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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Infinity Development Holdings Company Limited (the “**Company**”) is pleased to announce its unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 March 2022, together with the comparative figures for the corresponding six months ended 31 March 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 March 2022

		Six months ended 31 March	
		2022	2021
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	377,603	324,972
Cost of goods sold		(286,814)	(213,354)
Gross profit		90,789	111,618
Other income		1,611	3,261
Gain on disposal of assets classified as held for sale		32,692	–
Other gains and losses		(4,749)	(3,427)
Selling and distribution costs		(23,535)	(22,323)
Administrative expenses		(39,222)	(52,790)
Profit from operations		57,586	36,339
Finance costs		(366)	(166)
Share of profit/(loss) of an associate		260	(1,129)
Impairment loss of investment in an associate		–	(1,000)
Profit before tax		57,480	34,044
Income tax expense	5	(3,397)	(4,284)
Profit for the period attributable to the owners of the Company	6	54,083	29,760
Earnings per share			
– Basic	8(a)	HK9.60 cents	HK5.28 cents
– Diluted	8(b)	Not applicable	Not applicable

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 March 2022

	Six months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	54,083	29,760
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value changes of equity instruments at fair value through other comprehensive income (“FVTOCI”)	(226)	–
<i>Items that may be reclassified to profit or loss:</i>		
Fair value changes of debt instruments at FVTOCI	(109)	–
Exchange differences on translating foreign operations	5,202	3,819
	5,093	3,819
Other comprehensive income for the period, net of tax	4,867	3,819
Total comprehensive income for the period attributable to the owners of the Company	58,950	33,579

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

		At 31 March 2022 <i>HK\$'000</i> (Unaudited)	At 30 September 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		4,400	4,400
Property, plant and equipment		89,678	94,907
Right-of-use assets		14,763	14,076
Intangible assets		1,832	1,849
Investment in an associate		1,705	1,445
Club debentures		1,080	1,080
Financial assets at FVTOCI		5,208	–
Deposits for acquisition of property, plant and equipment		109	–
Total non-current assets		118,775	117,757
Current assets			
Inventories		118,037	99,742
Trade, bills and other receivables	9	243,407	173,994
Restricted bank deposits		16,038	17,328
Bank and cash balances		204,351	129,665
		581,833	420,729
Assets classified as held for sale	10	–	56,754
Total current assets		581,833	477,483
Current liabilities			
Trade, bills and other payables	11	156,309	93,957
Lease liabilities		3,455	1,557
Bank loans		30,000	37,798
Current tax liabilities		31,121	21,268
Total current liabilities		220,885	154,580
Net current assets		360,948	322,903
Total assets less current liabilities		479,723	440,660
Non-current liabilities			
Lease liabilities		4,080	1,797
Deferred tax liabilities		3,925	10,321
Total non-current liabilities		8,005	12,118
Net assets		471,718	428,542
Capital and reserves			
Share capital		5,634	5,634
Reserves		466,084	422,908
Total equity		471,718	428,542

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 manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 September 2021. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of the condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 30 September 2021.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 October 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards; and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in the condensed consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 30 September 2021. A number of new or amended standards are effective from 1 October 2021 but they do not have a material effect on the Group’s consolidated financial statements.

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 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.

	Six months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of goods	<u>377,603</u>	<u>324,972</u>

5. INCOME TAX EXPENSE

	Six months ended 31 March	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax:		
Provision for the period:		
– Macau Complementary Tax	9,694	3,997
– Vietnam Enterprise Income Tax ("Vietnam EIT")	26	537
– Indonesian Corporate Income Tax ("Indonesian CIT")	113	–
	<u>9,833</u>	4,534
Deferred tax	<u>(6,436)</u>	(250)
	<u>3,397</u>	<u>4,284</u>

PRC Enterprise Income Tax ("PRC EIT"), Macau Complementary Tax, Vietnam EIT, Indonesian CIT and Singapore Corporate Income Tax ("Singapore CIT") 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, subsidiaries in the PRC are subject to PRC EIT at a rate of 25% (six months ended 31 March 2021: 25%) during the six months ended 31 March 2022. No provision for PRC EIT has been made as subsidiaries in the PRC have no assessable profits during the six months ended 31 March 2022.

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 is therefore entitled to enjoy a concessionary PRC EIT rate of 15% (six months ended 31 March 2021: 15%) during the six months ended 31 March 2022. No provision for PRC EIT has been made as Zhuhai Centresin has sufficient tax losses brought forward to set off against current period’s assessable profits during the six months ended 31 March 2022.

Pursuant to the relevant laws and regulations in Macau, subsidiaries in Macau are subject to Macau Complementary Tax at a maximum rate of 12% (six months ended 31 March 2021: 12%) during the six months ended 31 March 2022.

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, is 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 the Republic of Indonesia (“**Indonesia**”), PT. Zhong Bu Adhesive Indonesia, a subsidiary in Indonesia, is subject to Indonesian CIT at 22% (six months ended 31 March 2021: 22%) during the six months ended 31 March 2022.

Pursuant to the relevant laws and regulations in the Republic of Singapore (“**Singapore**”), Zhong Bu Development Singapore Pte. Ltd (“**Zhong Bu Singapore**”), a subsidiary in Singapore, is subject to Singapore CIT at 17% during the six months ended 31 March 2022. No provision for Singapore CIT has been made as Zhong Bu Singapore has no assessable profits during the six months ended 31 March 2022.

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 PERIOD

The Group’s profit for the period is stated after charging/(crediting) the following:

	Six months ended 31 March	
	2022	2021
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
(Reversal of allowances)/allowances for trade, bills and other receivables	(1,030)	2,353
Allowances for inventories	1,593	4,590
Depreciation		
– property, plant and equipment	6,485	6,676
– right-of-use assets	1,379	1,161
Loss on disposals of property, plant and equipment	557	–
Written-off of property, plant and equipment	–	1,282
	–	–

7. DIVIDENDS

	Six months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend for the year ended 30 September 2021 approved and payable/paid – HK2.3 cents (year ended 30 September 2020: HK5.2 cents) per ordinary share	12,957	29,294
Special dividend for the year ended 30 September 2021 approved and payable/paid – HK0.5 cents (year ended 30 September 2020: Nil) per ordinary share	2,817	–
	15,774	29,294

At the Board meeting held on 27 May 2022, the Directors declared the interim dividend of HK1.9 cents (six months ended 31 March 2021: HK2.7 cents) per ordinary share, totalling approximately HK\$10,704,000 (six months ended 31 March 2021: HK\$15,210,000), for the six months ended 31 March 2022.

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the purpose of calculating basic earnings per share	54,083	29,760

	Six months ended 31 March	
	2022	2021
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	563,351	563,351

(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 six months ended 31 March 2022 and 2021.

9. TRADE, BILLS AND OTHER RECEIVABLES

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

	At 31 March 2022 <i>HK\$'000</i> (Unaudited)	At 30 September 2021 <i>HK\$'000</i> (Audited)
0 to 90 days	183,644	119,758
91 to 180 days	37,657	41,860
181 to 365 days	2,049	1,099
	<u>223,350</u>	<u>162,717</u>

10. ASSETS CLASSIFIED AS HELD FOR SALE

	At 31 March 2022 <i>HK\$'000</i> (Unaudited)	At 30 September 2021 <i>HK\$'000</i> (Audited)
Property, plant and equipment		
– Office units 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>–</u>	<u>56,754</u>

Notes:

- (a) On 25 August 2021, an indirect wholly-owned subsidiary of the Company (the “**Vendor**”), entered into a legally binding provisional agreement with the purchasers (the “**Purchasers**”) who are independent third parties of the Company and its connected persons, pursuant to which the Vendor agreed to sell the properties, comprising a total of 14 commercial units located in Macau (the “**Properties**”) as disclosed in the circular of the Company dated 29 September 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 of an associated company, Blue Sky Energy Efficiency Company Limited (the “**Transferee**”), pursuant to which the Transferor would sell the entire 40% equity interests 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 by the Transferor and the Transferee and both parties agreed to extend the completion date of the Share Transfer to on or before 15 March 2022. On 14 April 2022, a further supplementary agreement had been entered into by the Transferor and the Transferee and both parties agreed to further extend the completion date of the Share Transfer to on or before 30 June 2022.

As at 31 March 2022, the carrying amount of the investment in the Blue Sky Energy Efficiency Company Limited and its subsidiaries held by the Group was nil (At 30 September 2021: Nil).

11. TRADE, BILLS AND OTHER PAYABLES

The ageing analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	At 31 March 2022 <i>HK\$'000</i> (Unaudited)	At 30 September 2021 <i>HK\$'000</i> (Audited)
0 to 90 days	<u>74,630</u>	<u>28,118</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 31 March 2022 and 2021 was approximately HK\$377,603,000 and approximately HK\$324,972,000 respectively, representing an increase of approximately 16.2%.

The increase in revenue was mainly driven by the revenue contribution in all regions for the six months ended 31 March 2022.

Gross profit

The gross profit of the Group for the six months ended 31 March 2022 and 2021 was approximately HK\$90,789,000 and approximately HK\$111,618,000 respectively, representing a decrease of approximately 18.7%.

The decrease in gross profit was primarily due to the increase in costs of purchase for the six months ended 31 March 2022.

Gain on disposal of assets classified as held for sale

The gain on disposal of assets classified as held for sale for the six months ended 31 March 2022 was the one off and non-recurring gain on disposal of fourteen (14) commercial units located in Macau (the “**Disposal of Properties**”) recognised for the six months ended 31 March 2022 arising from the completion of the Disposal of Properties on 28 December 2021. For details of the Disposal of Properties and its accounting impact, please refer to the circular of the Company dated 29 September 2021.

Selling and distribution costs

The selling and distribution costs of the Group for the six months ended 31 March 2022 and 2021 was approximately HK\$23,535,000 and approximately HK\$22,323,000 respectively, and remained fairly stable.

Administrative expenses

The administrative expenses of the Group for the six months ended 31 March 2022 and 2021 was approximately HK\$39,222,000 and approximately HK\$52,790,000 respectively, representing a decrease of approximately 25.7%.

The decrease in the administrative expenses was mainly due to the decrease in employee benefits expense for the six months ended 31 March 2022.

Profit for the period attributable to the owners of the Company

As a result of the abovementioned, the profit for the period attributable to the owners of the Company for the six months ended 31 March 2022 and 2021 was approximately HK\$54,083,000 and approximately HK\$29,760,000 respectively, representing an increase of approximately 81.7%.

Excluding the one off and non-recurring gain on Disposal of Properties for the six months ended 31 March 2022 of approximately HK\$32,692,000, the profit for the period attributable to the owners of the Company for the six months ended 31 March 2022 would be adjusted to approximately HK\$21,391,000, representing a decrease of approximately 28.1% as compared to approximately HK\$29,760,000 for the six months ended 31 March 2021.

BUSINESS REVIEW AND PROSPECTS

Businesses

For the six months ended 31 March 2022, the Group is principally engaged in manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

As at 31 March 2022, 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 partner relationship 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 31 March 2022, the Group had interest-bearing bank borrowings of approximately HK\$30,000,000 (30 September 2021: approximately HK\$37,798,000). As at 31 March 2022, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK\$16,038,000 (30 September 2021: approximately HK\$17,328,000); and (ii) corporate guarantee executed by the Company.

In addition, one of the lease agreements was guaranteed by the Company as at 31 March 2022.

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 31 March 2022, the Group had restricted bank deposits of approximately HK\$16,038,000 (30 September 2021: approximately HK\$17,328,000). As at 31 March 2022, the Group had interest-bearing bank borrowings of approximately HK\$30,000,000 (30 September 2021: approximately HK\$37,798,000) and lease liabilities of approximately HK\$7,535,000 (30 September 2021: approximately HK\$3,354,000). Therefore, as at 31 March 2022, the gearing ratio (defined as the total of bank borrowings and lease liabilities divided by total equity) of the Group was approximately 8.0% (30 September 2021: approximately 9.6%). As at 31 March 2022, the current ratio of the Group was approximately 2.6 (30 September 2021: approximately 3.1).

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 six months ended 31 March 2022, 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 interim results announcement, for the six months ended 31 March 2022, the Group did not have any significant investments, material acquisitions or disposals.

Save as disclosed elsewhere in this interim results announcement, there was no formal plan authorised by the Board for any significant investments, material acquisitions or disposals as at 31 March 2022 and up to the date of this interim results announcement.

CAPITAL COMMITMENTS

As at 31 March 2022, the Group had capital commitments of approximately HK\$1,951,000 (30 September 2021: approximately HK\$1,816,000) in respect of acquisitions of property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (30 September 2021: Nil).

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcements dated 13 April 2022 and 19 April 2022, an indirect wholly-owned subsidiary of the Company (the "**Buyer**"), entered into a sale and purchase agreement with the vendor (the "**Seller**") who is an independent third party of the Company and its connected person, pursuant to which the Seller agreed to sell and the Buyer agreed to purchase the piece of land located at Jl Indraprasta, Kendal Industrial Park, Kendal Regency, Indonesia with an area of approximately 36,509 square meters for industrial use upon the terms contained therein. The consideration was approximately Rp49,834,785,000 (equivalent to approximately HK\$27,195,000).

Save as disclosed elsewhere in this interim results announcement, there have been no other material events occurring after the reporting period and up to the date of this interim results announcement.

EMPLOYEE AND REMUNERATION POLICY

As at 31 March 2022, the Group employed a total of 365 (30 September 2021: 356) 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 six months ended 31 March 2022, the employee benefits expense (including Directors' emoluments) amounted to approximately HK\$43,116,000 (six months ended 31 March 2021: approximately HK\$48,087,000).

The remuneration policy for the Directors is based on their experience, level of responsibilities, lengths of services and general market conditions and has been reviewed by the remuneration committee of the Company. 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 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 interim results announcement, the Group had no other investments as at 31 March 2022.

The English translation of Chinese names or words in this interim 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.9 cents (six months ended 31 March 2021: HK2.7 cents) per share for the six months ended 31 March 2022 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on Tuesday, 14 June 2022. The interim dividend will be payable to the Shareholders on Monday, 27 June 2022.

CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, for the six months ended 31 March 2022, 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 C.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.

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 as set out in the Model Code throughout the six months ended 31 March 2022.

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

For the six months ended 31 March 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

REVIEW OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the Group’s management the condensed consolidated financial statements of the Group for the six months ended 31 March 2022. RSM Hong Kong, the Company’s auditor, has reviewed the condensed consolidated financial statements of the Group for the six months ended 31 March 2022 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange and the Company. The interim report of the Company will be despatched to the Shareholders and will also be 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 period. May I also salute to our managers at all levels and dedicated staff of the Company for their invaluable contributions and diligent efforts during the period.

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

Hong Kong, 27 May 2022

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.