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 2020

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 2020, together with the comparative figures for the corresponding six months ended 31 March 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 31 March 2020

		Six months ended 31 March	
	Note	**2020** ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Unaudited)
Revenue	*4*	**306,832**	366,478
Cost of goods sold		**(201,708)**	(260,199)
Gross profit		**105,124**	106,279
Other income		**2,495**	2,034
Changes in fair value of investment properties		**(5,100)**	—
Other gains and losses		**(1,130)**	(969)
Selling and distribution costs		**(24,851)**	(34,976)
Administrative expenses		**(53,097)**	(57,454)
Profit from operations		**23,441**	14,914
Finance costs		**(170)**	(548)
Share of (loss)/profit of an associate		**(639)**	85
Impairment loss of investment in an associate		**(1,500)**	—
Gain on disposal of subsidiaries		**—**	4,213
Profit before tax		**21,132**	18,664
Income tax expense	*5*	**(2,586)**	(3,052)
Profit for the period	*6*	**18,546**	15,612
Earnings per share			
— Basic	*8(a)*	**HK3.19 cents**	HK2.55 cents
— Diluted	*8(b)*	**Not applicable**	Not applicable

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 March 2020

	Six months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**18,546**	15,612
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(2,062)**	4,623
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**—**	322
Other comprehensive income for the period, net of tax	**(2,062)**	4,945
Total comprehensive income for the period	**16,484**	20,557

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Note	At 31 March 2020 HK$'000 (Unaudited)	At 30 September 2019 HK$'000 (Audited)
Non-current assets			
Investment properties		**69,100**	74,200
Property, plant and equipment		**108,576**	111,992
Prepaid land lease payments		—	11,350
Right-of-use assets		**17,149**	—
Intangible assets		**1,908**	1,934
Investment in associates		**5,004**	7,143
Club debentures		**1,080**	1,080
Deposits for acquisition of property, plant and equipment		—	32
Total non-current assets		**202,817**	207,731
Current assets			
Inventories		**66,214**	66,386
Trade, bills and other receivables	*9*	**143,411**	170,461
Prepaid land lease payments		—	400
Restricted bank deposits		**7,733**	13,101
Bank and cash balances		**104,454**	75,485
Total current assets		**321,812**	325,833
Current liabilities			
Trade, bills and other payables	*10*	**93,674**	93,428
Amount due to a related company		**6,047**	4,898
Lease liabilities		**1,573**	—
Bank loans		**11,668**	—
Current tax liabilities		**14,286**	12,430
Total current liabilities		**127,248**	110,756
Net current assets		**194,564**	215,077
Total assets less current liabilities		**397,381**	422,808
Non-current liabilities			
Lease liabilities		**3,908**	—
Deferred tax liabilities		**13,227**	13,827
Total non-current liabilities		**17,135**	13,827
Net assets		**380,246**	408,981
Capital and reserves			
Share capital		**5,634**	5,808
Reserves		**374,612**	403,173
Total equity		**380,246**	408,981

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 31 March 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. With effect from 1 April 2020, the address of its registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman KY1-1103, Cayman Islands. The addresses of its principal places of business in Hong Kong Special Administrative Region ("**Hong Kong**") and Macau Special Administrative Region ("**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 and vulcanized shoes adhesive related products used by the footwear manufacturers.

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 2019. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) 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 2019 except as stated below.

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 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted HKFRS 16 "Leases" from 1 October 2019. A number of other new standards are effective from 1 October 2019 but they do not have a material effect on the Group's condensed consolidated interim financial statements.

HKFRS 16 "Leases"

HKFRS 16 supersedes HKAS 17 "Leases", and the related interpretations, HK(IFRIC) — Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC) — Int 15 "Operating Leases — Incentives" and HK(SIC) — Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating leases or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have impact on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as at 1 October 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 October 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into on or after 1 October 2019. For contracts entered into before 1 October 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The average incremental borrowing rates applied by the relevant group entities range from approximately 0.78% to 3.29%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ending on or before 30 September 2020;

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(iii) relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as at 30 September 2019 to the opening balance for lease liabilities recognised as at 1 October 2019:

	HK$'000
Operating lease commitments disclosed as at 30 September 2019	8,256
Less: commitments relating to leases exempted from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 30 September 2020	(243)
— effect of value-added tax	(497)
	7,516
Less: total future interest expenses	(398)
Present value of remaining lease payments, discounted using the incremental borrowing rates as at 1 October 2019	7,118
Of which are:	
Current lease liabilities	1,727
Non-current lease liabilities	5,391
	7,118

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the condensed consolidated statement of financial position at 30 September 2019.

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's condensed consolidated statement of financial position:

			Effects of adoption of HKFRS 16		
Line items in the condensed consolidated statement of financial position impacted by the adoption of HKFRS 16		**Carrying amount as at 30 September 2019**	**Reclassification**	**Recognition of leases**	**Carrying amount as at 1 October 2019**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Right-of-use assets		—	12,224	7,118	19,342
Prepaid land lease payments	*(i)*	11,750	(11,750)	—	—
Trade, bills and other receivables	*(ii)*	474	(474)	—	—
Liabilities					
Lease liabilities		—	—	7,118	7,118

Note:

(i) Upfront payments for leasehold lands in the PRC and the Socialist Republic of Vietnam ("**Vietnam**") were classified as prepaid land lease payments as at 30 September 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to approximately HK$400,000 and HK$11,350,000 respectively were classified to right-of-use assets.

(ii) Upfront payments for leased properties in the Republic of Indonesia ("**Indonesia**") were included in trade, bills and other receivables as at 30 September 2019. Upon application of HKFRS 16, the trade, bills and other receivables amounting to approximately HK$474,000 was classified to right-of-use assets.

(c) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 October 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This resulted in no material impact on the reported profit from operations in the Group's condensed consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the period.

In the condensed consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as cash flows from financing activities and cash flows from operating activities respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the condensed consolidated statement of cash flows.

4. REVENUE AND SEGMENT INFORMATION

Operating segment information

The Group has only one operating and reportable segment. Management determines the operating segment based on the information reported to the Group's chief operating decision makers ("**CODMs**") (i.e. the executive Directors). The CODMs assess the operating performance and allocate the resources of the Group as a whole as the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers during the six months ended 31 March 2020. Accordingly, there is only one operating and reportable segment.

No analysis of segment assets and liabilities is presented because the CODMs do not base on such analysis for resource allocation and performance assessment.

	Six months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Sales of goods	**306,832**	366,478

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

	Six months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
— PRC	**41,701**	119,794
— Vietnam	**209,889**	198,805
— Indonesia	**21,285**	23,491
— Bangladesh	**33,957**	24,388
	306,832	366,478

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

	At 31 March 2020	At 30 September 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
PRC	**37,118**	33,495
Macau	**82,336**	89,413
Vietnam	**79,754**	82,412
Indonesia	**2,086**	2,336
Others	**1,523**	75
	202,817	207,731

5. INCOME TAX EXPENSE

	Six months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Provision for the period:		
— PRC Enterprise Income Tax ("**PRC EIT**")	**217**	1,443
— Macau Complementary Tax	**2,847**	176
— Vietnam Enterprise Income Tax ("**Vietnam EIT**")	**122**	205
— Indonesian Corporate Income Tax ("**Indonesian CIT**")	**—**	—
Under-provision in prior periods	**—**	143
	3,186	1,967
Deferred tax	**(600)**	1,085
	2,586	3,052

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% during the six months ended 31 March 2020.

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% during the six months ended 31 March 2020.

Pursuant to the relevant laws and regulations in Macau, the Macau subsidiaries are subject to Macau Complementary Tax at a maximum rate of 12% during the six months ended 31 March 2020.

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% during the six months ended 31 March 2020.

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 FOR THE PERIOD

	Six months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The Group's profit for the period is stated after charging the following:		
Allowances for inventories	**2,285**	3,553
Allowances for trade, bills and other receivables	**11,096**	—
Amortisation of prepaid lease payments on land use rights	**—**	201
Depreciation		
— property, plant and equipment	**6,389**	5,922
— right-of-use assets	**1,274**	—
Loss on disposals of property, plant and equipment	**3**	—

7. DIVIDENDS

During the six months ended 31 March 2020, the final dividend of HK5.2 cents per ordinary share in respect of the year ended 30 September 2019 (six months ended 31 March 2019: the final dividend of HK2.6 cents per ordinary share in respect of the year ended 30 September 2018), totaling approximately HK$30,200,000 (six months ended 31 March 2019: HK$15,605,000) was declared and paid to the shareholders of the Company.

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

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the purpose of calculating basic earnings per share	**18,546**	15,612

	Six months ended 31 March	
	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**580,680**	612,485

(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 2020 and 2019.

9. TRADE, BILLS AND OTHER RECEIVABLES

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

	At 31 March 2020 *HK$'000* (Unaudited)	At 30 September 2019 *HK$'000* (Audited)
0 to 90 days	**105,664**	132,998
91 to 180 days	**17,950**	20,425
181 to 365 days	**—**	889
	123,614	154,312

10. 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 2020 *HK$'000* (Unaudited)	At 30 September 2019 *HK$'000* (Audited)
0 to 90 days	**34,165**	39,819
91 to 180 days	**—**	—
181 to 365 days	**—**	99
Over 1 year	**105**	53
	34,270	39,971

11. EVENTS AFTER THE REPORTING PERIOD

During the six months ended 31 March 2020, the operating results of the Group has been affected by the outbreak of Coronavirus Disease 2019 (the "**COVID-19**") in early 2020. A series of precautionary and control measures have been and continued to be implemented across the globe, including certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing, etc.

Following to the continuing spread of COVID-19 subsequent to period end, management has also taken relevant actions to minimise the unfavourable impact. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 16.3% from approximately HK$366,478,000 during the six months ended 31 March 2019 to approximately HK$306,832,000 during the six months ended 31 March 2020.

The decrease in revenue was mainly attributable to the disposal of subsidiaries during the six months ended 31 March 2019 as detailed below.

Gross profit

The gross profit of the Group was approximately HK$105,124,000 and approximately HK$106,279,000 for the six months ended 31 March 2020 and 2019 respectively, which remained relatively stable.

Changes in fair value of investment properties

The changes in fair value of investment properties during the six months ended 31 March 2020 were mainly attributable to the investment properties located in Macau which were based on the latest valuation assessed by an independent valuer.

Selling and distribution costs

The selling and distribution costs of the Group decreased by approximately 28.9% from approximately HK$34,976,000 during the six months ended 31 March 2019 to approximately HK$24,851,000 during the six months ended 31 March 2020.

The decrease in selling and distribution costs was mainly attributable to the disposal of subsidiaries during the six months ended 31 March 2019 as detailed below.

Administrative expenses

The administrative expenses of the Group was approximately HK$53,097,000 and approximately HK$57,454,000 for the six months ended 31 March 2020 and 2019 respectively. Excluding the allowances for trade, bills and other receivables of approximately HK$11,096,000, the administrative expenses for the six months ended 31 March 2020 would be approximately HK$42,001,000, representing a decrease of approximately 26.9% as compared to the same corresponding period of last year, which was mainly due to the decrease in staff costs during the six months ended 31 March 2020.

The impairment loss of investment in an associate

The impairment loss of investment in an associate, which is principally engaged in the provision of management service to the government car parks in Macau, was made during the six months ended 31 March 2020 as a result of the current epidemic effect upon the utilisation rate of the government car parks in Macau.

Gain on disposal of subsidiaries

The gain on disposal of subsidiaries during the six months ended 31 March 2019 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 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 2020, the Group reported a net profit of approximately HK$18,546,000 (six months ended 31 March 2019: approximately HK$15,612,000).

BUSINESS REVIEW AND PROSPECTS

Businesses

During the six months ended 31 March 2020, the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

As at 31 March 2020, 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 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. Facing the uncertainties of the current epidemic effect, the Group will consider to streamline its business and operations in a proactive manner for the purposes of effective control of the operating costs in the short term.

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 its own research and development team, the Group also cooperated with some international well-known chemical corporations (including Germany and Japan) to develop new products and entered into technology cooperation agreements with several sophisticated technology experts in the industry (including those from countries and regions such as Japan, Taiwan and Hong Kong). 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

Short to medium term outlook: In view of the current epidemic effect upon the global, it is difficult to predict how long it will last. The market currently adopts a wait and see approach to the epidemic effect. As such, it is more difficult for the Board to predict the sales performance of the Group in 2020.

Medium to long term outlook: Due to the global demand for footwear still growing continually, more stringent requirement from the manufacturers for the quality of adhesives which would gradually eliminate industry players with less competitiveness, the demand for the use of environmental water-based adhesive products by footwear brands and manufacturers still growing, the effect of the previous regional deployments of the Group has become prominent under the changes in the market. The Group has been maintaining good relationships with our prestige customers for a number of years. As such, the Board expects that the growth of the Group's sales in the medium to long term will remain stable. The Group will 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 prudent and optimistic about the prospects of our core business in the long term. The Group will follow a very cautious approach to ensure corporate sustainability in 2020. In 2020, the Group will consider to streamline its business and operations and monitor its working capital management closely. The Group will also closely and carefully monitor the latest development in the footwear manufacturing industry and our core business; and the latest development of the epidemic effect and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

As at 31 March 2020, the Group had a total interest-bearing bank borrowings of approximately HK$11,668,000 (30 September 2019: nil). As at 31 March 2020, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK$7,733,000 (30 September 2019: approximately HK$13,101,000); (ii) the Group's certain property, plant and equipment with carrying amount of approximately HK$3,516,000 (30 September 2019: approximately HK$3,572,000); (iii) the Group's investment properties with carrying amount of approximately HK$64,700,000 (30 September 2019: approximately HK$69,900,000); and (iv) corporate guarantee executed by the Company.

The Group currently does not have any interest rate hedging policy while the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has normally funded the liquidity and capital requirements primarily through net cash generated from its operating activities.

As at 31 March 2020, the Group had restricted bank deposits of approximately HK$7,733,000 (30 September 2019: approximately HK$13,101,000). As at 31 March 2020, the gearing ratio (defined as the total borrowings divided by total equity) of the Group was approximately 3.1% (30 September 2019: nil). As at 31 March 2020, the current ratio of the Group was approximately 2.5 (30 September 2019: approximately 2.9).

FOREIGN EXCHANGE EXPOSURE

The Group has certain exposure to foreign currency risks as (i) most of the Group's business transactions are denominated in United States dollars; and (ii) the Group's assets and liabilities are principally derived from our overseas operations and mainly denominated in United States dollars, Renminbi and Vietnam Dong. The Group expects that Hong Kong dollars will continue to be pegged to United States dollars. As such, the Group expects that Hong Kong dollars will not have material fluctuation against foreign currencies which might materially affect the Group's operations. During the six months ended 31 March 2020, 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

Saved as disclosed elsewhere in this interim results announcement, during the six months ended 31 March 2020, 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 31 March 2020 and up to the date of this interim results announcement.

CAPITAL COMMITMENTS

As at 31 March 2020, the Group had capital commitments of approximately HK$1,469,000 (30 September 2019: approximately HK$836,000) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this interim results announcement, 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 2020, the Group employed a total of 362 employees (30 September 2019: 354). 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 2020, the staff costs (including Directors' emoluments) amounted to approximately HK$39,028,000 (six months ended 31 March 2019: approximately HK$48,830,000).

The remuneration policy for the Directors is based on their experience, level of responsibilities, lengths of services and general market conditions. Any discretionary bonus and other merit payments are linked to the financial results of the Group and the individual performance of the Directors.

INVESTMENTS OF THE GROUP

Warrant Parking Management Limited

The Group has held 40% equity interest in Warrant Parking Management Limited (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 parks in Macau.

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 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 investments as at 31 March 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend to the shareholders of the Company during the six months ended 31 March 2020.

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

In March 2020, the Company repurchased and cancelled a total of 17,424,000 ordinary shares of the Company.

Save as aforesaid, during the six months ended 31 March 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any other 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 six months ended 31 March 2020.

The English translation of Chinese names or words in this interim results 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.

CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, during the six months ended 31 March 2020, the Company had complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as stated in the Listing Rules.

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.

SHARE OPTIONS

The Company adopted a share option scheme on 22 July 2010 (the "**2010 Share Option Scheme**"). No share options remained outstanding under the 2010 Share Option Scheme as at 31 March 2020.

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 2020. RSM Hong Kong, the Company's auditor, has reviewed the condensed consolidated interim financial statements of the Group for the six months ended 31 March 2020 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 the 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 of the Company for their invaluable contributions and diligent efforts during the period.

By Order of the Board
Infinity Development Holdings Company Limited
Ieong Un
Chairman and Chief Executive Officer

Hong Kong, 27 May 2020

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.