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 2017

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 2017 together with the comparative figures for the corresponding year in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*4*	**539,557**	496,219
Cost of goods sold		**(355,523)**	(320,411)
Gross profit		**184,034**	175,808
Other income		**5,056**	4,012
Changes in fair value of investment properties		**1,480**	1,260
Changes in fair value of other financial asset		**–**	(7,380)
Gain on disposal of assets classified as held for sale		**–**	6,766
Other gains and losses		**(806)**	(1,065)
Selling and distribution costs		**(56,149)**	(49,167)
Administrative expenses		**(91,544)**	(93,637)
Profit from operation		**42,071**	36,597
Interest on bank borrowings		**(1,211)**	(1,036)
Share of (loss)/profit of associates		**(17,075)**	5,183
Impairment loss of investment in an associate	*9*	**(38,393)**	–
(Loss)/profit before tax		**(14,608)**	40,744
Income tax expense	*5*	**(5,671)**	(3,585)
(Loss)/profit for the year		**(20,279)**	37,159
(Loss)/earnings per share	*7*		
– Basic		**HK(3.21) cents**	HK5.87 cents
– Diluted		**HK(3.21) cents**	HK5.86 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 September 2017

	2017	2016
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(20,279)**	37,159
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(1,340)**	(5,860)
Share of other comprehensive income of associates	**(654)**	(13)
Exchange differences reclassified to profit or loss on disposal of foreign operations	**–**	(2,157)
Other comprehensive income for the year, net of tax	**(1,994)**	(8,030)
Total comprehensive income for the year	**(22,273)**	29,129

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Investment properties		**75,400**	73,920
Property, plant and equipment		**99,605**	56,549
Land use rights		**12,436**	13,100
Intangible assets	*8*	**1,806**	12,157
Investment in associates	*9*	**2,753**	56,069
Club debentures		**1,080**	1,080
Deposits for acquisition of property, plant and equipment		**96**	9,636
Total non-current assets		**193,176**	222,511
Current assets			
Inventories		**63,338**	54,633
Trade, bills and other receivables	*10*	**164,203**	148,745
Restricted bank deposits		**17,430**	21,556
Bank and cash balances		**91,686**	105,513
Total current assets		**336,657**	330,447
Current liabilities			
Trade, bills and other payables	*11*	**81,199**	52,440
Amount due to a related company		**4,582**	4,723
Bank loans		**27,164**	44,913
Current tax liabilities		**8,538**	9,682
Total current liabilities		**121,483**	111,758
Net current assets		**215,174**	218,689
Total assets less current liabilities		**408,350**	441,200
Non-current liabilities			
Deferred tax liabilities		**13,153**	12,756
Net assets		**395,197**	428,444
Capital and reserves			
Share capital		**6,326**	6,317
Reserves		**388,871**	422,127
Total equity		**395,197**	428,444

NOTES

1. GENERAL INFORMATION

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 Special Administrative Regions, the People's Republic of China 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 principal activities of its principal subsidiaries are manufacture and sales of adhesives and related products used in footwear manufacturing and the trading of adhesives used in the production of electronic products.

In the opinion of the Directors, 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 AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial information 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. These consolidated financial information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

These consolidated financial information have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and certain financial instruments that are measured at fair value).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(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 2016. Of these, the following new or revised HKFRSs are relevant to the Group:

Amendments to HKAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments to HKAS 1 clarify, rather than significantly change, existing HKAS 1 requirements. The amendments clarify various presentation issues relating to:

- Assessment of materiality versus minimum disclosure requirements of a standard.
- Disaggregation of specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position. There is also new guidance on the use of subtotals.
- Confirmation that the notes do not need to be presented in a particular order.
- Presentation of other comprehensive income items arising from equity-accounted associates and joint ventures.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(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 2016. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendments to HKAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019
Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HK(IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of the expected impact of these amendments and new standards 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. As the Group has not completed its assessment, further impacts may be identified in due course.

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantify the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.

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.

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$4,734,000 as at 30 September 2017. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

4. REVENUE AND SEGMENT INFORMATION

The executive Directors of the Company regularly review revenue analysis by products, including vulcanized shoes adhesive related products, electronic adhesive related products, other shoe adhesives, primers, hardeners and others, and by locations. The executive Directors of Company considered that the operating activities of manufacture, sales and trading of adhesives as a single operating segment. The operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to Hong Kong Financial Reporting Standards, that are regularly reviewed by the executive Directors of the Company. The executive Directors of the Company review the overall result of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

Entity-wide information

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

	2017	2016
	HK$'000	*HK$'000*
Sales of		
– vulcanized shoes adhesive related products and other shoe adhesives	**348,723**	340,726
– primers	**61,867**	49,372
– hardeners	**57,767**	53,890
– electronic adhesive related products	**34,364**	23,924
– others	**36,836**	28,307
	539,557	496,219

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
– PRC	**178,734**	177,958
– Vietnam	**281,671**	255,560
– Indonesia	**35,763**	34,734
– Bangladesh	**43,389**	27,967
	539,557	496,219

During the year, there was a customer contributing revenue of HK$190,788,000 (2016: HK$169,284,000) which accounted for more than 35% (2016: 34%) of the Group's total revenue.

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

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**293**	509
PRC	**40,423**	91,698
Macau	**81,293**	87,551
Vietnam	**69,674**	40,745
Indonesia	**1,384**	1,901
Others	**109**	107
	193,176	222,511

5. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Provision for the year		
– PRC Enterprise Income Tax ("**PRC EIT**")	**833**	1,695
– Macau complementary tax	**1,485**	1,543
– Vietnam Enterprise Income Tax ("**Vietnam EIT**")	**1,949**	194
– Indonesian Corporate Income Tax ("**Indonesian CIT**")	**749**	334
Under/(over)-provision in prior years	**336**	(257)
	5,352	3,509
Deferred taxation	**319**	76
	5,671	3,585

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

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

Pursuant to the relevant laws and regulations in the PRC, a subsidiary in the PRC, 珠海市澤濤黏合製品有限公司 (Centresin Chemical Products Ltd., Zhuhai) ("**Zhuhai Centresin**"), is recognised as a High and New Technology Enterprise by the relevant PRC government authorities and Zhuhai Centresin was therefore entitled to enjoy a concessionary Enterprise Income Tax rate of 15% for the year ended 30 September, 2017.

According to a joint circular of Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No. 1, only the profits earned by Zhuhai Centresin and 中山信諾黏合製品有限公司(Zhongshan Macson Adhesive Products Co., Ltd.) ("**Zhongshan Macson**") prior to 1 January 2008, when distributed to foreign investors, can be grandfathered with the exemption from withholding tax. Whereas, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entities aforementioned, where appropriate. Deferred tax liability on the undistributed profits earned since 1 January 2008 have been accrued at the tax rate of 10%.

Pursuant to the relevant laws and regulations in Vietnam, Zhong Bu Adhesive (Vietnam) Co., Ltd. ("**Vietnam Centresin**") was entitled to preferential Enterprise Income Tax rate of 15% from 2005 to 2016 and entitled exemption from Vietnam EIT for three years commencing from its first profit-making year in 2006, followed by a 50% reduction from 2009 to 2015.

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

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

6. DIVIDENDS

During the year, the final dividend for 2016 of HK2.1 cents (2016: final dividend for 2015 of HK2.4 cents) per ordinary share, totalling approximately HK$13,266,000 (2016: HK$15,161,000) was declared and paid to the shareholders.

The final dividend for 2017 of HK2.1 cents per share has been proposed by the Directors and is subject to approval by the shareholders at the annual general meeting. The proposed final dividend of approximately HK$13,067,000 is calculated on the basis of 622,227,076 shares in issue at the date of this announcement.

7. (LOSS)/EARNINGS PER SHARE

(a) Basic

The calculation of the basic (loss)/earnings per share for the year is based on the consolidated (loss)/profit attributable to the owners of the Company and on the weighted average number of approximately 631,774,024 (2016: 633,670,967) shares in issue during the year.

	2017	2016
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	**(20,279)**	37,159
Weighted average number of ordinary shares for basic (loss)/earnings per share *(thousand shares)*	**631,774**	633,671
Basic (loss)/earnings per share	**HK(3.21) cents**	HK5.87 cents

(b) Diluted

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

	2017	2016
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	**(20,279)**	37,159
Weighted average number of ordinary shares for basic (loss)/earnings per share *(thousand shares)*	**631,774**	633,671
Effect of dilutive potential ordinary shares upon the exercise of share options *(thousand shares)*	**–**	770
Weighted average number of ordinary shares for diluted (loss)/earnings per share *(thousand shares)*	**631,774**	634,441
Diluted (loss)/earnings per share	**HK(3.21) cents**	HK5.86 cents

8. INTANGIBLE ASSETS

	Club membership *HK$'000*	Formula rights *HK$'000*	Customer relationship *HK$'000*	Total *HK$'000*
Cost				
At 1 October 2015	1,550	1,600	40,000	43,150
Exchange alignment	6	–	–	6
At 30 September 2016	1,556	1,600	40,000	43,156
Exchange alignment	(14)	–	–	(14)
At 30 September 2017	1,542	1,600	40,000	43,142
Accumulated amortisation and impairment losses				
At 1 October 2015	22	640	12,000	12,662
Amortisation	17	320	10,400	10,737
Impairment loss	–	–	7,600	7,600
At 30 September 2016	39	960	30,000	30,999
Amortisation	17	320	10,000	10,337
At 30 September 2017	56	1,280	40,000	41,336
Net book value at 30 September 2017	1,486	320	–	1,806
Net book value at 30 September 2016	1,517	640	10,000	12,157

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

The average remaining amortisation period of the club membership with finite useful lives, the formula rights and customer relationship are 41 years (2016: 42 years), 1 year (2016: 2 years) and Nil (2016: 1 year) respectively.

9. INVESTMENT IN ASSOCIATES

	2017	2016
	HK$'000	*HK$'000*
Share of net (liabilities)/assets	**(2,068)**	12,856
Goodwill	**43,214**	43,213
	41,146	56,069
Accumulated impairment losses *(Note)*	**(38,393)**	–
	2,753	56,069

Note:

Accumulated impairment losses of investment in associates represented the impairment losses of investment in Blue Sky Energy Efficiency Company Limited and its subsidiaries (the "Blue Sky Group") recognised during the year. During the year, the Blue Sky Group made an investment to acquire equity interest in a group which engages in bioenergy research and ethanol production in the PRC (the "PRC operation"). As at year end, the Directors reviewed the business and operation of the Blue Sky Group and enquired management of Blue Sky Group, and confirmed that the Blue Sky Group's main business was the investment in the PRC operation. As the PRC operation did not commence its production and no sales were concluded in 2017 as per original plan, and that the Blue Sky Group has not completed the committed capital injection in the PRC operation, management of the Group considered these are indicators for potential impairment. In order to measure the recoverable amount of the Company's investment in the Blue Sky Group, the Company engaged LCH (Asia-Pacific) Surveyors Limited, an independent professional qualified valuer, to perform a valuation of the Company's investment in the Blue Sky Group as at 30 September 2017. Management of the Group is of the opinion that the recoverable amount to be measured at fair value less cost of disposal, which is a more suitable approach for the investment.

The carrying amount of investment in the Blue Sky Group has been reduced to its recoverable amount of HK$Nil and an impairment loss of HK$38,393,000 is recognized in the consolidated statement of profit or loss for the year ended 30 September 2017 accordingly.

10. TRADE, BILLS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**134,024**	116,521
Bills receivables	**11,553**	11,597
	145,577	128,118
Value-added tax recoverable	**4,365**	3,638
Other receivables	**8,850**	14,215
Prepayments	**5,003**	2,330
Land use rights	**408**	444
	164,203	148,745

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

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

Age

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**73,914**	62,940
31 to 60 days	**41,798**	34,657
61 to 90 days	**16,451**	17,539
91 to 180 days	**12,267**	9,376
181 to 365 days	**880**	3,461
Over 1 year	**267**	145
	145,577	128,118

11. TRADE, BILLS AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**41,179**	25,284
Bills payables – secured	**4,718**	1,653
	45,897	26,937
Customers' deposits received	**1,324**	1,141
Accruals	**33,459**	23,888
Others	**519**	474
	81,199	52,440

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

Age

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**42,683**	24,901
31 to 60 days	**2,931**	1,830
61 to 90 days	**248**	66
91 to 180 days	**35**	101
181 to 365 days	**–**	23
Over 1 year	**–**	16
	45,897	26,937

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's revenue for the year ended 30 September 2017 (the "**Year**") was approximately HK$539,557,000 (2016: HK$496,219,000), representing an increase of 8.73% over last year. Loss attributable to the owners of the Company amounted to approximately HK$20,279,000 (2016: profit of HK$37,159,000). During the Year, the sales of the Group recorded a growth in all regions and the selling prices of our products remained relatively stable.

During the Year, the Group recorded a gross profit and profit from operation of approximately HK$184,034,000 (2016: HK$175,808,000) and approximately HK$42,071,000 (2016: HK$36,597,000) respectively.

Benefiting from the effective implementation of production cost control, a relative stable gross profit margin was maintained. The selling and distribution costs and administrative expenses amounted to approximately HK$147,693,000 (2016: HK142,804,000).

Although the profit from operation increased, a loss for the year was recorded which was mainly attributable to share of loss of associates and impairment loss of investment in an associate. More details of the investment in the associates are described in the section "Significant Investments" below.

Excluding the share of loss of associates and impairment loss of investment in an associate of approximately HK$17,075,000 and HK$38,393,000 respectively for the Year, the Group would have recorded a profit for the Year of approximately HK$35,189,000, representing an increase of approximately 10% as compared to last year of approximately HK$31,976,000 (excluding the share of profit of associates of approximately HK$5,183,000).

However, during the Year, the loss for the year amounted to approximately HK$20,279,000 (2016: profit of HK$37,159,000). Basic and diluted loss per Share were HK3.21 cents and HK3.21 cents (2016: earnings of HK5.87 cents and earnings of HK5.86 cents) respectively.

BUSINESS REVIEW AND PROSPECTS

Businesses

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

Segment Information

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

Products

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

   During the Year, the sales revenue generated from this product category was approximately HK$348,723,000 (2016: HK$340,726,000), representing approximately 64.63% of the Group's total revenue.

2. *Primers*

   During the Year, the sales revenue generated from this product category was approximately HK$61,867,000 (2016: HK$49,372,000), representing approximately 11.47% of the Group's total revenue.

3. *Hardeners*

   During the Year, the sales revenue generated from this product category was approximately HK$57,767,000 (2016: HK$53,890,000), representing approximately 10.71% of the Group's total revenue.

4. *Electronic adhesives related products*

   During the Year, the sales revenue generated from this product category was approximately HK$34,364,000 (2016: HK$23,924,000), representing approximately 6.37% of the Group's total revenue.

Regional Information

1. *The PRC market*

During the Year, by region, the revenue in the PRC market increased by 0.44% over last year to approximately HK$178,734,000 (2016: HK$177,958,000), representing approximately 33.13% of the Group's total revenue.

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

2. *The Vietnam market*

During the Year, by region, the revenue in the Vietnam market increased by 10.22% over last year to approximately HK$281,671,000 (2016: HK$255,560,000), representing approximately 52.20% of the Group's total revenue.

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

3. *The Indonesia market*

During the Year, by region, the revenue in the Indonesia market increased by 2.96% over last year to approximately HK$35,763,000 (2016: HK$34,734,000), representing approximately 6.63% of the Group's total revenue.

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

4. *The Bangladesh market*

During the Year, by region, the revenue in the Bangladesh market increased by 55.14% over last year to approximately HK$43,389,000 (2016: HK$27,967,000), representing approximately 8.04% of the Group's total revenue.

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

Production Facilities

1. *The Zhuhai Plant*

   In order to meet the Group's sales and the changes in the PRC market, the second phase expansion project in the existing Zhuhai Plant had completed. After completed the second phase expansion project, the Group will be well-prepared to meet the production capacity requirement for the development of its OEM business in the future.

2. *The Zhongshan Plant*

   In order to respond to the changes in the market condition of footwear manufacturing industry in the PRC, the Zhongshan Plant had completed the process of reorganization and reallocation of internal resources and the Zhongshan Plant had ceased operation in the first half of the Year.

3. *The Vietnam Plant*

   Given the orderly shift of the footwear manufacturing industry to the Southeast Asia as well as the necessity to satisfy the needs for market development in the future, the management had decided to expand the existing scale of the Vietnam Plant. In order to meet the current production capacity requirement, the construction of the first phase of the new Vietnam Plant has been completed and operation has been commenced since mid-2017. The second phase expansion project in the existing Vietnam Plant is under planning.

4. *The Indonesia Plant*

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

Cost Control

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

Research and Development

The Group has continuously dedicated to develop premium products on an environmental friendly basis to meet the market needs for quality products, and closely observe the development trend in the future to research and develop products pre-emptively in order to meet the future development needs in the industry. In addition to the technology cooperation between the Group and the No-Tape Japan as well as having its own research and development team, the Group also entered into technology cooperation agreements with several sophisticated technology experts in the industry (including those from countries and regions such as Japan, Taiwan and Hong Kong). Hopefully, such measures will enhance the research and development capability of the Group so as to maintain the leading position of its technologies in the industry.

Prospects

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

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

Liquidity and Financial Resources and Capital Structure

For the year ended 30 September 2017, the Group's working capital requirement was principally financed by its internal resources and banking facilities.

As at 30 September 2017, the Group had cash and bank balances and deposits, net current assets and total assets less current liabilities of approximately HK$109,116,000 (2016: HK$127,069,000), approximately HK$215,174,000 (2016: HK$218,689,000) and approximately HK$408,350,000 (2016: HK$441,200,000) respectively.

As at 30 September 2017, the Group had total bank borrowings except bills payable, on floating interest rates basis with the average interest rate of 2.91%, of approximately HK$27,164,000 (2016: HK$44,913,000). All these utilised bank borrowings, both long and short terms, were secured by pledged bank deposits, land and buildings and investment properties held under medium-term leases.

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

Total equity of the Group as at 30 September 2017 decreased by approximately HK$33,247,000 to approximately HK$395,197,000 (2016: HK$428,444,000). The gearing ratio (calculated as the ratio of total borrowings: total assets) of the Group as at 30 September 2017 was approximately 0.05 (2016: 0.08).

The Group granted 5,000,000 and 6,000,000 share options at HK$1.788 and HK$1.30 per share on 16 June 2015 and 7 June 2016 respectively, to eligible persons under the share option scheme of the Company adopted on 22 July 2010 (the "2010 Scheme") and these 5,000,000 share options had been lapsed and 6,000,000 share options are still outstanding under the 2010 Scheme as at 30 September 2017.

During the Year, the Company has issued 872,000 ordinary Shares upon exercise of the share options at an exercise price of HK$0.90 per Share. The gross proceed was approximately HK$784,800, of which HK$8,720 was credited to the share capital, while HK$925,113 was credited to the share premium, the share-based payment reserve was decreased by HK$149,033.

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

Significant Investments

Blue Sky Group

As at 30 September 2017, the Group owned 40% equity interests in Blue Sky Energy Efficiency Company Limited ("Blue Sky", which together with its subsidiaries, the "Blue Sky Group") which is principally engaged in the (i) provision of application and installation of energy-efficiency system and photovoltaic system for commercial and industrial buildings and manufacturing premises; and (ii) purchase and sales of above captioned projects and renewable energy related projects.

In order to assess the fair value of the Company's investment in the Blue Sky Group, the Company engaged LCH (Asia-Pacific) Surveyors Limited, an independent professional qualified valuer to perform a valuation of the Company's interests in the Blue Sky Group which comprised its investment in a PRC company which engaged in a biochemical production project (collectively, the "PRC operation"). Since the Blue Sky Group was unable to provide any committed production schedule in respect of the PRC operation or any business contracts to allow a reasonable income projection, the independent valuer adopted the asset-based approach in the valuation of the Blue Sky Group and its proportional interest in the PRC operation, based on an assessment of the fair value of the relevant assets, i.e. mainly plant and equipment of the PRC operation. After visit of the PRC operation and enquiries with the management of the PRC operation by the independent valuer, the independent valuer found that the production factory of the PRC operation was not in operation, certain equipment of the PRC operation were obsolete and that the Blue Sky Group has not yet completed its capital injection in the PRC operation. Therefore, the Directors consider these are potential impairment indicators and made impairment to the investment of the Group in the Blue Sky Group.

The independent valuer has assessed that the Blue Sky Group has no commercial value as at 30 September 2017. The valuation of the Company's interests in the Blue Sky Group, including its investment in the PRC operation, was conducted using the asset-based approach on the assumption that the disposal of the underlying assets of the Blue Sky Group would be resulted.

For 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 respectively. The Company considers that the impairment loss is a non-cash flow item and would not affect the liquidity of the Group.

Hunan Changsha group

On 12 October 2015, the Company entered into a non-legally binding memorandum of understanding with 株洲變流技術國家工程研究中心有限公司 (transliterated as Zhuzhou National Engineering Research Centre of Converters Co., Ltd.#) (the "**ZNERCC**") and entered into a non-legally binding cooperation agreement with ZNERCC and 湖南城石智能科技有限公司 (transliterated as Hunan Changsha Intelligent Technology Co. Ltd.#) in respect of the possible cooperation in photovoltaics system project(s). Details of the transaction were disclosed in the Company's announcement dated 12 October 2015. The construction of the grid-connected photovoltaic power system was completed in last year and the application of connection to the utility grid was completed during the Year.

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

Acquisition and Disposal of Subsidiaries and Associated Companies

During the Year, the Group completed an acquisition of 40% equity interest in Warrant Parking Management Group (the "**Warrant Group**") from a Macau renowned enterprise and after then, also completed a capital injection. The total investment in the Warrant Group amounted to approximately HK$2,800,000. The principal activities of Warrant Group are engaged in provision of car park management for commercial building and residential premises. The management expects the Warrant Group can bring positive contribution to the Group in coming future.

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

Employee Information

As at 30 September 2017, the Group employed a total of 375 (2016: 405) employees. It is the policy of the Group to provide and regularly review its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and company sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During the Year, the staff costs (including Directors' emoluments) amounted to approximately HK$69,746,000 (2016: HK$65,367,000).

In order to provide incentive or reward to eligible persons for their contribution to the Group and to enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted the 2010 Scheme, under which it may grant options to eligible persons, including but not limited to employees, Directors and consultants, with the Group. During the

Year, no options have been granted. Save for 872,000 share options exercised by the holders thereof and 572,000 share options lapsed, no share options have been exercised pursuant to the 2010 Scheme during the Year. There are 1,024,000 outstanding share options which were granted to Directors and employees of the Group under the 2010 Scheme as at 30 September 2017.

Charges on Group Assets

As at 30 September 2017, certain interests in land use rights, land and buildings and investment properties held under medium-term leases of approximately HK$74,486,000 (2016: HK$73,204,000) and bank deposits of HK$17,430,000 (2016: HK$21,556,000) were pledged to banks for bank borrowings totaling approximately HK$27,164,000 (2016: HK$44,913,000) granted to the Group.

Future Plans for Material Investments and Expected Sources of Funding

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

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

Exposure to Fluctuations in Exchange Rates

The Group has foreign currency sales and certain financial assets and liabilities are denominated in foreign currency, which expose the Group to risk principally in Renminbi, New Taiwan Dollars, Vietnam Dong, Indonesia Rupiah and United States dollars. The Group expects that the Hong Kong dollars will continue to be pegged to the US dollars therefore the Group expects that the Hong Kong Dollars will not have material fluctuation against foreign currencies which might materially affects the Group's result of operations. Hence, the Group did not employ any financial instruments for hedging purposes.

Capital Commitments

As at 30 September 2017, the Group had capital commitments of approximately HK$9,014,000 (2016: HK$24,904,000) in respect of the acquisition of property, plant and equipment.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 September 2017.

Events after the reporting Period

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

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", there is no material subsequent event undertaken by the Company or by the Group after 30 September 2017 and up to the date of this announcement.

DIVIDEND

The Board recommends the payment of a final dividend of HK2.1 cents per share for the year ended 30 September 2017 subject to the approval of the shareholders at the forthcoming annual general meeting.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 30 September 2017.

CORPORATE GOVERNANCE CODE

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

Code Provision A.2.1. provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Ieong Un has been performing both the roles of chairman and chief executive officer. Mr. Ieong is the founder of the Group and has over 23 years of experience in the adhesive related industry. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The Directors will continue to review the effectiveness of the current structure and assess whether change in the separation of the roles of chairman and chief executive officer is necessary.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

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

The audit committee is primarily responsible for the review and supervision of the Group's financial reporting process, risk management and internal control system. It has met with the external auditors of the Group to review the accounting principles and practices adopted by the Company and the audited annual financial statements of the Group for the year ended 30 September 2017.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules, the 2017 Annual Report containing all the Company's information set out in this announcement including the audited financial results for the year ended 30 September 2017 will be posted on the Company's website (www.infinitydevelopment.com.hk) and the website of the Stock Exchange (www.hkex.com.hk) in due course.

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

Hong Kong, 29 December 2017

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

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.