,846	7,731	5,817	91,574	4,169	182,582
Additions	–	360	–	–	344	19,836	20,540
Transfers	1,481	224	–	–	4,078	(5,783)	–
Written off	–	(294)	–	(8)	(10)	–	(312)
Exchange difference	791	164	80	26	911	764	2,736
At 30 September 2024	64,717	11,300	7,811	5,835	96,897	18,986	205,546
Accumulated depreciation							
At 1 October 2022	26,347	8,746	6,500	5,315	53,116	–	100,024
Charge for the year	2,961	896	432	180	7,306	–	11,775
Disposals	(936)	(49)	(69)	–	(12)	–	(1,066)
Written off	–	(79)	–	–	(39)	–	(118)
Exchange difference	(497)	(225)	(18)	(41)	(1,141)	–	(1,922)
At 30 September 2023 and 1 October 2023	27,875	9,289	6,845	5,454	59,230	–	108,693
Charge for the year	2,929	419	481	179	7,485	–	11,493
Written off	–	(293)	–	(8)	(9)	–	(310)
Exchange difference	459	148	49	25	689	–	1,370
At 30 September 2024	31,263	9,563	7,375	5,650	67,395	–	121,246
Carrying amount							
At 30 September 2024	33,454	1,737	436	185	29,502	18,986	84,300
At 30 September 2023	34,570	1,557	886	363	32,344	4,169	73,889

20. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	**Leased properties** HK$'000	**Total** HK$'000
At 1 October 2022	10,443	3,738	14,181
Additions	26,592	1,041	27,633
Depreciation	(1,154)	(2,185)	(3,339)
Exchange difference	(579)	(24)	(603)
At 30 September 2023 and 1 October 2023	35,302	2,570	37,872
Additions	989	3,448	4,437
Depreciation	(1,497)	(2,007)	(3,504)
Exchange difference	528	88	616
At 30 September 2024	35,322	4,099	39,421

As at 30 September 2024, lease liabilities of approximately HK$4,471,000 (2023: HK$4,258,000) are recognised with related right-of-use assets of approximately HK$4,099,000 (2023: HK$2,570,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties may not be used as security for borrowing purposes. One (2023: one) of the lease agreements was guaranteed by the Company as at 30 September 2024.

	2024 **HK$'000**	2023 HK$'000
Depreciation expenses on right-of-use assets	**3,504**	3,339
Interest on lease liabilities	**165**	155
Expenses relating to short-term lease (included in cost of goods sold, selling and distribution costs and administrative expenses)	**2,941**	4,050

Details of total cash outflow for leases are set out in note 36(b).

For both years, the Group leases various offices, factories and staff quarters for its operations. Lease contracts are entered into for a fixed term of ranging from 3 years to 5 years (2023: 3 years to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

21. INTANGIBLE ASSETS

	Software HK$'000	Club memberships HK$'000	Formula rights HK$'000	Total HK$'000
Cost				
At 1 October 2022	–	2,650	1,600	4,250
Additions	4,657	–	–	4,657
Exchange difference	(98)	(53)	–	(151)
At 30 September 2023 and 1 October 2023	4,559	2,597	1,600	8,756
Exchange difference	112	(1)	–	111
At 30 September 2024	4,671	2,596	1,600	8,867
Accumulated amortisation and impairment losses				
At 1 October 2022	–	860	1,600	2,460
Amortisation	–	42	–	42
Exchange difference	–	(8)	–	(8)
At 30 September 2023 and 1 October 2023	–	894	1,600	2,494
Amortisation	690	41	–	731
Exchange difference	11	(1)	–	10
At 30 September 2024	701	934	1,600	3,235
Carrying amount				
At 30 September 2024	3,970	1,662	–	5,632
At 30 September 2023	4,559	1,703	–	6,262

The average remaining amortisation period of the club memberships with finite useful lives and software are ranging from 31 to 33 years (2023: 32 to 34 years) and 9 years (2023: 10 years) respectively.

22. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's principal subsidiaries, all of which are wholly-owned by the Company, as at 30 September 2024 are as follows:

Name	Place of incorporation/ establishment/operations	Nominal value of issued and fully paid share capital/ registered capital/ chartered capital/quota capital	Principal activities
Keen Castle Limited*	British Virgin Islands	2,000 ordinary shares of USD1 each	Investment holding
PT. Zhong Bu Adhesive Indonesia	Indonesia	300,000 ordinary shares of USD1 each	Manufacture, processing and sale of adhesive products
Zhong Bu Adhesive (Vietnam) Co., Ltd.	Vietnam	Chartered capital – USD11,000,000	Processing of adhesive products
Zhuhai Centresin# (Note)	The PRC	Registered capital – HK$31,000,000	Manufacture and sale of adhesive products
Iao Son Hong Paint Company Limited	Macau	Quota capital – MOP900,000	Provision of administrative support to the Group and sale of adhesive products
Huu Tin Hang Company Limited	Vietnam	Chartered capital – VND600,000,000	Sale of adhesive products
Zhong Bu (Centresin) Adhesive & Chemical Co., Ltd.	Macau	Quota capital – MOP100,000	Provision of administration support to the Group
PT Zhongbu Resins Indonesia	Indonesia	171,600 ordinary shares of IDR1,000,000 each	Manufacture and sale of adhesive products (manufacturing plant under construction)
Zhong Bu Singapore	Singapore	100,000 ordinary shares of SGD100,000	Investment holding and provision of administrative support to the Group

* Directly held by the Company.

Note: The entity is a wholly foreign-owned enterprise in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

As at 30 September 2024, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK$6,923,000 (2023: HK$4,462,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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23. INVESTMENTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Unlisted investments:		
Share of net assets	**11,770**	11,039
Goodwill	**1**	1
	11,771	11,040
Accumulated impairment losses	**(2,500)**	(2,500)
	9,271	8,540

Details of the Group's associates at 30 September 2024 are as follows:

Name	Place of incorporation	Particular of issued and paid up capital	Percentage of ownership interest
Warrant Parking Management Limited	Macau	Quota capital – MOP50,000	40% (2023: 40%)
Hunan Honestone New Energy Co., Ltd.#	The PRC	Paid-up capital – RMB2,511,000	30% (2023: 30%)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates (i.e. all the above associates) under the equity method.

	2024 HK$'000	2023 HK$'000
At 30 September:		
Carrying amounts of interests	**9,271**	8,540
Year ended 30 September:		
Profit and total comprehensive income for the year	**731**	2,459

24. FINANCIAL ASSETS AT FVTOCI

	2024 HK$'000	2023 HK$'000
Listed investments, at fair value		
Equity securities	**2,777**	3,070
Debt securities	**–**	1,477
	2,777	4,547

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24. FINANCIAL ASSETS AT FVTOCI (Continued)

The fair values of listed equity securities are based on current bid prices.

The fair values of listed debt securities are determined based on executable and indicative quotes from multiple contributors.

Financial assets at FVTOCI are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	**2,777**	3,070
USD	**–**	1,477
	2,777	4,547

Equity securities are strategic investments which are not held for trading purposes. The Group has irrevocably elected at initial recognition to measure equity securities at FVTOCI.

Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

25. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**53,380**	34,620
Finished goods	**18,079**	15,233
	71,459	49,853

26. TRADE, BILLS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**221,094**	168,950
Bills receivables	**11,805**	10,859
Allowances for doubtful debts	**(22,814)**	(17,814)
	210,085	161,995
Value-added tax recoverable	**1,238**	6,478
Other receivables	**3,309**	7,119
Prepayments and deposits	**3,691**	2,506
	218,323	178,098

26. TRADE, BILLS AND OTHER RECEIVABLES (Continued)

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days.

The ageing analysis of trade and bills receivables, based on the invoice date, and net of allowances, is as follows:

	2024 HK$'000	2023 HK$'000
0 to 90 days	**186,455**	130,128
91 to 180 days	**22,438**	30,823
181 to 365 days	**1,192**	1,044
	210,085	161,995

As at 30 September 2024, allowances were made for estimated irrecoverable trade and bills receivables of approximately HK$22,814,000 (2023: HK$17,814,000).

The carrying amounts of the Group's trade and bills receivables, before allowances for doubtful debts, are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
USD	**188,772**	138,614
RMB	**32,026**	29,136
IDR	**8,058**	7,451
HK$	**519**	539
Others	**3,524**	4,069
	232,899	179,809

27. DEBT INSTRUMENTS AT AMORTISED COST

	2024 HK$'000	2023 HK$'000
Certificates of deposit	**10,023**	7,102

The Group's debt instruments at amortised cost represent debt securities that are issued by financial institutions and carry fixed interest at 4.8% – 5.5% (2023: 3.8% – 5.0%) per annum, payable annually, and will mature from December 2024 to August 2025 (2023: February 2024 to March 2024). None of these assets has been past due or impaired at the end of the reporting period.

The fair value of debt securities at 30 September 2024 is approximately HK$10,023,000 (2023: HK$7,083,000). The fair value of the certificates of deposit is based on current market prices.

28. RESTRICTED BANK DEPOSITS AND BANK AND CASH BALANCES

	2024 HK$'000	2023 HK$'000
Restricted bank deposits (Note (a))	**21,382**	18,749
Time deposits with maturities of over three months but less than one year (Note (b))	**15,304**	15,012
Cash and cash equivalents	**306,581**	331,380
	343,267	365,141

Notes:

(a) The Group's restricted bank deposits mainly represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 29 and note 31 to the consolidated financial statements.

(b) Short-term time deposits were made for a period of 95 days to twelve (2023: six to twelve) months at an interest rate of 3.45% to 4.90% (2023: 3.00% to 5.09%) per annum.

The carrying amounts of the Group's restricted bank deposits and bank and cash balances are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	**74,823**	111,810
USD	**239,390**	230,973
RMB	**6,978**	4,482
VND	**6,372**	9,380
Others	**15,704**	8,496
	343,267	365,141

29. TRADE, BILLS AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables	**48,085**	33,065
Bills payables – secured (Note (a))	**7,457**	3,490
	55,542	36,555
Amount due to an associate (Note (b))	**2,090**	2,090
Accruals	**94,391**	69,540
	152,023	108,185

Notes:

(a) The balances are secured by (i) restricted bank deposits of the Group (note 28); and (ii) a corporate guarantee executed by the Company.

(b) Amount due to an associate is of non-trade nature, unsecured, interest-free and repayable on demand.

The Group normally receives credit terms of ranging from 30 to 90 days from its suppliers. The ageing analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2024 HK$'000	2023 HK$'000
0 to 90 days	**55,516**	36,503
91 to 180 days	**26**	52
	55,542	36,555

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
RMB	**21,180**	15,813
USD	**29,981**	9,940
VND	**3,163**	9,396
Others	**1,218**	1,406
	55,542	36,555

30. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,896**	3,045	**1,739**	2,947
In the second to fifth years, inclusive	**2,926**	1,355	**2,732**	1,311
	4,822	4,400	**4,471**	4,258
Less: Future finance charges	**(351)**	(142)	**–**	–
Present value of lease obligations	**4,471**	4,258	**4,471**	4,258
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(1,739)**	(2,947)
Amount due for settlement after 12 months			**2,732**	1,311

The incremental borrowing rates applied to lease liabilities range from approximately 0.78% to 11.27% (2023: from 0.78% to 11.27%) per annum.

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	2024	2023
	HK$'000	HK$'000
HK$	**776**	2,868
RMB	**3,125**	521
SGD	**570**	869
	4,471	4,258

31. BANK LOANS

The bank loans are repayable on demand.

The carrying amounts of the Group's bank loans are denominated in HK$.

The bank loans are arranged at floating rates and expose the Group to cash flow interest rate risk. At 30 September 2024, the average interest rate of the bank loans was approximately 5.45% (2023: 5.84%) per annum.

As at 30 September 2024 and 2023, the Group's banking facilities are secured by (i) restricted bank deposits (note 28); and (ii) a corporate guarantee executed by the Company.

32. DEFERRED TAX LIABILITIES

The following is the deferred tax liabilities recognised by the Group.

Deferred tax liabilities

	Undistributed profits of subsidiaries HK$'000	**Undistributed profits of associates** HK$'000	**Revaluation surplus of investment properties** HK$'000	**Total** HK$'000
At 1 October 2022	5,331	–	400	5,731
Charge to profit or loss for the year (note 12)	272	–	–	272
Exchange difference	58	–	–	58
At 30 September 2023 and 1 October 2023	5,661	–	400	6,061
Charge to profit or loss for the year (note 12)	1,791	150	–	1,941
At 30 September 2024	7,452	150	400	8,002

At the end of the reporting period, the Group has unused tax losses of approximately HK$17,706,000 (2023: HK$59,523,000) available for offsetting against future profits. No deferred tax assets have been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$17,474,000 (2023: HK$57,512,000) that may be carried forward indefinitely and approximately HK$40,000 (2023: HK$40,000), HK$9,000 (2023: HK$9,000), HK$2,000 (2023: HK$2,000), HK$2,000 (2023: HK$2,000), HK$179,000 (2023: HK$Nil) and HK$Nil (2023: HK$1,958,000) will expire in 2024, 2025, 2026, 2027, 2029 and 2031 respectively.

33. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 October 2022, 30 September 2023, 1 October 2023 and 30 September 2024	5,000,000,000	50,000
Issued and fully paid:		
At 1 October 2022, 30 September 2023, 1 October 2023 and 30 September 2024	563,351,076	5,634

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the Shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Total debt comprises borrowings (except for bank overdrafts) and lease liabilities. Adjusted capital comprises all components of equity (i.e. share capital, retained profits and other reserves).

During the year ended 30 September 2024, the Group's strategy, which was unchanged from the year ended 30 September 2023, was to maintain the debt-to-adjusted capital ratio as low as feasible in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at 30 September 2024 and 2023 were as follows:

	2024 HK$'000	2023 HK$'000
Total debt	**43,471**	89,258
Less: cash and cash equivalents	**(306,581)**	(331,380)
Net cash	**(263,110)**	(242,122)
Total equity	**583,563**	513,420
Debt-to-adjusted capital ratio	**N/A**	N/A

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants (if any) attached to the interest-bearing borrowings.

33. SHARE CAPITAL (Continued)

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There were no breaches of financial covenants of any interest-bearing borrowings for the years ended 30 September 2024 and 2023.

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

		As at 30 September	
		2024	2023
	Note	**HK$'000**	HK$'000
Non-current assets			
Investment in a subsidiary		**119,019**	119,019
Current assets			
Other receivables		**82**	54
Due from subsidiaries		**31,590**	73,922
Bank and cash balances		**13,901**	32,369
Total current assets		**45,573**	106,345
Current liabilities			
Other payables		**3,550**	2,268
Bank loans		**–**	30,000
Total current liabilities		**3,550**	32,268
Net current assets		**42,023**	74,077
Net assets		**161,042**	193,096
Capital and reserves			
Share capital	33	**5,634**	5,634
Reserves	34(b)	**155,408**	187,462
Total equity		**161,042**	193,096

Approved by the Board on 13 December 2024 and are signed on its behalf by:

Ip Chin Wing
Executive Director

Ip Ka Lun
Executive Director

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 October 2022	123,757	857	27,915	152,529
Total comprehensive income for the year	–	–	72,677	72,677
Dividends (Note 16)	–	–	(37,744)	(37,744)
Changes in equity for the year	–	–	34,933	34,933
At 30 September 2023	123,757	857	62,848	187,462
At 1 October 2023	123,757	857	62,848	187,462
Total comprehensive income for the year	–	–	11,324	11,324
Dividends (Note 16)	–	–	(43,378)	(43,378)
Changes in equity for the year	–	–	(32,054)	(32,054)
At 30 September 2024	123,757	857	30,794	155,408

35. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Special reserve

The special reserve represents the differences between the nominal amount of the shares issued by the Company and the Group's former holding company and the aggregate amount of paid-in capital of the subsidiaries acquired pursuant to the group reorganisation in June 2009 and March 2010 in preparation for the listing of the Company's shares in 2010.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

(iii) Legal reserve

In accordance with the provisions of the Macau Commercial Code issued by the government of Macau, the Macau subsidiaries of the Company are required to transfer from their annual net profit at a minimum rate of 25% to a legal reserve before the appropriation of profits to dividend until the legal reserve reaches 50% of the respective subsidiaries' registered capital. The legal reserve is not distributable to Shareholders.

35. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(iv) Statutory surplus reserve fund

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's subsidiaries in the PRC are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries in accordance with relevant laws and regulations applicable to PRC enterprises. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

(v) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(l) to the consolidated financial statements.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At 1 October 2023	**Cash flows**	**Interest expenses**	**Additions**	**Settlement of interest payable in other payables**	**Exchange difference**	**At 30 September 2024**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Bank loans	85,000	(48,538)	2,422	–	116	–	39,000
Lease liabilities	4,258	(3,494)	165	3,448	–	94	4,471
	89,258	(52,032)	2,587	3,448	116	94	43,471

	At 1 October 2022	Cash flows	Interest expenses	Additions	Interest payable transfer to other payables	Exchange difference	At 30 September 2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Bank loans	30,000	52,736	2,753	–	(489)	–	85,000
Lease liabilities	6,651	(3,528)	155	1,007	–	(27)	4,258
	36,651	49,208	2,908	1,007	(489)	(27)	89,258

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 HK$'000	2023 HK$'000
Within operating cash flows	**3,106**	4,205
Within financing cash flows	**3,329**	3,373
	6,435	7,578

The above amounts related to the lease rental paid during the years ended 30 September 2024 and 2023.

37. CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities (2023: HK$Nil).

38. LEASE COMMITMENTS

The Group as lessee

The Group regularly entered into short-term leases for offices, warehouses and staff quarters. As at 30 September 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20.

The Group as lessor

Operating leases relate to investment properties owned by the Group with lease terms of 1 year to 2 years (2023: 1 year to 2 years). All operating lease contracts contain market review clauses in the vent that the lessee exercises its options to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**180**	244
In the second to fifth years, inclusive	**–**	77
	180	321

The following table presents the amounts reported in profit or loss for the year:

	2024 HK$'000	2023 HK$'000
Lease income on operating leases	**682**	811

39. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred and provided for are as follows:

	2024 **HK$'000**	2023 HK$'000
Property, plant and equipment	**51,347**	11,262

40. RELATED PARTY TRANSACTIONS

The details of remuneration of key management personnel of the Group include the Directors whose emoluments during the year are set out in note 15(a).

41. EVENTS AFTER THE REPORTING PERIOD

On 19 November 2024, an indirect wholly-owned subsidiary of the Company (the "**Purchaser**"), entered into an agreement with a vendor (the "**Vendor**") which is a third party independent of the Company and its connected persons, pursuant to which the Vendor would sell machinery and production equipment; and provide certain pipeline, instrument and electrical works in the new manufacturing plant in Indonesia, to the Purchaser at a consideration of US$4,250,000 (equivalent to approximately HK$33,150,000).

OTHER INFORMATION

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	2024 **HK$'000**	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Results for the year ended 30 September					
Revenue	**736,338**	671,750	862,101	643,446	543,968
Profit before tax	**121,816**	81,048	110,830	45,465	59,887
Profit for the year	**100,411**	67,054	101,350	41,463	56,018
Assets and liabilities as at 30 September					
Total assets	**819,429**	744,995	697,622	595,240	591,808
Total liabilities	**(235,866)**	(231,575)	(210,341)	(166,698)	(169,429)
Net assets	**583,563**	513,420	487,281	428,542	422,379