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 2018

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 2018, together with the comparative figures for the corresponding six months ended 31 March 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 31 March 2018

		Six months ended 31 March	
	Note	**2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited)
Revenue	*4*	**300,635**	252,426
Cost of goods sold		**(218,677)**	(163,619)
Gross profit		**81,958**	88,807
Other income		**2,698**	3,001
Changes in fair value of investment properties		**500**	(420)
Other gains and losses	*5*	**100**	3,819
Selling and distribution costs		**(30,292)**	(25,292)
Administrative expenses		**(44,144)**	(43,549)
Profit from operation		**10,820**	26,366
Interest on bank borrowings		**(375)**	(707)
Share of losses of associates		**(319)**	(714)
Profit before tax		**10,126**	24,945
Income tax credit/(expense)	*6*	**347**	(3,680)
Profit for the period	*7*	**10,473**	21,265
Earnings per share	*9*		
– Basic		**HK1.68 cents**	HK3.37 cents
– Diluted		**HK1.68 cents**	HK3.37 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 31 March 2018

	Six months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**10,473**	21,265
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**4,932**	(9,735)
Other comprehensive income for the period, net of tax	**4,932**	(9,735)
Total comprehensive income for the period	**15,405**	11,530

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2018

	Note	At 31 March 2018 HK$'000 (Unaudited)	At 30 September 2017 HK$'000 (Audited)
NON-CURRENT ASSETS			
Investment properties		**75,900**	75,400
Property, plant and equipment		**107,045**	99,605
Land use rights		**12,229**	12,436
Intangible assets		**2,795**	1,806
Investment in associates		**2,434**	2,753
Club debentures		**1,080**	1,080
Deposits for acquisition of property, plant and equipment		**156**	96
TOTAL NON-CURRENT ASSETS		**201,639**	193,176
CURRENT ASSETS			
Inventories		**85,123**	63,338
Trade, bills and other receivables	*10*	**167,026**	164,203
Restricted bank deposits		**16,842**	17,430
Bank and cash balances		**72,588**	91,686
TOTAL CURRENT ASSETS		**341,579**	336,657
CURRENT LIABILITIES			
Trade, bills and other payables	*11*	**107,312**	81,199
Amount due to a related company		**8,709**	4,582
Bank loans		**18,789**	27,164
Current tax liabilities		**9,154**	8,538
TOTAL CURRENT LIABILITIES		**143,964**	121,483
NET CURRENT ASSETS		**197,615**	215,174
TOTAL ASSETS LESS CURRENT LIABILITIES		**399,254**	408,350
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**13,213**	13,153
NET ASSETS		**386,041**	395,197
CAPITAL AND RESERVES			
Share capital		**6,222**	6,326
Reserves		**379,819**	388,871
TOTAL EQUITY		**386,041**	395,197

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 31 March 2018

1. GENERAL INFORMATION

Infinity Development Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands with limited liability. The address of its registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands. The addresses of its principal places of business in Hong Kong and Macau Special Administrative Regions, the People's Republic of China (the "**PRC**") are Units 2201–2202, 22/F., Alliance Building, 133 Connaught Road Central, Hong Kong and 16 Andar A–D, Macau Finance Centre, No. 202A–246 Rua de Pequim, Macau, respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of adhesives, primers, hardeners, 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.

2. BASIS OF PREPARATION

These condensed consolidated interim financial information have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). These condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 30 September 2017. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 30 September 2017.

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

In the current period, the Group has adopted all 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 2017. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed consolidated interim financial information.

4. REVENUE AND SEGMENT INFORMATION

Operating segment information

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

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

	Six months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales of:		
— vulcanized shoes adhesive related products and other shoe adhesives	**202,705**	181,442
— hardeners	**31,596**	27,157
— primers	**30,985**	26,786
— electronic adhesive related products	**30,154**	15,230
— others	**5,195**	1,811
	300,635	252,426

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

	Six months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
— The PRC	**108,835**	84,704
— Socialist Republic of Vietnam (the "**Vietnam**")	**161,044**	132,878
— Republic of Indonesia (the "**Indonesia**")	**15,132**	18,332
— Bangladesh	**15,624**	16,512
	300,635	252,426

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

	At 31 March 2018 *HK$'000* **(Unaudited)**	At 30 September 2017 *HK$'000* (Audited)
Hong Kong	**183**	293
The PRC	**42,139**	40,423
Macau	**81,354**	81,293
Vietnam	**76,745**	69,674
Indonesia	**1,109**	1,384
Others	**109**	109
	201,639	193,176

5. OTHER GAINS AND LOSSES

	Six months ended 31 March	
	2018 *HK$'000* **(Unaudited)**	2017 *HK$'000* (Unaudited)
Loss on disposals of property, plant and equipment	**—**	(466)
Written off of property, plant and equipment	**(186)**	—
Net foreign exchange gains	**560**	4,417
Others	**(274)**	(132)
	100	3,819

6. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 31 March	
	2018 *HK$'000* **(Unaudited)**	2017 *HK$'000* (Unaudited)
Current tax:		
Provision for the period:		
— PRC Enterprise Income Tax ("**PRC EIT**")	**—**	813
— Macau complementary tax	**787**	1,168
— Vietnam Enterprise Income Tax ("**Vietnam EIT**")	**130**	697
— Indonesian Corporate Income Tax ("**Indonesian CIT**")	**—**	1,027
Over-provision in prior periods	**(1,324)**	—
	(407)	3,705
Deferred taxation	**60**	(25)
	(347)	3,680

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 six months ended 31 March 2018.

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

Pursuant to the relevant laws and regulations in Vietnam, Zhong Bu Adhesive (Vietnam) Co., Ltd. ("**Vietnam Centresin**") was entitled to preferential Vietnam EIT 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.

Entities in Vietnam engaged in qualified expansion investment projects are eligible for Vietnam EIT exemption for the first year to the second year, and a 50% reduction for the third year to sixth year starting from the year in which the entities first generate income from the expansion investment projects, on the assessable profits from such expansion investment projects. Vietnam Centresin was entitled to the tax incentive for its expansion investment project from 2017 to 2022. The remaining assessable profits that are not generated from these expansion investment projects, is subject to Vietnam EIT at a standard tax rate of 20%.

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

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

7. PROFIT FOR THE PERIOD

	Six months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The Group's profit for the period is stated after charging the following:		
Amortisation of		
— intangible assets	**175**	5,170
— prepaid lease payments on land use rights	**217**	206
Depreciation	**5,000**	3,096
Written off of inventories	**260**	210
Written off of trade receivables	**—**	200
And after crediting:		
Gross property rental income before deduction of outgoings	**946**	988
Less: Outgoings	**(124)**	(117)
	822	871

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend to the shareholders for the six months ended 31 March 2018 (six months ended 31 March 2017: Nil).

9. EARNINGS PER SHARE

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

	Six months ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company used in basic and diluted earnings per share calculation	**10,473**	21,265

	Six months ended 31 March	
	2018	2017
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	**623,138**	631,719
Effect of dilutive potential ordinary shares arising from share options	**—**	216
Weighted average number of ordinary shares used in diluted earnings per share calculation	**623,138**	631,935

The Company's share options as at 31 March 2018 do not give rise to any dilutive effect to the earnings per share.

10. TRADE, BILLS AND OTHER RECEIVABLES

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

	At 31 March 2018	At 30 September 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**81,977**	73,914
31 to 60 days	**26,040**	41,798
61 to 90 days	**20,655**	16,451
91 to 180 days	**15,752**	12,267
181 to 365 days	**1,577**	880
Over 1 year	**139**	267
	146,140	145,577

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 2018	At 30 September 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**56,683**	42,683
31 to 60 days	**6,452**	2,931
61 to 90 days	**1**	248
91 to 180 days	**11**	35
181 to 365 days	**75**	—
Over 1 year	**1**	—
	63,223	45,897

MANAGEMENT DISCUSSION AND ANALYSIS RESULTS

FINANCIAL REVIEW

Revenue

The Group's overall revenue increased by approximately 19.1% from approximately HK$252,426,000 during the six months ended 31 March 2017 to approximately HK$300,635,000 during the six months ended 31 March 2018.

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

Gross Profit/Gross Profit Margin

The overall gross profit margin decreased from approximately 35.2% during the six months ended 31 March 2017 to approximately 27.3% during the six months ended 31 March 2018. The decrease in our gross profit margin was mainly due to the continuous increase in the petrochemical material costs during the six months ended 31 March 2018.

Selling and Distribution Costs

The Group's selling and distribution costs increased by approximately 19.8% from approximately HK$25,292,000 during the six months ended 31 March 2017 to approximately HK$30,292,000 during the six months ended 31 March 2018.

The increase was mainly in line with the increase in revenue during the six months ended 31 March 2018.

Administrative Expenses

The Group's administrative expenses remained relatively stable during the six months ended 31 March 2018.

Net Profit

As a result of the abovementioned, during the six months ended 31 March 2018, the Group reported a net profit of approximately HK$10,473,000 (six months ended 31 March 2017: approximately HK$21,265,000).

BUSINESS REVIEW AND PROSPECTS

Businesses

The Group is principally engaged in the manufacturing and sales of adhesives, primers, hardeners, vulcanized shoes adhesive related products used by the footwear manufacturers and acting as the sales agent for adhesives used in the production of electronic products.

Adhesives are used for bonding all components of footwear including outsoles, insoles, and uppers, while vulcanized shoes adhesives are used for bonding all components of vulcanized shoes. Primers are used in the pretreatment of footwear components, including outsoles, insoles, and uppers, prior to the application of adhesives. Hardeners, being a curing agent, are used by mixing with adhesives to control or speed up the curing action of adhesives. Electronic adhesive related products are key materials used in bonding components of electronic products.

The revenue is mainly generated from the sales of vulcanized shoes adhesive products and other shoe adhesives in the PRC and Vietnam markets. The Directors expected that there will not be any material changes in such pattern in 2018.

As at 31 March 2018, the Group had 3 manufacturing plants in the PRC, Vietnam and Indonesia. The Group is planning to expand its manufacturing facilities in Vietnam in order to satisfy the demand in Vietnam.

Cost Control

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

Research and Development

The Group has continuously dedicated to develop premium 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 capabilities of the Group so as to maintain the leading position of its technologies in the industry.

Prospects

The Board expects that the growth of the Group's sales will be at a steady pace in 2018 after the completion and commencement of operation of the new Vietnam plant. Due to the continual growth in global demand for footwear, more stringent requirement from the manufacturers for the quality of adhesives which will gradually eliminate industry players with less competitiveness, rapid increase in the demand for the use of environmental friendly water-based adhesive products by footwear brands and manufacturers, and ongoing diversion of the footwear manufacturing industry to countries or regions with lower costs, the effect of the previous regional deployments of the Group is becoming prominent under the swift changes in the market. As such, it is anticipated that there will be a stable growth in the demand for our high quality adhesive products in 2018. The Group will devote necessary resources to further increase its market share if appropriate.

The continuous increase in the petrochemical material costs trims down our gross profit margin during the period under review. It is expected that such trend will continue for a period of time and affect our performance in 2018.

Leveraging on the Group's solid experience accumulated over the years, its premium products recognised by the market and its competence in research and development capabilities, the Group will continue to commit itself 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 continue to exercise due care in the pursuance of its existing core business and furtherance of its development plans so as to balance the risks and opportunities of our core business. The Group will also closely and carefully monitor the latest development in the global economy and our core business and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group decreased from approximately HK$27,164,000 as at 30 September 2017 to approximately HK$18,789,000 as at 31 March 2018. As at 31 March 2018, these interest-bearing bank borrowings of the Group granted under the relevant banking facilities were secured by (i) the Group's pledged bank deposits and time deposits of approximately HK$16,842,000 (30 September 2017: approximately HK$17,430,000); (ii) the Group's certain property, plant and equipment with total net carrying amounts of approximately HK$3,732,000 (30 September 2017: approximately HK$3,786,000); (iii) the Group's investment properties with total net carrying amounts of approximately HK$71,200,000 (30 September 2017: approximately HK$70,700,000); and (iv) corporate guarantee executed by the Company.

Borrowings were denominated in Hong Kong Dollars and interests on borrowings were charged at floating rates. The Group currently does not have any interest rate hedging policy while the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2018, the Group had pledged bank deposits and time deposits of approximately HK$16,842,000 (30 September 2017: approximately HK$17,430,000). The gearing ratio of the Group as at 31 March 2018 (defined as the total borrowings divided by total equity) was approximately 4.9% (30 September 2017: approximately 6.9%). As at 31 March 2018, the current ratio of the Group was approximately 2.4 (30 September 2017: approximately 2.8).

FOREIGN EXCHANGE EXPOSURE

The Group has certain exposure to foreign currency risk as most of its business transactions and assets and liabilities are principally derived from our overseas operations and mainly denominated in Renminbi, New Taiwan Dollars, Vietnam Dong, Indonesia Rupiah and United States dollars. The Group expects that the Hong Kong dollars will continue to be pegged to the United States dollars. As such, the Group expects that the Hong Kong Dollars will not have material fluctuation against foreign currencies which might materially affect the Group's operations. During the six months ended 31 March 2018, the Group did not employ any financial instruments for hedging purpose. The Group monitors its foreign currency exposure closely and will consider adopting hedging policy should the need arise.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

During the six months ended 31 March 2018, the Group did not have any significant investments, material acquisitions or disposals.

CAPITAL COMMITMENTS

As at 31 March 2018, the Group had capital commitments of approximately HK$1,461,000 (30 September 2017: approximately HK$9,014,000) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2018, the Group employed a total of 376 (30 September 2017: 375) employees. It is the policy of the Group to provide a regular review on its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During the six months ended 31 March 2018, the staff costs (including Directors' emoluments) amounted to approximately HK$36,791,000 (six months ended 31 March 2017: HK$32,028,000). In order to provide incentive or reward to eligible persons for their contributions to the Group and enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted a share option scheme on 22 July 2010 (the "**2010 Share Option Scheme**"), under which it may grant options to eligible persons, including but not limited to the employees, Directors and consultants of the Group.

SIGNIFICANT INVESTMENTS OF THE GROUP

Blue Sky group

As at 31 March 2018, 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 was principally engaged in the (i) provision of application and installation of energy-efficiency system and photovoltaic system for commercial and industrial buildings and manufacturing premises; and (ii) purchase and sales of above captioned projects and renewable energy related projects. 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 respectively ("**Impairment**"). The Company considered that the Impairment was a non-cash flow item and would not affect the liquidity of the Group.

During the year ended 30 September 2017, the Blue Sky Group made an investment to acquire an effective interest of 57% shareholding in a biochemical production, namely 廣西科明新能源有限責任公司, a company which engages in bioenergy research and ethanol production in the PRC (the "**PRC operation**"). The Directors noted that the Blue Sky Group did not possess any energy-efficiency contract on hand or engage in relevant projects during the year ended 30 September 2017 and the six months ended 31 March 2018 other than the investment in the PRC operation. However the Blue Sky Group did not disclose to the Group for the reason of non-possession of any energy-efficiency contract. 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 the PRC operation could not provide any further detailed and concrete production schedule in this regard.

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

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 of the Blue Sky Group during the year ended 30 September 2017.

During the six months ended 31 March 2018, there was no significant progress or improvement in its business of the Blue Sky Group. Based on an update assessment by the same valuer, the commercial value of the Blue Sky Group as at 31 March 2018 remained nil. The Directors are still assessing the status of the Blue Sky Group cautiously and prudently. After consulting with external professional advisers and taking into account the possible cost and benefit at the current stage, the Directors considered that it is premature to initiate any claims relating to the Blue Sky Group and consider the treatment of the investment in the Blue Sky Group at this moment. As such, as at 31 March 2018, the Group's interests in the Blue Sky Group were still fully impaired for the sake of prudence.

Warrant Parking Management Group

In 2017, 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 activity of the Warrant Group is engaged in provision of car park management for commercial building and residential premises in Macau. The Board expects that the Warrant Group will be able to generate positive contribution to the Group in the long run.

Hunan Changsha group

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. The Group will monitor and review the status of the possible cooperation and will consider if any further or binding cooperation shall be pursued. Announcement(s) will be made 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 2018.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of an interim dividend to the shareholders for the six months ended 31 March 2018.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Save as aforesaid, during the six months ended 31 March 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

Corporate Governance

Save as disclosed below, during the six months ended 31 March 2018, 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 on the Stock Exchange.

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 the code provision A.2.1. of the CG Code, the roles of chairman and chief executive officer should be separated 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 Un is the founder of the Group and has more than 20 years of experience in the adhesive related industry. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The Directors will continue to review the effectiveness of the current structure and assess whether change in the separation of the roles of chairman and chief executive officer is necessary.

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 2018.

Share Options

Share Option Scheme

The Company adopted the 2010 Share Option Scheme.

The Group granted 6,000,000 share options at an exercise price HK$1.30 per share on 7 June 2016 to eligible persons under the 2010 Share Option Scheme. Such 6,000,000 share options had been lapsed as at 31 March 2018.

The Group also granted 5,480,000 share options at an exercise price HK$0.90 per share on 30 May 2014 to the Directors and employees of the Group under the 2010 Share Option Scheme. During the six months ended 31 March 2018, no share options have been exercised and 976,000 share options remained outstanding under the 2010 Share Option Scheme as at 31 March 2018.

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 management the condensed consolidated interim financial information of the Group for the six months ended 31 March 2018. RSM Hong Kong, as the Company's auditor, has reviewed the condensed consolidated interim financial information of the Group for the six months ended 31 March 2018 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 and will also be published on the websites of both the Stock Exchange and the Company in due course.

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

Hong Kong, 25 May 2018

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