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 2019

The board (the "**Board**") of directors (the "**Directors**") 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 2019, together with the comparative figures for the corresponding six months ended 31 March 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 31 March 2019

		Six months ended 31 March	
	Note	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Unaudited)
Revenue	*4*	**366,478**	300,635
Cost of goods sold		**(260,199)**	(218,677)
Gross profit		**106,279**	81,958
Other income		**2,034**	2,698
Changes in fair value of investment properties		**—**	500
Other gains and losses	*5*	**(969)**	100
Selling and distribution costs		**(34,976)**	(30,292)
Administrative expenses		**(57,454)**	(44,144)
Profit from operations		**14,914**	10,820
Interest on bank borrowings		**(548)**	(375)
Share of profits/(losses) of associates		**85**	(319)
Gain on disposal of subsidiaries		**4,213**	—
Profit before tax		**18,664**	10,126
Income tax (expense)/credit	*6*	**(3,052)**	347
Profit for the period	*7*	**15,612**	10,473
Earnings per share			
— Basic	*9(a)*	**HK2.55 cents**	HK1.68 cents
— Diluted	*9(b)*	**Not applicable**	Not applicable

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 March 2019

	Six months ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**15,612**	10,473
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**4,623**	4,932
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**322**	—
Other comprehensive income for the period, net of tax	**4,945**	4,932
Total comprehensive income for the period	**20,557**	15,405

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2019

	Note	At 31 March 2019 HK$'000 (Unaudited)	At 30 September 2018 HK$'000 (Audited)
Non-current assets			
Investment properties		**73,200**	73,200
Property, plant and equipment		**116,661**	112,720
Land use rights		**11,654**	11,692
Intangible assets		**2,569**	2,569
Investment in associates		**6,917**	6,832
Club debentures		**1,080**	1,080
Deposits for acquisition of property, plant and equipment		**24**	74
Total non-current assets		**212,105**	208,167
Current assets			
Inventories		**78,551**	76,474
Trade, bills and other receivables	*10*	**151,674**	202,842
Restricted bank deposits		**13,056**	12,980
Bank and cash balances		**71,949**	72,074
Total current assets		**315,230**	364,370
Current liabilities			
Trade, bills and other payables	*11*	**102,115**	112,144
Amount due to a related company		**7,293**	7,885
Bank loans		**15,556**	36,654
Current tax liabilities		**8,291**	11,739
Total current liabilities		**133,255**	168,422
Net current assets		**181,975**	195,948
Total assets less current liabilities		**394,080**	404,115
Non-current liabilities			
Deferred tax liabilities		**13,227**	13,014
Net assets		**380,853**	391,101
Capital and reserves			
Share capital		**6,002**	6,153
Reserves		**374,851**	384,948
Total equity		**380,853**	391,101

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 31 March 2019

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, the Cayman Islands. The addresses of its principal places of business in Hong Kong and Macau Special Administrative Regions ("**Macau**"), 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 selling of adhesives, primers, hardeners, 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.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements 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 (the "**Listing Rules**") on the Stock Exchange.

These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 September 2018. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 30 September 2018.

3. 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 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations.

The Group has initially adopted HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers from 1 October 2018. A number of other new standards are effective from 1 October 2018 but they do not have a material effect on the Group's condensed consolidated interim financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 October 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 October 2018. The difference between carrying amounts as at 30 September 2018 and the carrying amounts as at 1 October 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 October 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(b) Impairment

From 1 October 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table summaries the impact on the Group's opening retained profits as at 1 October 2018 is as follows:

	Note	*HK$'000*
Increase in impairment losses for:		
— Trade, bills and other receivables	*(a)*	(4,660)
Adjustment to retained profits from adoption of HKFRS 9 on 1 October 2018		(4,660)

The following table and the accompanying note below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 October 2018.

Financial assets	*Note*	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39**	**Carrying amount under HKFRS 9**
				HK$'000	*HK$'000*
Trade, bills and other receivables	*(a)*	Loans and receivables	Amortised cost	191,426	186,766
Restricted bank deposits	*(a)*	Loans and receivables	Amortised cost	12,980	12,980
Bank and cash balances	*(a)*	Loans and receivables	Amortised cost	72,024	72,024

For assets in scope of the HKFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of HKFRS 9 impairment model requirements at 1 October 2018 results in an additional impairment allowance as follows:

	Note	*HK$'000*
Impairment allowance at 30 September 2018 under HKAS 39		5,840
Additional impairment recognised at 1 October 2018 on:		
— Trade, bills and other receivables	*(a)*	4,660
Impairment allowance at 1 October 2018 under HKFRS 9		10,500

Note:

(a) Trade, bills and other receivables, restricted bank deposits and bank and cash balances that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. An increase of HK$4,660,000 in the allowance for impairment of the trade, bills and other receivables was recognised in opening retained profits at 1 October 2018 on transition to HKFRS 9.

The measurement categories for all financial liabilities remained the same. The carrying amounts for all financial liabilities at 1 October 2018 have not been impacted by the initial application.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 October 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 October 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and the related interpretations.

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies.

The Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners, 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. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The adoption of HKFRS 15 does not have a significant impact on how the Group recognises revenue from its manufacturing and selling of adhesives, primers, hardeners, 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.

4. REVENUE AND SEGMENT INFORMATION

Operating segment information

As the Group is principally engaged in the manufacturing and selling 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, 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.

Disaggregation of revenue from contracts with customers by major products for the period is as follow:

	Six months ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— vulcanized shoes adhesive related products and other shoe adhesives	**212,789**	202,705
— hardeners	**36,777**	31,596
— primers	**39,229**	30,985
— electronic adhesive related products	**60,163**	30,154
— others	**17,520**	5,195
	366,478	300,635

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

	Six months ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
— The PRC	**119,794**	108,835
— Socialist Republic of Vietnam (the "**Vietnam**")	**198,805**	161,044
— Republic of Indonesia (the "**Indonesia**")	**23,491**	15,132
— Bangladesh	**24,388**	15,624
	366,478	300,635

The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18.

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

	At 31 March 2019	At 30 September 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**34,282**	39,087
Macau	**88,676**	84,377
Vietnam	**86,421**	81,686
Indonesia	**2,640**	2,848
Others	**86**	169
	212,105	208,167

5. OTHER GAINS AND LOSSES

	Six months ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Written off of property, plant and equipment	**(46)**	(186)
Net foreign exchange (losses)/gains	**(437)**	560
Others	**(486)**	(274)
	(969)	100

6. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Provision for the period:		
— PRC Enterprise Income Tax ("**PRC EIT**")	**1,443**	—
— Macau Complementary Tax	**176**	787
— Vietnam Enterprise Income Tax ("**Vietnam EIT**")	**205**	130
— Indonesian Corporate Income Tax ("**Indonesian CIT**")	**—**	—
Under/(over)-provision in prior periods	**143**	(1,324)
	1,967	(407)
Deferred taxation	**1,085**	60
	3,052	(347)

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% for the six months ended 31 March 2019.

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 (Zhuhai Centresin Chemical Product Company Limited) ("**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% for the six months ended 31 March 2019.

Pursuant to the relevant laws and regulations in Vietnam, entities in Vietnam engaged in qualified expansion investment projects are eligible for the 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. Zhong Bu Adhesive (Vietnam) Co., Ltd. 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 the Indonesian CIT at 25% for the six months ended 31 March 2019.

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

7. PROFIT FOR THE PERIOD

	Six months ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The Group's profit for the period is stated after charging the following:		
Amortisation of		
— intangible assets	**21**	175
— prepaid lease payments on land use rights	**201**	217
Depreciation	**5,922**	5,000
Written off of inventories	**369**	260
And after crediting:		
Gross property rental income before deduction of outgoings	**970**	946
Less: Outgoings	**(190)**	(124)
	780	822

8. DIVIDENDS

During the six months ended 31 March 2019, a final dividend of HK2.6 cents per ordinary share in respect of the year ended 30 September 2018 (six months ended 31 March 2018: a final dividend of HK2.1 cents per ordinary share in respect of the year ended 30 September 2017), totaling approximately HK$15,605,000 (six months ended 31 March 2018: HK$13,067,000) was declared and paid to the shareholders of the Company.

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

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the purpose of calculating basic earnings per share	**15,612**	10,473

	Six months ended 31 March	
	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**612,485**	623,138

(b) Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 31 March 2019.

10. TRADE, BILLS AND OTHER RECEIVABLES

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

	At 31 March 2019	At 30 September 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 90 days	**120,348**	169,499
91 to 180 days	**11,994**	14,294
181 to 365 days	**1,307**	2,571
	133,649	186,364

11. TRADE, BILLS AND OTHER PAYABLES

The ageing analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	At 31 March 2019	At 30 September 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 90 days	**47,543**	68,420
91 to 180 days	**219**	97
181 to 365 days	**—**	1
Over 1 year	**14**	63
	47,776	68,581

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The overall revenue of the Group increased by approximately 21.9% from approximately HK$300,635,000 during the six months ended 31 March 2018 to approximately HK$366,478,000 during the six months ended 31 March 2019.

The overall increase in revenue was mainly attributable to the growth in our major sales regions driven by the overall increase in demand from our prestige customers during the six months ended 31 March 2019.

Gross profit

The overall gross profit of the Group increased by approximately 29.7% from approximately HK$81,958,000 during the six months ended 31 March 2018 to approximately HK$106,279,000 during the six months ended 31 March 2019.

The increase in gross profit was beneficial from the increase in the revenue during the six months ended 31 March 2019.

Selling and distribution costs

The Group's selling and distribution costs increased by approximately 15.5% from approximately HK$30,292,000 during the six months ended 31 March 2018 to approximately HK$34,976,000 during the six months ended 31 March 2019.

The increase was mainly due to the business expansions of the Group in our major sales regions during the six months ended 31 March 2019.

Administrative expenses

The Group's administrative expenses increased by approximately 30.2% from approximately HK$44,144,000 during the six months ended 31 March 2018 to approximately HK$57,454,000 during the six months ended 31 March 2019.

The increase was mainly attributable to the increase in staff costs during the six months ended 31 March 2019.

Gain on disposal of subsidiaries

The gain on disposal of subsidiaries was arising from the disposal (the "**Disposal**") of a disposal group which was principally engaged in the trading and acting as the sales agent for adhesive used in the production of electronic products. The Disposal was completed on 8 March 2019 and was a one-off and non-recurring item without materially affecting the core business of the Group. Please refer to the announcements of the Company dated 28 February 2019 and 8 March 2019 for details of the Disposal.

Net profit

As a result of the abovementioned, during the six months ended 31 March 2019, the Group reported a net profit of approximately HK$15,612,000 (six months ended 31 March 2018: approximately HK$10,473,000).

BUSINESS REVIEW AND PROSPECTS

Businesses

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

As at 31 March 2019, the Group had 3 manufacturing plants in the PRC, Vietnam and Indonesia. If necessary, the Group will consider to further expand its existing manufacturing facilities and set up a new manufacturing plant to satisfy its prestige customers' needs.

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 effective control of the operating costs.

Research and development

The Group has continuously dedicated to develop premium and quality products on an environmental friendly basis to satisfy the market needs, and closely observe the development trend in the future to research and develop products continuously in order to satisfy 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 would 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 prestige 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.

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. The Group will follow a cautious approach to ensure continuous, steady and effective business and operation development in 2019 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 footwear manufacturing industry 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 decreased from approximately HK$36,654,000 as at 30 September 2018 to approximately HK$15,556,000 as at 31 March 2019. As at 31 March 2019, these interest-bearing bank borrowings of the Group granted under the relevant banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK$13,056,000 (30 September 2018: approximately HK$12,980,000); (ii) the Group's certain property, plant and equipment with carrying amount of approximately HK$3,624,000 (30 September 2018: approximately HK$3,678,000); (iii) the Group's investment properties with carrying amount of approximately HK$69,000,000 (30 September 2018: approximately HK$69,000,000); 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 31 March 2019, the Group had restricted bank deposits of approximately HK$13,056,000 (30 September 2018: approximately HK$12,980,000). The gearing ratio of the Group as at 31 March 2019 (defined as the total borrowings divided by total equity) was approximately 4.1% (30 September 2018: approximately 9.4%). As at 31 March 2019, the current ratio of the Group was approximately 2.4 (30 September 2018: approximately 2.2).

FOREIGN EXCHANGE EXPOSURE

The Group has certain exposure to foreign currency risk as (i) most of its business transactions are denominated in United States dollars; and (ii) the Group's assets and liabilities are principally derived from our overseas operations and mainly denominated in Renminbi, Vietnam Dong and United States dollars. The Group expects that the Hong Kong dollars will continue to be pegged to United States dollars. As such, the Group expects that Hong Kong dollars will not have material fluctuation against foreign currencies which might materially affect the Group's operations. During the six months ended 31 March 2019, 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

On 28 February 2019, the Group entered into a disposal agreement with a deemed connected person at the subsidiary level for the Disposal. The Disposal was completed on 8 March 2019. Please refer to the announcements of the Company dated 28 February 2019 and 8 March 2019 for details of the Disposal.

Saved as disclosed elsewhere in this interim results announcement, during the six months ended 31 March 2019, the Group did not have any significant investments, material acquisitions or disposals.

CAPITAL COMMITMENTS

As at 31 March 2019, the Group had capital commitments of approximately HK$2,530,000 (30 September 2018: approximately HK$6,842,000) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2019, the Group employed a total of 350 (30 September 2018: 365) 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 six months ended 31 March 2019, the staff costs (including Directors' emoluments) amounted to approximately HK$48,830,000 (six months ended 31 March 2018: approximately HK$36,791,000).

SIGNIFICANT INVESTMENTS OF THE GROUP

Blue Sky group

As at 31 March 2019, 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 had been 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 was engaged 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 (as defined below) 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.

Starting from the year ended 30 September 2018, the Company met with the management of the Blue Sky Group for several times to update the status of the Blue Sky Group. However, it was found that there remained no progress or improvement in its business of the Blue Sky Group. Neither any solid production plan in the PRC operation nor most of the information about the Acquisition requested by the Company could be provided by the Blue Sky Group up to the date of this interim results announcement. Based on the update assessment and using the same valuation method by the same independent valuer, the commercial value of the Blue Sky Group as at 31 March 2019 remained nil. The Directors were seeking professional advice on the situation and the Directors considered that it was pre-mature to initiate any legal action 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 31 March 2019, the Group's interests in the Blue Sky Group were still fully impaired for the sake of prudence.

The Group will monitor the latest status of the Blue Sky Group in order to resolve the issue in due course. The Directors will continue seeking for resolutions to remedy the loss or to divest the investment, and is seeking further advice on initiating necessary action (including legal action) in relation to the Blue Sky Group.

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 the provision of management service to the government car park in Macau. The Board expects that the Warrant Parking will be able to generate positive contributions 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 Company will make further announcement(s) in relation thereto if and when appropriate.

Save as disclosed elsewhere in this interim results announcement, the Group had no other significant investments as at 31 March 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim dividend

The Board does not recommend the payment of an interim dividend to the shareholders of the Company for the six months ended 31 March 2019.

Purchase, sale or redemption of the Company's listed securities

In January 2019, the Company repurchased a total of 15,148,000 ordinary shares of the Company. All of these repurchased shares had been cancelled in February 2019.

Save as aforesaid, during the six months ended 31 March 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any other listed securities of the Company.

Corporate governance

Save as disclosed below, during the six months ended 31 March 2019, the Company had complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as stated in Appendix 14 of the Listing Rules.

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.

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.

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 six months ended 31 March 2019.

Share options

Share option scheme

The Company adopted a share option scheme on 22 July 2010 (the "**2010 Share Option Scheme**"). The Company 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 six months ended 31 March 2019, no share options have been exercised and 916,000 share options were lapsed on 1 January 2019. No share options remained outstanding under the 2010 Share Option Scheme as at 31 March 2019.

REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the Group's management the condensed consolidated interim financial statements of the Group for the six months ended 31 March 2019. RSM Hong Kong, as the Company's auditor, has reviewed the condensed consolidated interim financial statements of the Group for the six months ended 31 March 2019 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange and the Company. The interim report of the Company will be despatched to shareholders of the Company and will also be published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 29 May 2019

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.