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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2016

The board of directors (the "Board") of Infinity Development Holdings Company Limited (the "Company") is pleased to announce its unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 March 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 31 March	
		2016	2015
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**252,305**	268,156
Cost of goods sold		**(160,558)**	(188,956)
Gross profit		**91,747**	79,200
Other income		**1,919**	3,146
Changes in fair value of investments properties		**(3,130)**	6,210
Changes in fair value of other financial asset		**(6,934)**	(2,347)
Other losses		**(1,000)**	–
Selling and distribution costs		**(28,442)**	(21,288)
Administrative expenses		**(37,005)**	(34,446)
Profit from operations		**17,155**	30,475
Interest on bank borrowings		**(480)**	(954)
Share of (loss)/profit of an associate		**(666)**	584
Gain on disposal of assets classified as held for sale		**6,766**	–
Profit before tax	*4*	**22,775**	30,105
Income tax expense	*5*	**(1,972)**	(3,056)
Profit for the period		**20,803**	27,049
Other comprehensive income:			
Items that will be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(2,015)**	(1,764)
Share of other comprehensive income of an associate		**(13)**	–
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**(2,157)**	–
Other comprehensive income for the period, net of tax		**(4,185)**	(1,764)
Total comprehensive income for the period		**16,618**	25,285
Earnings per share — Basic	*7*	**HK3.27 cents**	HK4.54 cents
Earnings per share — Diluted	*7*	**HK3.27 cents**	HK4.53 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**31 March 2016 *HK$'000* (Unaudited)**	30 September 2015 *HK$'000* (Audited)
Non-current assets			
Investment properties	*8*	**69,530**	72,660
Property, plant and equipment		**52,521**	42,944
Land use rights		**13,468**	13,744
Intangible assets		**27,325**	30,488
Investment in an associate	*9*	**50,220**	10,899
Club debentures		**1,080**	1,080
Deposits for acquisition of property, plant and equipment		**187**	2,360
Total non-current assets		**214,331**	174,175
Current assets			
Inventories		**59,077**	70,855
Trade, bills and other receivables	*11*	**126,798**	147,230
Other financial asset	*10*	**446**	7,380
Pledged bank deposits		**22,655**	21,977
Bank balances and cash		**106,404**	94,350
		315,380	341,792
Assets classified as held for sale		**–**	20,732
Total current assets		**315,380**	362,524
Total Assets		**529,711**	536,699
Current liabilities			
Trade, bills and other payables	*12*	**47,627**	60,327
Amount due to a related company		**263**	761
Bank loans		**44,441**	24,214
Current tax liabilities		**9,584**	10,362
Total current liabilities		**101,915**	95,664
Net current assets		**213,465**	266,860
Total assets less current liabilities		**427,796**	441,035
Non-current liabilities			
Deferred tax liabilities		**12,417**	12,845
Net assets		**415,379**	428,190
Capital and reserves			
Share capital		**6,317**	6,426
Reserves		**409,062**	421,764
Total equity		**415,379**	428,190

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 31 March 2016

1. BASIS OF PREPARATION

These condensed financial information have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2015. The accounting policies and methods of computation used in the preparation of these condensed financial information are consistent with those used in the annual financial statements for the year ended 30 September 2015.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 October 2015. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed financial information.

3. REVENUE AND SEGMENT INFORMATION

The executive directors of Company considered that the operating activities of trading of electronic adhesives are in the same operating segment as the manufacture and sales of adhesives and related products used in footwear manufacturing which constitute a single operation segment. The operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to Hong Kong Financial Reporting Standards, that are regularly reviewed by the executive directors of the Company. The executive directors of the Company regularly review revenue analysis by products, including vulcanised shoes adhesive related products, electronic adhesives, other adhesives, primers, hardeners and others, and by locations. The executive directors of the Company review the overall result of the Group as a whole to make decisions about resources allocation.

Accordingly, no analysis of single operation segment by product is presented.

Revenue represents the fair value of the consideration received or receivable for goods sold to outside customers during the period.

Entity-wide information

An analysis of the Group's revenue by products is as follows:

	Six months ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales of		
— vulcanised shoes adhesive related products and other adhesives	**182,509**	178,773
— electronic adhesives and other products	**27,742**	15,629
— primers	**27,879**	25,920
— hardeners	**11,875**	28,832
— others	**2,300**	19,002
	252,305	268,156

Revenue from external customers, based on locations of customers, attributed to the Group by geographical areas is as follows:

	Six months ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
— PRC	**91,774**	117,216
— Vietnam	**129,814**	122,639
— Indonesia	**17,197**	15,064
— Bangladesh	**13,520**	13,237
	252,305	268,156

An analysis of the Group's non-current assets by their geographical location is as follows. The intangible assets are allocated based on the location of the operation of the entity which utilizes the assets.

	At 31 March 2016	At 30 September 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
PRC	**30,727**	30,667
Macau	**153,349**	120,479
Vietnam	**27,508**	20,018
Indonesia	**2,114**	2,269
Hong Kong	**618**	728
Others	**15**	14
	214,331	174,175

4. PROFIT BEFORE TAX

	Six months ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	**2,167**	2,176
Amortisation of prepaid lease payment on land use rights	**224**	213
Depreciation	**2,951**	3,956
Impairment of intangible assets (included in other losses)	**1,000**	–
and after crediting:		
Gross property rental income before deduction of outgoings	**934**	895
Less: Outgoings	**(110)**	(77)
	824	818
Interest income	**338**	97

5. INCOME TAX EXPENSE

	Six months ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**(983)**	(2,129)
Macau complementary tax	**(1,333)**	(99)
Vietnam income tax	**(84)**	(108)
	(2,400)	(2,336)
Deferred taxation	**428**	(720)
	(1,972)	(3,056)

Pursuant to the relevant laws and regulations in Macau, the Macau subsidiaries are subject to Macau complementary tax at a maximum rate of 12%.

PRC Enterprise Income Tax has been provided at a rate of 25% (2015: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

6. DIVIDENDS

During the six months ended 31 March 2016, a final dividend of HK2.4 cents per share in respect of the year ended 30 September 2015 (six months ended 31 March 2015: HK1.7 cents per share in respect of the year ended 30 September 2014), totalling approximately HK$15,161,000 (six months ended 31 March 2015: HK$10,130,000) was declared and paid to the shareholders of the Company.

The directors do not recommend the payment of an interim dividend.

7. EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share for the period is based on the condensed consolidated profit attributable to the owners of the Company and on the weighted average number of approximately 635,622,857 (six months ended 31 March 2015: 595,923,076) shares in issue during the period.

	Six months ended 31 March	
	2016	2015
Profit attributable to equity holders of the Company *(HK$'000)* (Unaudited)	**20,803**	27,049
Weighted average number of ordinary shares for basic earnings per share *(thousand shares)*	**635,623**	595,923
Basic earnings per share	**HK3.27 cents**	HK4.54 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company (collectively forming the denominator for computing diluted earnings per share). No adjustment is made to earnings (numerator).

	Six months ended 31 March	
	2016	2015
Profit attributable to equity holders of the Company *(HK$'000)* (Unaudited)	**20,803**	27,049
Weighted average number of ordinary shares for basic earnings per share *(thousand shares)*	**635,623**	595,923
Effect of dilutive potential ordinary shares upon the exercise of share options *(thousand shares)*	**526**	548
Weighted average number of ordinary shares for diluted earnings per share *(thousand shares)*	**636,149**	596,471
Diluted earnings per share	**HK3.27 cents**	HK4.53 cents

8. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 October 2014	64,480
Net increase in fair value recognised in profit or loss during the year	8,180
At 30 September 2015 (audited)	72,660
Net decrease in fair value recognised in profit or loss during the period	(3,130)
At 31 March 2016 (unaudited)	69,530

The fair values of the Group's investment properties at 31 March 2016 and 30 September 2015 have been arrived at on the basis of a valuation carried out on those dates by an independent qualified professional surveyor. The valuations was determined by using the Income Approach by taking into account the current rent receivables from the existing tenancy agreements and the reversionary potential of the property interests.

9. INVESTMENT IN AN ASSOCIATE

	At 31 March 2016	At 30 September 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Share of net assets	**7,007**	3,843
Goodwill	**43,213**	7,056
	50,220	10,899

10. OTHER FINANCIAL ASSET

	HK$'000
At 1 October 2014	12,710
Fair value changes charged to profit or loss	(5,330)
At 30 September 2015 (audited)	7,380
Fair value changes charged to profit or loss	(6,934)
At 31 March 2016 (unaudited)	446

The fair value of other financial assets represents profit guarantee arising from acquisition of an associate, Blue Sky Energy Efficiency Company Limited and its subsidiaries (the "Blue Sky Group").

The fair value of profit guarantee of Blue Sky Group as at 31 March 2016 and 30 September 2015 were approximately HK$446,000 and HK$7,380,000 respectively. The fair values of profit guarantee are based on valuation performed by an independent professional qualified valuer, using a Black-Scholes model.

11. TRADE, BILLS AND OTHER RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally ranged from 15 to 120 days by the customers from date of issuance of invoices. The following is an aging analysis of trade and bills receivables based on the invoice date at the end of the reporting period:

	At 31 March 2016	At 30 September 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**54,491**	66,649
31 to 60 days	**21,527**	35,773
61 to 90 days	**21,369**	22,112
91 to 180 days	**10,704**	9,383
181 to 365 days	**338**	955
Over 1 year	**774**	257
	109,203	135,129

12. TRADE, BILLS AND OTHER PAYABLES

The Group generally receives credit terms of 30 to 60 days from its suppliers. The following is an aging analysis of trade and bills payables based on the invoice date at the end of the reporting period:

	At 31 March 2016	At 30 September 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**24,013**	26,185
31 to 60 days	**–**	6,138
61 to 90 days	**–**	184
91 to 180 days	**33**	346
181 to 365 days	**20**	–
	24,066	32,853

MANAGEMENT DISCUSSION AND ANALYSIS RESULTS

RESULTS

The Group's revenue for the six months ended 31 March 2016 (the "Period") was approximately HK$252,305,000 (2015: HK$268,156,000), representing an decrease of 5.91% over last Period. Profit attributable to the owners of the Company amounted to approximately HK$20,803,000 (2015: HK$27,049,000), representing an decrease of approximately 23.09% as compared to last Period. During the Period, except PRC, the sales of the Group recorded a growth in major regions and the selling prices of our products remained relatively stable.

During the Period, the Group recorded a gross profit and profit from operations of approximately HK$91,747,000 (2015: HK$79,200,000) and approximately HK$17,155,000 (2015: HK$30,475,000) respectively.

Benefiting from the effective implementation of production cost control, the gross profit margin was increased. The increase in gross profit of approximately HK$12,547,000 exceeded the increase in selling and distribution costs and administrative expenses, totalling of approximately HK$9,713,000.

Excluding the net of tax effects of the changes in fair value of investment properties and other financial asset of approximately HK$3,130,000 loss (2015: HK$6,210,000 gain), and approximately HK$6,934,000 loss (2015: HK$2,347,000 loss), the profit from operations would be recorded approximately HK$27,219,000, representing slightly increase of approximately HK$607,000 as compared to last Period of approximately HK$26,612,000.

During the Period, profit attributable to the owners of the Company amounted to approximately HK$20,803,000 (2015: HK$27,049,000). Basic and diluted earnings per Share were HK3.27 cents and HK3.27 cents (2015: HK4.54 cents and HK4.53 cents) respectively.

BUSINESS REVIEW AND PROSPECTS

Businesses

The Group is principally engaged in the manufacturing and sales of adhesives, primers, hardeners, vulcanised shoes adhesive related products used by the footwear manufacturers and acting as the sales agent for adhesives used in the production of electronic products. These products are key production materials used in different phases during the manufacturing process of footwear and electronic products. Adhesives are used for bonding all components of footwear including outsoles, insoles, and uppers, while vulcanised shoes adhesives are used for bonding all components of vulcanised shoes. Primers are used in the pretreatment of footwear components, including outsoles, insoles, and uppers, prior to the application of adhesives. Hardeners, being a curing agent, are used by mixing with adhesives to control or speed up the curing action of adhesives. The electronic adhesive related products are key materials used in bonding components of electronic products.

Segment Information

The principal activities set out above are the single operating segment of the Group. For management purposes, the management of the Group will review and analyze the revenues by products and by locations.

Products

1. *Vulcanised shoes adhesive related products and other shoe adhesives*

   During the Period, the sales revenue generated from this product category was approximately HK$182,509,000 (2015: HK$178,773,000), representing approximately 72.34% of the Group's total revenue.

2. *Primers*

   During the Period, the sales revenue generated from this product category was approximately HK$27,879,000 (2015: HK$25,920,000), representing approximately 11.05% of the Group's total revenue.

3. *Hardeners*

   During the Period, the sales revenue generated from this product category was approximately HK$11,875,000 (2015: HK$28,832,000), representing approximately 4.71% of the Group's total revenue.

4. *Electronic adhesives related products*

   During the Period, the sales revenue generated from this product category was approximately HK$27,742,000 (2015: HK$15,629,000), representing approximately 11.00% of the Group's total revenue.

   Our Group has been appointed by a renowned chemical company in USA as its direct trader in the territory of PRC, for the marketing and after-sales support of its electronics material products in the region since 2014. Such product series are mainly applied to the bonding of relevant components of new energy vehicles.

   The Directors expected that the agent business, including the electronic adhesives products, will be a contributor to the growth in sales performance and earnings of the Group in the future.

Regional Information

1. *The PRC market*

   During the Period, by region, the revenue in the PRC market decreased by 21.71% over last Period to approximately HK$91,774,000 (2015: HK$117,216,000), representing approximately 36.37% of the Group's total revenue.

   The Directors expected that the relevant market would continually drop in the coming year.

2. *The Vietnam market*

   During the Period, by region, the revenue in the Vietnam market increased by 5.85% over last Period to approximately HK$129,814,000 (2015: HK$122,639,000), representing approximately 51.45% of the Group's total revenue.

   The Directors expected that the relevant market would grow at a steady pace in the coming year.

3. *The Indonesia market*

   During the Period, by region, the revenue in the Indonesia market increased by 14.16% over last Period to approximately HK$17,197,000 (2015: HK$15,064,000), representing approximately 6.82% of the Group's total revenue.

   The Directors expected that the relevant market would grow at a steady growth in the coming year.

4. *The Bangladesh market*

   During the Period, by region, the revenue in the Bangladesh market increased by 2.14% over last Period to approximately HK$13,520,000 (2015: HK$13,237,000), representing approximately 5.36% of the Group's total revenue.

   The Directors expected that the relevant market would maintain a steady pace in the coming year.

Production Facilities

1. *The Zhuhai Plant*

   In light of the Group's sales and the changes in the PRC market, the second phase expansion project in the existing Zhuhai Plant has been executing. The management considered that by executing the second phase expansion project, the Group will be well-prepared to meet the production capacity requirement for the development of its OEM business in the future. At present, the relevant construction of the Zhuhai Plant, including the addition of production equipment, warehousing facilities and extension of plants, has been commenced.

2. *The Zhongshan Plant*

   In order to alleviate the pressure on the production capacity of the Zhuhai Plant, the Group has installed additional production equipment in the Zhongshan Plant to enhance its production capacity.

3. *The Vietnam Plant*

   Given the orderly shift of the footwear manufacturing industry to the Southeast Asia as well as the necessity to satisfy the needs for market development in the future, the management had decided to expand the existing scale of the Vietnam Plant. In order to meet the current production capacity requirement, its existing plant is located to increase capacity for the installation of additional production equipment that to enhance the production capacity. The new Vietnam Plant is now entering into construction stage and it is expected that the completion and commencement of operation will take place in the second half of 2016.

4. *The Indonesia Plant*

   To ensure the provision of stable services for local customers, the Group's Indonesia Plant has operated normally and the existing bonded warehouses have ceased operation.

Cost Control

The Group will continue to carefully review and extensively investigate into the current situation in relation to costs and resources deployment. The Group will also improve its internal management in a proactive manner for the purposes of effectively controlling and lowering the operating costs.

Research and Development

As always, the Group will continuously develop premium products on an environmental friendly basis to meet the market needs for quality products, and closely observe the development trend in the future to research and develop products pre-emptively in order to meet the future development needs in the industry. In addition to the technology cooperation between the Group and the No-Tape Japan as well as having its own research and development team, the Group also 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). Hopefully, such measures will enhance the research and development capability of the Group so as to maintain the leading position of its technologies in the industry.

Prospects

The Directors are relatively optimistic towards the growth of the Group's results for the coming year. In view of the current situations including continued growth in global demand for footwear, more stringent requirement from the manufacturers for the quality of adhesives, rapid increase in the demand for the use of environmental friendly water-based adhesive products by footwear brands and manufacturers, and ongoing diversion of the footwear manufacturing industry to countries or regions with lower costs, the effect of the previous regional deployments of the Group is becoming prominent under the swift changes in the market. The Directors believe that the abovementioned market changes will positively enhance the sales performance of the Group, and anticipate stable growth in the sales of traditional shoe-making adhesive products for the coming year, with significant growth in the new footwear manufacturing bases in Asia in particular. The Group will continue to devote more resources to expedite/enhance marketing in order to increase its market share.

Leveraging on the Group's solid experience accumulated over the years, premium products recognized by the market and its competence in research and development/improvement of products, the Group will commit itself to a continuous healthy business growth in the industry, and gear up for any opportunity arising from economic recovery. In the meantime, the Group will implement the business strategy of diversified development, including devoting more resources and accelerating the development of its agent business and electronic adhesive related products. In addition, the Group will invest and develop its OEM business in a proactive manner. At present, it has entered into an OEM cooperation agreement with a world renowned enterprise for a term of 6 years and entered into a memorandum of understanding and a cooperation agreement with Chinese renowned enterprises to explore opportunities to participate in photovoltaic system projects. The Group will also explore and identify synergic investment opportunities in order to broaden its revenue sources, improve its competence in response to future changes and development in the market, and maximize the returns for its shareholders and employees.

Liquidity and Financial Resources and Capital Structure

For the six months ended 31 March 2016, the Group's working capital requirement was principally financed by its internal resources and banking facilities and fund raising.

As at 31 March 2016, the Group had cash and bank balances and deposits, net current assets and total assets less current liabilities of approximately HK$129,059,000 (30 September 2015: HK$116,327,000), approximately HK$213,465,000 (30 September 2015: HK$266,860,000) and approximately HK$427,796,000 (30 September 2015: HK$441,035,000) respectively.

As at 31 March 2016, the Group had total bank borrowings except bills payable, on floating interest rates basis, of approximately HK$44,441,000 (30 September 2015: HK$24,214,000). All these utilised bank borrowings, both long and short terms, were secured by pledged bank deposits, land use rights, land and buildings and investment properties held under medium-term leases.

The total bank borrowings of the Group, mainly denominated in Hong Kong dollars, were mainly for business expansion, capital expenditure and working capital purposes.

Total equity attributable to owners of the Company as at 31 March 2016 decreased by approximately HK$12,811,000 to approximately HK$415,379,000. The gearing ratio (calculated as the ratio of total borrowings: total assets) of the Group as at 31 March 2016 was approximately 0.08 (30 September 2015: 0.05).

As at 30 September 2015, among the net proceeds of approximately HK$77,000,000 from the top-up placing (the "Top-up Placing") under general mandate, details of which are disclosed in the announcement of the Company dated 24 April 2015, approximately HK$42,000,000 was used for general working capital purposes of the Group for the purchase of raw materials; and the remaining balance of approximately HK$35,000,000 was deposited to interest-bearing accounts with licensed bank(s) in Hong Kong and Macau and is intended to be used for general working capital purposes of the Group.

As at 31 March 2016, the remaining balance of the net proceeds of the Top-up Placing of approximately HK$35,000,000 was used for general working capital purposes of the Group for the purchase of raw materials.

On 6 June 2015, the Group granted 5,000,000 share options at HK$1.788 per share to an eligible person under the share option scheme of the Company adopted on 22 July 2010 (the "**2010 Scheme**") and these 5,000,000 share options are outstanding under the 2010 scheme as at 31 March 2016.

After the year ended 30 September 2015, the Company repurchased a further 11,860,000 ordinary Shares and cancelled 12,860,000 Shares, of which 1,000,000 Shares were repurchased during the year ended 30 September 2015. Up to the announcement date, a total of 16,600,000 ordinary shares had been repurchased and cancelled.

Saved as disclosed elsewhere under the section headed "Management Discussion and Analysis", there were no other changes in the Company's share capital.

Significant Investments

In 2014, the Group acquired 20% equity interests in Blue Sky Energy Efficiency Company Limited ("**Blue Sky**", which together with its subsidiaries, the "**Blue Sky Group**") which is principally engaged in (i) provision of application and installment of energy-efficiency system for commercial buildings, hotels and residential premises; and (ii) research and development and sales of environmental chemical coating products.

For the best interest of the Company's shareholder as a whole, the Blue Sky Group, which was acquired by the Company in May 2014, contained a profit guarantee that the profits of the Blue Sky Group for the two years after completion of the acquisition would not be less than HK$30 million. In the event that the profit guarantee is not met, the Group will receive a compensation of maximum of HK$21,000,000 which is equal to the consideration of the acquisition. As of 30 September 2015, the fair value of the profit guarantee was measured by an independent professional qualified valuer. Fair value of approximately HK$446,000 has been recognised as other financial assets.

In April 2016, Blue Sky Group has successfully recorded sales of two energy-efficiency contracts and recorded revenue of approximately HK$15,000,000 and has been progressively diversified to invest in photovoltaics system project.

On 22 September 2015, a subsidiary of the Group entered into an agreement with China Energy Conservation Investments Company Limited and Shiny Meadow Limited (the "Vendors") to acquire additional 20% of the entire issued share capital of Blue Sky at a consideration of HK$40,000,000. The equity interest in Blue Sky held by the Group was increased from 20% to 40% with effect from and upon the completion of acquisition on 5 October 2015 and was settled by cash and was funded by internal resources.

In view of the positive progress of the Blue Sky Group being progressively diversified from energy-efficiency contracts to invest in photovoltaics system project since second half year in 2015, the Group expects it can bring positive contribution in coming future.

On 12 October 2015, the Company entered into a non-legally binding memorandum of understanding with 株洲變流技術國家工程研究中心有限公司 (transliterated as Zhuzhou National Engineering Research Centre of Converters Co., Ltd.#) (the "ZNERCC") and entered into a non-legally binding cooperation agreement with ZNERCC and 湖南城石智能科技有限公司 (transliterated as Hunan Changsha Intelligent Technology Co. Ltd.#) in respect of the possible cooperation in photovoltaics system project(s). Details of the transaction were disclosed in the Company's announcement dated 12 October 2015. A project was concluded with a total investment cost of RMB13,900,000, of which 70% amounting to RMB9,730,000 was contributed by the Company and will be funded by internal resources. As the Company is still in the process of setting up a new subsidiary company in the PRC to run this project, the investment has been classified as other receivable. In April 2016, the construction of the grid-connected photovoltaic power system is completed and the application of connection to the utility grip is in progress.

On 21 April 2015, a wholly owned subsidiary of the Company entered into a non-legally binding memorandum of understanding with an independent third party, intend to form joint ventures to operate the business of energy management contracting for the provision of energy saving solutions for telecommunications infrastructure and systems in the PRC. The target customers are expected to be the provincial level subsidiaries of the telecommunication operators of the PRC. The parties are in the course of negotiating the terms of the joint venture arrangement. Details of the transaction were disclosed in the Company's announcement dated 21 April 2015. As at 31 March 2016, the negotiation of the terms of the joint venture arrangement was still in progress.

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

Acquisition and Disposal of Subsidiaries and Associated Companies

On 30 September 2015, an indirect wholly-owned subsidiary of the Company and an independent purchaser entered into a share sale agreement, pursuant to which the Group has agreed to sell and the purchaser has agreed to purchase the entire issued share capital of You Cheng Developments Limited, which holds 100% interest in Zhong Bu Centresin (Guangzhou) Company Limited ("the disposed subsidiary group"), for a consideration of RMB20,800,000. Upon completion of the disposal on 20 October 2015, the disposed subsidiary group ceased to be subsidiaries of the Company and the financial information of the disposed subsidiary group ceased to be consolidated into the accounts of the Company and this disposal did not constitute a notifiable transaction under the Listing Rules.

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", the Group had no other material acquisition and disposal of subsidiaries and associated companies during the period.

Employee Information

As at 31 March 2016, the Group employed a total of 400 (2015: 367) employees. It is the policy of the Group to provide and regularly review its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and company sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During the period, the staff costs (including Directors' emoluments) amounted to approximately HK$27,633,000 (2015: HK$21,066,000).

In order to provide incentive or reward to eligible persons for their contribution to the Group and to enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted the 2010 Scheme, under which it may grant options to eligible persons, including but not limited to employees, Directors and consultants, with the Group. Save as disclosed above, during the period, no options have been granted. Save for 1,948,000 Share Options which were exercised by the holders thereof and 176,000 Share Options which were lapsed, no Share Options have been exercised pursuant to the 2010 Scheme during the period. For the year ended 30 September 2014, the Group had granted 5,480,000 share options to the Directors and staff under the 2010 Scheme and there are 2,572,000 share options outstanding which were granted to Directors and employee of the Group under the 2010 Scheme as at 31 March 2016.

Charges on Group Assets

As at 31 March 2016, certain interests in land use rights, land and buildings and investment properties held under medium-term leases of approximately HK$73,478,000 (30 September 2015: HK$85,826,000) and bank deposits of HK$22,655,000 (30 September 2015: HK$21,977,000) were pledged to banks for bank borrowings totaling approximately HK$44,441,000 (30 September 2015: HK$24,214,000) granted to the Group.

Future Plans for Material Investments and Expected Sources of Funding

Save as discussed elsewhere under the section headed "Management Discussion and Analysis", the Group had no future plans for material investments as at the date of this announcement.

The management, however, will continue to closely observe the development and operating condition of the industry. It will seek investments in companies/projects that could bring synergy to the Group should the targets/opportunities arise. In addition, the management may also invest in new business projects in situations they consider in favour to the future of the Group. Given the current uncertain market conditions, the management may fund new projects not mentioned in the Company's prospectus dated 29 July 2010 through fund raising or loans while reserve the internal resources for its core businesses.

Exposure to Fluctuations in Exchange Rates

The Group has foreign currency sales and certain financial assets and liabilities are denominated in foreign currency, which expose the Group to risk principally in Renminbi, New Taiwan Dollars, Vietnam Dong, Indonesia Rupiah and United States dollars. The Group does not expect any appreciation or depreciation of the Hong Kong Dollars against foreign currencies which might materially affects the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

Capital Commitments

As at 31 March 2016, the Group had capital commitments of approximately HK$13,032,000 (30 September 2015: HK$20,972,000) in respect of the acquisition of property, plant and equipment.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 March 2016.

Events after the reporting Period

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", there is no material subsequent event undertaken by the Company or by the Group after 31 March 2016 and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 March 2016 (2015: Nil).

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

During the six months ended 31 March 2016, the Company repurchased a total of 11,860,000 ordinary Shares on the Stock Exchange, all of which were cancelled during the Period. Particulars of the Shares repurchased during the Period are as follows:

	No. of ordinary Shares	Price per Share Highest	Price per Share Lowest	Aggregate consideration and other costs paid
	'000	*HK$*	*HK$*	*HK$'000*
October 2015	4,208	1.45	1.38	5,962
November 2015	7,652	1.40	1.30	10,269

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the Period.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") during the Period contained in Appendix 14 to the Listing Rules, save for the deviation discussed below:

Code Provision A.2.1. provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Ieong Un has been performing both the roles of Chairman and Chief Executive Officer. Mr. Ieong is the founder of the Group and has over 20 years of experience in the adhesive related industry. The Directors consider 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. The Directors will continue to review the effectiveness of the current structure and assess whether change in the separation of the roles of Chairman and Chief Executive Officer is necessary.

AUDIT COMMITTEE

The Company established the audit committee which comprises three independent non-executive Directors, namely, Mr. Tong Hing Wah (chairman of the audit committee), Mr. Chan Wing Yau George and Mr. Simon Luk.

The audit committee is primarily responsible for the review and supervision of the Group's financial reporting process, risk management and internal control system. It has met with the external auditors of the Group to review the accounting principles and practices adopted by the Company and the unaudited interim results of the Group for the six months ended 31 March 2016.

The condensed consolidated interim financial information for the six months ended 31 March 2016 has not been audited, but has been reviewed by RSM Hong Kong, the external auditors of the Company and the audit committee of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules up to the date of this announcement.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

In accordance with the requirements under the Listing Rules, the 2016 Interim Report containing all the Company's information set out in this announcement including the unaudited financial results for the six months ended 31 March 2016 will be posted on the Company's website (www.infinitydevelopment.com.hk) and the website of the Stock Exchange (www.hkex.com.hk) in due course.

By order of the Board
Infinity Development Holdings Company Limited
Tong Yiu On
Executive Director

Hong Kong, 27 May 2016

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Ieong Un, Mr. Ip Chin Wing, Mr. Ip Ka Lun, Mr. Stephen Graham Prince and Mr. Tong Yiu On and three independent non-executive Directors, namely Mr. Chan Wing Yau George, Mr. Simon Luk and Mr. Tong Hing Wah.