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 2023

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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

AUDIT COMMITTEE

Mr. Tong Hing Wah *(Chairman)*
Mr. Chan Wing Yau George
Mr. Simon Luk

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Chan Wing Yau George *(Chairman)*
Mr. Simon Luk
Mr. Tong Hing Wah
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 2023 annual report of the Company and its subsidiaries (collectively the "**Group**") for the year ended 30 September 2023 to the shareholders (the "**Shareholders**") of the Company.

RESULTS

The revenue of the Group for the years ended 30 September 2023 and 2022 were approximately HK$671,750,000 and approximately HK$862,101,000 respectively, representing a decrease of approximately 22.1% during the year under review. The net profit of the Group for the years ended 30 September 2023 and 2022 were approximately HK$67,054,000 and approximately HK$101,350,000 respectively, representing a decrease of approximately 33.8% during the year under review. Excluding certain items not considered to be generated from the Group's core business for the year ended 30 September 2023, i.e., (i) gain on disposal of assets classified as held for sale of HK$840,000 (2022: approximately HK$32,692,000); (ii) no recognition of changes in fair value losses of investment properties (2022: approximately HK$600,000); and (iii) share of profits of associates of approximately HK$2,459,000 (2022: approximately HK$1,384,000), the net profit of the Group for the year ended 30 September 2023 would be adjusted to approximately HK$63,755,000, representing a decrease of approximately 6.1% as compared to the adjusted one of approximately HK$67,874,000 for the year ended 30 September 2022. Details of the Group's results and prospects will be discussed under the section of "Management Discussion and Analysis" in this 2023 annual report of the Group.

DIVIDENDS

For the year ended 30 September 2023, the Board has resolved to recommend the payments of a final dividend of HK3.3 cents (year ended 30 September 2022: HK4.3 cents) per ordinary share to the Shareholders and a special dividend of HK0.8 cents (year ended 30 September 2022: HK$Nil) per ordinary share to the Shareholders (both will be subject to approval by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2023). Interim dividend for the six months ended 31 March 2023 of HK2.4 cents (six months ended 31 March 2022: HK1.9 cents) per ordinary share to the Shareholders was declared on 29 May 2023 and paid on 27 June 2023. Including the interim dividend for the six months ended 31 March 2023 of HK2.4 cents (six months ended 31 March 2022: HK1.9 cents) per ordinary share to the Shareholders already paid, the total dividend for the year ended 30 September 2023 will amount to HK6.5 cents (year ended 30 September 2022: HK6.2 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, 28 December 2023

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group for the years ended 30 September 2023 and 2022 were approximately HK$671,750,000 and approximately HK$862,101,000 respectively, representing a decrease of approximately 22.1%.

The decrease in revenue was mainly due to the decrease in the revenue contribution in all geographical regions for the year ended 30 September 2023.

Gross profit

The gross profit of the Group for the years ended 30 September 2023 and 2022 were approximately HK$209,106,000 and approximately HK$223,180,000 respectively, and remained fairly stable.

Gain on disposal of assets classified as held for sale

The gain on disposal of assets classified as held for sale of the Group for the year ended 30 September 2023, amounting to HK$840,000, was a one-off and non-recurring gain on disposal of investment in an associate, and recognised for upon the completion of the disposal on 29 June 2023.

The gain on disposal of assets classified as held for sale of the Group for the year ended 30 September 2022, amounting to approximately HK$32,692,000, was a one-off and non-recurring gain on disposal of properties (the "**Disposal of Properties**"), comprising a total of 14 commercial units located in Macao Special Administrative Region ("**Macau**") of the People's Republic of China (the "**PRC**"), and recognised for upon the completion of the Disposal of Properties on 28 December 2021. For details of the Disposal of Properties and its accounting impact, please refer to the Company's circular dated 29 September 2021.

Selling and distribution costs

The selling and distribution costs of the Group for the years ended 30 September 2023 and 2022 were approximately HK$51,521,000 and approximately HK$51,831,000 respectively, and remained stable.

Administrative expenses

The administrative expenses of the Group for the years ended 30 September 2023 and 2022 were approximately HK$87,143,000 and approximately HK$92,546,000 respectively, and remained fairly stable.

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 2023 and 2022 were approximately HK$67,054,000 and approximately HK$101,350,000 respectively, representing a decrease of approximately 33.8%.

Excluding certain items not considered to be generated from the Group's core business for the year ended 30 September 2023, i.e., (i) gain on disposal of assets classified as held for sale of HK$840,000 (2022: approximately HK$32,692,000); (ii) no recognition of changes in fair value losses of investment properties (2022: approximately HK$600,000); and (iii) share of profits of associates of approximately HK$2,459,000 (2022: approximately HK$1,384,000), the profit attributable to owners of the Company for the year ended 30 September 2023 would be adjusted to approximately HK$63,755,000, representing a decrease of approximately 6.1% as compared to the adjusted one of approximately HK$67,874,000 for the year ended 30 September 2022.

BUSINESS REVIEW AND PROSPECTS

Businesses

For the year ended 30 September 2023, 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.

As at 30 September 2023, the Group had three manufacturing plants in the PRC, Socialist Republic of Vietnam and the Republic of Indonesia ("**Indonesia**"). After the acquisition of a piece of 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 foundation works of a new manufacturing plant in order to 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 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 decrease in purchasing power in the market, the Group will consider to tighten its control over the operating 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 observes the future development direction of the market to research and develop products continuously in order to satisfy the needs for future development in the industry. In addition to its own research and development team, the Group also cooperated with some international well-known chemical corporations (including 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 arising from high inflation and decrease in purchasing power in the market, it is difficult for the Board to predict the sales performance of the Group in 2024.

Medium to long term outlook: Due to the global demand for footwear 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 appropriate.

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 remains 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 2024. In 2024, 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 purchasing power and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

As at 30 September 2023, the Group had interest-bearing bank borrowings of HK$85,000,000 (30 September 2022: HK$30,000,000). As at 30 September 2023, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK$18,749,000 (30 September 2022: approximately HK$16,083,000); 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 2023.

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 2023, the Group had restricted bank deposits of approximately HK$18,749,000 (30 September 2022: approximately HK$16,083,000). As at 30 September 2023, the Group had interest-bearing bank borrowings of HK$85,000,000 (30 September 2022: HK$30,000,000) and lease liabilities of approximately HK$4,258,000 (30 September 2022: approximately HK$6,651,000). Therefore, as at 30 September 2023, the gearing ratio (defined as the total of bank borrowings and lease liabilities divided by total equity) of the Group was approximately 17.4% (30 September 2022: approximately 7.5%). As at 30 September 2023, the current ratio of the Group was approximately 2.7 (30 September 2022: approximately 2.8).

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 2023, 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 2023, 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 2023 and up to the date of this annual report.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had capital commitments of approximately HK$11,262,000 (30 September 2022: approximately HK$8,591,000) in respect of acquisitions of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities (30 September 2022: HK$Nil).

EVENTS AFTER THE REPORTING PERIOD

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 2023, the Group employed a total of 411 (30 September 2022: 396) 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 2023, the employee benefits expense (including Directors' emoluments) amounted to approximately HK$92,367,000 (year ended 30 September 2022: approximately HK$92,581,000).

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

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.

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 is mainly engaged in the provision of management service to the government car parks in Macau.

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 is mainly engaged in the photovoltaics related projects in the PRC.

Save as disclosed elsewhere in this annual report, the Group had no other material investments as at 30 September 2023.

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 2023 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**") in Appendix 14 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 10 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 2023.

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 2023, the Board currently comprises seven members, consisting of four executive Directors and three 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 44 to 45 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 2023, as well as the number of such meetings held, are set out below:

	Number of meetings attended/held				
	Board Meeting[5]	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting
Executive Directors					
Mr. Ieong Un [1]	5/5	N/A	N/A	N/A	1/1
Mr. Ip Chin Wing	4/4	N/A	N/A	N/A	1/1
Mr. Ip Ka Lun	4/4	N/A	1/1	1/1	1/1
Mr. Stephen Graham Prince	4/4	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Chan Wing Yau George [2]	5/5	3/3	1/1	1/1	1/1
Mr. Simon Luk [3]	5/5	3/3	1/1	1/1	1/1
Mr. Tong Hing Wah [4]	5/5	3/3	1/1	1/1	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. Including one meeting held by the chairman of the Board with the independent non-executive Directors (without the presence of other executive Directors).

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 7 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 2023.

Pursuant to the requirements of the Listing Rules, the Company has received written confirmation from each of the independent non-executive Directors confirming his 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 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 23 December 2022, each of the independent non-executive Directors entered into a new letter of appointment with the Company for a term of two years commencing from 1 January 2023.

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. Chan Wing Yau George ("**Mr. Chan**") has been appointed as an independent non-executive Director for more than nine years. The Company has received confirmation of independence from Mr. Chan according to Rule 3.13 of the Listing Rules. Mr. Chan 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. Chan is still independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Mr. Chan has confirmed that he will continue to devote sufficient time for the discharge of his function and responsibility as the independent non-executive Director. With his background and experience, Mr. Chan 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. Chan 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. Chan brings considerable stability to the Board and the Board has benefited greatly from the presence of Mr. Chan 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. Chan 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 2023.

Under code provision of 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.

Subsequent to the date of this annual report, Ms. Li Sin Man ("**Ms. Li**") will be appointed as an independent non-executive Director with effect from 29 December 2023. Immediately after the appointment, the Board considered that the requirement under code provision of B.2.4(b) of the CG Code would be complied with.

Directors' Induction and Development

For the year ended 30 September 2023, 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.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on Directors' training. For the year ended 30 September 2023, 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	✓	✓

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.

Under the revised Rule 13.92 of the Listing Rules that came into effect on 1 January 2022, a single gender Board will not be considered by the Stock Exchange to have achieved Board diversity. Subsequent to the date of this annual report, Ms. Li will be appointed as an independent non-executive Director with effect from 29 December 2023. Immediately after the appointment, the Board considered that the requirement under Rule 13.92 of the Listing Rules would 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 three independent non-executive Directors, including Mr. Tong Hing Wah (chairman of the Audit Committee), Mr. Chan Wing Yau George and Mr. Simon Luk. 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 2023.

Summary of work of the Audit Committee for the year ended 30 September 2023

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 2022; (b) discuss and review the Group's results for the year ended 30 September 2022 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 2023 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 four members including Mr. Simon Luk (chairman of the Nomination Committee), Mr. Chan Wing Yau George, Mr. Tong Hing Wah and Mr. Ip Ka Lun.

The Nomination Committee held one committee meeting for the year ended 30 September 2023.

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 2023

The Nomination Committee held one committee meeting to 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 four members including Mr. Chan Wing Yau George (chairman of the Remuneration Committee), Mr. Simon Luk, Mr. Tong Hing Wah and Mr. Ip Ka Lun.

The Remuneration Committee held one committee meeting for the year ended 30 September 2023.

Summary of work of the Remuneration Committee for the year ended 30 September 2023

The Remuneration Committee held one committee meeting to 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 2023 is set out below:

Remuneration bands (HK$)	Number of person(s)
1,000,001 – 1,500,000	2
1,500,001 – 2,000,000	1
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 2023, the Board reviewed the Company's policies and practices on corporate governance. The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

AUDITOR'S REMUNERATION

For the year ended 30 September 2023, the auditor of the Company, RSM Hong Kong, received HK$1,160,000 for provision of audit service and approximately HK$502,000 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 2023.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparation of consolidated financial statements which give a true and fair view of the Group's state of affairs as at 30 September 2023 and of the Group's results and cash flows for the year ended 30 September 2023. In preparing the consolidated financial statements of the Group for the year ended 30 September 2023, 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 2023 are set out in the "Independent Auditor's Report" on pages 53 to 57 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 2023. 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 2023. 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 2023, 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 45 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 2023.

The annual general meeting ("**2023 AGM**") of the Company for the year ended 30 September 2023 is scheduled to be held on Monday, 26 February 2024. The notice of the 2023 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 2023 AGM.

Amendments to the Constitutional Documents

During the year ended 30 September 2023, amendments had been made to the memorandum of association of the Company and the Articles (the "**Amended M&A**") with the approval from the Shareholders in the annual general meeting held on 23 February 2023 in order to conform to the core shareholders protection standards as set out in Appendix 3 to the Listing Rules effective from 1 January 2022 and the applicable laws of the Cayman Islands as well as for house-keeping purposes. Details of the amendments were set out in the circular of the Company dated 18 January 2023.

The latest version of the Amended M&A is available on the Stock Exchange's website and the Company's website at www.infinitydevelopment.com.hk.

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

Infinity Development Holdings Company Limited (the "**Company**" together with its subsidiaries, hereinafter referred to as the "**Group**" or "**we**" or "**us**") is pleased to present the Environmental, Social and Governance Report for the year ended 30 September 2023.

The Group has remained steadfast in our commitment to sustainable development by putting it as the top priority of our long-term development goals. As the most important leading role of the Group, the board (the "**Board**") of directors (the "**Directors**") of the Company holds the ultimate responsibility to oversee, manage and monitor the Group's environmental, social and governance issues and progress.

As a responsible corporate citizen, 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. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group's environmental, social and governance performance and adjusting corresponding action plans. Effective implementation of environmental, social and governance policies relies on the collaboration of different departments. Following the recommendations given by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), in order to endeavor to achieve the objective of sustainability development, the Group has established an inter-departmental environmental, social and governance working group to coordinate different departments and enhance their mutual co-operation, for ensuring consistent work performance which could be aligned with the stakeholders' expectations.

The Group strives to ensure the establishment of appropriate and effective risk management and internal control systems for supervision of the identification and assessment of environmental, social and governance and climate-related risks and opportunities, and response to the challenges and impacts of different times.

Looking ahead, the Board will continue to review and monitor the environmental, social and corporate governance performance of the Group and provide material, reliable, consistent and comparable environmental, social and corporate governance information to its stakeholders for making contributions to create a better environment.

ABOUT THIS REPORT

The Group contributes to sustainable development by delivering environmental, social and governance (the "**ESG**") benefits to all stakeholders in a balanced way. This year, the Group is pleased to present our Environmental, Social and Governance Report (the "**ESG Report**") for the year ended 30 September 2023 for the purpose of demonstrating our efforts on sustainable developments to our stakeholders. The ESG Report was compiled by the Group's Environmental, Social and Governance Working Group (the "**Working Group**") members and our external consultant (Acclime Consulting (Hong Kong) Ltd.) through their communication and collaboration. In the event of contradiction or inconsistency between the Chinese version and the English version, the English version shall prevail.

REPORTING PERIOD

The ESG Report illustrates the overall performance of the Group regarding the environmental and social aspects from 1 October 2022 to 30 September 2023 (the "**Reporting Period**").

REPORTING SCOPE AND BOUNDARIES

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 information disclosed in the ESG Report covers the core and material manufacturing and sales business units of the Group in the People's Republic of China (the "**PRC**"), Social Republic of Vietnam ("**Vietnam**") and Republic of Indonesia ("**Indonesia**"). The relevant environmental key performance indicators ("**KPI(s)**") mainly cover the operations units of offices and manufacturing plants in the PRC and Vietnam. As at 30 September 2023, the non-current assets located in the PRC and Vietnam constitutes around 65% of the total non-current assets of the Group and number of employees in these locations constitute around 70% of the total number of employees of the Group.

We are committed to improving internal data collection procedures and gradually expanding the scope of the disclosure. If the scope and boundaries of the specific contents vary, they are noted in the relevant section of the ESG Report.

REPORTING BASIS

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "**Main Board Listing Rules**"). 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.

REVIEW AND APPROVAL

The Board of Directors confirms that they have the responsibility to ensure the completeness of this ESG Report, and to their best knowledge, the ESG Report expounds all relevant important issues and fairly presents the ESG performance of the Group. This ESG Report was reviewed and approved by the Board of Directors on 28 December 2023.

INFORMATION AND FEEDBACKS

The Group respects your view on the ESG Report. Should you have any opinions or suggestions, you are welcome to share with the Group at ir@infinitydevelopment.com.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

The Group is committed to integrating ESG factors into its operations, creating sustainable value for stakeholders and fulfilling its responsibilities as a corporate citizen. The Group has established the Working Group. The Working Group is composed of core members from different departments of the Group and is authorized by the Board of Directors according to its terms of reference. It is responsible for reviewing and evaluating the effectiveness of the sustainability structure, and managing the ESG issues and performance which are material to the Group. The Working Group is responsible for monitoring the progress of achieving emission reduction targets and communicating and collaborating with external consultant to compile the annual ESG Report. The Working Group has met on 19 December 2022 and 30 August 2023 of the Reporting Period and reported to the Board of Directors on the implementation of ESG measures and performance of the business units. In response to the Group's ESG development, we will review and increase the frequency of annual meetings according to actual needs in the future, to ensure that due attention is given to the relevant issues.

The Board is responsible for setting the Group's sustainable development strategy and clear emission reduction targets, assessing the actual and potential climate-related risks and opportunities that affect the Group's operations, and ensuring that the Group has established appropriate and effective ESG risk management and internal control system. The management of the Group reviews these risks and the effectiveness of the internal control system and confirms to the Board.

STAKEHOLDER ENGAGEMENT

Stakeholders' opinions are the solid foundation for the Group's sustainable development and success. The stakeholder engagement helps the Group to develop a business strategy that meets the stakeholders' needs and expectation, enhances the ability to identify risk and strengthens important relationships. Stakeholders can deliver their valuable opinions on ESG to us through various channels. The relevant stakeholders of the Group and their engagement platforms are as follows:

Stakeholders	Engagement Platforms
Government and regulatory agencies	• Annual reports, interim reports, ESG reports and other public information
Certification bodies	• Regular audit
Shareholders and investors	• Annual general meetings and other general meetings of the Company • Company's website • Announcements • Annual reports, interim reports, ESG reports and other public information
Employees	• Training • Meetings • Performance evaluation • Leisure activities
Customers	• Fax, email and customer service hotline • Product and service feedback
Suppliers	• Annual audit • Meetings • On-site visits

MATERIALITY ASSESSMENT

When preparing the ESG Report, the Group directly engaged with various stakeholders as part of the materiality assessment process to identify and prioritize the issues to be included in the ESG Report which the Board believes would have significant impact on the Group's business and its stakeholders.

Process

Stage 1 Identification

A selection of ESG issues that may reasonably be considered important for the Group and its stakeholders from various sources, including Main Board Listing Rules requirement, industry trends and internal policies. 28 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

Stage 2 Prioritisation

Conducted online surveys to rate the importance of each issue from the perspective of a stakeholder and the Group using a scale of 1 to 5.

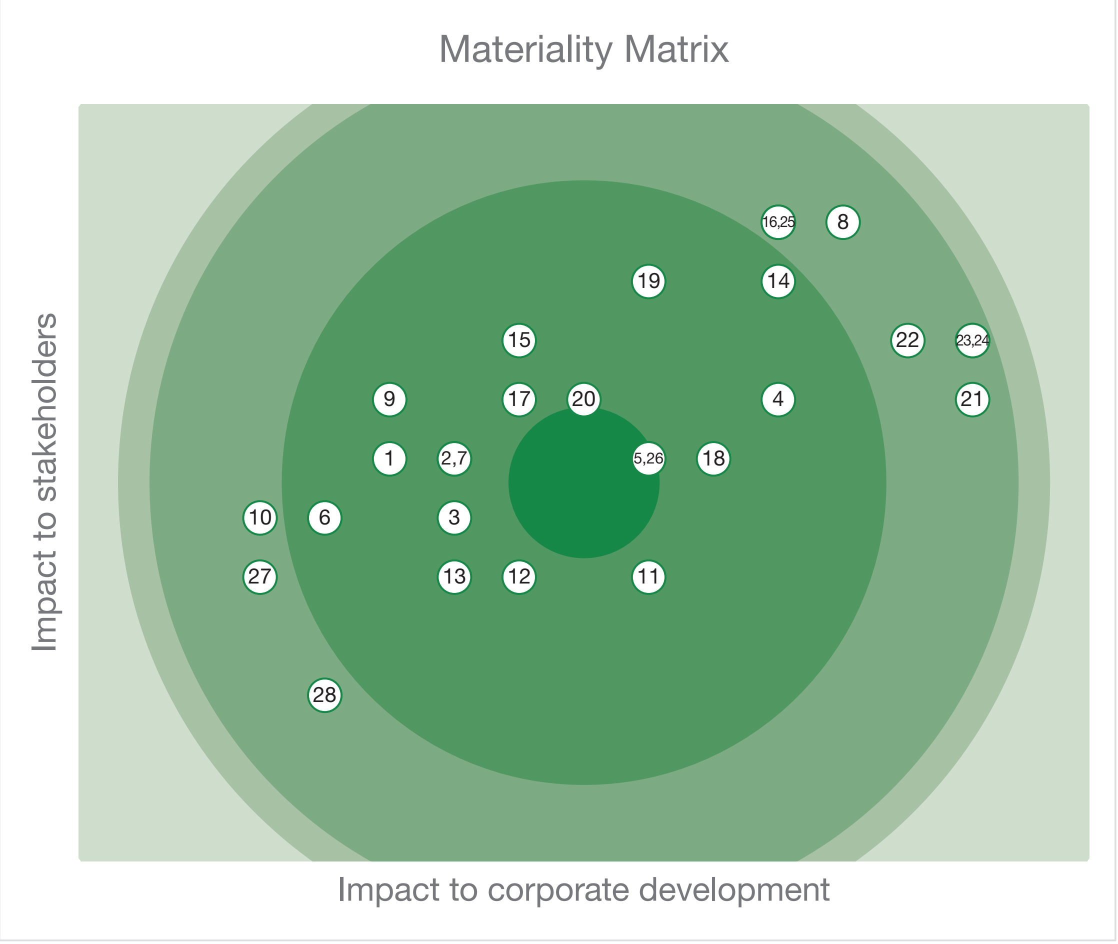
Developed the materiality matrix based on the scores of the surveys, set the threshold for materiality (i.e. at a score of average) and prioritised a list of sustainability issues.

Stage 3 Validation

Management reviewed the materiality matrix and the threshold for materiality. ESG issues, with a score of average or above from the perspective of a stakeholder and the Group, were prioritised as the most important sustainability issues for the Group to address and report on.

Materiality Matrix

Based on the materiality matrix, the Board believes that the most pertinent sustainability issues which are material to both the Group and its stakeholders include the following:



During the Reporting Period, the identified material topics are as follows:

Topics of high importance	4	Waste management
	8	Environmental regulations compliance
	14	Staff occupational health and safety
	16	Prohibition of child labour and forced labour
	19	Compliance with regulations on marketing, product and service labelling
	21	Customer satisfaction
	22	Intellectual property
	23	Safety of services/products
	24	Quality of services/products
	25	Business ethics
Topics of medium importance	5	Energy efficiency
	9	Land use, pollution and restoration
	11	Employment practices
	15	Staff development and training
	17	Responsible supply chain management
	18	Environmental friendliness on products or service purchased
	20	Customers' privacy and confidentiality
	26	Anti-corruption training for management and employees
Topics of lower importance	1	Air Emissions
	2	Greenhouse gas ("**GHG**") emissions
	3	Effluents management
	6	Water efficiency
	7	Use of raw materials and packaging materials
	10	Climate change
	12	Diversity and equal opportunities
	13	Anti-discrimination
	27	Contributions to the society
	28	Communication and connection with local community

ENVIRONMENTAL ASPECTS

Environmental Management Policy

The Group is committed to sustainable development and delivering our high-quality products in a manner that minimal impact is created by our business activities to the environment. For the environmental protection and secure usage of chemical products, we are committed to:

- Establishing a responsible chemical sales and management system, and making continuous effort to improve public health, community safety and environmental protection;

- Paying great attention to the latest developments in environmental protection and occupational hygiene and safety issues;

- Establishing stringent safety guidelines for utilizing and handling all dangerous chemicals;

- Providing continuous education and training on occupational safety and environmental protection to employees and customers;

- Dedicating to the research and development of products that are both ecologically sound and occupationally safe; and

- Promoting the use of environmental-friendly products actively.

The Group has established an environmental management system to review, monitor and improve the above policies and related procedures, striving to reduce its environmental impacts and increase its operating efficiency. The Group's environmental management system was accredited with ISO 14001:2015 certification.

In addition, the Group advocates energy saving and carbon reduction, and is committed to achieving sustainable operations. To this end, we have set clear emission reduction targets, aiming to reduce all our emissions (including air pollutants, greenhouse gas, hazardous and non-hazardous wastes, and sewage), energy consumption (including electricity and heat) and consumption of resources (including water and paper) by 3% before 2026 and 20% before 2036 from the base year of 2021. Our long term target is to achieve carbon neutrality by 2050, which is the same target as set and adopted by Hong Kong and Vietnam. Moreover, we are investing more resources in recycling to help the development of circular economy.

Emissions

Policy of the Group, Laws and Regulations Related to Emissions

The Group's production facilities and business operation strictly abide by the laws and regulations of the PRC and Vietnam, including but not limited to the Environmental Protection Law of the PRC#, Law of the PRC on the Prevention and Control of Atmospheric Pollution#, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste#, Law of the PRC 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# and other laws and regulations. We carry out treatment on exhaust gas, wastewater and solid waste to ensure compliance with discharge standards.

To the best of our Directors' knowledge, the Group was not aware of any material violation against laws and regulations in all material aspects regarding air emissions, greenhouse gas emissions, wastewater emissions, discharge on land, and hazardous and non-hazardous wastes. During the year ended 30 September 2023, the Group did not receive any fine, complaint or warning related to any material non-compliance in respect of greenhouse gas emissions, harmful gas emissions, air pollution, noise nuisance, water discharges and waste disposals in the Reporting Period.

Types of Air Emissions and Emission Data

The Group strictly abides by national and local air emission standards, including but not limited to the Integrated Emission Standard of Air Pollutants#, Emission Standards of Air Pollutants for Paint, Ink and Adhesive Industry# stipulated in the National Standard of the PRC, Air Pollutant Emission Limits# in Guangdong Province, Interim Measures on Administration of Carbon Emission of the Guangdong Province# and other laws and regulations.

Based on our assessment, the Group's main source of air pollutant emissions was generated from the manufacturing plants that consumed diesel during the Reporting Period. By strengthening the activated carbon exhaust gas treatment system, optimizing the production process and regular maintenance of the exhaust treatment system, we aim to achieve the target of reducing air emissions by 3% before 2026 and 20% before 2036 from the base year of 2021.

During the year ended 30 September 2023, the Group's air emission type and respective emissions data[1] are listed as below:

Air Emissions[2]	**Unit**	**2023**	2022
Nitrogen Oxides (NO_x)	kilograms	**4,302**	8,087
Sulphur Oxides (SO_x)	kilograms	**283**	532
Particulate Matter (PM)	kilograms	**226**	619

\# The English names or words in the ESG Report, where indicated, are included for information purpose only, and should not be regarded as its official English translation of such Chinese names or words.

1 Totals may not be the exact sum of numbers shown here due to rounding.

2 The figures covered the emissions from forklifts, generators and boilers in the Group's manufacturing plants in the PRC and Vietnam. The calculation method of the corresponding air emission assessment figures and the emission factors used in the calculation are based on "How to Prepare an ESG Report" issued by the Stock Exchange and its annex "Appendix 2: Reporting Guidance on Environmental KPIs", "Technical Guidelines for Compiling the Primary Source Emission Inventory of Inhalable Atmospheric Particulate Matter (Trial)" and "Technical Guidelines for Compiling the Inventory of Non-road Mobile Source Air Pollutants (Trial)" issued by the Ministry of Ecology and Environment of the PRC, and the air pollutant emission factors published by the United States Environmental Protection Agency.

Greenhouse Gas Emissions Data

The Group conscientiously follows the low-carbon development goals of China's 14th Five-Year Plan, promotes corporate green transformation, and strives to realize the corporate vision of carbon neutrality. The Group's direct greenhouse gas emissions (Scope 1) were mainly from diesel and LPG consumed in manufacturing plants and fugitive emissions of refrigerants in cooling system. Indirect greenhouse gas emissions (Scope 2) were mainly from electricity and heat consumed in the Group. Due to the business nature of the Group, the greenhouse gas emissions were mainly from Scope 2 emissions. During the year ended 30 September 2023, the Group's total greenhouse gas emissions and intensity[3] are listed as below:

GHG Emissions[4]	**Unit**	**2023**	2022
Scope 1[5]	tonne CO_2-equivalent	**238**	384
Scope 2[6]	tonne CO_2-equivalent	**2,857**	3,243
Total GHG Emission	tonne CO_2-equivalent	**3,095**	3,627
GHG Emission Intensity	tonne CO_2-equivalent/tonnes of adhesives produced[7]	**0.13**	0.11

There is a decrease in total GHG emissions during the Reporting Period while there is no significant fluctuation in terms of intensity. The Group proactively makes its great efforts to reduce greenhouse gas emissions by improving our manufacturing system. We have set up exhaust gas treatment facilities and equipment to treat the exhaust gas generated during our manufacturing process. In addition, the Group's administrative building located in Zhuhai has installed solar photovoltaic panels, using renewable energy to generate green power, which saves power consumption on the grid and reduces greenhouse gas emissions. The Group will seriously consider the feasibility of improving the efficiency of the manufacturing system by different measures, and plans to gradually phase out the diesel forklifts by electric forklifts. Whenever possible, the Group has endeavored the best effort in greening process in the areas of our manufacturing plants.

3 Totals may not be the exact sum of numbers shown here due to rounding.

4 The figures covered the direct and indirect greenhouse gas emissions from the Group's offices and manufacturing plants in the PRC and Vietnam. The calculation method of the corresponding greenhouse gas emission figures and the emission factors used in the calculation are based on "How to Prepare an ESG Report" issued by the Stock Exchange and its annex "Appendix 2: Reporting Guidance on Environmental KPIs", "Greenhouse Gas Emission Accounting and Reporting Requirements Part 10: Chemical Production Enterprise" jointly issued by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC and the Standardization Administration of the PRC, the "Emission Factors of China's Regional Power Grid Baseline for Emission Reduction Projects" issued by the Ministry of Ecology and Environment of the PRC, "General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (trial)" issued by the National Development and Reform Commission of the PRC and the IPCC Climate Change Fifth Assessment Report.

5 Scope 1: The direct emission from the business operations owned or controlled by the Group, including stationary combustion sources and mobile combustion sources, as well as fugitive emissions.

6 Scope 2: The indirect energy emissions caused by the internal consumption of purchased electricity and heat consumption within the Group.

7 The total amount of adhesives produced in the Reporting Period was around 24,610 tonnes.

Waste Data and Management

The Group strictly abides by the national and local waste discharge standards, including but not limited to 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[#] and Standard for Pollution Control on Hazardous Wastes Storage[#] stipulated in the Nation Standard of the PRC, Environmental Protection Regulations of Zhuhai[#] and other laws and regulations.

Due to the business nature of the Group, various hazardous waste and non-hazardous waste are generated during the manufacturing process. During the year ended 30 September 2023, the waste data[8] are listed as below:

Types of Waste	Unit	2023	2022
Total Hazardous Waste[9]	tonnes	**45**	131
Hazardous Waste Intensity	tonnes/tonne of adhesives produced[10]	**0.0018**	0.0041
Total Non-Hazardous Waste[11]	tonnes	**45**	20
Non-Hazardous Waste Intensity	tonnes/tonne of adhesives produced[10]	**0.0018**	0.0006

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 included industrial waste and domestic waste.

The Group has established Waste Management Procedures to manage the storage, disposal and treatment of wastes generated during the manufacturing process. Hazardous waste is strictly segregated from non-hazardous waste for proper collection and treatment purposes. Hazardous waste has been clearly identified and stored in a designated and segregated area. Licensed waste collectors have been engaged for disposal of hazardous waste. Some of the materials were recycled and some were incinerated in incineration sites. 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.

The Group strictly abides by the national and local laws and regulations regarding wastewater discharge, including but not limited to the Water Pollution and Control Law of the PRC[#], Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network[#] and other laws and regulations. Our business operation did not involve any material sewage discharge generated in industrial process. All our domestic wastewater was treated properly before discharging into the municipal pipe network and all the effluent and sewage was treated properly according to the requirements of the local regulations. The total amount of sewage generated during the Reporting Period was around 45,266 tonnes, reduced by around 2% by comparing to the data from last year.

[#] The English names or words in the ESG Report, where indicated, are included for information purpose only, and should not be regarded as its official English translation of such Chinese names or words.

[8] Totals may not be the exact sum of numbers shown here due to rounding.

[9] The figure covered hazardous waste generated in the production process of plants in the PRC and Vietnam.

[10] The total amount of adhesives produced in the Reporting Period was around 24,610 tonnes.

[11] The figure covered domestic waste and non-hazardous industrial waste generated in plants in the PRC and Vietnam.

USE OF RESOURCES

Resources Policies and Relevant Laws and Regulations regarding Energy Conservation

The Group's production facilities and business operation strictly abide by the laws and regulations of the PRC and Vietnam, including but not limited to the Energy Conservation Law of the PRC# and other laws and regulations. We are committed to improving the efficiency of energy use, advocating conservation of resources, and improving the efficiency of energy and resource consumption.

The main resources that the Group consumed in the manufacturing process were purchased electricity, fuel, steam, water and packaging material. As an environmentally responsible company, the Group is committed to improving the efficiency and effectiveness of resource use in order to minimize wastage in the manufacturing process and avoid excessive use of precious resources.

Energy Consumption and Intensity

During the year ended 30 September 2023, the data of Group's total energy consumption[12] by type are listed as below:

		Unit	2023	2022
Energy Consumption[13]	**Direct Energy Consumption**	**MWh**	**642**	1,183
	Diesel	litres	**64,200**	116,552
	LPG	kilograms	**0**	1,296
	Indirect Energy Consumption	**MWh**	**4,162**	4,613
	Purchased electricity	MWh	**3,161**	3,597
	Self-generated steam	tonnes	**28**	54
	Purchased steam	tonnes	**973**	1,338
	Total Energy Consumption	**MWh**	**4,804**	5,796
	Energy Consumption Intensity	**MWh/tonnes of adhesives produced[14]**	**0.20**	0.18

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12 Totals may not be the exact sum of numbers shown here due to rounding.

13 The figures covered the direct and indirect energy consumption in the Group's offices and manufacturing plants in the PRC and Vietnam. The calculation method of the corresponding energy consumption figures and the emission factors used in the calculation are based on "How to Prepare an ESG Report" issued by the Stock Exchange and its annex "Appendix 2: Reporting Guidance on Environmental KPIs", "Greenhouse Gas Emission Accounting and Reporting Requirements Part 10: Chemical Production Enterprise" jointly issued by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC and the Standardization Administration of the PRC and Energy Statistic Manual issued by the International Energy Agency.

14 The total amount of adhesives produced in the Reporting Period was around 24,610 tonnes.

Water Consumption and Intensity

During the year ended 30 September 2023, to the best of our Directors' knowledge, the Group was not aware of any material issue in sourcing water that is fit for purpose, the data of the Group's total water consumption are listed as below:

Water Resource[15]	Unit	2023	2022
Water Consumption	cubic meters	**51,454**	59,640
Water Consumption Intensity	cubic meters/tonnes of adhesives produced[16]	**2.09**	1.88

Paper Consumption

The paper used in the Reporting Period was mainly from the offices in Vietnam and the PRC. During the year ended 30 September 2023, the data of the Group's paper consumption are listed as below:

	Unit	2023	2022
Paper Consumption	tonnes	**3.68**	2.40

Packaging Material

The Group mainly used carton boxes, plastic containers, metal and wood as packaging material for our adhesive products. During the year ended 30 September 2023, the Group purchased approximately 2,039 tonnes of packaging material for sales of adhesive products. We aim to improve the functionality of the packaging materials through continuous examination of using stronger and lighter packaging materials found in the market, whenever feasible. During the year ended 30 September 2023, the data of the Group's total packaging material consumption by type are listed as below:

	Unit	2023	2022
Packaging Material	**tonnes**	**2,039**	2,800
Carton boxes	tonnes	**176**	275
Plastic	tonnes	**602**	776
Metal	tonnes	**1,194**	1,649
Wood	tonnes	**68**	100

15 The figures covered the water consumption in production process and domestic water consumption of the Group's offices and manufacturing plants in the PRC and Vietnam.

16 The total amount of adhesives produced in the Reporting Period was around 24,610 tonnes.

THE ENVIRONMENT AND NATURAL RESOURCES

Everyone in the Group has the responsibility to support environment protection. The Group is committed to sustainable development and delivering our high-quality products in a manner that minimize impact to the environment caused by our business activities. Apart from those details disclosed in the sections "Environmental Management Policy", "Emissions" and "Use of Resources" above, the Group put environmental protection concepts into practice through the measures listed below:

Electricity Consumption

- Set up electricity meters in multiple locations to monitor the electricity consumption status, detect and avoid abnormal usage as early as possible;
- Promote energy-saving habits, promote the habit of turning off lights, equipment, air-conditioning system during non-working hours;
- Change manual light switching systems to voice-controlled automation systems where feasible;
- Replacement of lighting systems in offices and factories by energy-saving LED lighting systems;
- Promote video conferencing to save energy consumption in transportation;
- Minimum temperature air-conditioning setting in the offices is set to be 25 degrees Celsius;
- Inspect old air-conditioning system and gradually replace it with energy-saving inverter equipment;
- Use split-type air conditioners that have obtained Grade 1 (or comparable efficiency) energy label; and
- Allow employees to dress lightly to minimise the use of air-conditioning in hot months.

Water Consumption

- Set up water meters at multiple locations to monitor the water consumption, detect and avoid abnormal usage as early as possible;
- Post water-saving slogans in offices and staff dormitories, and install water-saving sprinklers where applicable;
- Inspect pipelines regularly, check and repair the water pipes leakage to avoid wastage; and
- Turn off the faucets when not in use.

Paper Saving

- Promote paperless office, use e-mail and online systems as much as possible for document review and communication, reduce the frequency of printing and/or photocopying, and reduce office paper usage.

Reduction of Plastic Bottle Waste

- Reduce the use of plastic bottled water – water refilling system is installed in all production bases and plants, employees are encouraged to bring their own reusable cups to reduce the use of plastic bottles.

CLIMATE CHANGE

Climate change is one of the biggest global challenges faced by the society nowadays, and we must act now for our climate and our communities. In recent years, extreme weather, such as strong winds and heavy rainfall, as well as tides and floods, have become the focus of news. Logistics and supply chains are particularly vulnerable. Heavy rainfall, rising tides, and floods may cause serious damage to assets such as buildings, warehouses, and goods in storage, resulting in financial losses. Although such incidents are beyond everyone's control, the Group believes that all stakeholders should work together to address climate change, which will also be regarded as one of the most significant risks to the world in the next five years.

The pace of change has expedited around the world and it has underscored the importance for the Group to accelerate its transition to a low-carbon economy. The Group has established a climate change action plan, aiming to build a considerable resilience approach in facing the global climate change. Replacing fossil fuel-powered equipment, adoption of alternative energy and increase the efficiency of the manufacturing plants are the key actions to be done in the coming years.

In response to the Paris Agreement, the Hong Kong Government issued the "Hong Kong's Climate Action Plan", and formulated various plans and actions, setting out the vision of "Zero-carbon Emissions, Liveable City, Sustainable Development". The Government has determined to set medium-term goal as halving Hong Kong's total carbon emissions from 2005 levels before 2035. The Hong Kong and Vietnamese governments have also announced that they will strive to achieve carbon neutrality by 2050, and the PRC will strive to achieve carbon neutrality by 2060.

The Group essentially plans to respond to local government initiatives and follow local governments' emission reduction requirements. We aim to reduce emissions by 3% before 2026 and 20% before 2036 from the base year of 2021, and ensure that the Group's greenhouse gas emissions will comply with the more stringent requirements set up by local governments. These emissions reduction targets will be reviewed by the Board on regular basis. The Group's long-term target is to achieve carbon neutrality by 2050, which is the same target as set and adopted by the governments of Hong Kong and Vietnam. We are committed to continuously improving energy efficiency and applying professional knowledge to improve on-site efficiency and maintain efficient management support, in order to safeguard the Group's reputation.

The Group has also identified the potential climate-related risks that are relevant to our assets and services. Due to the business nature of the Group, the increasing frequency and severity of flooding and extreme weather events may cause damage to our property, equipment and products, resulting in the increase in cost of operations; shifting in consumer preferences due to the transition to a low-carbon economy may change the supply and demand for certain products of the Group. The impact of the above physical and transition risks are prioritized to be addressed by the Board and the Working Group.

Over the years, we have been grasping different opportunities to expand our business, accelerate the transformation and make the Group smarter, more environmentally friendly, and safer for employees and product users (such as automation of production, and utilizing digital platforms for online conference to reduce carbon footprint in transportation). It has made our facilities more sustainable and fulfill our commitment to resource management and environmental protection. During the Reporting Period, the Group has made use of its own solar photovoltaics panels to generate solar energy and purchased other green energy to further enhance our commitment to sustainability and reduce carbon emissions.

SOCIAL ASPECTS

Employment and Labour Practices

Employment

The Group considers employees as the most valuable wealth and resources and believes that they are propellent of corporate growth. Therefore, the Group is committed to providing an equal, harmonious and diversified working environment to our employees in order to attract and retain suitable talents in the competitive labour market and for the purpose of maintaining its competitiveness in the industry.

Our employment management policies cover resources planning, performance evaluation, training, compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and anti-discrimination.

The Group strictly abides by the laws and regulations of the PRC, Vietnam and Indonesia regarding employment, including but not limited to the Labour Contract Law of the PRC#, Social Insurance Law of the PRC#, Employment Promotion Law of the PRC#, The Labour Code of Vietnam# and other laws and regulations.

The Group always shows our kindness and care to our staff. During the Reporting Period, our Zhuhai segment held an annual dinner in spring to thank and recognize employees for their dedication and efforts to the company throughout the year. The Vietnam segment held football matches during the Mid-Autumn festival and annual dinner. In addition to those benefits required by law, the Group also provides other benefits and welfare for social responsibilities purposes. To ensure equal opportunities of career development, employees must disclose the information of relatives working in the Group in the job application process. The Group does not tolerate discrimination. Employees should not be treated unequally on their personal characteristics, including age, gender, religious belief, nationality and pregnancy. Opportunities for promotion, training, resources, and recruitment should be provided on a fair basis. In addition, the Group places a high value on creation of a diversified corporate culture by making active efforts to recruit employees with different background to facilitate the Group's progress of turning into a big family with diversification.

The Group has established objective performance indicators for employees' annual performance evaluation. Based on the evaluation result, the Group offers rewards to our employees who perform outstandingly so as to encourage their continuous improvement and achieve the target of mutual growth of employees and the Group. During the year ended 30 September 2023, to the best of our Directors' knowledge, the Group was not aware of any material non-compliance or breach of relevant laws and regulations regarding employment.

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As at 30 September 2023, the Group had 411 employees. The data of Group's number of employees and turnover by type in the Reporting Period are listed as below:

		2023	2022
Employee Number	**Total**	**411**	396
	By Gender		
	Male	**296**	293
	Female	**115**	103
	By Age Group		
	Below 30	**97**	93
	30-50	**269**	258
	Above 50	**45**	45
	By Employment Type		
	Full time	**411**	396
	Part-time	**0**	0
	By Geographical Regions		
	The PRC	**102**	107
	Regions of Hong Kong, Macau and Taiwan	**22**	22
	Vietnam and Cambodia	**193**	180
	Indonesia	**79**	74
	Bangladesh	**8**	9
	Singapore	**3**	4
	India	**4**	0
Employees Turnover Rate[17]	**Overall number (Turnover rate)**	**63 (15.1%)**	58 (14.6%)
	By Gender		
	Male (Turnover rate)	**46 (15.2%)**	45 (15.4%)
	Female (Turnover rate)	**17 (14.8%)**	13 (12.6%)
	By Age Group		
	Below 30 (Turnover rate)	**17 (17.5%)**	20 (21.5%)
	30-50 (Turnover rate)	**40 (14.9%)**	36 (14.0%)
	Above 50 (Turnover rate)	**6 (11.1%)**	2 (4.4%)
	By Geographical Regions		
	The PRC (Turnover rate)	**11 (10.8%)**	15 (14.0%)
	Regions of Hong Kong, Macau and Taiwan (Turnover rate)	**3 (13.6%)**	1 (4.5%)
	Vietnam and Cambodia (Turnover rate)	**21 (10.9%)**	29 (16.1%)
	Indonesia (Turnover rate)	**22 (27.9%)**	12 (16.2%)
	Bangladesh (Turnover rate)	**2 (25.0%)**	0 (0%)
	Singapore (Turnover rate)	**4 (133.3%)**	1 (25.0%)
	India (Turnover rate)	**0 (0%)**	N/A

17 Turnover rate = number of employees in the specified category leaving employment / number of employees in the specified category at the end of the Reporting Period.

Health and Safety

The Group adheres great importance to the health of our employees and is dedicated to creating a safe working environment for our employees. The safeguard for employees' health and safety is one of the most important parts of the Group's corporate control management.

The Group strictly abides by the labour laws and regulations of the PRC, Vietnam and Indonesia, including but not limited to the Labour Law of the PRC#, Law of the PRC on Prevention and Treatment of Occupational Diseases#, Fire Control Law of the PRC#, Occupational Safety and Health Ordinance, Labour Code of Vietnam#, Fire Prevention and Fire Fighting Law and Its Implementation Guidelines of Vietnam# and other laws and regulations.

To create a safe working environment, the Group has established safety policies on the prevention and remediation of safety accidents, and detection on potential safety hazards in workplace, including regular safety inspections and launch of safety promotion and safety training. To mitigate the health and safety risk during manufacturing processes, protective equipment, including emergency eye wash equipment, helmets and respirators, is provided to operating employees.

The prevention of occupational diseases requires multi-disciplinary approaches. The Group has established an Employee (Occupational Health) Physical Examination Management System to monitor the health status of our employees, minimizing the risks of occupational diseases.

As mentioned earlier, the Group has set up exhaust gas treatment facilities and equipment to treat the exhaust gas generated during our manufacturing process. Our staff are briefed and trained with safety and environmental knowledge regularly to ensure that everyone understands the risks of each task they involve in, and possesses safety awareness of the environment. Hazardous materials and waste are handled separately with great care. Fire emergency and evacuation plan have been established for timely and orderly response to any major safety accidents. The Group monitors the workplace safety regularly and performs a regular checking to avoid workplace safety hazards. To ensure the effectiveness of fire emergency control, the Group has appointed a third-party institute to test the fire alarms and inspect the fire safety equipment.

In addition, to create a pleasant and healthy working environment, the Group provides an outdoor basketball court, swimming pool and other fitness facilities available to our employees.

The Group implemented a number of measures across business units to safeguard the health of customers and employees. The Group operated strictly in accordance with the crowd control and social distancing rules issued by respective local Governments, and proactively implement additional disinfection steps to maintain a safe and hygienic environment.

To the best of our Directors' knowledge, there was no official record of any fatal accident and major work-related fatalities in the Reporting Period, and there was no record of work-related fatality for at least three consecutive reporting years.

During the year ended 30 September 2023, the data of the Group's work-related injuries and fatalities of the past three reporting years are listed as below:

	2023	2022	2021
Number of Work-Related Fatalities	**0**	0	0
Rate of work-related fatalities	**0%**	0%	0%
Number of Work Injuries	**0**	2	0
Lost days due to work injury	**0**	131	0

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Development and Training

The Group adheres great importance to sustainable development of our employees. As such, the Group arranges appropriate training programs according to the needs of the departments, including the areas of environmental management, occupational health and safety.

In order to meet the needs of the Group's sustainable development, to realize employees' understanding and recognition of corporate culture, internal rules and regulations, and job responsibilities, and to ensure that employees' job knowledge and skills can be improved, we have formulated the "Training Management Procedures" that are applicable to the implementation, supervision, evaluation and improvement of various training programs in the Group.

Each department head formulates an "Annual Department Training Plan" according to their own business development needs every year in December and submits it to the Human Resources Department for review. The Human Resources Department coordinates the training resources of each department and prepares a company-level "Annual Training Plan". In addition to our job training, the Group organizes induction training for new employees according to their job categories, including no less than eight hours of factory-level safety training to provide occupational safety knowledge, occupational health knowledge, ISO14001 environmental management system knowledge and promote environmental protection awareness.

The Group upholds an open and responsible attitude, listens to opinions with an open mind, and improves its work efficiency through continuous discussion and introspection.

The number of trained employees and the average training hours have increased significantly in the Reporting Period. During the year ended 30 September 2023, the employee training data of the Group are listed as below:

		2023	2022
Number of Trained Employees and Percentage[18]	**Overall (%)**	**269 (65.3%)**	137 (34.6%)
	By Gender		
	Male (%)	**184 (62.2%)**	85 (29.0%)
	Female (%)	**85 (73.9%)**	52 (50.5%)
	By Level		
	Top management (%)	**6 (35.3%)**	6 (18.2%)
	General staff (%)	**263 (66.8%)**	131 (36.1%)
Average Training Hours[19] **(hour/employee)**	**Overall**	**11.34**	4.62
	By Gender		
	Male	**8.92**	3.93
	Female	**17.59**	6.57
	By Level		
	Top management	**13.53**	48.2
	General staff	**11.25**	0.66

18 Percentage of trained employee = number of employees received training during the Reporting Period / number of employees at the end of the Reporting Period.

19 Average training hours = total training hours during the Reporting Period / total number of employees at the end of the Reporting Period.

Labour Standards

The Group strictly abides by the national and local labour laws and regulations, including but not limited to those listed in the "Employment" section of the ESG Report, Law of the PRC on the Protection of Minors#, Employment Ordinance, Employment of Children Regulations and other laws and regulations. Apart from that, the Group's established "Prohibition of Child Labour Regulations" clearly states that any form of child labour and forced labour is prohibited within the Group. During the recruitment process, the Group would verify the actual age of the applicants by checking their identity documentations and other records to avoid hiring any child labour. If any violation is discovered, it will handle it in a serious manner, depending on the actual situation, it will be handled in accordance with national and local laws and regulations, and the Group's internal codes.

During the year ended 30 September 2023, to the best of our Directors' knowledge, there was no official record of any material non-compliance or breach of relevant laws and regulations regarding child labour and forced labour.

OPERATING PRACTICES

Supply Chain Management

The Group adheres great importance to the collaboration with suppliers and believes deeply that establishment of a cooperation relationship with suppliers would enhance the continuous improvement on the Group's workflow and product quality. The Group has established Supply Chain Management System and conducts comprehensive evaluations of suppliers on a regular basis. In addition to reviewing factors such as brand and product quality, suppliers' environmental and social responsibility performance is one of our primary considerations in establishing strategic relationships. In considering building partnership, we will give priority to companies holding ISO14001 environmental management system certification. The Group conducts regular on-site inspections to check and review the performance of suppliers.

In order to manage the environmental and social risks of the supply chain, suppliers need to sign and seal the "Environmental Requirements for Material Suppliers" provided by the Group, which stipulates that the general supplier shall commit to take effective control measures in handling the wastewater, exhaust gas and noise generated during the production of materials and to comply with the national and local emission standards. The hazardous chemical suppliers need to provide the Group with valid production permits, and the relevant distributors need to provide the Group with operating permits for hazardous chemicals. To avoid leakage or pollution during transportation, suppliers are required to use vehicles with safety specifications, specified according to product category, in accordance with the requirements listed in the "Environmental Requirements for Material Suppliers". Suppliers shall take full responsibilities for the risks during transportation and protect the environment. For social responsibilities, suppliers need to promise to provide employees with a safe and healthy working environment, abide by relevant labour laws and regulations, including preventing and deterring any form of child labour and forced labour, protecting human rights, operating honestly and legally, and fulfilling corporate social responsibilities.

We are committed to promoting the procurement and use of more environmentally-friendly products and materials. According to the Group's "Restricted Substances Management Procedures", suppliers are required to make a "Restricted Substances Compliance Declaration" to ensure that materials and products meet international environmental protection requirements. It requires suppliers to ensure that the amount of restricted substances detected in the raw material and all production processes is lower than the respective standard or not being detected at all. No other hazardous chemical substances shall be detected in the finished product and packaging.

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During the year ended 30 September 2023, the Group's suppliers by geographical distribution are listed as below:

Location	2023	2022
The PRC	**159**	141
Hong Kong	**6**	9
Taiwan	**21**	19
Vietnam	**43**	49
Indonesia	**8**	15
Japan	**2**	3
Thailand	**2**	3
South Korea	**2**	2
Singapore	**4**	2
Germany	**1**	1
Total	**248**	244

Product Responsibility

The Group believes that we could only gain trust and support from our customers by creating maximum value for them. In response to the market is rapidly changing and the demand is increasing, the Group will continue to put the focus of our development on high-quality products, innovations and to pay attention to our customers' needs. We are persistent in improving our operation system. We treasure honesty, put the customers' needs as our top priority, and act in a proactive and responsible manner to maintain a win-win relationship with our customers. We strive to attain a deep understanding of our customers' requirements and try our very best to meet their needs and even exceed their expectations. While collaborating with our customers and working partners, we grow and make progress together. We are committed to establishing a responsible chemical management system, formulating strict safety procedures for the use of dangerous substances, and focusing on researching and developing products that comply with the ecologically and environmentally friendly principles and the safety standards for our employees' use. We also proactively promote the use of environmentally friendly products.

Product Health and Safety and Quality Management

The public awareness and expectation on chemicals and product safety keep rising. As a responsible chemical manufacturing company, we have accredited with the ISO 9001:2015 and ISO 14001:2015 certificates and strictly monitor the quality and safety of our products.

Since our manufacturing processes involve chemicals, we are committed to complying with local rules and regulations on product safety, and protecting consumers' health on using our products. In accordance with the requirements of ISO 9001:2015 and ISO 14001:2015, the Group implements stringent internal codes and procedures for quality check during the manufacturing process. Any non-conformity products must be handled properly with procedures such as proper labelling and recording.

We manage and standardize the quality inspection of raw materials, semi-finished products and finished products involved in various output and delivery links in manufacturing plants in accordance with the "Testing Management Procedures" to ensure that the quality is strictly monitored before being transported to the next production process. If there is an abnormality during the inspection, the inspectors are required to fill in the "Strategic Plan for Non-conformity" and proceed to the "Management Plan for Non-conformity".

The Group strictly abides by national and local laws and regulations, including but not limited to the 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. During the year ended 30 September 2023, to the best of our Directors' knowledge, there was no official record of any material non-compliance or violation of relevant laws and regulations regarding product quality.

Product Return and Recall Policy, Customer Complaint Handling

The Group maintains the usual high quality of our products, meanwhile, we also arrange for the return and compensation of products with quality issues in accordance with the terms written in the sales contracts. For any customers who are affected by quality issues, we respond to them with standard procedures including return, recall, or compensation of products in a consistent manner.

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.

During the year ended 30 September 2023, to the best of our Directors' knowledge, there was no official record of complaint about product or service, and there were no sold or shipped products that were subject to recalls for safety and health reasons.

Product Advertising/Labelling

The Group understands our customers' rights and is committed to providing accurate product and service information for customers in connection with their purchase or consumption decision. The Group requires careful review of advertising material to protect our customers' interest. The Group is committed to providing sufficient and accurate information and product label to customers, and considers that it is an extended responsibility of product safety management. The Group provides clear and simple instructions, including the danger, precaution measures and emergency treatment of chemical products and contact information.

The Group strictly abides by national and local laws and regulations, including but not limited to the Chemical Safety Label Compilation Regulations# stipulated in the National Standard of the PRC and other laws and regulations, in order to ensure the correct compilation, production and use of chemical safety labels.

The English names or words in the ESG Report, where indicated, are included for information purpose only, and should not be regarded as its official English translation of such Chinese names or words.

Intellectual Property Protection and Data Protection and Privacy

The Group strictly abides by national and local laws and regulations, including but not limited to the Patent Law of the PRC#, Copyright Law of the PRC#, Trademark Law of the PRC# and other laws and regulations. In order to protect the information of customers and the Group (including information related to intellectual property rights), we have formulated the Intellectual Property Management and Protection Policy to ensure that office equipment such as laptops are properly kept. All the documents and electronic materials of the Group, including teaching materials for training, are not allowed to circulate outside without authorization. All business information, financial information, personnel information, contract documents, customer information, research and statistical information, technical documents, marketing plans, management documents, meeting content, that have not been publicly disclosed are all considered corporate secrets. Our employees are responsible for their confidentiality. All rights and interests obtained by employees who are on duty, such as commercial and technical information, inventions and research results, belong to the Group, and no one is allowed to copy, imitate, transfer, extract, or distribute without written authorization. The Group is committed to protecting customers' data and privacy. Unless the customer's consent is obtained, the collected customer information will not be used for promotional purposes.

During the year ended 30 September 2023, to the best of our Directors' knowledge, there was no material non-compliance or violation in intellectual property, product quality and safety, advertising, labelling, and privacy.

Anti-corruption

Anti-corruption is one of the basic principles of the corporate social responsibility defined internationally. The Group has established a code of conduct for employees and adopted a zero-tolerance policy for any form of corruption, including bribery and extortion, fraud and money laundering, and promise to operate our business in an honest, ethical and creditable manner. The policies are revised in due course and all Directors and employees are reminded with its requirement from time to time. The Group strictly abides by national and local laws and regulations related to bribery, extortion, fraud and money laundering, including but not limited to the Company Law of the PRC#, Anti-Money Laundering Law of the PRC#, Anti-Unfair Competition Law of the PRC#, Prevention of Bribery Ordinance and other laws and regulations.

The Group's Employee Handbook stipulates strict employee behavior standards, prohibiting employees from using their powers to engage in fraud and seeking personal gain. It is forbidden to solicit gifts, money or other remuneration from customers for any reason. The Employee Handbook, which is easily accessible by employees, also stipulates that if employees have any complaints, they can raise it to the human resources department of the head office. Besides, we cooperate with suppliers and potential suppliers in a manner that conforms to professional ethics, and prohibited all forms of commercial bribery. 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 year ended 30 September 2023, to the best of our Directors' knowledge, there was no material non-compliance or violations regarding corruptions and no concluded legal case regarding corruption practices brought against the Company or its employees.

The English names or words in the ESG Report, where indicated, are included for information purpose only, and should not be regarded as its official English translation of such Chinese names or words.

COMMUNITY

Community Investment

The Group believes that community contribution is vital for sustainable development as it creates long-term stakeholder value through an ethical business strategy. Being a social-responsible corporation, the Group is committed to contributing to our community in focus areas of education and child development, as well as helping the disadvantaged groups in society, supporting the poor and contributing to communities where it is located.

The Group has all along concerned about the education issue in impoverished areas. Since 2006, the Group has been financially supporting the construction of Youxin Peimiao Primary School# in Teng County Guangxi. Assistance was given to education programs and construction of facilities in schools through voluntary work provided by our staffs yearly and by donations. During the Reporting Period, the Group has paid site-visits, made monetary and in-kind donation to the school, including stationery, snacks and other materials for the pupils.

During the Reporting Period, the Group also actively provided monetary and in-kind donations to the Viet Nam Red Cross Society, including rice, cooking oil, fresh milk and other daily necessities.


CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc
HỘI CHỮ THẬP ĐỎ THỊ XÃ BẾN CÁT
GIẤY GHI ƠN
Công ty TNHH Nhựa Cây Trung Bộ Việt Nam
Đã ủng hộ quà "Tết Nhân ái" năm 2023 tại phường Tân Định
Và Trung tâm BTXH tỉnh Bình Dương (cơ sở 1) thị xã Bến Cát
Trân trọng cám ơn tấm lòng nhân ái "Vì Sự Nghiệp Nhân Đạo Hội Chữ Thập Đỏ"
Bến Cát, Ngày 04 tháng 01 năm 2023
TM. BAN CHẤP HÀNH
CHỦ TỊCH
Số: 24 -GGO/CTD
NGUYỄN MINH NHỰT
NHÂN ĐẠO VÔ TƯ
TRUNG LẬP ĐỘC LẬP
TỰ NGUYỆN THỐNG NHẤT TOÀN CẦU


CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập – Tự do – Hạnh phúc
THƯ CÁM ƠN
BAN CHẤP HÀNH
HỘI CHỮ THẬP ĐỎ TỈNH TIỀN GIANG
Chân thành cám ơn
CÔNG TY TNHH NHỰA CÂY TRUNG BỘ (VIỆT NAM)
KCN Đại Đăng, phường Phú Tân, thành phố Thủ Dầu Một, tỉnh Bình Dương
Đã tài trợ chương trình chợ "Tết Nhân Ái"
cho hộ nghèo xã Lương Hòa Lạc, huyện Chợ Gạo, tỉnh Tiền Giang
Tiền Giang, ngày 18 tháng 12 năm 2022
TM. THƯỜNG TRỰC TỈNH HỘI
CHỦ TỊCH
Phan Đức Thanh
NHÂN ĐẠO - VÔ TƯ
TRUNG LẬP - ĐỘC LẬP
TỰ NGUYỆN - THỐNG NHẤT - TOÀN CẦU

The Group understands that it is important to fulfill the needs of different stakeholders in achieving social corporate responsibility and is committed to understanding the needs of the community where the Group operates and actively making contributions in promoting sustainable development.

The English names or words in the ESG Report, where indicated, are included for information purpose only, and should not be regarded as its official English translation of such Chinese names or words.

Looking ahead, the Group will continue to enhance community investment policies in order to demonstrate a more specific management strategy and measures to employees.

Awards

During the reporting period, the Group mainly received the following awards, which affirmed our performance:

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ieong Un ("Mr. Ieong"), aged 69, 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 69, 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 69, 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 30 years' experience of overseeing the operation of accounting and finance departments. Prior to joining the Group in 2000, he was the manager of finance and accounts department of Yaohan Department Store (H.K.) Limited in Hong Kong from 1984 to 1997. He joined Noble City Holdings Limited, a holding company carrying out construction materials related business in the PRC, as a finance manager from 1998 to 2000. Mr. KL Ip obtained a bachelor degree in business from Tamkang University (Taiwan) in 1977.

Mr. Stephen Graham Prince ("Mr. Prince"), aged 61, 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 graduated from Audrey Cohen College in the U.S. with a bachelor of business administration degree in 1992 and obtained a master degree of business administration from Fordham University in 2001.

Independent Non-executive Directors

Mr. Chan Wing Yau George ("Mr. Chan"), aged 68, 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, the managing director of Shun Loong Securities Company Limited and an independent non-executive director of Weiqiao Textile Company Limited (Stock code: 2698), a company listed on the Main Board of the Stock Exchange. 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 58, 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 53, 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 the director of a business consultancy firm.

SENIOR MANAGEMENT

Mr. Zheng Guo Liang ("Mr. Zheng"), aged 60, 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 54, 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.

Mr. Zhong Xuan Feng ("Mr. Zhong"), aged 53, 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 degree in business administration from Hong Kong Baptist University in 2008.

Mr. Shum Hoi Luen ("Mr. Shum"), aged 48, 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.

[##] 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.

REPORT OF THE DIRECTORS

The Directors present their annual report of the Company and the audited financial statements of the Group during the year ended 30 September 2023.

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 43 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 2023 and the Group's financial position as at 30 September 2023 are set out in the consolidated financial statements on pages 58 to 119 .

For the year ended 30 September 2023, the Board has resolved to recommend the payments of a final dividend of HK3.3 cents (year ended 30 September 2022: HK4.3 cents) per ordinary share to the Shareholders and a special dividend of HK0.8 cents (year ended 30 September 2022: HK$Nil) per ordinary share to the Shareholders (both will be subject to approval by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2023). Interim dividend for the six months ended 31 March 2023 of HK2.4 cents (six months ended 31 March 2022: HK1.9 cents) per ordinary share to the Shareholders was declared on 29 May 2023 and paid on 27 June 2023. Including the interim dividend for the six months ended 31 March 2023 of HK2.4 cents (six months ended 31 March 2022: HK1.9 cents) per ordinary share to the Shareholders already paid, the total dividend for the year ended 30 September 2023 will amount to HK6.5 cents (year ended 30 September 2022: HK6.2 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 120 of this annual report. This summary does not form part of the audited consolidated financial statements.

DONATION

During the year ended 30 September 2023, charitable donation made by the Group amounted to approximately HK$8,000 (year ended 30 September 2022: 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 2023 are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

During the year ended 30 September 2023, the Company did not issue any shares (year ended 30 September 2022: Nil). Details of movements in the Company's authorised or issued share capital during the year ended 30 September 2023 are set out in note 34 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 2023.

No equity-linked agreements were entered into during the year ended 30 September 2023 or subsisted at the end of the year ended 30 September 2023.

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 2023, 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 2023, calculated under the Companies Act (As Revised), Cap. 22 of the Cayman Islands, amounted to approximately HK$186,605,000 (2022: approximately HK$151,672,000). 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 45% of the Group's total revenue and sales to the largest customer accounted for approximately 22% of the Group's total revenue during the year ended 30 September 2023.

The aggregate purchases from the five largest suppliers of the Group accounted for approximately 36% of the Group's total purchases and purchases from the largest supplier accounted for approximately 13% of the Group's total purchases during the year ended 30 September 2023.

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

In accordance with Article 84 of the Articles, Mr. Ieong Un and Mr. Stephen Graham Prince, being the executive Directors, and Mr. Chan Wing Yau George, being an independent non-executive Director, will retire from office by rotation at the 2023 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 2023 AGM.

Subsequent to the date of this annual report, Ms. Li will be appointed as an independent non-executive Director with effect from 29 December 2023. Pursuant to Article 83(3) of the Articles, Ms. Li will hold office only until the 2023 AGM and will then be eligible for re-election as an independent non-executive Director at the 2023 AGM.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his 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 subsequent to the date of the interim report of the Company for the six months ended 31 March 2023 are set out below:

- Mr. Simon Luk resigned as an independent non-executive director of Link Holdings Limited (Stock code: 8237), a company listed on GEM of the Stock Exchange, with effect from 14 July 2023.

Save as disclosed above, 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 44 to 45 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the 2023 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 2023 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 41 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 2023 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 2023, 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 2023, 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 2023, 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 2023, 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 2023, 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 2023.

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 2023 and up to the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

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 2023 AGM is scheduled to be held on Monday, 26 February 2024. The notice convening the 2023 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 2023 AGM, the register of members of the Company will be closed from Wednesday, 21 February 2024 to Monday, 26 February 2024, 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 2023 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, 20 February 2024.

For determining the entitlements of the proposed final dividend and proposed special dividend, the register of members of the Company will be closed from Friday, 1 March 2024 to Monday, 4 March 2024, both days inclusive, during which period no transfer of Shares shall be effected. In order to qualify for the proposed final dividend and proposed special 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, 29 February 2024.

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 2023 have been audited by RSM Hong Kong, who will retire at the 2023 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 2023 AGM.

On behalf of the Board

Ip Ka Lun
Executive Director

Hong Kong, 28 December 2023

INDEPENDENT AUDITOR'S REPORT

RSM

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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 58 to 119, which comprise the consolidated statement of financial position as at 30 September 2023, 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 a summary of significant accounting policies.

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 2023, 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 2023, the Group had gross trade and bills receivables of approximately HK$179,809,000 and allowances for doubtful debts of approximately HK$17,814,000. 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

28 December 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Revenue	8	**671,750**	862,101
Cost of goods sold		**(462,644)**	(638,921)
Gross profit		**209,106**	223,180
Other income	9	**8,568**	4,529
Gain on disposal of assets classified as held for sale		**840**	32,692
Changes in fair value of investment properties		**–**	(600)
Other gains and losses, net	10	**(109)**	2,817
Reversal of allowances/(allowances) for trade, bills and other receivables, net		**1,756**	(7,970)
Selling and distribution costs		**(51,521)**	(51,831)
Administrative expenses		**(87,143)**	(92,546)
Profit from operations		**81,497**	110,271
Finance costs	11	**(2,908)**	(825)
Share of profits of associates	23	**2,459**	1,384
Profit before tax		**81,048**	110,830
Income tax expense	12	**(13,994)**	(9,480)
Profit for the year attributable to owners of the Company	13	**67,054**	101,350
Earnings per share	17		
– Basic		**HK11.90 cents**	HK17.99 cents
– Diluted		**Not applicable**	Not applicable

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2023

	2023 **HK$'000**	2022 HK$'000
Profit for the year attributable to owners of the Company	**67,054**	101,350
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**")	**291**	(1,199)
Items that may be reclassified to profit or loss:		
Fair value changes of debt instruments at FVTOCI	**563**	(651)
Exchange differences on translating foreign operations	**(4,025)**	(14,283)
	(3,462)	(14,934)
Other comprehensive income for the year, net of tax	**(3,171)**	(16,133)
Total comprehensive income for the year attributable to owners of the Company	**63,883**	85,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment properties	18	**3,800**	3,800
Property, plant and equipment	19	**73,889**	82,575
Right-of-use assets	20	**37,872**	14,181
Intangible assets	21	**6,262**	1,790
Investments in associates	23	**8,540**	6,126
Club debentures		**1,080**	1,080
Financial assets at FVTOCI	24	**4,547**	3,693
Prepayment for acquisition of right-of-use assets		**–**	25,519
Deposits for acquisition of property, plant and equipment		**8,811**	614
Total non-current assets		**144,801**	139,378
Current assets			
Inventories	25	**49,853**	128,239
Trade, bills and other receivables	26	**178,098**	278,684
Debt instruments at amortised cost	27	**7,102**	–
Restricted bank deposits	28	**18,749**	16,083
Bank and cash balances	28	**346,392**	135,238
Total current assets		**600,194**	558,244
Current liabilities			
Trade, bills and other payables	30	**108,185**	139,344
Lease liabilities	31	**2,947**	3,256
Bank loans	32	**85,000**	30,000
Current tax liabilities		**28,071**	28,615
Total current liabilities		**224,203**	201,215
Net current assets		**375,991**	357,029
Total assets less current liabilities		**520,792**	496,407

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Note	**2023 HK$'000**	2022 HK$'000
Non-current liabilities			
Lease liabilities	31	**1,311**	3,395
Deferred tax liabilities	33	**6,061**	5,731
Total non-current liabilities		**7,372**	9,126
Net assets		**513,420**	487,281
Capital and reserves			
Share capital	34	**5,634**	5,634
Reserves		**507,786**	481,647
Total equity		**513,420**	487,281

Approved by the Board of Directors on 28 December 2023 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 2023

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Special reserve HK$'000 (Note 36(b)(i))	Revaluation reserve HK$'000 (Note 36(b)(ii))	Foreign currency translation reserve HK$'000 (Note 36(b)(iii))	Legal reserve HK$'000 (Note 36(b)(iv))	Statutory surplus reserve fund HK$'000 (Note 36(b)(v))	Financial assets at FVTOCI reserve HK$'000 (Note 36(b)(vi))	Retained profits HK$'000	Total HK$'000
At 1 October 2021	5,634	123,757	857	1,097	3,000	(16,938)	503	2,814	–	307,818	428,542
Profit for the year	–	–	–	–	–	–	–	–	–	101,350	101,350
Other comprehensive income for the year	–	–	–	–	–	(14,283)	–	–	(1,850)	–	(16,133)
Total comprehensive income for the year	–	–	–	–	–	(14,283)	–	–	(1,850)	101,350	85,217
Transfer upon disposal	–	–	–	–	(3,000)	–	–	–	–	3,000	–
Dividends (Note 16)	–	–	–	–	–	–	–	–	–	(26,478)	(26,478)
	–	–	–	–	(3,000)	–	–	–	–	(23,478)	(26,478)
At 30 September 2022	5,634	123,757	857	1,097	–	(31,221)	503	2,814	(1,850)	385,690	487,281
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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2023

	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**81,048**	110,830
Adjustments for:		
Interest income on bank deposits	**(4,699)**	(544)
Interest income on debt securities at FVTOCI	**(113)**	(94)
Interest income on certificates of deposit	**(241)**	–
Dividend income from equity securities at FVTOCI	**(260)**	(250)
Finance costs	**2,908**	825
Amortisation of intangible assets	**42**	42
Depreciation on right-of-use assets	**3,339**	2,817
Depreciation on property, plant and equipment	**11,775**	12,817
Allowance for inventories	**3,002**	1,719
(Reversal of allowances)/allowances for trade, bills and other receivable	**(1,756)**	7,970
Share of profits of associates	**(2,459)**	(1,384)
Gain on disposal of assets classified as held for sale	**(840)**	(32,692)
(Gain)/loss on disposal of property, plant and equipment	**(549)**	4
Gain on modification of a lease contract	**–**	(11)
Loss on termination of a lease contract	**–**	14
Written off of property, plant and equipment	**3**	662
Changes in fair value of investment properties	**–**	600
Operating profit before working capital changes	**91,200**	103,325
Decrease/(increase) in inventories	**75,384**	(30,216)
Decrease/(increase) in trade, bills and other receivables	**101,129**	(112,566)
(Decrease)/increase in trade, bills and other payables	**(32,534)**	42,090
Cash generated from operations	**235,179**	2,633
Income taxes paid	**(13,782)**	(6,061)
Interest on lease liabilities	**(155)**	(118)
Net cash generated from/(used in) operating activities	**221,242**	(3,546)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2023

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from bank deposits		**3,585**	544
Interest received from debt securities at FVTOCI		**113**	94
Interest received from certificates of deposit		**76**	–
Dividend received from equity securities at FVTOCI		**260**	250
Purchases of property, plant and equipment		**(6,647)**	(4,694)
Deposits paid for acquisition of property, plant and equipment		**(8,197)**	(614)
Prepayment for acquisition of right-of-use assets		**–**	(25,519)
Purchases of debt instruments at amortised cost		**(13,131)**	–
Proceeds from debt instruments at amortised cost		**6,194**	–
Purchases of intangible assets		**(1,735)**	–
Purchases of financial assets at FVTOCI		**–**	(5,543)
Payment for right-of-use assets		**(1,297)**	–
Gross proceeds from disposal of assets classified as held for sale		**538**	93,000
Proceeds from disposal of property, plant and equipment		**2,186**	11
(Increase)/decrease in time deposits with maturities of over three months but less than one year		**(12,836)**	1,005
(Increase)/decrease in restricted bank deposits		**(2,666)**	1,245
Net cash (used in)/generated from investing activities		**(33,557)**	59,779
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid on bank loans		**(2,264)**	(707)
Dividends paid	16	**(37,744)**	(26,478)
Inception of bank loans		**60,000**	30,000
Repayment of bank loans		**(5,000)**	(37,805)
Payment of lease liabilities	37(b)	**(3,373)**	(3,233)
Net cash generated from/(used in) financing activities		**11,619**	(38,223)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**199,304**	18,010
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(986)**	(11,432)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**133,062**	126,484
CASH AND CASH EQUIVALENTS AT END OF YEAR		**331,380**	133,062
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**346,392**	135,238
Less: Time deposits with maturities of over three months but less than one year		**(15,012)**	(2,176)
		331,380	133,062

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, 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 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 (the "**Listing Rules**") on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Company and its subsidiaries (collectively the "**Group**") are disclosed below.

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 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

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

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

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 October 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	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 HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 – Insurance Contracts	1 January 2023
Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules	1 January 2023 (except for HKAS 12 paragraphs 4A and 88A which are immediately effective upon issue of the amendments)
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
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKFRS 7 and HKAS 7 – Financial Instruments – Disclosures – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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 significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Hong Kong dollars, 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

Property, plant and equipment are 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.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

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 and 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 property 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 the 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(t).

(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.

(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 which, for the Group are primarily office furniture. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases (Continued)

(i) The Group as a lessee (Continued)

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).

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases (Continued)

(i) The Group as a lessee (Continued)

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 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial assets (Continued)

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**").

(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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

(o) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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, has the primary responsibility when on selling the goods and bears 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue and other income (Continued)

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 allowance) 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.

(u) 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.

(v) Borrowing costs

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

(w) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits 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.

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.

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.

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. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Taxation (Continued)

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.

(y) 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.

(z) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Impairment of financial assets (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Impairment of financial assets (Continued)

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.

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 amount 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) 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.

(bb) 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.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Critical judgements in applying accounting policies (Continued)

(b) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the Directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

(c) 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.

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) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 30 September 2023 was approximately HK$73,889,000 (2022: HK$82,575,000).

(b) 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 2023, approximately HK$13,994,000 (2022: HK$9,480,000) of income tax was charged to profit or loss based on the estimated profit.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair value of the investment properties. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The Directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment properties as at 30 September 2023 was HK$3,800,000 (2022: HK$3,800,000).

(d) 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 note 26 to the consolidated financial statements.

As at 30 September 2023, the carrying amount of trade and bills receivables was approximately HK$161,995,000 (net of allowances for doubtful debts of HK$17,814,000) (2022: HK$254,436,000 (net of allowances for doubtful debts of HK$17,814,000)).

(e) Allowance for slow-moving inventories and net realisable value of inventories

Allowance 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 allowance 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 2023 was approximately HK$49,853,000 (2022: HK$128,239,000).

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 2023, 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$988,000 (2022: HK$683,000) 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$988,000 (2022: HK$683,000) 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 2023, 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$186,000 (2022: HK$5,782,000) 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$186,000 (2022: HK$5,782,000) 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 2023, 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$519,000 (2022: HK$937,000) 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$519,000 (2022: HK$937,000) lower, arising mainly as a result of the foreign exchange loss on trade and bills receivables and bank and cash balances denominated in USD.

At 30 September 2023, 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$3,296,000 (2022: HK$2,464,000) 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$3,296,000 (2022: HK$2,464,000) 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 investment in equity securities. 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 (2022: 10% higher/lower), other comprehensive income for the year ended 30 September 2023 would increase/decrease by HK$307,000 (2022: HK$280,000) as a result of the changes in fair value of 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 30 September 2023, the Group had certain concentrations of credit risk as 18% (2022: 20%) and 44% (2022: 49%) of the Group's trade receivables were due from the Group's largest customer and 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 allowance 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 2023 and 2022:

		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**

		2022	
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowances HK$'000
Current (not past due)	4.08%	189,928	7,744
1–30 days past due	5.56%	65,292	3,632
31–60 days past due	7.11%	2,080	148
61–90 days past due	11.26%	6,918	779
More than 90 days past due	68.61%	8,032	5,511
		272,250	17,814

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade and bills receivables (Continued)

Expected loss rates are based on actual loss experience over the past 7 (2022: 6) 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.

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

	HK$'000
At 1 October 2021	11,445
Net impairment losses recognised for the year	9,000
Amounts written off during the year	(2,631)
At 30 September 2022, 1 October 2022 and 30 September 2023	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:

	HK$'000
At 1 October 2021	7,229
Impairment loss reversed during the year	(1,030)
Amounts written off during the year	(150)
Exchange difference	110
At 30 September 2022 and 1 October 2022	6,159
Impairment loss reversed during the year	(1,756)
Exchange difference	(76)
At 30 September 2023	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 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**
At 30 September 2022					
Trade, bills and other payables	–	139,344	–	–	139,344
Lease liabilities	–	3,337	3,036	386	6,759
Bank loans (Note)	30,000	–	–	–	30,000
	30,000	142,681	3,036	386	176,103

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 2023, the aggregate undiscounted principal amounts of these bank loans amounted to HK$85,000,000 (2022: HK$30,000,000). 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 one year 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$90,976,000 (2022: HK$30,826,000).

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 (2022: 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:

	2023 **HK$'000**	2022 HK$'000
(Decrease)/increase in consolidated profit after tax for the year	**(160)**	1

(f) Categories of financial instruments

	2023 **HK$'000**	2022 HK$'000
Financial assets		
Financial assets measured at FVTOCI:		
Debt instruments	**1,477**	914
Equity instruments	**3,070**	2,779
Financial assets measured at amortised cost	**541,357**	408,466
Financial liabilities		
Financial liabilities measured at amortised cost	**193,185**	169,344

(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 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**

Disclosures of level in fair value hierarchy at 30 September 2022:

	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	2,779	–	–	2,779
Listed debt securities	–	914	–	914
	2,779	914	–	3,693
Investment properties				
Office units – the PRC	–	–	3,800	3,800
Total	2,779	914	3,800	7,493

7. FAIR VALUE MEASUREMENTS (Continued)

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

Description	Investment properties 2023 HK$'000	2022 HK$'000
At beginning of year	**3,800**	4,400
Total losses recognised in profit or loss (#)	**–**	(600)
At end of year	**3,800**	3,800
(#) Include losses for assets held at end of reporting period	**–**	(600)

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 2023:

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 2023: (Continued)

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value 2023 HK$'000	Fair value 2022 HK$'000
Debt securities	Executable and indicative quotes from multiple contributors	N/A	**1,477**	914

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2023 HK$'000	Fair value 2022 HK$'000
Office units located in the PRC	Income approach	Time difference	–1.1% to 0% (2022: –1.8% to 0.3%)	Increase	**3,800**	3,800
		Size difference	–7.2% to –3.4% (2022: –6.7% to –6.6%)	Increase		
		Market quote adjustment factor	–15% (2022: –10%)	Increase		
		Market yield	4.8% to 5.4% (2022: 5.1% to 5.6%)	Decrease		
		Floor level difference	–3% to 0% (2022: –3% to 3%)	Increase		
		Location difference	–10% to 0% (2022: –10% to 0%)	Increase		

During the years ended 30 September 2023 and 2022, 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 vulcanized 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.

	2023	2022
	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	**671,750**	862,101

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

	2023	2022
	HK$'000	HK$'000
Revenue		
– PRC	**92,531**	124,316
– Socialist Republic of Vietnam ("**Vietnam**")	**433,286**	545,749
– The Republic of Indonesia ("**Indonesia**")	**82,309**	92,670
– The People's Republic of Bangladesh	**63,624**	99,366
	671,750	862,101

During the year, there was a customer contributing revenue of approximately HK$145,977,000 (2022: HK$205,407,000) which accounted for approximately 22% (2022: 24%) 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:

	2023	2022
	HK$'000	HK$'000
PRC	**35,236**	35,859
Macau	**7,942**	5,906
Vietnam	**58,782**	64,676
Indonesia	**35,894**	27,602
Others	**2,400**	1,642
	140,254	135,685

9. OTHER INCOME

	2023 **HK$'000**	2022 HK$'000
Interest income on bank deposits	**4,669**	544
Interest income on certificates of deposit	**241**	–
Interest income on debt securities at FVTOCI	**113**	94
Dividend income from equity securities at FVTOCI	**260**	250
Income from sale of scrap materials	**1,234**	1,805
Government grants (note)	**883**	645
Gross rental income from investment properties	**811**	909
Others	**357**	282
	8,568	4,529

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

	2023 **HK$'000**	2022 HK$'000
Exchange (losses)/gains, net	**(646)**	3,518
Gain/(loss) on disposal of property, plant and equipment	**549**	(4)
Written off of property, plant and equipment	**(3)**	(662)
Gain on modification of a lease contract	**–**	11
Loss on termination of a lease contract	**–**	(14)
Others	**(9)**	(32)
	(109)	2,817

11. FINANCE COSTS

	2023 **HK$'000**	2022 HK$'000
Interest on lease liabilities	**155**	118
Interest on bank loans	**2,753**	707
	2,908	825

12. INCOME TAX EXPENSE

	2023 **HK$'000**	2022 HK$'000
Current tax		
Provision for the year		
– Macau Complementary Tax	**13,575**	17,715
– Vietnam Enterprise Income Tax ("**Vietnam EIT**")	**1,399**	359
– Indonesian Corporate Income Tax ("**Indonesian CIT**")	**1,782**	673
	16,756	18,747
Over-provision in prior years		
– Macau Complementary Tax	**(3,034)**	(4,841)
	13,722	13,906
Deferred tax (note 33)	**272**	(4,426)
	13,994	9,480

PRC Enterprise Income Tax ("**PRC EIT**"), Macau Complementary Tax, Vietnam EIT, Indonesian CIT and Singapore Corporate Income Tax ("**Singapore 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 in the PRC as described below, other subsidiaries in the PRC are subject to PRC EIT at a rate of 25% (2022: 25%) during the year ended 30 September 2023. No provision for PRC EIT has been made as other subsidiaries in the PRC have no assessable profits during the years ended 30 September 2023 and 2022.

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% (2022: 15%) during the year ended 30 September 2023. No provision for PRC EIT has been made as Zhuhai Centresin has sufficient tax losses brought forward to set off against current year's assessable profits during the years ended 30 September 2023 and 2022.

[##] 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 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 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 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 assessable profits above MOP600,000 during the years ended 30 September 2023 and 2022, respectively.

Pursuant to the relevant laws and regulations in Vietnam, entities in Vietnam engaged in qualified expansion investment projects are eligible for Vietnam EIT exemption for the first year to the second year, and a 50% reduction for the third year to the sixth year starting from the year in which the entities first generate income from the expansion investment projects, on the assessable profits from such expansion investment projects. Zhong Bu Adhesive (Vietnam) Co., Ltd., a subsidiary of the Company in Vietnam, was entitled to the tax incentive for its expansion investment project from 2017 to 2022. The remaining assessable profits that are not generated from these expansion investment projects, is subject to Vietnam EIT at a standard tax rate of 20% (2022: 20%) during the year ended 30 September 2023.

Pursuant to the relevant laws and regulations in Indonesia, subsidiaries of the Company in Indonesia are subject to Indonesian CIT at 22% (2022: 22%) during the year ended 30 September 2023.

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% (2022: 17%) during the year ended 30 September 2023. No provision for Singapore CIT has been made as Zhong Bu Singapore has no assessable profits during the years ended 30 September 2023 and 2022.

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 2023 and 2022.

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

	2023 **HK$'000**	2022 HK$'000
Profit before tax	**81,048**	110,830
Tax at Macau Complementary Tax rate of 12% (2022: 12%)	**9,726**	13,300
Tax effect of expenses that are not deductible	**5,471**	3,036
Tax effect of income that is not taxable	**(1,307)**	(676)
Tax effect of tax exemption and tax concession granted to certain subsidiaries	**(224)**	(70)
Tax effect of tax losses not recognised	**2,905**	3,232
Utilisation of tax losses not previously recognised	**(317)**	(5,578)
Dividend withholding tax	**272**	2,010
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(833)**	2,156
Over-provision in prior years	**(3,034)**	(4,841)
Tax effect of temporary difference not recognised	**1,335**	(3,089)
Income tax expense	**13,994**	9,480

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:

	2023 HK$'000	2022 HK$'000
Auditor's remuneration		
– audit service	**1,160**	1,160
– non-audit services	**502**	706
Amortisation of intangible assets	**42**	42
Allowances for inventories	**3,002**	1,719
Cost of inventories recognised as expenses	**441,523**	628,865
Depreciation on property, plant and equipment	**11,775**	12,817
Depreciation on right-of-use assets	**3,339**	2,817
Royalty fees included in cost of goods sold	**2,183**	2,154
Research and development expenses	**3,438**	3,644
Short-term lease expenses	**4,050**	2,471
(Reversal of allowances)/allowances for trade, bills and other receivables, net	**(1,756)**	7,970
Gross property rental income before deduction of outgoings	**(811)**	(909)
Less: Outgoings	**–**	93
	(811)	(816)

Cost of goods sold includes employee benefits expense (excluding Directors' emoluments), depreciation and short-term lease expenses of approximately HK$20,445,000 (2022: HK$20,352,000) which are included in the amounts disclosed separately above or in note 14 for each of these types of expenses.

14. EMPLOYEE BENEFITS EXPENSE

	2023 HK$'000	2022 HK$'000
Employee benefits expense (excluding Directors' emoluments):		
Salaries, bonuses and allowances	**68,489**	70,318
Retirement benefit scheme contributions	**6,367**	6,588
	74,856	76,906

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 (2022: four) Directors whose emoluments are reflected in the analysis presented in note 15(a). The emoluments of the remaining one (2022: one) individual are set out below:

	2023 **HK$'000**	2022 HK$'000
Basic salaries and allowances	**792**	792
Discretionary bonus	**1,214**	873
Retirement benefit scheme contributions	**63**	69
	2,069	1,734

The emoluments fell within the following band:

	Number of individuals **2023**	2022
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**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 (2022: 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)*	**–**	**5,404**	**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**

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)*	–	5,055	3,009	–	404	8,468
Mr. Ip Chin Wing	–	1,815	331	22	145	2,313
Mr. Ip Ka Lun	–	1,815	178	–	145	2,138
Mr. Stephen Graham Prince	–	1,815	257	107	145	2,324
Mr. Chan Wing Yau George	144	–	–	–	–	144
Mr. Simon Luk	144	–	–	–	–	144
Mr. Tong Hing Wah	144	–	–	–	–	144
Total for the year ended 30 September 2022	432	10,500	3,775	129	839	15,675

Neither the chief executive nor any of the Directors waived any emoluments during the year (2022: 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

	2023 HK$'000	2022 HK$'000
Interim dividend for the year ended 30 September 2023 declared and paid – HK2.4 cents (year ended 30 September 2022: HK1.9 cents declared and paid) per ordinary share	**13,520**	10,704
Final dividend for the year ended 30 September 2022 approved and paid – HK4.3 cents (year ended 30 September 2021: HK2.3 cents approved and paid) per ordinary share	**24,224**	12,957
Special dividend for the year ended 30 September 2022 approved and paid – HK$Nil (year ended 30 September 2021: HK0.5 cents approved and paid) per ordinary share	**–**	2,817
	37,744	26,478

Subsequent to the end of the reporting period, a final dividend of HK3.3 cents per ordinary share totalling approximately HK$18,590,000 and a special dividend of HK0.8 cents per ordinary share totalling approximately HK$4,507,000, in respect of the year ended 30 September 2023, have 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:

	2023	2022
	HK$'000	HK$'000
Earnings		
Profit for the purpose of calculating basic earnings per share	**67,054**	101,350

	2023	2022
	'000	'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 2023 and 2022.

18. INVESTMENT PROPERTIES

	HK$'000
At 1 October 2021	4,400
Net decrease in fair value recognised in profit or loss during the year	(600)
At 30 September 2022, 1 October 2022 and 30 September 2023	3,800

Investment properties were revalued at 30 September 2023 and 2022 by Ascent Partners Valuation Service Limited, an independent firm of chartered surveyors.

Valuation for 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 2021	69,569	11,358	7,502	5,977	93,044	1,460	188,910
Additions	–	504	–	–	536	3,654	4,694
Transfers	94	108	–	–	2,306	(2,508)	–
Disposals	–	–	–	–	(153)	–	(153)
Written off	–	(1,332)	–	–	(1,008)	–	(2,340)
Exchange difference	(3,591)	(676)	(172)	(116)	(3,935)	(22)	(8,512)
At 30 September 2022 and 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	62,445	10,846	7,731	5,817	91,574	4,169	182,582
Accumulated depreciation							
At 1 October 2021	24,886	8,584	6,187	5,105	49,241	–	94,003
Charge for the year	3,152	1,499	401	319	7,446	–	12,817
Disposals	–	–	–	–	(138)	–	(138)
Written off	–	(771)	–	–	(907)	–	(1,678)
Exchange difference	(1,691)	(566)	(88)	(109)	(2,526)	–	(4,980)
At 30 September 2022 and 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	27,875	9,289	6,845	5,454	59,230	–	108,693
Carrying amount							
At 30 September 2023	34,570	1,557	886	363	32,344	4,169	73,889
At 30 September 2022	39,725	1,216	830	546	37,674	2,584	82,575

20. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	**Leased properties** HK$'000	**Total** HK$'000
At 1 October 2021	10,952	3,124	14,076
Additions	–	3,718	3,718
Depreciation	(402)	(2,415)	(2,817)
Modification of a lease contract	–	(23)	(23)
Termination of a lease contract	–	(519)	(519)
Exchange difference	(107)	(147)	(254)
At 30 September 2022 and 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	35,302	2,570	37,872

As at 30 September 2023, lease liabilities of approximately HK$4,258,000 (2022: HK$6,651,000) are recognised with related right-of-use assets of approximately HK$2,570,000 (2022: HK$3,738,000) as at 30 September 2023. 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 (2022: one) of the lease agreements was guaranteed by the Company as at 30 September 2023.

	2023 **HK$'000**	2022 HK$'000
Depreciation expenses on right-of-use assets	**3,339**	2,817
Interest on lease liabilities	**155**	118
Expenses relating to short-term lease (included in cost of goods sold, selling and distribution costs and administrative expenses)	**4,050**	2,471

Details of total cash outflow for leases are set out in note 37(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 (2022: 2.4 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.

20. RIGHT-OF-USE ASSETS (Continued)

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$'000	**Club membership** HK$'000	**Formula rights** HK$'000	**Total** HK$'000
Cost				
At 1 October 2021	–	2,669	1,600	4,269
Exchange difference	–	(19)	–	(19)
At 30 September 2022 and 1 October 2022	–	2,650	1,600	4,250
Additions	4,657	–	–	4,657
Exchange difference	(98)	(53)	–	(151)
At 30 September 2023	4,559	2,597	1,600	8,756
Accumulated amortisation and impairment losses				
At 1 October 2021	–	820	1,600	2,420
Amortisation	–	42	–	42
Exchange difference	–	(2)	–	(2)
At 30 September 2022 and 1 October 2022	–	860	1,600	2,460
Amortisation	–	42	–	42
Exchange difference	–	(8)	–	(8)
At 30 September 2023	–	894	1,600	2,494
Carrying amount				
At 30 September 2023	4,559	1,703	–	6,262
At 30 September 2022	–	1,790	–	1,790

The average remaining amortisation period of the club memberships with finite useful lives and software are ranging from 32 to 34 years (2022: 33 to 35 years) and 10 years (2022: Nil) 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 2023 are as follows:

Name of subsidiary	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)	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 administrative 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 SGD1 each	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 2023, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK$4,462,000 (2022: HK$2,105,000). 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.

23. INVESTMENTS IN ASSOCIATES

	2023 HK$'000	2022 HK$'000
Unlisted investments:		
Share of net assets	**11,039**	8,625
Goodwill	**1**	1
	11,040	8,626
Accumulated impairment losses	**(2,500)**	(2,500)
	8,540	6,126

Details of the Group's associates at 30 September 2023 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% (2022: 40%)
Hunan Honestone New Energy Co., Ltd.##	PRC	Paid-up capital – RMB2,511,000	30% (2022: 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.

	2023 HK$'000	2022 HK$'000
At 30 September:		
Carrying amounts of interests	**8,540**	6,126
Year ended 30 September:		
Profit for the year and total comprehensive income	**2,459**	1,384

24. FINANCIAL ASSETS AT FVTOCI

	2023 HK$'000	2022 HK$'000
Listed investments, at fair value		
Equity securities	**3,070**	2,779
Debt securities	**1,477**	914
	4,547	3,693

\## 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.

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:

	2023 **HK$'000**	2022 HK$'000
HK$	**3,070**	2,779
USD	**1,477**	914
	4,547	3,693

Equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

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

	2023 **HK$'000**	2022 HK$'000
Raw materials	**34,620**	94,985
Finished goods	**15,233**	33,254
	49,853	128,239

26. TRADE, BILLS AND OTHER RECEIVABLES

	2023 **HK$'000**	2022 HK$'000
Trade receivables	**168,950**	257,301
Bills receivables	**10,859**	14,949
Allowances for doubtful debts	**(17,814)**	(17,814)
	161,995	254,436
Value-added tax recoverable	**6,478**	14,327
Other receivables	**7,119**	2,709
Prepayments and deposits	**2,506**	7,212
	178,098	278,684

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

26. TRADE, BILLS AND OTHER RECEIVABLES (Continued)

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

	2023 **HK$'000**	2022 HK$'000
0 to 90 days	**130,128**	211,053
91 to 180 days	**30,823**	42,782
181 to 365 days	**1,044**	601
	161,995	254,436

As at 30 September 2023, allowances were made for estimated irrecoverable trade and bills receivables of approximately HK$17,814,000 (2022: 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:

	2023 **HK$'000**	2022 HK$'000
USD	**138,614**	221,972
RMB	**29,136**	42,053
IDR	**7,451**	4,173
HK$	**539**	482
Others	**4,069**	3,570
	179,809	272,250

27. DEBT INSTRUMENTS AT AMORTISED COST

	2023 **HK$'000**	2022 HK$'000
Certificates of deposit	**7,102**	–

The Group's debt instruments at amortised cost represent debt securities that are issued by financial institutions and carry fixed interest at 3.8% – 5.0% per annum, payable annually, and will mature from 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 2023 to be approximately 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

	2023 **HK$'000**	2022 HK$'000
Restricted bank deposits (Note (a))	**18,749**	16,083
Time deposits with maturities of over three months but less than one year (Note (b))	**15,012**	2,176
Cash and cash equivalents	**331,380**	133,062
	365,141	151,321

Notes:

(a) The Group's restricted bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 30 and note 32 to the consolidated financial statements.

(b) Short-term time deposits were made for a period of six to twelve (2022: nine) months at an interest rate of 3.00% to 5.09% (2022: 0.10%) per annum.

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

	2023 **HK$'000**	2022 HK$'000
HK$	**111,810**	46,012
USD	**230,973**	87,424
RMB	**4,482**	2,126
VND	**9,380**	5,240
Others	**8,496**	10,519
	365,141	151,321

As at 30 September 2023, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$4,482,000 (2022: HK$2,126,000). 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.

29. ASSETS CLASSIFIED AS HELD FOR SALE

	2023 HK$'000	2022 HK$'000
Investment in an associate (Note)	**–**	–

Note:

On 30 September 2021, a wholly-owned subsidiary of the Company (the "**Transferor**"), entered into a sale and purchase agreement with the controlling party (the "**Transferee**") of Blue Sky Energy Efficiency Company Limited, pursuant to which the Transferor agreed to sell (the "**Share Transfer**") the 40% equity interest of Blue Sky Energy Efficiency Company Limited held by the Group, to the Transferee at a consideration of RMB700,000 (equivalent to HK$840,000). Subsequently, since 27 October 2021, several supplemental agreements had been entered into between the parties to extend the completion date of the Share Transfer to on or before 31 March 2023. As at 30 September 2022, the deposits made by the Transferee were approximately RMB252,000 (equivalent to HK$302,000). Upon receipt of the balance of consideration, the Share Transfer was completed on 29 June 2023.

As at 30 September 2022, the carrying amount of the investment in the Blue Sky Energy Efficiency Company Limited and its subsidiaries held by the Group was HK$Nil.

30. TRADE, BILLS AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables	**33,065**	49,541
Bills payables – secured (Note (a))	**3,490**	9,760
	36,555	59,301
Amount due to an associate (Note (b))	**2,090**	3,296
Accruals	**69,540**	76,747
	108,185	139,344

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:

	2023 HK$'000	2022 HK$'000
0 to 90 days	**36,503**	59,301
91 to 180 days	**52**	–
	36,555	59,301

30. TRADE, BILLS AND OTHER PAYABLES (Continued)

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

	2023 HK$'000	2022 HK$'000
RMB	**15,813**	18,809
USD	**9,940**	33,874
VND	**9,396**	3,899
Others	**1,406**	2,719
	36,555	59,301

31. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2023 **HK$'000**	2022 HK$'000	**2023** **HK$'000**	2022 HK$'000
Within one year	**3,045**	3,337	**2,947**	3,256
In the second to fifth years, inclusive	**1,355**	3,422	**1,311**	3,395
	4,400	6,759	**4,258**	6,651
Less: Future finance charges	**(142)**	(108)	**–**	–
Present value of lease obligations	**4,258**	6,651	**4,258**	6,651
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(2,947)**	(3,256)
Amount due for settlement after 12 months			**1,311**	3,395

The incremental borrowing rates applied to lease liabilities range from approximately 0.78% to 11.27% (2022: from 0.78% to 3.29%) per annum.

31. LEASE LIABILITIES (Continued)

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

	2023 HK$'000	2022 HK$'000
HK$	**2,868**	5,010
RMB	**521**	1,641
SGD	**869**	–
	4,258	6,651

32. BANK LOANS

The bank loans are repayable within one year or on demand.

The carrying amounts of the Group's bank loans are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	**85,000**	30,000

The bank loans are arranged at floating rates and expose the Group to cash flow interest rate risk. At 30 September 2023, the average interest rate of the bank loans was approximately 5.84% (2022: 3.62%) per annum.

As at 30 September 2023 and 2022, the Group's banking facilities are secured by (i) restricted bank deposits (note 28); and (ii) a corporate guarantee executed by the Company.

33. DEFERRED TAX LIABILITIES

	Undistributed profits of subsidiaries HK$'000	**Revaluation surplus of investment properties** HK$'000	**Total** HK$'000
At 1 October 2021	3,485	6,836	10,321
Charge/(credit) for the year (note 12)	2,010	(6,436)	(4,426)
Exchange difference	(164)	–	(164)
At 30 September 2022 and 1 October 2022	5,331	400	5,731
Charge for the year (note 12)	272	–	272
Exchange difference	58	–	58
At 30 September 2023	5,661	400	6,061

At the end of the reporting period, the Group has unused tax losses of approximately HK$44,209,000 (2022: HK$43,971,000) available for offsetting against future profits. No deferred tax assets have been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$Nil (2022: HK$1,282,000) and HK$1,959,000 (2022: HK$6,418,000) that will expire in 2030 and 2031 respectively. Other tax losses may be carried forward indefinitely.

34. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 October 2021, 30 September 2022, 1 October 2022 and 30 September 2023	5,000,000,000	50,000
Issued and fully paid:		
At 1 October 2021, 30 September 2022, 1 October 2022 and 30 September 2023	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 2023, the Group's strategy, which was unchanged from the year ended 30 September 2022, 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 2023 and 2022 were as follows:

	2023 HK$'000	2022 HK$'000
Total debt	**89,258**	36,651
Less: cash and cash equivalents	**(331,380)**	(133,062)
Net cash	**(242,122)**	(96,411)
Total equity	**513,420**	487,281
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 attached to the interest-bearing borrowings.

34. 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 2023 and 2022.

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

(a) Statement of financial position of the Company

		As at 30 September	
		2023	2022
	Note	**HK$'000**	HK$'000
Non-current assets			
Investment in a subsidiary		**119,019**	119,019
Current assets			
Other receivables		**54**	94
Due from subsidiaries		**73,922**	69,460
Bank and cash balances		**32,369**	2,848
Total current assets		**106,345**	72,402
Current liabilities			
Other payables		**2,268**	3,258
Bank loans		**30,000**	30,000
Total current liabilities		**32,268**	33,258
Net current assets		**74,077**	39,144
Net assets		**193,096**	158,163
Capital and reserves			
Share capital	34	**5,634**	5,634
Reserves	35(b)	**187,462**	152,529
Total equity		**193,096**	158,163

Approved by the Board on 28 December 2023 and are signed on its behalf by:

Ip Chin Wing
Executive Director

Ip Ka Lun
Executive Director

35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 October 2021	5,634	123,757	857	20,472	150,720
Total comprehensive income for the year	–	–	–	33,921	33,921
Dividends (Note 16)	–	–	–	(26,478)	(26,478)
Changes in equity for the year	–	–	–	7,443	7,443
At 30 September 2022	5,634	123,757	857	27,915	158,163
At 1 October 2022	5,634	123,757	857	27,915	158,163
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	5,634	123,757	857	62,848	193,096

36. 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) Revaluation reserve

The revaluation reserve represents the revaluation gain on property, plant and equipment upon transfer to investment properties.

(iii) 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.

36. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(iv) 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.

(v) 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.

(vi) 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.

37. 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 2022	**Cash flows**	**Interest expenses**	**Additions**	**Interest payable transferred 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

	At 1 October 2021	**Cash flows**	**Interest expenses**	**Additions**	**Termination**	**Modification**	**Exchange difference**	**At 30 September 2022**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Bank loans	37,798	(8,512)	707	–	–	–	7	30,000
Lease liabilities	3,354	(3,351)	118	7,235	(505)	(34)	(166)	6,651
	41,152	(11,863)	825	7,235	(505)	(34)	(159)	36,651

37. 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:

	2023 HK$'000	2022 HK$'000
Within operating cash flows	**4,205**	2,589
Within financing cash flows	**3,373**	3,233
	7,578	5,822

The above amounts related to the lease rental paid during the years ended 30 September 2023 and 2022.

38. CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities (2022: HK$Nil).

39. LEASE COMMITMENTS

The Group as lessee

The Group regularly entered into short-term leases for offices, warehouses and staff quarters. As at 30 September 2023 and 2022, 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 an investment property owned by the Group with lease terms of 1 year to 2 years (2022: 1 year). 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:

	2023 HK$'000	2022 HK$'000
Within one year	**244**	293
In the second to fifth years, inclusive	**77**	–
	321	293

The following table presents the amounts reported in profit or loss for the year:

	2023 HK$'000	2022 HK$'000
Lease income on operating leases	**811**	909

40. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred and provided for are as follows:

	2023 **HK$'000**	2022 HK$'000
Property, plant and equipment	**11,262**	8,591

41. 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).

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:

	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000
Results for the year ended 30 September					
Revenue	**671,750**	862,101	643,446	543,968	691,750
Profit before tax	**81,048**	110,830	45,465	59,887	74,119
Profit for the year	**67,054**	101,350	41,463	56,018	66,035
Assets and liabilities as at 30 September					
Total assets	**744,995**	697,622	595,240	591,808	533,564
Total liabilities	**(231,575)**	(210,341)	(166,698)	(169,429)	(124,583)
Net assets	**513,420**	487,281	428,542	422,379	408,981

PARTICULARS OF PROPERTIES

Investment properties as at 30 September 2023

Location	**Use**	**Attributable interest of the Group**
Portion of Unit 801 on Level 8 of Huaye Building No. 2158 Mingzhu South Road Qianshan District, Zhuhai City Guangdong Province PRC	Commercial	100%