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## 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 2017

The board of directors (the “**Board**”) of Infinity Development Holdings Company Limited (the “**Company**”) is pleased to announce its unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 March 2017 together with the comparative figures for the corresponding period in 2016 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 March 2017

	NOTE	Six months ended 31 March	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>252,426</b>	252,305
Cost of goods sold		<b>(163,619)</b>	(160,558)
<b>Gross profit</b>		<b>88,807</b>	91,747
Other income		<b>3,001</b>	1,919
Changes in fair value of investment properties		<b>(420)</b>	(3,130)
Changes in fair value of other financial asset		–	(6,934)
Gain on disposal of assets classified as held for sale		–	6,766
Other gains/(losses)		<b>3,819</b>	(1,000)
Selling and distribution costs		<b>(25,292)</b>	(28,442)
Administrative expenses		<b>(43,549)</b>	(37,005)
<b>Profit from operations</b>		<b>26,366</b>	23,921
Interest on bank borrowings		<b>(707)</b>	(480)
Share of loss of an associate		<b>(714)</b>	(666)
<b>Profit before tax</b>		<b>24,945</b>	22,775
Income tax expense	5	<b>(3,680)</b>	(1,972)
<b>Profit for the period</b>	4	<b>21,265</b>	20,803
<b>Earnings per share</b>	7		
Basic		<b>HK3.37 cents</b>	HK3.27 cents
Diluted		<b>HK3.37 cents</b>	HK3.27 cents

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the six months ended 31 March 2017*

	<b>Six months ended 31 March</b>	
	<b>2017</b>	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b>21,265</b>	20,803
<b>Other comprehensive income:</b>		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(9,735)</b>	(2,015)
Share of other comprehensive income of an associate	–	(13)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	(2,157)
<b>Other comprehensive income for the period, net of tax</b>	<b>(9,735)</b>	(4,185)
<b>Total comprehensive income for the period</b>	<b>11,530</b>	16,618

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

		At 31 March 2017 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2016 <i>HK\$'000</i> <i>(Audited)</i>
<b>Non-current assets</b>			
Investment properties		73,500	73,920
Property, plant and equipment		88,867	56,549
Land use rights		12,712	13,100
Intangible assets	8	6,973	12,157
Investment in an associate		55,355	56,069
Club debentures		1,080	1,080
Deposits for acquisition of property, plant and equipment		302	9,636
<b>Total non-current assets</b>		<b>238,789</b>	222,511
<b>Current assets</b>			
Inventories		72,593	54,633
Trade, bills and other receivables	9	140,292	148,745
Restricted bank deposits		21,556	21,556
Bank and cash balances		90,613	105,513
<b>Total current assets</b>		<b>325,054</b>	330,447
<b>Current liabilities</b>			
Trade, bills and other payables	10	69,852	52,440
Amount due to a related company		3,198	4,723
Bank loans		38,751	44,913
Current tax liabilities		11,830	9,682
<b>Total current liabilities</b>		<b>123,631</b>	111,758
<b>Net current assets</b>		<b>201,423</b>	218,689
<b>Total assets less current liabilities</b>		<b>440,212</b>	441,200
<b>Non-current liabilities</b>			
Deferred tax liabilities		12,731	12,756
<b>Net assets</b>		<b>427,481</b>	428,444
<b>Capital and reserves</b>			
Share capital		6,317	6,317
Reserves		421,164	422,127
<b>Total equity</b>		<b>427,481</b>	428,444

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

*For the six months ended 31 March 2017*

### **1. BASIS OF PREPARATION**

These condensed consolidated 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 consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 30 September 2016. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial information are consistent with those used in the annual consolidated financial statements for the year ended 30 September 2016.

### **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 2016. 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 consolidated financial information.

### 3. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company regularly review revenue analysis by products, including vulcanized shoes adhesive related products and other shoe adhesives, electronic adhesive related products, primers, hardeners and others, and by locations. The executive directors of the Company considered that the operating activities of manufacturing, sales and trading of adhesives as a single operating 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 review the overall result of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of single operating segment is presented.

#### Entity-wide information

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

	<b>Six months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales of:		
— vulcanized shoes adhesive related products and other shoe adhesives	<b>181,442</b>	182,509
— hardeners	<b>27,157</b>	27,742
— primers	<b>26,786</b>	27,879
— electronic adhesives related products	<b>15,230</b>	11,875
— others	<b>1,811</b>	2,300
	<b><u>252,426</u></b>	<b><u>252,305</u></b>

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

	<b>Six months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue		
— PRC	<b>84,704</b>	91,774
— Vietnam	<b>132,878</b>	129,814
— Indonesia	<b>18,332</b>	17,197
— Bangladesh	<b>16,512</b>	13,520
	<b><u>252,426</u></b>	<b><u>252,305</u></b>

An analysis of the Group's non-current assets by their geographical location is as follows:

	At <b>31 March</b> <i>HK\$'000</i> <b>(Unaudited)</b>	At 30 September 2016 <i>HK\$'000</i> (Audited)
Hong Kong	403	509
PRC	91,898	91,698
Macau	82,281	87,551
Vietnam	62,457	40,745
Indonesia	1,635	1,901
Others	115	107
	<u>238,789</u>	<u>222,511</u>

#### 4. PROFIT FOR THE PERIOD

	Six months ended 31 March 2017 <i>HK\$'000</i> <b>(Unaudited)</b>	2016 <i>HK\$'000</i> (Unaudited)
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The Group's profit for the period is arrived at after charging the following:

Amortisation of		
— intangible assets	5,170	2,167
— prepaid lease payments on land use rights	206	224
Depreciation	3,096	2,951
Impairment of intangible assets (included in other losses)	—	1,000
Written off of inventories	210	375
Written off of trade receivables	200	—
And after crediting:		
Gross property rental income before deduction of outgoings	988	934
Less: Outgoings	<u>(117)</u>	<u>(110)</u>
	<u>871</u>	<u>824</u>

## 5. INCOME TAX EXPENSES

	<b>Six months ended 31 March</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
<b>Provision for the period:</b>		
PRC Enterprise Income Tax (“ <b>PRC EIT</b> ”)	813	983
Macau complementary tax	1,168	1,333
Vietnam Enterprise Income Tax (“ <b>Vietnam EIT</b> ”)	697	84
Indonesian Corporate Income Tax (“ <b>Indonesian CIT</b> ”)	1,027	–
	<u>3,705</u>	<u>2,400</u>
Deferred taxation	(25)	(428)
	<u><b>3,680</b></u>	<u>1,972</u>

The PRC EIT, Macau complementary tax, Vietnam EIT and Indonesian CIT are calculated at the applicable rates in accordance with the relevant laws and regulations in the respective jurisdictions.

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

Pursuant to the relevant laws and regulations in the PRC, a subsidiary in the PRC, 珠海市澤濤黏合製品有限公司 (Centresin Chemical Products Ltd., Zhuhai) (“**Zhuhai Centresin**”), 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 Enterprise Income Tax rate of 15% for the period ended 31 March 2017.

According to a joint circular of Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No. 1, only the profits earned by Zhuhai Centresin and 中山信諾黏合製品有限公司 (Zhongshan Macson Adhesive Products Co., Ltd.) (“**Zhongshan Macson**”) prior to 1 January 2008, when distributed to foreign investors, can be grandfathered with the exemption from withholding tax. Whereas, dividend distributed out of the profit generated thereafter, shall be subject to PRC EIT at 10% and withheld by the PRC entities aforementioned, where appropriate, pursuant to Articles 3 and 27 of the Law of the People’s Republic of China on Enterprise Income Tax and Article 91 of its Detailed Implementation Rules, deferred tax liability on the undistributed profits earned since 1 January 2008 have been accrued at the tax rate of 10%.

Pursuant to the relevant laws and regulations in Vietnam, Zhong Bu Adhesive (Vietnam) Co., Ltd. (“**Vietnam Centresin**”) was entitled to exemption from Vietnam EIT for three years commencing from its first profit-making year in 2006, followed by a 50% reduction from 2009 to 2015.

Pursuant to the relevant laws and regulations in Indonesia, P.T. Zhong Bu Adhesive Indonesia, is subject to Indonesian Corporate Income Tax at 25%.

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 2017, a final dividend of HK2.1 cents per ordinary share in respect of the year ended 30 September 2016 (six months ended 31 March 2016: a final dividend of HK2.4 cents per ordinary share in respect of the year ended 30 September 2015), totalling approximately HK\$13,266,000 (six months ended 31 March 2016: HK\$15,161,000) 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

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

	<b>Six months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>21,265</u>	<u>20,803</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares used in basic earnings per share calculation (thousand shares)	<b>631,719</b>	635,623
Effect of dilutive potential ordinary shares arising from share options (thousand shares)	<b>216</b>	526
Weighted average number of ordinary shares used in diluted earnings per share calculation (thousand shares)	<u><b>631,935</b></u>	<u>636,149</u>



## 8. INTANGIBLE ASSETS

	<b>Club membership</b> <i>HK\$'000</i>	<b>Formula rights</b> <i>HK\$'000</i>	<b>Customers relationship</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Cost</b>				
At 1 October 2015	1,550	1,600	40,000	43,150
Exchange differences	6	–	–	6
	<u>1,556</u>	<u>1,600</u>	<u>40,000</u>	<u>43,156</u>
At 30 September 2016 (audited)	1,556	1,600	40,000	43,156
Exchange differences	(15)	–	–	(15)
	<u>1,541</u>	<u>1,600</u>	<u>40,000</u>	<u>43,141</u>
At 31 March 2017 (unaudited)	1,541	1,600	40,000	43,141
<b>Accumulated amortisation and impairment losses</b>				
At 1 October 2015	22	640	12,000	12,662
Amortisation for the year	17	320	10,400	10,737
Impairment loss	–	–	7,600	7,600
	<u>39</u>	<u>960</u>	<u>30,000</u>	<u>30,999</u>
At 30 September 2016 (audited)	39	960	30,000	30,999
Amortisation for the period	10	160	5,000	5,170
Exchange differences	(1)	–	–	(1)
	<u>48</u>	<u>1,120</u>	<u>35,000</u>	<u>36,168</u>
At 31 March 2017 (unaudited)	48	1,120	35,000	36,168
<b>Carrying amount</b>				
At 31 March 2017 (unaudited)	<u>1,493</u>	<u>480</u>	<u>5,000</u>	<u>6,973</u>
At 30 September 2016 (audited)	<u>1,517</u>	<u>640</u>	<u>10,000</u>	<u>12,157</u>

Intangible assets represent (i) the established customers relationship acquired and was estimated to have an useful life of 10 years. During the year ended 30 September 2016, the Group changed the estimated useful life of the customer relationship from 10 years to approximately 5 years. As a result of this change in accounting estimate, the amortisation charge increased by HK\$6,400,000 for the year ended 30 September 2016. Under this new estimate the amortisation charge will be increased by HK\$6,000,000 for the year ending 30 September 2017, and the customer relationship will be fully amortised then; (ii) club memberships acquired with both finite and indefinite useful lives, and (iii) Formula and know-how acquired for an estimated useful life of 5 years. The carrying amount as at 31 March 2017 and 30 September 2016 represents the cost less accumulated amortization and impairment, if any.

## 9. TRADE, BILLS AND OTHER RECEIVABLES

The aging analysis of trade and bills receivables, based on the invoice date is as follow:

	At 31 March 2017 <i>HK\$'000</i> (Unaudited)	At 30 September 2016 <i>HK\$'000</i> (Audited)
0 to 30 days	66,547	62,940
31 to 60 days	29,658	34,657
61 to 90 days	15,472	17,539
91 to 180 days	8,651	9,376
181 to 365 days	1,252	3,461
Over 1 year	339	145
	<u>121,919</u>	<u>128,118</u>

## 10. TRADE, BILLS AND OTHER PAYABLES

The Group normally 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 2017 <i>HK\$'000</i> (Unaudited)	At 30 September 2016 <i>HK\$'000</i> (Audited)
0 to 30 days	37,702	24,901
31 to 60 days	100	1,830
61 to 90 days	17	66
91 to 180 days	55	101
181 to 365 days	202	23
Over 1 year	104	16
	<u>38,180</u>	<u>26,937</u>

## 11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS RESULTS**

### **RESULTS**

The Group's revenue for the six months ended 31 March 2017 (the "Period") was approximately HK\$252,426,000 (2016: HK\$252,305,000), which was comparable to that of the last period. Profit attributable to the owners of the Company amounted to approximately HK\$21,265,000 (2016: HK\$20,803,000), representing a slight increase of approximately 2.22% 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 gross profit and profit from operations of approximately HK\$88,807,000 (2016: HK\$91,747,000) and approximately HK\$26,366,000 (2016: HK\$23,921,000 (reclassified)) respectively. The Group's gross profit margin decreased slightly from approximately 36.4% for the last period to approximately 35.2% for the Period.

Excluding the non-cash flow items of changes in fair value of investment properties and other financial asset, and the non-recurring item of gain on disposal of assets classified as held for sale recorded in the last period, the profit from operations would be approximately HK\$26,786,000, representing a slight decrease of approximately 1.6% as compared to last period of approximately HK\$27,219,000.

During the Period, profit attributable to the owners of the Company amounted to approximately HK\$21,265,000 (2016: HK\$20,803,000). Basic and diluted earnings per Share were HK3.37 cents and HK3.37 cents (2016: HK3.27 cents and HK3.27 cents) respectively.

### **BUSINESS REVIEW AND PROSPECTS**

#### **Businesses**

The Group is principally engaged in the manufacturing and sales of adhesives, primers, hardeners, vulcanized 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. *Vulcanized shoes adhesive related products and other shoe adhesives*

During the Period, the sales revenue generated from this product category was approximately HK\$181,442,000 (2016: HK\$182,509,000), representing approximately 71.88% of the Group's total revenue.

2. *Primers*

During the Period, the sales revenue generated from this product category was approximately HK\$26,786,000 (2016: HK\$27,879,000), representing approximately 10.61% of the Group's total revenue.

3. *Hardeners*

During the Period, the sales revenue generated from this product category was approximately HK\$27,157,000 (2016: HK\$27,742,000), representing approximately 10.76% 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\$15,230,000 (2016: HK\$11,875,000), representing approximately 6.03% of the Group's total revenue.

## **Regional Information**

### *1. The PRC market*

During the Period, by region, the revenue in the PRC market decreased by 7.70% over last period to approximately HK\$84,704,000 (2016: HK\$91,774,000), representing approximately 33.56% 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 2.36% over last period to approximately HK\$132,878,000 (2016: HK\$129,814,000), representing approximately 52.64% 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 6.60% over last period to approximately HK\$18,332,000 (2016: HK\$17,197,000), representing approximately 7.26% of the Group's total revenue.

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

### *4. The Bangladesh market*

During the Period, by region, the revenue in the Bangladesh market increased by 22.13% over last period to approximately HK\$16,512,000 (2016: HK\$13,520,000), representing approximately 6.54% of the Group's total revenue.

The Directors expected that the relevant market would grow at 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 gradually executed. 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 respond to the changes in the market condition of footwear manufacturing industry in the PRC, the Zhongshan Plant had completed the process of reorganisation and reallocation of internal resources and the Zhongshan Plant has ceased operation.

### *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, the construction of the first stage of the new Vietnam Plant has been basically completed and it is expected that the commencement of operation will take place in mid-2017.

### *4. The Indonesia Plant*

The Indonesia Plant has operated normally during the Period to ensure the provision of stable services for local customers.

## **Cost Control**

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

## **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 with the completion and the expected commencement of operation of the new Vietnam Plant. 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 which helps to eliminate industry players with less competitiveness, 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 or 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 for improving the 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 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 return for its shareholders and employees.

### **Liquidity and Financial Resources and Capital Structure**

For the six months ended 31 March 2017, the Group's working capital requirement was principally financed by its internal resources and banking facilities and fund raising.

As at 31 March 2017, the Group had cash and bank balances and deposits, net current assets and total assets less current liabilities of approximately HK\$112,169,000 (30 September 2016: HK\$127,069,000), approximately HK\$201,423,000 (30 September 2016: HK\$218,689,000) and approximately HK\$440,212,000 (30 September 2016: HK\$441,200,000) respectively.

As at 31 March 2017, the Group had total bank borrowings except bills payable, on floating interest rates basis, of approximately HK\$38,751,000 (30 September 2016: HK\$44,913,000). All these utilised bank borrowings, both long and short terms, were secured by pledged bank deposits, 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 2017 decreased by approximately HK\$963,000 to approximately HK\$427,481,000. The gearing ratio (calculated as the ratio of total borrowings: total assets) of the Group as at 31 March 2017 was approximately 0.07 (30 September 2016: 0.08).



The Group granted 5,000,000 and 6,000,000 share options at an exercise price HK\$1.788 and HK\$1.30 per share on 16 June 2015 and 7 June 2016 respectively, to eligible persons under the share option scheme of the Company adopted on 22 July 2010 (the “2010 Scheme”) and such 5,000,000 and 6,000,000 share options remained outstanding under the 2010 Scheme as at 31 March 2017.

The Group granted 5,480,000 share options at an exercise price of HK\$0.9 per share on 30 May 2014 to Directors, employees of the Group under the 2010 Scheme. During the Period, no share options have been exercised and 2,064,000 share options remained outstanding under the 2010 Scheme as at 31 March 2017.

Save as disclosed elsewhere under the section headed “Management Discussion and Analysis”, there were no other changes in the Company’s share capital during the Period.

### **Significant Investments**

As at 31 March 2017, the Group owned 40% 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 the (i) provision of application and installment of energy-efficiency system and photovoltaic system for commercial and industrial buildings and manufacturing premises; and (ii) purchase and sales of above captioned projects and renewable energy related projects.

During the Period and as at 31 March 2017, the Group’s share of the loss and carrying amount of interests of Blue Sky Group were approximately HK\$714,000 and HK\$55,355,000 respectively.

In view of the progress of diversified business of the Blue Sky Group, 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. The 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 was funded by internal resources. In 2016, the construction of the grid-connected photovoltaic power system was completed and the application of connection to the utility grip is in progress. The payment for the investment has been classified as other receivable as the Group is seeking potential investor and considering to dispose the project.

Save as disclosed elsewhere under the section headed “Management Discussion and Analysis”, the Group had no other significant investments during the Period.

### **Acquisition and Disposal of Subsidiaries and Associated Companies**

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 2017, the Group employed a total of 382 (2016: 400) 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\$32,028,000 (2016: HK\$27,633,000).

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. During the Period, no options have been granted to employee. Save for 404,000 Share Options which were lapsed, no Share Options have been exercised pursuant to the 2010 Scheme during the Period. There are 2,064,000 outstanding share options which were granted to Directors and employees of the Group under the 2010 Scheme as at 31 March 2017.

### **Charges on Group Assets**

As at 31 March 2017, certain interests in land and buildings and investment properties held under medium-term leases of approximately HK\$72,940,000 (30 September 2016: HK\$73,204,000) and bank deposits of HK\$21,556,000 (30 September 2016: HK\$21,556,000) were pledged to banks for bank borrowings totaling approximately HK\$38,751,000 (30 September 2016: HK\$44,913,000) 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 when suitable 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 reserving 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, Indonesian 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 affect the Group’s operations. The Group did not employ any financial instruments for hedging purposes.

## **Capital Commitments**

As at 31 March 2017, the Group had capital commitments of approximately HK\$2,352,000 (30 September 2016: HK\$24,904,000) 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 2017.

## **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 2017 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 2017 (2016: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the Period and up to the date of this announcement, 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. Jeong Un has been performing both the roles of Chairman and Chief Executive Officer. Mr. Jeong 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 2017.

The condensed consolidated interim financial information for the six months ended 31 March 2017 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 2017 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 2017 will be posted on the Company's website ([www.infinitydevelopment.com.hk](http://www.infinitydevelopment.com.hk)) and the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) in due course.

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

Hong Kong, 26 May 2017

*As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Jeong 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.*

# 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.