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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of Infinity Development Holdings Company Limited (the "**Company**") is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 30 September 2018, together with the comparative figures for the corresponding year ended 30 September 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 September 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*4*	**663,036**	539,557
Cost of goods sold		**(469,354)**	(355,523)
Gross profit		**193,682**	184,034
Other income		**4,744**	5,056
Changes in fair value of investment properties		**(2,200)**	1,480
Other gains and losses		**6,078**	(806)
Selling and distribution costs		**(60,520)**	(56,149)
Administrative expenses		**(96,813)**	(91,544)
Profit from operation		**44,971**	42,071
Interest on bank borrowings		**(685)**	(1,211)
Share of profits/(losses) of associates		**195**	(17,075)
Impairment loss of investment in an associate		**—**	(38,393)
Profit/(loss) before tax		**44,481**	(14,608)
Income tax expense	*5*	**(4,170)**	(5,671)
Profit/(loss) for the year	*6*	**40,311**	(20,279)
Earnings/(loss) per share			
— Basic	*8(a)*	**HK6.47 cents**	HK(3.21) cents
— Diluted	*8(b)*	**Not applicable**	Not applicable

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2018

	2018	2017
	HK$'000	*HK$'000*
Profit/(loss) for the year	**40,311**	(20,279)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(14,920)**	(1,340)
Share of other comprehensive income of associates	—	(654)
Other comprehensive income for the year, net of tax	**(14,920)**	(1,994)
Total comprehensive income for the year	**25,391**	(22,273)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Investment properties		**73,200**	75,400
Property, plant and equipment		**112,720**	99,605
Land use rights		**11,692**	12,436
Intangible assets		**2,569**	1,806
Investment in associates		**6,832**	2,753
Club debentures		**1,080**	1,080
Deposits for acquisition of property, plant and equipment		**74**	96
Total non-current assets		**208,167**	193,176
Current assets			
Inventories		**76,474**	63,338
Trade, bills and other receivables	*9*	**202,842**	164,203
Restricted bank deposits		**12,980**	17,430
Bank and cash balances		**72,074**	91,686
Total current assets		**364,370**	336,657
Current liabilities			
Trade, bills and other payables	*10*	**112,144**	81,199
Amount due to a related company		**7,885**	4,582
Bank loans		**36,654**	27,164
Current tax liabilities		**11,739**	8,538
Total current liabilities		**168,422**	121,483
Net current assets		**195,948**	215,174
Total assets less current liabilities		**404,115**	408,350
Non-current liabilities			
Deferred tax liabilities		**13,014**	13,153
Net assets		**391,101**	395,197
Capital and reserves			
Share capital		**6,153**	6,326
Reserves		**384,948**	388,871
Total equity		**391,101**	395,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2018

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 P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands. The addresses of its principal places of business in Hong Kong and Macau ("**Macau**") Special Administrative Regions, the People's Republic of China (the "**PRC**") are Units 2201–2202, 22/F., Alliance Building, 133 Connaught Road Central, Hong Kong and 16 Andar A-D, Macau Finance Centre, No. 202A-246 Rua de Pequim, 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 Group is principally engaged in the manufacturing and sales of adhesives, primers, hardeners and 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.

In the opinion of the directors of the Company, 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. The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the 2017 annual consolidated financial statements.

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 HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 October 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of the amendments on the Group's consolidated financial statements has been the inclusion of additional disclosures in the annual report of the Company for the year ended 30 September 2018.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 October 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKAS 40 Investment Property: Transfers of Investment Property	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

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 the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. Whilst management has performed a high-level assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Group. The actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 31 March 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 30 September 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 30 September 2018, accumulated impairment loss at that date would be increased.

The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 October 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

Timing of revenue recognition

Currently, revenue arising from the sale of manufactured goods and trading of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

For contracts with customers in which the sale of manufactured goods and trading of goods is generally expected to be the only performance obligation, adoption of HKFRS 15 is not expected to have any impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to approximately HK$2,384,000 (2017: HK$4,734,000) as at 30 September 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

HK(IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. REVENUE AND SEGMENT INFORMATION

Operating segment information

As the Group is principally engaged in the manufacturing and sales of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers; and acting as the sales agent for adhesive used in the production of electronic products, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the profit before tax of the Group as a whole. Therefore, the management considers there to be only one operating segment under the requirements of HKFRS 8 Operating Segments.

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

	2018	2017
	HK$'000	*HK$'000*
Sales of		
— vulcanized shoes adhesive related products and other shoe adhesives	**385,251**	348,723
— primers	**71,289**	61,867
— hardeners	**68,073**	57,767
— electronic adhesive related products	**93,627**	34,364
— others	**44,796**	36,836
	663,036	539,557

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
— PRC	**249,540**	178,734
— Socialist Republic of Vietnam (the "**Vietnam**")	**341,280**	281,671
— Republic of Indonesia (the "**Indonesia**")	**32,257**	35,763
— Bangladesh	**39,959**	43,389
	663,036	539,557

During the year, there was a customer contributing revenue of approximately HK$205,789,000 (2017: HK$190,788,000) which accounted for more than 31% (2017: 35%) of the Group's total revenue.

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

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**75**	293
PRC	**39,087**	40,423
Macau	**84,377**	81,293
Vietnam	**81,686**	69,674
Indonesia	**2,848**	1,384
Others	**94**	109
	208,167	193,176

5. INCOME TAX EXPENSE

	2018 *HK$'000*	2017 *HK$'000*
Current tax:		
Provision for the year		
— PRC Enterprise Income Tax ("**PRC EIT**")	**1,879**	833
— Macau complementary tax	**1,845**	1,485
— Vietnam Enterprise Income Tax ("**Vietnam EIT**")	**261**	1,949
— Indonesian Corporate Income Tax ("**Indonesian CIT**")	**—**	749
Under-provision in prior years	**151**	336
	4,136	5,352
Deferred tax	**34**	319
	4,170	5,671

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.

The PRC EIT has been provided at a rate of 25% (2017: 25%).

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 PRC EIT rate of 15% (2017: 15%) for the year ended 30 September 2018.

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.) 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 the PRC EIT at 10% and withheld by the PRC entities aforementioned, where appropriate. Deferred tax liabilities 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 the preferential Vietnam EIT rate of 15% from 2005 to 2016 and entitled exemption from the Vietnam EIT for three years commencing from its first profit-making year in 2006, followed by a 50% reduction from 2009 to 2015.

Entities in Vietnam engaged in qualified expansion investment projects are eligible for a Vietnam EIT exemption for the first year to the second year, and a 50% reduction for the third year to 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. Vietnam Centresin 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 the Vietnam EIT at a standard tax rate of 20%.

Pursuant to the relevant laws and regulations in Indonesia, PT. Zhong Bu Adhesive Indonesia, is subject to Indonesian CIT 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. PROFIT/(LOSS) FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
The Group's profit/(loss) for the year is stated after charging the following:		
Auditor's remuneration		
— audit service	**1,150**	1,200
— non-audit services	**550**	556
Amortisation of		
— intangible assets	**357**	10,337
— prepaid lease payments on land use rights	**404**	413
Depreciation	**10,480**	6,879
Operating lease rentals in respect of		
— motor vehicles	**3,930**	3,288
— rented premises and leasehold land	**3,910**	4,204
Royalty fees included in cost of goods sold	**2,889**	2,830
Research and development expenses	**4,340**	3,100
Allowances for trade and other receivables	**5,840**	—
Allowances for inventories	**2,700**	—
Written off of trade and other receivables	**—**	348
Written off of inventories	**4,183**	415
Equity-settled share-based payments to consultants	**262**	1,431
And after crediting:		
Gross property rental income before deduction of outgoings	**1,957**	1,846
Less: Outgoings	**(380)**	(235)
	1,577	1,611

7. DIVIDENDS

During the year, the final dividend for 2017 of HK2.1 cents (2017: final dividend for 2016 of HK2.1 cents) per ordinary share, totalling approximately HK$13,067,000 (2017: HK$13,266,000) was declared and paid to the shareholders.

The final dividend for 2018 of HK2.6 cents per share has been proposed by the directors of the Company and is subject to approval by the shareholders at the annual general meeting. The proposed final dividend of approximately HK$15,998,000 is calculated on the basis of 615,315,076 shares in issue at the date of this annual results announcement.

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the following:

	2018	2017
	HK$'000	*HK$'000*
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share	**40,311**	(20,279)

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**622,681**	631,774

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented as the Company did not have any dilutive potential ordinary shares during the years ended 30 September 2018 and 2017.

9. TRADE, BILLS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**184,782**	134,024
Bills receivables	**4,082**	11,553
Allowances for doubt debts	**(2,500)**	—
	186,364	145,577
Value-added tax recoverable	**6,332**	4,364
Other receivables	**5,062**	8,850
Prepayments	**4,685**	5,002
Land use rights	**399**	410
	202,842	164,203

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 15 to 120 days.

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

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**109,509**	73,914
31 to 60 days	**35,357**	41,798
61 to 90 days	**24,633**	16,451
91 to 180 days	**14,294**	12,267
181 to 365 days	**2,571**	880
Over 1 year	**—**	267
	186,364	145,577

As at 30 September 2018, allowances were made for estimated irrecoverable trade receivables of approximately HK$2,500,000 (2017: Nil).

10. TRADE, BILLS AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**65,411**	41,179
Bills payables — secured	**3,170**	4,718
	68,581	45,897
Customers' deposits received	**3,213**	1,324
Accruals	**40,204**	33,459
Others	**146**	519
	112,144	81,199

The Group normally receives credit terms of 30 to 60 days from its suppliers. The ageing analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**60,039**	42,683
31 to 60 days	**8,193**	2,931
61 to 90 days	**188**	248
91 to 180 days	**97**	35
181 to 365 days	**1**	—
Over 1 year	**63**	—
	68,581	45,897

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The overall revenue of the Group increased by approximately 22.9% from approximately HK$539,557,000 during the year ended 30 September 2017 to approximately HK$663,036,000 during the year ended 30 September 2018.

The overall increase was mainly attributable to the increase in revenue in the Vietnam market after the commencement of operation of our Vietnam plant in mid-2017.

Gross profit/Gross profit margin

The overall gross profit margin decreased from approximately 34.1% during the year ended 30 September 2017 to approximately 29.2% during the year ended 30 September 2018. The decrease in our gross profit margin was mainly due to the continuous increase in the petrochemical material costs during the year ended 30 September 2018.

Selling and distribution costs

The Group's selling and distribution costs increased by approximately 7.8% from approximately HK$56,149,000 during the year ended 30 September 2017 to approximately HK$60,520,000 during the year ended 30 September 2018.

The increase was due to the increase in revenue generated in the Vietnam market during the year ended 30 September 2018.

Administrative expenses

Excluding the one-off allowances made for trade and other receivables of approximately HK$5,840,000 (2017: Nil) during the year ended 30 September 2018, the Group's administrative expenses remained relatively stable.

Share of profits/(losses) of associates

The Group's share of losses of associates of approximately HK$17,075,000 during the year ended 30 September 2017 mainly represented the share of loss of one of the associates of the Group, namely Blue Sky Energy Efficiency Company Limited and its subsidiaries (collectively the "**Blue Sky Group**"). As full impairment was made for the investment in the Blue Sky Group during the year ended 30 September 2017, there was no further share of losses of the associate during the year ended 30 September 2018.

Impairment loss of investment in an associate

The Group's impairment loss of investment in an associate of approximately HK$38,393,000 during the year ended 30 September 2017 represented the full impairment made for the investment in the Blue Sky Group. As such, there was no further impairment loss of investment in the associate during the year ended 30 September 2018.

Net profit/(loss) for the year

As a result of the abovementioned, during the year ended 30 September 2018, the Group reported a net profit of approximately HK$40,311,000 (year ended 30 September 2017: net loss of approximately HK$20,279,000).

BUSINESS REVIEW AND PROSPECTS

Business

The Group is principally engaged in the manufacturing and sales of adhesives, primers, hardeners and 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.

Adhesives are used for bonding all components of footwear including outsoles, insoles, and uppers, while vulcanized shoes adhesives are used for bonding all components of vulcanized 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. Electronic adhesive related products are key materials used in bonding components of electronic products.

The revenue is mainly generated from the sales of vulcanized shoes adhesive related products and other shoe adhesives. The Directors expected that there will not be any material changes in such revenue pattern in 2019.

As at 30 September 2018, the Group had 3 manufacturing plants in the PRC, Vietnam and Indonesia. The Group is planning to expand its manufacturing facilities in Vietnam in order to satisfy the market demand in Vietnam.

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 streamline its business and operational flow in a proactive manner for the purposes of effectively controlling and lowering the operating costs.

Research and development

The Group has continuously dedicated to develop premium and quality products on an environmental friendly basis to meet the market needs, 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 capabilities of the Group so as to maintain the leading position of its technologies in the industry.

Prospects

Due to the continual growth in global demand for footwear, more stringent requirement from the manufacturers for the quality of adhesives which will gradually 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. Moreover, the Group has been establishing a good reputation for our premium and quality products and maintaining good strategic relationships with our customers for a number of years. As such, the Board expects that the growth of the Group's sales will be at a steady pace in 2019. The Group will devote necessary resources to further increase its market share if appropriate.

It is generally believed that the international outlook will remain positive as economic fundamentals remain in good shape. It is expected that there will be a mild growth in the global economy. The ongoing trade war between the United States and the PRC, the economic troubles in emerging markets, the anticipated increase in the interest rate and the oil price volatility are expected to be the main risks inherent to the global economy in 2019. These uncertainties will also undoubtedly increase the overall operational risks of the market players in 2019.

Leveraging on the Group's solid experience accumulated over the years, its premium and 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 optimistic about the prospects of our core business in the long term. However, in view of a series of uncertainties in the current global economy, the Group will follow a more cautious approach to ensure continuous, rapid and effective business and operation development in the coming year by focusing on the improvement of its operational efficiency and core competitiveness. The Group will also closely and carefully monitor the latest development in the global economy and our core business and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group increased from approximately HK$27,164,000 as at 30 September 2017 to approximately HK$36,654,000 as at 30 September 2018. As at 30 September 2018, these interest-bearing bank borrowings of the Group granted under the relevant banking facilities were secured by (i) the Group's pledged bank deposits and time deposits of approximately HK$12,980,000 (30 September 2017: approximately HK$17,430,000); (ii) the Group's certain property, plant and equipment with total net carrying amounts of approximately HK$3,678,000 (30 September 2017: approximately HK$3,786,000); (iii) the Group's investment properties with total net carrying amounts of approximately HK$69,000,000 (30 September 2017: approximately HK$70,700,000); and (iv) corporate guarantee executed by the Company.

Borrowings were denominated in Hong Kong Dollars and interests on borrowings were charged at floating rates. 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 operating activities.

As at 30 September 2018, the Group had pledged bank deposits and time deposits of approximately HK$12,980,000 (30 September 2017: approximately HK$17,430,000). The gearing ratio of the Group as at 30 September 2018 (defined as the total borrowings divided by total equity) was approximately 9.4% (30 September 2017: approximately 6.9%). As at 30 September 2018, the current ratio of the Group was approximately 2.2 (30 September 2017: approximately 2.8).

FOREIGN EXCHANGE EXPOSURE

The Group has certain exposure to foreign currency risk as most of its business transactions and assets and liabilities are principally derived from our overseas operations and mainly denominated in Renminbi, New Taiwan Dollars, Vietnam Dong, Indonesia Rupiah and United States dollars. The Group expects that the Hong Kong dollars will continue to be pegged to the United States dollars. As such, the Group expects that the Hong Kong Dollars will not have material fluctuation against foreign currencies which might materially affect the Group's operations. During the year ended 30 September 2018, 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

During the year ended 30 September 2018, the Group did not have any significant investments, material acquisitions or disposals.

There was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals as at 30 September 2018 and up to the date of this annual results announcement.

CAPITAL COMMITMENTS

As at 30 September 2018, the Group had capital commitments of approximately HK$6,842,000 (30 September 2017: approximately HK$9,014,000) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any significant contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

There have been no other material events occurring after the reporting period and up to the date of this annual results announcement.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2018, the Group employed a total of 365 (30 September 2017: 375) 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 coverage and sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During the year ended 30 September 2018, the staff costs (including Directors' emoluments) amounted to approximately HK$67,399,000 (year ended 30 September 2017: approximately HK$69,742,000). In order to provide incentive or reward to eligible persons for their contributions to the Group and enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted a share option scheme on 22 July 2010 (the "**2010 Share Option Scheme**"), under which it may grant options to eligible persons, including but not limited to the employees, Directors and consultants of the Group.

SIGNIFICANT INVESTMENTS OF THE GROUP

Blue Sky Group

As at 30 September 2018, the Group owned 40% equity interests in Blue Sky Group which was principally engaged in the (i) provision of application and installation of energy-efficiency system and photovoltaic system for commercial and industrial buildings and manufacturing premises; and (ii) purchases and sales of above captioned projects and renewable energy related projects.

During the year ended 30 September 2017, the Blue Sky Group made an investment (the "**Acquisition**") to acquire an effective interest of 57% shareholding in a biochemical production, namely 廣西科明新能源有限責任公司, a company which engages in bioenergy research and ethanol production in the PRC (the "**PRC operation**"). The Directors noted that the Blue Sky Group did not possess any energy-efficiency contract on hand or engage in relevant projects during the year ended 30 September 2017 other than the investment in the PRC operation. Further to the enquiry by the management of the Company to the Blue Sky Group in December 2017, the management of the Company was informed that the ethanol production project would be further postponed and there was no further detailed and concrete production schedule about the PRC operation provided by the Blue Sky Group.

In light of the above, the Directors considered that indicators of impairment existed as at 30 September 2017 in respect of the Company's investment in associate, the Blue Sky Group, and engaged an independent valuer to determine the recoverable amount of investment as required by HKAS 28.42. The recoverable amount was based on the fair value less costs of disposal of the investment in associate in accordance with HKAS 36 Impairment of Assets. Based on the assessment by the independent valuer, the Blue Sky Group had no commercial value as at 30 September 2017.

As such, during the year ended 30 September 2017, the Group's share of the loss and impairment loss of its investment in the Blue Sky Group were approximately HK$17.0 million and HK$38.4 million ("**Impairment**") respectively. The Company considered that the Impairment was a non-cash flow item and would not affect the liquidity of the Group.

Please refer to the "Management Discussion and Analysis" section of the Company's annual report for the year ended 30 September 2017 for details of the Impairment.

During the year ended 30 September 2018, there were several meetings held between the Company and the Blue Sky Group to update the status of the Blue Sky Group. However, there was still no significant progress or improvement in its business of the Blue Sky Group. Same as last year, there was no solid production plan about the PRC operation provided by the Blue Sky Group. Moreover, most of the requested information about the Acquisition could not be provided by the Blue Sky Group up to the date of this annual results announcement. Based on the update assessment and using the same valuation model by the same independent valuer, the commercial value of the Blue Sky Group as at 30 September 2018 remained nil. The Directors are still assessing the status of the Blue Sky Group cautiously and prudently. After consulting with external professional advisers and taking into account the possible cost and benefit at the pre-litigation stage, the Directors considered that it is pre-mature to initiate any claims relating to the Blue Sky Group and consider the treatment of the investment in the Blue Sky Group at this moment. As such, as at 30 September 2018, the Group's interests in the Blue Sky Group were still fully impaired for the sake of prudence.

The Group will actively monitor the latest status of the Blue Sky Group in order to resolve the issue in due course.

Warrant Parking Management Limited

The Group has held 40% equity interest in Warrant Parking Management Limited (the "**Warrant Parking**") since 2017. The principal activity of the Warrant Parking is mainly engaged in provision of car park management for both public and private sectors in Macau. The Board expects that the Warrant Parking will be able to generate positive contribution to the Group in the long run.

Hunan Changsha cooperation

On 12 October 2015, the Group 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 thereof were disclosed in the Company's announcement dated 12 October 2015. The construction of the grid-connected photovoltaic power system was completed in 2016 and the application of connection to the utility grid was completed in 2017. Initial operation was noted during the year ended 30 September 2018. The Group will closely monitor and review the status of the possible cooperation and will consider if any further or binding cooperation shall be pursued. The Group will make further announcement(s) in relation thereto if and when appropriate.

Save as disclosed elsewhere in this annual results announcement, the Group had no other significant investments as at 30 September 2018.

CORPORATE GOVERNANCE

Saved as disclosed below, during the year ended 30 September 2018 and up to the date of this annual results announcement, 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.

Meetings and attendance

In respect of code provision A.2.7 of the CG Code, the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the presence of the executive Directors.

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.

As Mr. Ieong Un, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not practicable. The independent non-executive Directors could communicate with the chairman of the Board directly at any time through other means (such as telephone or email) to give their opinions and share their views on the Company's affairs. It is therefore considered that there are ample opportunities for the chairman of the Board to communicate with the independent non-executive Directors without the presence of the executive Directors.

Chairman and chief executive

In respect of code provision A.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 and the substantial shareholder of the Company 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.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK2.6 cents per ordinary share to the shareholders (the "**Shareholders**") of the Company (subject to approval by the Shareholders at the forthcoming annual general meeting) for the year ended 30 September 2018 (2017: HK2.1 cents).

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

In October 2017, the Company repurchased a total of 10,364,000 ordinary shares of the Company. All of these repurchased shares had been cancelled in November 2017.

In July and August 2018, the Company repurchased a total of 6,912,000 ordinary shares of the Company. All of these repurchased shares had been cancelled in August 2018.

Save as aforesaid, during the year ended 30 September 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

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 2018.

SHARE OPTIONS

Share option scheme

The Company adopted the 2010 Share Option Scheme.

The Group granted 6,000,000 share options at an exercise price HK$1.30 per share on 7 June 2016 to eligible persons under the 2010 Share Option Scheme. Such 6,000,000 share options were lapsed during the year ended 30 September 2018.

The Group also granted 5,480,000 share options at an exercise price HK$0.90 per share on 30 May 2014 to the Directors and employees of the Group under the 2010 Share Option Scheme. During the year ended 30 September 2018, no share option was exercised and 916,000 share options remained outstanding under the 2010 Share Option Scheme as at 30 September 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Chan Wing Yau George, Mr. Simon Luk and Mr. Tong Hing Wah. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 30 September 2018.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "**2018 AGM**") of the Company for the year ended 30 September 2018 will be held on a date to be fixed by the Board, and a notice convening the 2018 AGM will be published and despatched to the Shareholders in due course.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 September 2018 as set out in this annual results announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 September 2018. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.infinitydevelopment.com.hk. The annual report of the Company for the year ended 30 September 2018 will be despatched to the Shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our Shareholders, customers and suppliers for their continuous support, as well as our management team and staff for their hard work and contributions.

By Order of the Board
Infinity Development Holdings Company Limited
Ip Ka Lun
Executive Director

Hong Kong, 21 December 2018

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