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 2019

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 2019, together with the comparative figures for the corresponding year ended 30 September 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2019

	Note	2019 HK$'000	2018 HK$'000
Revenue	4	**691,750**	663,036
Cost of goods sold		**(463,490)**	(469,354)
Gross profit		**228,260**	193,682
Other income		**4,421**	4,744
Changes in fair value of investment properties		**1,000**	(2,200)
Other gains and losses		**1,770**	6,078
Selling and distribution costs		**(62,248)**	(60,520)
Administrative expenses		**(102,886)**	(96,813)
Profit from operations		**70,317**	44,971
Interest on bank borrowings		**(722)**	(685)
Share of profits of associates		**311**	195
Gain on disposal of subsidiaries		**4,213**	—
Profit before tax		**74,119**	44,481
Income tax expense	5	**(8,084)**	(4,170)
Profit for the year	6	**66,035**	40,311
Earnings per share	8		
— Basic		**HK10.92 cents**	HK6.47 cents
— Diluted		**Not applicable**	Not applicable

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**66,035**	40,311
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(2,379)**	(14,920)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**322**	—
Other comprehensive income for the year, net of tax	**(2,057)**	(14,920)
Total comprehensive income for the year	**63,978**	25,391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2019

	Note	**2019** **HK$'000**	2018 *HK$'000*
Non-current assets			
Investment properties		**74,200**	73,200
Property, plant and equipment		**111,992**	112,720
Land use rights		**11,350**	11,692
Intangible assets		**1,934**	2,569
Investment in associates		**7,143**	6,832
Club debentures		**1,080**	1,080
Deposits for acquisition of property, plant and equipment		**32**	74
Total non-current assets		**207,731**	208,167
Current assets			
Inventories		**66,386**	76,474
Trade, bills and other receivables	*9*	**170,861**	202,842
Restricted bank deposits		**13,101**	12,980
Bank and cash balances		**75,485**	72,074
Total current assets		**325,833**	364,370
Current liabilities			
Trade, bills and other payables	*10*	**93,428**	112,144
Amount due to a related company		**4,898**	7,885
Bank loans		**—**	36,654
Current tax liabilities		**12,430**	11,739
Total current liabilities		**110,756**	168,422
Net current assets		**215,077**	195,948
Total assets less current liabilities		**422,808**	404,115
Non-current liabilities			
Deferred tax liabilities		**13,827**	13,014
Net assets		**408,981**	391,101
Capital and reserves			
Share capital		**5,808**	6,153
Reserves		**403,173**	384,948
Total equity		**408,981**	391,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2019

1. GENERAL INFORMATION

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

The Company is an investment holding company. During the year ended 30 September 2019, 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; and acting as the sales agent for adhesives used in the production of electronic products.

In the opinion of the directors of the Company, All Reach Investments Limited, a company incorporated in the British Virgin Islands, is the immediate and the ultimate parent and Mr. Ieong Un is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for accounting periods beginning on or after 1 October 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

(i) HKFRS 9 Financial Instruments; and

(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 Financial Instruments

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

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

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

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

(a) Classification

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

- those to be measured at amortised cost.

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

(b) Impairment

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

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

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

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

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

The explanation of the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 October 2018 is as follows.

Financial assets	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *HK$'000*	**Carrying amount under HKFRS 9** *HK$'000*
Trade, bills and other receivables *(note)*	Loans and receivables	Amortised cost	191,426	186,766

Both restricted bank deposits and bank and cash balances classified as loans and receivables under HKAS 39 are now classified as amortised cost under HKFRS 9.

Both carrying amounts of restricted bank deposits and bank and cash balances under HKAS 39 and HKFRS 9 at 1 October 2018 have not been impacted by the initial application and remained unchanged at approximately HK$13.0 million and HK$72.1 million, respectively.

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

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

Note: Trade, bills and other receivables classified as loans and receivables under HKAS 39 is now classified at amortised cost. An increase of HK$4,660,000 in the allowance for impairment of the trade, bills and other receivables was recognised in opening retained profits at 1 October 2018 on transition to HKFRS 9.

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

HKFRS 15 Revenue from Contracts with Customers

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

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

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

During the year ended 30 September 2019, the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners, vulcanized shoes adhesive related products used by the footwear manufacturers; and acting as the sales agent for adhesives used in the production of electronic products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location.

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

The adoption of HKFRS 15 does not have a significant impact on how the Group recognises revenue from its manufacturing and selling of adhesives, primers, hardeners, vulcanized shoes adhesive related products used by the footwear manufacturers; and acting as the sales agent for adhesives used in the production of electronic products.

(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 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019
Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim report for the six months ending 31 March 2020. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that interim report.

HKFRS 16 Leases

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

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

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

The Group's future minimum lease payments under non-cancellable operating leases for its offices and factories amounted to approximately HK$8,256,000 as at 30 September 2019. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from the accounting periods beginning 1 October 2019 onwards.

HK(IFRIC)-Int 23 Uncertainty over Income Tax Treatments

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

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

4. REVENUE AND SEGMENT INFORMATION

Operating segment information

During the year ended 30 September 2019, as the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners, vulcanized shoes adhesive related products used by the footwear manufacturers; and acting as the sales agent for adhesive used in the production of electronic products, which are subject to similar business risks, and resources are allocated based on what is beneficial to the Group in enhancing the value of the Group as a whole, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the profit before tax of the Group as a whole. Therefore, the management considers there to be only one operating segment under the requirements of HKFRS 8 Operating Segments.

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— sales of goods	**691,750**	663,036

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

	2019	2018
	HK$'000	*HK$'000*
Revenue		
— PRC	**182,004**	249,540
— Socialist Republic of Vietnam ("**Vietnam**")	**403,379**	341,280
— Republic of Indonesia ("**Indonesia**")	**46,190**	32,257
— Bangladesh	**60,177**	39,959
	691,750	663,036

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

During the year, there was a customer contributing revenue of approximately HK$216,784,000 (2018: HK$205,789,000) which accounted for more than 31% (2018: 31%) of the Group's total revenue.

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

	2019	2018
	HK$'000	*HK$'000*
PRC	**33,495**	39,087
Macau	**89,413**	84,377
Vietnam	**82,412**	81,686
Indonesia	**2,336**	2,848
Others	**75**	169
	207,731	208,167

5. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Provision for the year		
— PRC Enterprise Income Tax ("**PRC EIT**")	**2,378**	1,879
— Macau Complementary Tax	**3,050**	1,845
— Vietnam Enterprise Income Tax ("**Vietnam EIT**")	**711**	261
— Indonesian Corporate Income Tax ("**Indonesian CIT**")	**116**	—
Under-provision in prior years	**144**	151
	6,399	4,136
Deferred tax	**1,685**	34
	8,084	4,170

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% (2018: 25%) during the year ended 30 September 2019.

Pursuant to the relevant laws and regulations in Macau, Macau subsidiaries are subject to Macau Complementary Tax at a maximum rate of 12% (2018: 12%) during the year ended 30 September 2019.

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% (2018: 15%) during the year ended 30 September 2019.

Pursuant to the relevant laws and regulations in Vietnam, entities in Vietnam engaged in qualified expansion investment projects are eligible for the Vietnam EIT exemption for the first year to the second year, and a 50% reduction for the third year to sixth year starting from the year in which the entities first generate income from the expansion investment projects, on the assessable profits from such expansion investment projects. Zhong Bu Adhesive (Vietnam) Co., Ltd. was entitled to the tax incentive for its expansion investment project from 2017 to 2022. The remaining assessable profits that are not generated from these expansion investment projects, is subject to 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% during the year ended 30 September 2019.

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

6. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration		
— audit service	**1,250**	1,150
— non-audit services	**598**	550
Amortisation of		
— intangible assets	**43**	357
— prepaid lease payments on land use rights	**399**	404
Depreciation	**12,057**	10,480
Operating lease rentals in respect of		
— motor vehicles	**2,804**	3,930
— rented premises and leasehold land	**3,363**	3,910
Royalty fees included in cost of goods sold	**3,292**	2,889
Research and development expenses	**4,907**	4,340
Allowances for trade, bills and other receivables	**4,000**	5,840
Allowances for inventories	**3,553**	2,700
Written off of inventories	**—**	4,183
Equity-settled share-based payments to consultants	**—**	262

And after crediting:

Gross property rental income before deduction of outgoings	**2,080**	1,957
Less: Outgoings	**(380)**	(380)
	1,700	1,577

Cost of goods sold includes staff costs, depreciation and operating lease rentals of approximately HK$14,418,000 (2018: HK$13,092,000) which are included in the amounts disclosed separately.

7. DIVIDENDS

During the year ended 30 September 2019, the final dividend for the year ended 30 September 2018 of HK2.6 cents (2018: final dividend for 2017 of HK2.1 cents) per ordinary share, totalling approximately HK$15,605,000 (2018: HK$13,067,000) was declared and paid to the shareholders.

The final dividend for the year ended 30 September 2019 of HK5.2 cents per ordinary share has been proposed by the directors of the Company and is subject to the approval by the shareholders at the annual general meeting. The proposed final dividend of approximately HK$30,200,000 is calculated on the basis of 580,775,076 ordinary shares in issue at the date of this annual results announcement.

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2019	2018
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic earnings per share	**66,035**	40,311

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**604,556**	622,681

(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 years ended 30 September 2019 and 2018.

9. TRADE, BILLS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**153,254**	184,782
Bills receivables	**7,155**	4,082
Allowances for doubtful debts	**(6,097)**	(2,500)
	154,312	186,364
Value-added tax recoverable	**9,384**	6,332
Other receivables	**3,245**	5,062
Prepayments	**3,520**	4,685
Land use rights	**400**	399
	170,861	202,842

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

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

	2019	2018
	HK$'000	*HK$'000*
0 to 90 days	**132,998**	169,499
91 to 180 days	**20,425**	14,294
181 to 365 days	**889**	2,571
	154,312	186,364

As at 30 September 2019, allowances were made for estimated irrecoverable trade and bills receivables of approximately HK$6,097,000 (2018: HK$2,500,000).

10. TRADE, BILLS AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**34,142**	65,411
Bills payables — secured	**5,829**	3,170
	39,971	68,581
Customers' deposits received	**159**	3,213
Accruals	**53,298**	40,204
Others	**—**	146
	93,428	112,144

The Group normally receives credit terms of 30 to 90 days from its suppliers. The ageing analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 90 days	**39,819**	68,420
91 to 180 days	**—**	97
181 to 365 days	**99**	1
Over 1 year	**53**	63
	39,971	68,581

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group recorded a mild increase in revenue by approximately 4.3% from approximately HK$663,036,000 during the year ended 30 September 2018 to approximately HK$691,750,000 during the year ended 30 September 2019.

The increase in revenue was mainly attributable to the growth in our major sales regions driven by the increase in demand from the Group's prestige customers during the year ended 30 September 2019.

Gross profit

The gross profit of the Group increased by approximately 17.9% from approximately HK$193,682,000 during the year ended 30 September 2018 to approximately HK$228,260,000 during the year ended 30 September 2019.

The increase in gross profit was beneficial from the increase in revenue during the year ended 30 September 2019.

Selling and distribution costs

The Group's selling and distribution costs remained relatively stable during the year ended 30 September 2019 as a result of the effective cost control and reduction in certain costs after the disposal of subsidiaries as detailed below.

Administrative expenses

The Group's administrative expenses remained fairly stable during the year ended 30 September 2019 as a result of the effective cost control and reduction in certain costs after the disposal of subsidiaries as detailed below.

Gain on disposal of subsidiaries

The gain on disposal of subsidiaries was arising from the disposal (the "**Disposal**") of a disposal group which was principally engaged in the trading and acting as the sales agent for adhesive used in the production of electronic products. The Disposal was completed on 8 March 2019 and was a one-off and non-recurring item without 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 for the year

As a result of the abovementioned, during the year ended 30 September 2019, the Group reported a net profit of approximately HK$66,035,000 (year ended 30 September 2018: approximately HK$40,311,000).

BUSINESS REVIEW AND PROSPECTS

Businesses

During the year ended 30 September 2019, the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners, vulcanized shoes adhesive related products used by the footwear manufacturers; and acting as the sales agent for adhesives used in the production of electronic products.

As at 30 September 2019, the Group had 3 manufacturing plants in the PRC, Vietnam and Indonesia. If necessary, the Group will consider to further expand its existing manufacturing facilities and set up new manufacturing plant to satisfy its prestige customers' needs.

Cost control

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

Research and development

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

Prospects

Due to the continual growth in global demand for footwear, more stringent requirement from the manufacturers for the quality of adhesives which would gradually eliminate industry players with less competitiveness, rapid increase in the demand for the use of environmental friendly water-based adhesive products by footwear brands and manufacturers, and ongoing diversion of the footwear manufacturing industry to countries or regions with lower costs, the effect of the previous regional deployments of the Group is becoming prominent under the swift changes in the market. Moreover, the Group has been establishing a good reputation for our premium and quality products in the footwear manufacturing industry and maintaining good strategic relationships with our prestige customers for a number of years. As such, the Board expects that the growth of the Group's sales will remain stable in 2020. 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 cautious approach to ensure continuous, steady and effective business and operation development in 2020 by focusing on the improvement of its operational efficiency and core competitiveness. The Group will also closely and carefully monitor the latest development in the footwear manufacturing industry and our core business and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

As at 30 September 2019, the Group did not have any interest-bearing bank borrowings (30 September 2018: approximately HK$36,654,000). As at 30 September 2019, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK$13,101,000 (30 September 2018: approximately HK$12,980,000); (ii) the Group's certain property, plant and equipment with carrying amount of approximately HK$3,572,000 (30 September 2018: approximately HK$3,678,000); (iii) the Group's investment properties with carrying amount of approximately HK$69,900,000 (30 September 2018: approximately HK$69,000,000); 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 30 September 2019, the Group had restricted bank deposits of approximately HK$13,101,000 (30 September 2018: approximately HK$12,980,000). As at 30 September 2019, the Group did not have any interest-bearing bank borrowings (30 September 2018: approximately HK$36,654,000). Therefore, as at 30 September 2019, the gearing ratio (defined as the total borrowings divided by total equity) of the Group was nil (30 September 2018: approximately 9.4%). As at 30 September 2019, the current ratio of the Group was approximately 2.9 (30 September 2018: approximately 2.2).

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 year ended 30 September 2019, the Group did not employ any financial instruments for hedging purpose. The Group monitors its foreign currency exposure closely and will consider adopting hedging policy should the need arise.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS

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

Saved as disclosed elsewhere in this annual results announcement, during the year ended 30 September 2019, the Group did not have any significant investments, material acquisitions or disposals.

There was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals as at 30 September 2019 and up to the date of this annual results announcement.

CAPITAL COMMITMENTS

As at 30 September 2019, the Group had capital commitments of approximately HK$836,000 (30 September 2018: approximately HK$6,842,000) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

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

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2019, the Group employed a total of 354 (30 September 2018: 365) employees. It is the policy of the Group to provide a regular review on its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During the year ended 30 September 2019, the staff costs (including Directors' emoluments) amounted to approximately HK$86,377,000 (year ended 30 September 2018: approximately HK$67,399,000).

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.

SIGNIFICANT 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 provision of management service to government car parks in Macau. The Board expects that the Warrant Parking will be able to generate positive contributions to the Group in the long run.

Hunan Changsha cooperation

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

The English Translation of Chinese names or words in this annual 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.

Save as disclosed elsewhere in this annual results announcement, the Group had no other significant investments as at 30 September 2019.

CORPORATE GOVERNANCE

Saved as disclosed below, during the year ended 30 September 2019 and up to the date of this annual results announcement, the Company complied with all the code provisions, where applicable, as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules.

Meetings and attendance

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

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

Chairman and chief executive

In respect of code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Ieong Un is the chairman of the Board and chief executive officer of the Company. He is the founder of the Group and the substantial shareholder of the Company and has considerable experience in the adhesive related industry. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process. The Board also considers that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK5.2 cents per ordinary share to the shareholders (the "**Shareholders**") of the Company (subject to approval by the Shareholders at the forthcoming annual general meeting) for the year ended 30 September 2019 (2018: HK2.6 cents).

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

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

In July 2019, the Company repurchased a total of 19,392,000 ordinary shares of the Company. All of these repurchased shares had been cancelled in August 2019.

Save as aforesaid, during the year ended 30 September 2019, 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 year ended 30 September 2019.

SHARE OPTIONS

Share option scheme

The Company adopted a share option scheme on 22 July 2010 (the "**2010 Share Option Scheme**"). The Company granted 5,480,000 share options at an exercise price HK$0.90 per share on 30 May 2014 to the Directors, employees of the Group and other individuals under the 2010 Share Option Scheme. During the year ended 30 September 2019, no share options have been exercised and the remaining 916,000 share options were lapsed on 1 January 2019. No share options remained outstanding under the 2010 Share Option Scheme as at 30 September 2019.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Chan Wing Yau George, Mr. Simon Luk and Mr. Tong Hing Wah. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 30 September 2019 as well as the risk management and internal control and financial reporting matters.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "**2019 AGM**") of the Company for the year ended 30 September 2019 will be held on a date to be fixed by the Board, and a notice convening the 2019 AGM will be published and despatched to the Shareholders in due course.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 September 2019 as set out in this annual results announcement have been agreed by the Group's independent auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 September 2019. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.infinitydevelopment.com.hk. The annual report of the Company for the year ended 30 September 2019 will be despatched to the Shareholders and published on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 23 December 2019

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