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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 2016

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 2016 together with the comparative figures for the corresponding year in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2016

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	4	496,219	543,632
Cost of goods sold		(320,411)	(362,929)
Gross profit		175,808	180,703
Other income		4,012	3,731
Changes in fair value of investment properties		1,260	8,180
Changes in fair value of other financial asset		(7,380)	(5,330)
Gain on disposal of assets classified as held for sale		6,766	–
Other (losses)/gains		(1,065)	1,915
Selling and distribution costs		(49,167)	(56,378)
Administrative expenses		(93,637)	(77,350)
Profit from operation		36,597	55,471
Interest on bank borrowings wholly repayable within five years		(1,036)	(1,590)
Share of profit of an associate		5,183	3,843
Profit before tax		40,744	57,724
Income tax expense	5	(3,585)	(8,541)
Profit for the year		37,159	49,183
Earnings per share	7		
– Basic		<u>HK5.87 cents</u>	<u>HK7.96 cents</u>
– Diluted		<u>HK5.86 cents</u>	<u>HK7.94 cents</u>

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

For the year ended 30 September 2016

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	37,159	49,183
Other comprehensive income:		
<i>Items that will be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(5,860)	(10,687)
Share of other comprehensive income of an associate	(13)	–
Exchange differences reclassified to profit or loss on disposal of subsidiaries	<u>(2,157)</u>	<u>–</u>
Other comprehensive income for the year, net of tax	<u>(8,030)</u>	<u>(10,687)</u>
Total comprehensive income for the year	<u>29,129</u>	<u>38,496</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Investment properties		73,920	72,660
Property, plant and equipment		56,549	42,944
Land use rights		13,100	13,744
Intangible assets	8	12,157	30,488
Investment in an associate		56,069	10,899
Club debentures		1,080	1,080
Deposits for acquisition of property, plant and equipment		9,636	2,360
Total non-current assets		222,511	174,175
Current assets			
Inventories		54,633	70,855
Trade, bills and other receivables	9	148,745	147,230
Other financial asset		–	7,380
Restricted bank deposits		21,556	21,977
Bank and cash balances		105,513	94,350
		330,447	341,792
Assets classified as held for sale		–	20,732
Total current assets		330,447	362,524
Current liabilities			
Trade, bills and other payables	10	52,440	60,327
Amount due to a related company		4,723	761
Bank loans		44,913	24,214
Current tax liabilities		9,682	10,362
Total current liabilities		111,758	95,664
Net current assets		218,689	266,860
Total assets less current liabilities		441,200	441,035
Non-current liabilities			
Deferred tax liabilities		12,756	12,845
Net assets		428,444	428,190
Capital and reserves			
Share capital		6,317	6,426
Reserves		422,127	421,764
Total equity		428,444	428,190

NOTES

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its principal subsidiaries are manufacture and sales of adhesives and related products used in footwear manufacturing and the trading of adhesives used in the production of electronic products.

In the opinion of the directors of the Company, 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 AND SIGNIFICANT ACCOUNTING POLICIES

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 on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

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

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

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 October 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior years.

(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 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ³

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) Amendments to the Rules Governing the Listing of Securities on the Stock Exchange

The Stock Exchange in April 2015 released revised Appendix 16 of the Rules Governing the Listing of Securities in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

Entity-wide information

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Sales of		
– vulcanized shoes adhesive related products and other shoe adhesives	340,726	364,546
– primers	49,372	55,435
– hardeners	53,890	59,388
– electronic adhesive related products	23,924	31,028
– others	28,307	33,235
	496,219	543,632

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
– PRC	177,958	227,150
– Vietnam	255,560	253,241
– Indonesia	34,734	27,971
– Bangladesh	27,967	35,270
	496,219	543,632

During the year, there was a customer contributing revenue of HK\$169,284,000 (2015: HK\$178,700,000) which accounted for more than 34% (2015: 33%) of the Group's total revenue.

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	509	728
PRC	91,698	45,827
Macau	87,551	105,290
Vietnam	40,745	20,047
Indonesia	1,901	2,269
Others	107	14
	<u>222,511</u>	<u>174,175</u>

5. INCOME TAX EXPENSES

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Provision for the year		
PRC Enterprise Income Tax (“ PRC EIT ”)	1,695	3,378
Macau complementary tax	1,543	2,182
Vietnam Enterprise Income Tax (“ Vietnam EIT ”)	194	211
Indonesian Corporate Income Tax (“ Indonesian CIT ”)	334	1,126
Over-provision in prior years	(257)	–
	<u>3,509</u>	<u>6,897</u>
Deferred taxation	<u>76</u>	<u>1,644</u>
	<u>3,585</u>	<u>8,541</u>

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, 珠海市澤濤黏合製品有限公司 (Centresin Chemical Products Ltd., Zhuhai) (“**Zhuhai Centresin**”) was entitled to exemption from PRC income tax for the two years commencing from its first profit-making year in 2008, followed by a 50% reduction from 2010 to 2012. The applicable income tax rate after the tax reduction period is 25%.

According to a joint circular of Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No. 1, only the profits earned by Zhuhai Centresin and 中山信諾黏合製品有限公司 (Zhongshan Macson Adhesive Products Co., Ltd.) (“**Zhongshan Macson**”) prior to 1 January 2008, when distributed to foreign investors, can be grandfathered with the exemption from withholding tax. Whereas, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entities aforementioned, where appropriate, pursuant to Articles 3 and 27 of the Law of the People’s Republic of China on Enterprise Income Tax and Article 91 of its Detailed Implementation Rules, Deferred tax liability on the undistributed profits earned since 1 January 2008 have been accrued at the tax rate of 10%.

Pursuant to the relevant laws and regulations in Vietnam, Zhong Bu Adhesive (Vietnam) Co., Ltd. (“**Vietnam Centresin**”) was entitled to exemption from Vietnam income tax for three years commencing from its first profit-making year in 2006, followed by a 50% reduction from 2009 to 2015.

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

6. DIVIDENDS

During the year, the final dividend for 2015 of HK2.4 cents (2015: final dividend for 2014 of HK1.7 cents) per ordinary share, totalling approximately HK\$15,161,000 (2015: HK\$10,131,000) was declared and paid to the shareholders.

The final dividend for 2016 of HK2.1 cents per share has been proposed by the Directors and is subject to approval by the shareholders at the annual general meeting. The proposed final dividend of approximately HK\$13,266,000 is calculated on the basis of 631,719,076 shares in issue at the date of this announcement.

7. EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share for the year is based on the consolidated profit attributable to the owners of the Company and on the weighted average number of approximately 633,670,967 (2015: 617,909,509) shares in issue during the year.

	2016	2015
Profit attributable to equity holders of the Company (HK\$’000)	37,159	49,183
Weighted average number of ordinary shares for basic earnings per share (thousand shares)	633,671	617,909
Basic earnings per share	<u>HK5.87 cents</u>	<u>HK7.96 cents</u>

(b) Diluted

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

	2016	2015
Profit attributable to equity holders of the Company (HK\$'000)	37,159	49,183
Weighted average number of ordinary shares for basic earnings per share (thousand shares)	633,671	617,909
Effect of dilutive potential ordinary shares upon the exercise of share options (thousand shares)	770	1,249
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	634,441	619,158
Diluted earnings per share	<u>HK\$5.86 cents</u>	<u>HK\$7.94 cents</u>

8. INTANGIBLE ASSETS

	Club membership HK\$'000	Formula rights HK\$'000	Customer relationship HK\$'000	Total HK\$'000
Cost				
At 1 October 2014	1,596	1,600	40,000	43,196
Exchange alignment	(46)	–	–	(46)
At 30 September 2015	1,550	1,600	40,000	43,150
Exchange alignment	6	–	–	6
At 30 September 2016	1,556	1,600	40,000	43,156
Accumulated amortisation and impairment losses				
At 1 October 2014	5	320	8,000	8,325
Amortisation	18	320	4,000	4,338
Exchange alignment	(1)	–	–	(1)
At 30 September 2015	22	640	12,000	12,662
Amortisation	17	320	10,400	10,737
Impairment loss	–	–	7,600	7,600
At 30 September 2016	39	960	30,000	30,999
Net book value at 30 September 2016	<u>1,517</u>	<u>640</u>	<u>10,000</u>	<u>12,157</u>
Net book value at 30 September 2015	<u>1,528</u>	<u>960</u>	<u>28,000</u>	<u>30,488</u>

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

9. TRADE, BILLS AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	116,521	118,857
Bills receivables	11,597	16,272
	128,118	135,129
Value-added tax recoverable	3,638	1,869
Other receivables	14,215	7,907
Prepayments	2,330	2,021
Land use rights	444	304
	148,745	147,230

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

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

Age

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	62,940	66,649
31 to 60 days	34,657	35,773
61 to 90 days	17,539	22,112
91 to 180 days	9,376	9,383
181 to 365 days	3,461	955
Over 1 year	145	257
	128,118	135,129

10. TRADE, BILLS AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	25,284	32,559
Bills payables – secured	1,653	294
	26,937	32,853
Customers' deposits received	1,141	1,246
Accruals	23,888	23,265
Others	474	2,963
	52,440	60,327

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

Age

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	24,901	26,185
31 to 60 days	1,830	6,138
61 to 90 days	66	184
91 to 180 days	101	339
181 to 365 days	23	7
Over 1 year	16	–
	26,937	32,853

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's turnover for the year ended 30 September 2016 (the "Year") was approximately HK\$496,219,000 (2015: HK\$543,632,000), representing a decrease of 8.72% over last Year. Profit attributable to the owners of the Company amounted to approximately HK\$37,159,000 (2015: HK\$49,183,000), representing an decrease of approximately 24.45% as compared to last Year. During the Year, except in Vietnam and Indonesia, the sales of the Group recorded a drop in other regions and the selling prices of our products remained relatively stable.

During the Year, the Group recorded a gross profit and profit before taxation of approximately HK\$175,808,000 (2015: HK\$180,703,000) and approximately HK\$40,744,000 (2015: HK\$57,724,000 (reclassified)) respectively.

Benefiting from the effective implementation of production cost control, the gross profit margin was increased, and recorded a gain on disposal of assets classified as held for sale of HK\$6,766,000. However, the Profit from operation was decreased by HK\$18,874,000; mainly contributed by the drops in gross profit and fair value gain in investment properties and increased in selling and distribution and administration expenses of HK\$4,895,000, HK\$6,920,000 and HK\$9,076,000 respectively.

During the Year, profit attributable to the owners of the Company amounted to approximately HK\$37,159,000 (2015: HK\$49,183,000). Basic and diluted earnings per Share were HK5.87 cents and HK5.86 cents (2015: HK7.96 cents and HK7.94 cents) respectively.

BUSINESS REVIEW AND PROSPECTS

Businesses

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

Segment Information

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

Products

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

During the Year, the sales revenue generated from this product category was approximately HK\$340,726,000 (2015: HK\$364,546,000), representing approximately 68.66% of the Group's total turnover.

2. *Primers*

During the Year, the sales revenue generated from this product category was approximately HK\$49,372,000 (2015: HK\$55,435,000), representing approximately 9.95% of the Group's total turnover.

3. *Hardeners*

During the Year, the sales revenue generated from this product category was approximately HK\$53,890,000 (2015: HK\$59,388,000), representing approximately 10.86% of the Group's total turnover.

4. *Electronic adhesives related products*

During the Year, the sales revenue generated from this product category was approximately HK\$23,924,000 (2015: HK\$31,028,000), representing approximately 4.82% of the Group's total turnover.

Regional Information

1. The PRC market

During the Year, by region, the turnover in the PRC market decreased by 21.66% over last Year to approximately HK\$177,958,000 (2015: HK\$227,150,000), representing approximately 35.86% of the Group's total turnover.

The Directors expected that the relevant market would continually drop in the coming year.

2. The Vietnam market

During the Year, by region, the turnover in the Vietnam market increased by 0.92% over last Year to approximately HK\$255,560,000 (2015: HK\$253,241,000), representing approximately 51.50% of the Group's total turnover.

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

3. The Indonesia market

During the Year, by region, the turnover in the Indonesia market increased by 24.18% over last Year to approximately HK\$34,734,000 (2015: HK\$27,971,000), representing approximately 7.00% of the Group's total turnover.

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

4. The Bangladesh market

During the Year, by region, the turnover in the Bangladesh market decreased by 20.71% over last Year to approximately HK\$27,967,000 (2015: HK\$35,270,000), representing approximately 5.64% of the Group's total turnover.

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

Production Facilities

1. The Zhuhai Plant

In light of the Group's sales and the changes in the PRC market, the second phase expansion project in the existing Zhuhai Plant has been under execution. The management considered that by executing the second phase expansion project, the Group will be well-prepared to meet the production capacity requirement for the development of its OEM business in the future. During the year, the relevant construction work of the Zhuhai Plant, including the addition of production equipment, warehousing facilities and extension of plants, have been commenced.

2. The Zhongshan Plant

The Zhongshan Plant is undergoing the process of reorganisation and reallocation of internal resources in order to respond to the changes in the market condition.

3. The Vietnam Plant

Given the orderly shift the footwear manufacturing industry to the Southeast Asia as well as the necessity to satisfy the needs for market development in the future, the management had decided to expand the existing scale of the Vietnam Plant. In order to meet the current production capacity requirement, the new Vietnam Plant is now entering into final construction stage and it is expected that the completion and commencement of operation will take place in the first half year of 2017.

4. The Indonesia Plant

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

Cost Control

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

Research and Development

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

Prospects

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

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

Liquidity and Financial Resources and Capital Structure

For the year ended 30 September 2016, the Group's working capital requirement was principally financed by its internal resources and banking facilities.

As at 30 September 2016, the Group had cash and bank balances and deposits, net current assets and total assets less current liabilities of approximately HK\$127,069,000 (2015: HK\$116,327,000), approximately HK\$218,689,000 (2015: HK\$266,860,000) and approximately HK\$441,200,000 (2015: HK\$441,035,000) respectively.

As at 30 September 2016, the Group had total bank borrowings except bills payable, on floating interest rates basis with the average interest rate of 3.61%, of approximately HK\$44,913,000 (2015: HK\$24,214,000). All these utilised bank borrowings, both long and short terms, were secured by pledged bank deposits, land and buildings and investment properties held under medium-term leases.

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

Total equity attributable to owners of the Company as at 30 September 2016 increased by approximately HK\$254,000 to approximately HK\$428,444,000. The gearing ratio (calculated as the ratio of total borrowings: total assets) of the Group as at 30 September 2016 was approximately 0.08 (2015: 0.05).

As at 30 September 2016, among the net proceeds of approximately HK\$77,000,000 from the top-up placing (the "**Top-up Placing**") under general mandate, details of which are disclosed in the announcement of the Company dated 24 April 2015, the remaining balance of the net proceeds of the Top-up Placing of approximately HK\$35,000,000 was used for general working capital purposes of the Group for the purchase of raw materials during the year.

On 7 June 2016, the Group granted 6,000,000 share options at HK\$1.30 per share to an eligible person under the share option scheme of the Company adopted on 22 July 2010 (the "**2010 Scheme**") and these 6,000,000 share options are outstanding under the 2010 Scheme as at 30 September 2016.

During the year, the Company repurchased a further 11,860,000 ordinary Shares and cancelled 12,860,000 Shares, of which 1,000,000 Shares were repurchased during the year ended 30 September 2015. Up to the date of this announcement, a total of 16,600,000 ordinary shares had been repurchased and cancelled.

During the year, the Company has issued 1,948,000 ordinary Shares upon exercise of the share options at an exercise price of HK\$0.90 per Share. The gross proceed was approximately HK\$1,753,000, of which HK\$19,000 was credited to the share capital, while HK\$2,278,000 was credited to the share premium, the share-based payment reserve was decreased by HK\$544,000.

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

Significant Investments

In 2014, the Group acquired 20% equity interests in Blue Sky Energy Efficiency Company Limited (“**Blue Sky**”, which together with its subsidiaries, the “**Blue Sky Group**”) which is principally engaged in the (i) provision of application and installment of energy-efficiency system and photovoltaic system for commercial and industrial buildings, hotels and residential premises; and (ii) research and development and sales of environmental chemical coating products.

For the best interest of the Company’s shareholder as a whole, the Blue Sky Group, which was acquired by the Company in May 2014, contained a profit guarantee that the profits of the Blue Sky Group for the two years after completion of the acquisition would not be less than HK\$30 million. In the event if the profit guarantee is not reached, the Group will receive a compensation of maximum of HK\$21,000,000 which is equal to the consideration of the acquisition. As the profit guarantee has been reached during the year, the balance of other financial assets of approximately HK\$7,380,000 has been recognised as changes in fair value of other financial assets in the profit or loss.

During the year, Blue Sky Group has successfully recorded sales of an energy-efficiency contract and recorded revenue of approximately HK\$15,000,000 and has been progressively diversified to invest in photovoltaics system project.

On 22 September 2015, a subsidiary of the Group entered into an agreement with China Energy Conservation Investments Company Limited and Shiny Meadow Limited (the “**Vendors**”) to acquire additional 20% of the entire issued share capital of Blue Sky at a consideration of HK\$40,000,000. The equity interest in Blue Sky held by the Group was increased from 20% to 40% with effect from and upon the completion of acquisition on 5 October 2015 and was settled by cash and was funded by internal resources.

In view of the positive progress of the Blue Sky Group being progressively diversified from energy-efficiency contracts to invest in photovoltaics system project, the Group expects it can bring positive contribution in coming future.

On 12 October 2015, the Company entered into a non-legally binding memorandum of understanding with 株洲變流技術國家工程研究中心有限公司 (transliterated as Zhuzhou National Engineering Research Centre of Converters Co., Ltd.#) (the “ZNERCC”) and entered into a non-legally binding cooperation agreement with ZNERCC and 湖南城石智能科技有限公司 (transliterated as Hunan Changsha Intelligent Technology Co. Ltd.#) in respect of the possible cooperation in photovoltaics system project(s). Details of the transaction were disclosed in the Company’s announcement dated 12 October 2015. The project was concluded with a total investment cost of RMB13,900,000, of which 70% amounting to RMB9,730,000 was contributed by the Company and will be funded by internal resources. During the year, the construction of the grid-connected photovoltaic power system is completed and the application of connection to the utility grip is in progress. The investment has been classified as other receivable as the Group may consider to dispose the project.

On 21 April 2015, a wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding with an independent third party, intend to form joint venture to operate the business of energy management contracting for the provision of energy saving solutions for telecommunications infrastructure and systems in the PRC. The target customers are expected to be the provincial level subsidiaries of the telecommunication operators of the PRC. The parties are in the course of negotiating the terms of the joint venture arrangement. Details of the transaction were disclosed in the Company’s announcement dated 21 April 2015. In the second half year of 2016, the negotiation of the terms of the joint venture arrangement had been ceased.

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

Acquisition and Disposal of Subsidiaries and Associated Companies

On 30 September 2015, an indirect wholly-owned subsidiary of the Company and an independent purchaser entered into a share sale agreement, pursuant to which the Group has agreed to sell and the purchaser has agreed to purchase the entire issued share capital of You Cheng Developments Limited, which holds 100% interest in Zhong Bu Centresin (Guangzhou) Company Limited (“**the disposed subsidiary group**”), for a consideration of RMB20,800,000 and recorded a gain of HK\$6,766,000. Upon completion of the disposal on 20 October 2015, the disposed subsidiary group ceased to be subsidiaries of the Company and the financial information of the disposed subsidiary group ceased to be consolidated into the accounts of the Company and this disposal did not constitute a notifiable transaction under the Listing Rules.

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

Employee Information

As at 30 September 2016, the Group employed a total of 405 (2015: 414) employees. It is the policy of the Group to provide and regularly review its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and company sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During the Year, the staff costs (including Directors' emoluments) amounted to approximately HK\$65,367,000 (2015: HK\$54,956,000).

In order to provide incentive or reward to eligible persons for their contribution to the Group and to enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted the 2010 Scheme, under which it may grant options to eligible persons, including but not limited to employees, Directors and consultants, with the Group. Save as disclosed above, during the year, no options have been granted to employee. Save for 1,948,000 Share Options which were exercised by the holders thereof and 280,000 Share Options which were lapsed, no Share Options have been exercised pursuant to the 2010 Scheme during the year. For the year ended 30 September 2014, the Group had granted 5,480,000 share options to the Directors and staff under the 2010 Scheme. There are 2,468,000 outstanding share options which were granted to Directors and employees of the Group under the 2010 Scheme as at 30 September 2016.

Charges on Group Assets

As at 30 September 2016, certain interests in land use rights, land and buildings and investment properties held under medium-term leases of approximately HK\$73,204,000 (2015: HK\$85,826,000) and bank deposits of HK\$21,556,000 (2015: HK\$21,977,000) were pledged to banks for bank borrowings totaling approximately HK\$44,913,000 (2015: HK\$24,214,000) granted to the Group.

Future Plans for Material Investments and Expected Sources of Funding

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

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

Exposure to Fluctuations in Exchange Rates

The Group has foreign currency sales and certain financial assets and liabilities are denominated in foreign currency, which expose the Group to risk principally in Renminbi, New Taiwan Dollars, Vietnam Dong, Indonesia Rupiah and United States dollars. The Group does not expect any appreciation or depreciation of the Hong Kong Dollars against foreign currencies which might materially affects the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

Capital Commitments

As at 30 September 2016, the Group had capital commitments of approximately HK\$24,904,000 (2015: HK\$20,972,000) in respect of the acquisition of property, plant and equipment.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 September 2016.

Events after the reporting Period

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", there is no material subsequent event undertaken by the Company or by the Group after 30 September 2016 and up to the date of this announcement.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK2.1 cents per share for the year ended 30 September 2016 subject to the approval of the shareholders at the forthcoming annual general meeting.

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

During the year ended 30 September 2016, the Company repurchased a further 11,860,000 ordinary Shares and cancelled 12,860,000 Shares, of which 1,000,000 Shares were repurchased during the year ended 30 September 2015. Up to the date of this announcement, a total of 16,600,000 ordinary shares had been repurchased and cancelled. Particulars of the Shares repurchased during the year ended 30 September 2016 are as follows:

	No. of ordinary Shares '000	Price per Share		Aggregate consideration and other costs paid HK\$'000
		Highest HK\$	Lowest HK\$	
October 2015	4,208	1.45	1.38	5,962
November 2015	<u>7,652</u>	<u>1.40</u>	<u>1.30</u>	<u>10,269</u>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 30 September 2016.

CORPORATE GOVERNANCE CODE

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

Code Provision A.2.1. provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Jeong Un has been performing both the roles of chairman and chief executive officer. Mr. Jeong is the founder of the Group and has over 22 years of experience in the adhesive related industry. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The Directors will continue to review the effectiveness of the current structure and assess whether change in the separation of the roles of chairman and chief executive officer is necessary.

AUDIT COMMITTEE

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

The audit committee is primarily responsible for the review and supervision of the Group's financial reporting process, risk management and internal control system. It has met with the external auditors of the Group to review the accounting principles and practices adopted by the Company and the audited annual financial statements of the Group for the year ended 30 September 2016.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules, the 2016 Annual Report containing all the Company's information set out in this announcement including the audited financial results for the year ended 30 September 2016 will be posted on the Company's website (www.infinitydevelopment.com.hk) and the website of the Stock Exchange (www.hkex.com.hk) in due course.

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

Hong Kong, 30 December 2016

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

The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.