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# 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 2021

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 2021, together with the comparative figures for the corresponding year ended 30 September 2020, as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2021

	Note	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	4	<b>643,446</b>	543,968
Cost of goods sold		(446,771)	(353,315)
<b>Gross profit</b>		<b>196,675</b>	190,653
Other income		5,981	4,778
Changes in fair value of investment properties		(14,329)	(5,100)
Other gains and losses		(5,807)	(1,471)
Selling and distribution costs		(44,663)	(47,193)
Administrative expenses		(89,161)	(78,186)
<b>Profit from operations</b>		<b>48,696</b>	63,481
Finance costs		(424)	(703)
Share of loss of an associate		(1,807)	(1,391)
Impairment loss of investment in an associate		(1,000)	(1,500)
<b>Profit before tax</b>		<b>45,465</b>	59,887
Income tax expense	5	(4,002)	(3,869)
<b>Profit for the year</b>	6	<b>41,463</b>	56,018
<b>Earnings per share</b>	8		
– Basic		<b>HK7.36 cents</b>	HK9.79 cents
– Diluted		<b>Not applicable</b>	Not applicable

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Profit for the year</b>	<u>41,463</u>	<u>56,018</u>
<b>Other comprehensive income:</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Revaluation gain on property, plant and equipment upon transfer to investment properties	3,000	–
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>6,204</u>	<u>2,599</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>9,204</u>	<u>2,599</u>
<b>Total comprehensive income for the year</b>	<u><u>50,667</u></u>	<u><u>58,617</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		4,400	69,100
Property, plant and equipment		94,907	104,960
Right-of-use assets		14,076	16,188
Intangible assets		1,849	1,888
Investment in associates		1,445	4,252
Club debentures		1,080	1,080
Deposits for acquisition of property, plant and equipment		–	152
<b>Total non-current assets</b>		<b>117,757</b>	197,620
<b>Current assets</b>			
Inventories		99,742	38,564
Trade, bills and other receivables	9	173,994	169,819
Restricted bank deposits		17,328	6,725
Bank and cash balances		129,665	179,080
		420,729	394,188
<b>Assets classified as held for sale</b>	10	<b>56,754</b>	–
<b>Total current assets</b>		<b>477,483</b>	394,188
<b>Current liabilities</b>			
Trade, bills and other payables	11	93,957	101,409
Lease liabilities		1,557	1,652
Bank loans		37,798	33,880
Current tax liabilities		21,268	16,945
<b>Total current liabilities</b>		<b>154,580</b>	153,886
<b>Net current assets</b>		<b>322,903</b>	240,302
<b>Total assets less current liabilities</b>		<b>440,660</b>	437,922
<b>Non-current liabilities</b>			
Lease liabilities		1,797	3,216
Deferred tax liabilities		10,321	12,327
<b>Total non-current liabilities</b>		<b>12,118</b>	15,543
<b>Net assets</b>		<b>428,542</b>	422,379
<b>Capital and reserves</b>			
Share capital		5,634	5,634
Reserves		422,908	416,745
<b>Total equity</b>		<b>428,542</b>	422,379

## NOTES

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The addresses of its principal places of business in Hong Kong Special Administrative Region (“**Hong Kong**”) and Macao Special Administrative Region (“**Macao**”) of the People’s Republic of China (the “**PRC**”) are Units 2201-2202, 22/F., Alliance Building, 133 Connaught Road Central, Hong Kong and 16 Andar A-D, Macau Finance Centre, No. 202A-246 Rua de Pequim, Macau, respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

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. Jeong Un is the ultimate controlling party of the Company.

### 2. BASIS OF PREPARATION

The 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. The 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 the consolidated financial statements.

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

#### (a) Application of new and revised HKFRSs

The Group has applied the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 October 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform – Phase 1
Amendment to HKFRS 16	COVID-19-Related Rent Concessions

Except as described below, the application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

***Amendments to HKAS 1 and HKAS 8 “Definition of Material”***

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements of the Group.

***Amendments to HKFRS 3 “Definition of a Business”***

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 October 2020. The application of the amendments had no impact on the consolidated financial statements of the Group as similar conclusion would have been reached without applying the optional concentration test.

***Amendments to HKFRS 9, HKAS 39 and HKFRS 7 “Interest Rate Benchmark Reform – Phase 1”***

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The amendments had no impact on the consolidated financial statements of the Group.

***Amendment to HKFRS 16 “COVID-19-Related Rent Concessions”***

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The amendments had no impact on the consolidated financial statements of the Group.

(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 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”	1 January 2021
Amendments to HKFRS 3 “Reference to the Conceptual Framework”	1 January 2022
Amendments to HKAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	1 January 2022
Amendments to HKAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	1 January 2022
Amendments to HKFRS “Annual Improvements to HKFRSs 2018-2020”	1 January 2022
Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”	1 January 2023
Amendments to HKAS 8 “Definition of Accounting Estimates”	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments to HKFRSs and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

**4. REVENUE AND SEGMENT INFORMATION**

**Operating segment information**

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

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

	<b>2021 HK\$’000</b>	2020 HK\$’000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Sales of goods	<u><b>643,446</b></u>	<u>543,968</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
– PRC	96,820	79,050
– Socialist Republic of Vietnam (“ <b>Vietnam</b> ”)	422,903	369,392
– The Republic of Indonesia (“ <b>Indonesia</b> ”)	50,911	39,345
– The People’s Republic of Bangladesh	72,812	56,181
	<u>643,446</u>	<u>543,968</u>

During the year, there was a customer contributing revenue of approximately HK\$133,286,000 (2020: HK\$145,481,000) which accounted for approximately 21% (2020: 27%) of the Group’s total revenue.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PRC	41,231	42,675
Macau	4,574	75,855
Vietnam	69,546	75,865
Indonesia	1,740	2,053
Others	666	1,172
	<u>117,757</u>	<u>197,620</u>

## 5. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Provision for the year		
– PRC Enterprise Income Tax (“ <b>PRC EIT</b> ”)	–	180
– Macau Complementary Tax	4,893	4,800
– Vietnam Enterprise Income Tax (“ <b>Vietnam EIT</b> ”)	1,019	389
	<u>5,912</u>	<u>5,369</u>
Deferred tax	<u>(1,910)</u>	<u>(1,500)</u>
	<u>4,002</u>	<u>3,869</u>

PRC EIT, Macau Complementary Tax, Vietnam EIT, Indonesian Corporate Income Tax (“**Indonesian CIT**”) and Singapore Corporate Income Tax are calculated at the applicable rates in accordance with the relevant laws and regulations in the respective jurisdictions.

Except for the concessionary PRC EIT rate applicable to a subsidiary in the PRC as described below, PRC EIT has been provided at a rate of 25% (2020: 25%) during the year ended 30 September 2021.

Pursuant to the relevant laws and regulations in the PRC, 珠海市澤濤黏合製品有限公司 (Zhuhai Centresin Chemical Product Company Limited) (“**Zhuhai Centresin**”), a subsidiary in the PRC, 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% (2020: 15%) during the year ended 30 September 2021.

Pursuant to the relevant laws and regulations in Macau, subsidiaries in Macau are subject to Macau Complementary Tax at a maximum rate of 12% (2020: 12%) during the year ended 30 September 2021.

Pursuant to the relevant laws and regulations in Vietnam, 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 the 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., a subsidiary in Vietnam, 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, a subsidiary in Indonesia, is subject to Indonesian CIT at 25% (2020: 25%) during the year ended 30 September 2021.

Pursuant to the relevant laws and regulations in Singapore, Zhong Bu Development Singapore Pte. Ltd, a subsidiary in Singapore, is subject to Singapore Corporate Income Tax at 17% during the year ended 30 September 2021.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The Group’s profit for the year is stated after charging the following:		
Auditor’s remuneration		
– audit service	1,180	1,250
– non-audit services	862	599
Amortisation of intangible assets	43	43
Depreciation on property, plant and equipment	13,704	12,883
Depreciation on right-of-use assets	2,329	2,414
Royalty fees included in cost of goods sold	3,529	2,245
Research and development expenses	4,652	5,964
Allowances for trade, bills and other receivables, net	2,352	2,192
Allowances for inventories	2,904	3,130
And after crediting:		
Gross property rental income before deduction of outgoings	1,811	1,890
Less: Outgoings	(380)	(380)
	<u>1,431</u>	<u>1,510</u>

Cost of goods sold includes employee benefits expense, depreciation and short-term lease rentals of approximately HK\$16,643,000 (2020: HK\$16,659,000) which are included in the amounts disclosed separately above.



## 7. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
2021 Interim of HK2.7 cents (2020: nil) per ordinary share, paid	15,210	–
2020 Final of HK5.2 cents (2020: 2019 Final of HK5.2 cents) per ordinary share, paid	<u>29,294</u>	<u>30,200</u>
	<u><u>44,504</u></u>	<u><u>30,200</u></u>

Subsequent to the end of the reporting period, a final dividend of HK2.3 cents per ordinary share and a special dividend of HK0.5 cents per ordinary share in respect of the year ended 30 September 2021, have been proposed by the Directors and both are subject to approval by the shareholders (the “Shareholders”) of the Company at the forthcoming annual general meeting.

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the purpose of calculating basic earnings per share	<u>41,463</u>	<u>56,018</u>
	2021 <i>'000</i>	2020 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>563,351</u>	<u>572,015</u>

### (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 2021 and 2020.

## 9. TRADE, BILLS AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	160,701	151,588
Bills receivables	13,461	7,587
Allowances for doubtful debts	<u>(11,445)</u>	<u>(9,241)</u>
	<b>162,717</b>	149,934
Value-added tax recoverable	6,881	14,300
Other receivables	1,476	1,914
Prepayments	<u>2,920</u>	<u>3,671</u>
	<b><u>173,994</u></b>	<b><u>169,819</u></b>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 90 days	119,758	121,218
91 to 180 days	41,860	28,666
181 to 365 days	<u>1,099</u>	<u>50</u>
	<b><u>162,717</u></b>	<b><u>149,934</u></b>

As at 30 September 2021, allowances were made for estimated irrecoverable trade and bills receivables of approximately HK\$11,445,000 (2020: HK\$9,241,000).

## 10. ASSETS CLASSIFIED AS HELD FOR SALE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Property, plant and equipment		
– Office unit in Macau ( <i>Note (a)</i> )	2,383	–
Investment properties		
– Office units in Macau ( <i>Note (a)</i> )	54,371	–
Investment in an associate ( <i>Note (b)</i> )	–	–
	<u>56,754</u>	<u>–</u>

*Note:*

- (a) On 25 August 2021, an indirect wholly-owned subsidiary of the Company (the “**Vendor**”), entered into a legally binding provisional agreement (the “**Provisional Agreement**”) with the purchasers (the “**Purchasers**”) who are independent third parties of the Company and its connected persons, pursuant to which the Vendor would sell the properties (the “**Properties**”), comprising a total of 14 commercial units located in Macau as disclosed in the announcement of the Company dated 25 August 2021, to the respective Purchasers at an aggregate consideration of HK\$93,000,000. The disposal of the Properties was completed on 28 December 2021.
- (b) On 30 September 2021, a wholly-owned subsidiary of the Company (the “**Transferor**”), entered into a sale and purchase agreement with the controlling party (the “**Transferee**”) of Blue Sky Energy Efficiency Company Limited, pursuant to which the Transferor would sell the 40% equity interest of Blue Sky Energy Efficiency Company Limited held by the Group (the “**Share Transfer**”), to the Transferee at a consideration of RMB700,000 (equivalent to HK\$840,000). On 27 October 2021, a supplementary agreement had been entered into between the Transferor and the Transferee and the completion date of the Share Transfer was agreed to be on or before 15 March 2022.

As at 30 September 2021, the carrying amount of the investment in Blue Sky Energy Efficiency Company Limited and its subsidiaries held by the Group was nil.

## 11. TRADE, BILLS AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	23,438	39,297
Bills payables – secured	4,680	4,496
	<hr/>	<hr/>
	28,118	43,793
Customers' deposits received	26	23
Accruals	65,813	57,593
	<hr/>	<hr/>
	<b>93,957</b>	<b>101,409</b>
	<hr/> <hr/>	<hr/> <hr/>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 90 days	28,118	42,144
91 to 180 days	–	1,630
181 to 365 days	–	–
Over 1 year	–	19
	<hr/>	<hr/>
	<b>28,118</b>	<b>43,793</b>
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## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

The revenue of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$643,446,000 and approximately HK\$543,968,000 respectively, representing an increase of approximately 18.3% during the year under review.

The increase in revenue was mainly driven by the revenue contribution in all regions for the year ended 30 September 2021.

#### Gross profit

The gross profit of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$196,675,000 and approximately HK\$190,653,000 respectively, and remained relatively stable during the year under review.

#### Changes in fair value of investment properties

The changes in fair value of investment properties of the Group for the year ended 30 September 2021 were mainly attributable to the investment properties located in Macau which were reclassified to assets classified as held for sale as at 30 September 2021 and will be disposed of as disclosed in the Company's announcements (the "**Announcements**") dated 25 August 2021, 15 September 2021, 29 September 2021 and 8 October 2021 and the Company's circular (the "**Circular**") dated 29 September 2021. As disclosed in the Company's announcement (the "**Completion Announcement**") dated 28 December 2021, the disposal of the Properties was completed on 28 December 2021.

#### Selling and distribution costs

The selling and distribution costs of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$44,663,000 and approximately HK\$47,193,000 respectively, and remained fairly stable during the year under review.

#### Administrative expenses

The administrative expenses of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$89,161,000 and approximately HK\$78,186,000 respectively, representing an increase of approximately 14.0% during the year under review.

The increase in administrative expenses was mainly attributable to the increase in employee benefits expense for the year ended 30 September 2021.

## **Profit for the year**

As a result of the abovementioned, the profit of the Group for the year ended 30 September 2021 and 2020 was approximately HK\$41,463,000 and approximately HK\$56,018,000, respectively, representing a decrease of approximately 26.0% during the year under review.

## **BUSINESS REVIEW AND PROSPECTS**

### **Business**

For the year ended 30 September 2021, the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

As at 30 September 2021, 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. In response to the uncertainties of the persistent epidemic effect, the Group will consider to tighten its control over the operating costs in the short term proactively and effectively.

### **Research and development**

The Group is always environmental-oriented and continuously dedicated to developing high quality products to satisfy the market needs; and closely observes the future development direction of the market to research and develop products continuously in order to satisfy the needs for future development in the industry. In addition to its own research and development team, the Group also cooperated with some international well-known chemical corporations (including Germany and Japan) to develop new products and entered into technology cooperation agreements with several sophisticated technology experts in the industry (including those from countries and regions such as Japan, Taiwan and Hong Kong). Hopefully, through the above measures, it will enhance the research and development capabilities of the Group so as to maintain the leading position of its technologies in the industry.

### **Prospects**

Short to medium term outlook: In view of the persistent epidemic effect across the globe, it is difficult to predict how long it will last. The market currently adopts a wait and see approach to the epidemic effect. As such, it is more difficult for the Board to predict the sales performance of the Group in 2022.

Medium to long term outlook: Due to the global demand for footwear still growing continually, more stringent requirement from the manufacturers for the quality of adhesives which would gradually eliminate industry players with less competitiveness and the demand for the use of environmental water-based adhesive products by footwear brands and manufacturers still growing, the effect of the previous regional deployments of the Group has become prominent in response to the market changes. The Group has been maintaining partnerships with its prestige customers for a number of years. As such, the Board expects that the growth of the Group's sales in the medium to long term will remain stable. The Group will continue to devote necessary resources to further increase its market share if appropriate.

Leveraging on the Group's solid experience accumulated over the years, its high 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 the Group's core business in the long term. The Group will follow a very cautious approach to ensure corporate sustainability in 2022. In 2022, the Group will monitor its working capital management closely. The Group will also closely and carefully monitor the latest development of the footwear manufacturing industry and its core business; and the latest development of the epidemic effect and adjust its business strategies from time to time if required.

## **DEBTS AND CHARGE ON ASSETS**

As at 30 September 2021, the Group had interest-bearing bank borrowings of approximately HK\$37,798,000 (30 September 2020: approximately HK\$33,880,000). As at 30 September 2021, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK\$17,328,000 (30 September 2020: approximately HK\$6,725,000); and (ii) corporate guarantee executed by the Company.

As at 30 September 2020, the Group's banking facilities were also secured by (i) certain of the Group's property, plant and equipment with carrying amount of approximately HK\$3,466,000; and (ii) certain of the Group's investment properties with carrying amount of approximately HK\$64,400,000.

In addition, one of the lease agreements was guaranteed by the Company as at 30 September 2021.

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 2021, the Group had restricted bank deposits of approximately HK\$17,328,000 (30 September 2020: approximately HK\$6,725,000). As at 30 September 2021, the Group had interest-bearing bank borrowings of approximately HK\$37,798,000 (30 September 2020: approximately HK\$33,880,000) and lease liabilities of approximately HK\$3,354,000 (30 September 2020: approximately HK\$4,868,000). Therefore, as at 30 September 2021, the gearing ratio (defined as the total of bank borrowings and lease liabilities divided by total equity) of the Group was approximately 9.6% (30 September 2020: approximately 9.2%). As at 30 September 2021, the current ratio of the Group was approximately 3.1 (30 September 2020: approximately 2.6).

## **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. For the year ended 30 September 2021, 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**

Save as disclosed elsewhere in this annual results announcement, for the year ended 30 September 2021, the Group did not have any significant investments, material acquisitions or disposals.

Save as disclosed elsewhere in this annual results announcement, there was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals as at 30 September 2021 and up to the date of this annual results announcement.

## **CAPITAL COMMITMENTS**

As at 30 September 2021, the Group had capital commitments of approximately HK\$1,816,000 (30 September 2020: approximately HK\$889,000) in respect of acquisitions of property, plant and equipment.

## **CONTINGENT LIABILITIES**

As at 30 September 2021, the Group did not have any significant contingent liabilities (30 September 2020: Nil).



## EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Announcements and the Circular, on 25 August 2021, the Vendor entered into the Provisional Agreement with the Purchasers, pursuant to which the Vendor would sell the Properties to the respective Purchasers at an aggregate consideration of HK\$93,000,000, and would leaseback certain units of the Properties for the Group's use purpose. As disclosed in the Completion Announcement, the disposal of the Properties was completed on 28 December 2021 in accordance with the terms of the Provisional Agreement; and the Vendor would leaseback certain units of the Properties for the Group's use as the Group's head office and principal place of business in Macau as disclosed in the Announcements and the Circular.

Save as disclosed elsewhere in this annual results announcement, 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 2021, the Group employed a total of 356 (30 September 2020: 333) 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 training sponsorship) to ensure that the remuneration policy is competitive within the relevant industry. For the year ended 30 September 2021, the employee benefits expense (including Directors' emoluments) amounted to approximately HK\$85,433,000 (year ended 30 September 2020: approximately HK\$74,718,000).

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

## INVESTMENTS OF THE GROUP

### Warrant Parking Management Limited

The Group has held 40% equity interest in Warrant Parking Management Limited (“**Warrant Parking**”) since 2017. The principal activity of Warrant Parking is mainly engaged in the provision of management service to the government car parks in Macau.

### Hunan Changsha cooperation

On 12 October 2015, the Group entered into a non-legally binding memorandum of understanding with 株洲變流技術國家工程研究中心有限公司 (transliterated as Zhuzhou National Engineering Research Centre of Converters Co., Ltd.#) (“**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 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 its official English translation of such Chinese names or words.*

The Group will closely monitor and review the status of the possible cooperation and will consider if any further or binding cooperation shall be pursued. The Company will make further announcement(s) in relation thereto if and when appropriate.

Save as disclosed elsewhere in this annual results announcement, the Group had no other investments as at 30 September 2021.

## **DIVIDENDS**

2021 interim dividend of HK2.7 cents (2020: Nil) per ordinary share to the Shareholders was declared on 28 May 2021 and paid on 28 June 2021. For the year ended 30 September 2021, the Board has resolved to recommend the payment of a final dividend of HK2.3 cents (year ended 30 September 2020: HK5.2 cents) per ordinary share to the Shareholders and a special dividend of HK0.5 cents (year ended 30 September 2020: Nil) per ordinary share to the Shareholders (both are subject to approval by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2021). Including 2021 interim dividend of HK2.7 cents per ordinary share to the Shareholders already paid, the total dividend for the year ended 30 September 2021 will amount to HK5.5 cents (year ended 30 September 2020: HK5.2 cents) per ordinary share.

## **CORPORATE GOVERNANCE**

Saved as disclosed below, for the year ended 30 September 2021 and up to the date of this annual results announcement, the Company complied with the code provisions, as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Listing Rules.

In respect of code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Jeong Un is the chairman of the Board and chief executive officer of the Company. He is the founder of the Group, the substantial Shareholder and the controlling Shareholder 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.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

For the year ended 30 September 2021, 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 2021.

## **AUDIT COMMITTEE**

The audit committee (the “**Audit Committee**”) of the Company was established with its written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Tong Hing Wah, Mr. Chan Wing Yau George and Mr. Simon Luk. 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 2021 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 “**2021 AGM**”) of the Company for the year ended 30 September 2021 will be held on a date to be fixed by the Board, and a notice convening the 2021 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 2021 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 2021. 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](http://www.hkexnews.hk) and on the website of the Company at [www.infinitydevelopment.com.hk](http://www.infinitydevelopment.com.hk). The annual report of the Company for the year ended 30 September 2021 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 of the Company for their invaluable contributions and diligent efforts during the past year.

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

Hong Kong, 30 December 2021

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Jeong 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.*