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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 2022

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 2022, together with the comparative figures for the corresponding year ended 30 September 2021, as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	4	<b>862,101</b>	643,446
Cost of goods sold		<b>(638,921)</b>	(446,771)
<b>Gross profit</b>		<b>223,180</b>	196,675
Other income		<b>4,529</b>	5,981
Gain on disposal of assets classified as held for sale		<b>32,692</b>	–
Changes in fair value of investment properties		<b>(600)</b>	(14,329)
Other gains and losses, net		<b>2,817</b>	(5,807)
Allowances for trade, bills and other receivables, net		<b>(7,970)</b>	(2,352)
Selling and distribution costs		<b>(51,831)</b>	(44,663)
Administrative expenses		<b>(92,546)</b>	(86,809)
<b>Profit from operations</b>		<b>110,271</b>	48,696
Finance costs		<b>(825)</b>	(424)
Share of profits/(losses) of associates		<b>1,384</b>	(1,807)
Impairment loss on investment in an associate		<b>–</b>	(1,000)
<b>Profit before tax</b>		<b>110,830</b>	45,465
Income tax expense	5	<b>(9,480)</b>	(4,002)
<b>Profit for the year attributable to owners of the Company</b>	6	<b>101,350</b>	41,463
<b>Earnings per share</b>	8		
– Basic		<b>HK17.99 cents</b>	HK7.36 cents
– Diluted		<b>Not applicable</b>	Not applicable

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

For the year ended 30 September 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit for the year attributable to owners of the Company</b>	<u>101,350</u>	<u>41,463</u>
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Revaluation gain on property, plant and equipment upon transfer to investment properties	–	3,000
Fair value changes of equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>(1,199)</u>	<u>–</u>
	<u>(1,199)</u>	<u>3,000</u>
<i>Items that may be reclassified to profit or loss:</i>		
Fair value changes of debt instruments at FVTOCI	(651)	–
Exchange differences on translating foreign operations	<u>(14,283)</u>	<u>6,204</u>
	<u>(14,934)</u>	<u>6,204</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>(16,133)</u>	<u>9,204</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<u><u>85,217</u></u>	<u><u>50,667</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		3,800	4,400
Property, plant and equipment		82,575	94,907
Right-of-use assets		14,181	14,076
Intangible assets		1,790	1,849
Investments in associates		6,126	1,445
Club debentures		1,080	1,080
Financial assets at FVTOCI		3,693	–
Prepayment for acquisition of right-of-use assets		25,519	–
Deposits for acquisition of property, plant and equipment		614	–
<b>Total non-current assets</b>		<b>139,378</b>	117,757
<b>Current assets</b>			
Inventories		128,239	99,742
Trade, bills and other receivables	9	278,684	173,994
Restricted bank deposits		16,083	17,328
Bank and cash balances		135,238	129,665
<b>Assets classified as held for sale</b>	10	–	420,729
			56,754
<b>Total current assets</b>		<b>558,244</b>	477,483
<b>Current liabilities</b>			
Trade, bills and other payables	11	139,344	93,957
Lease liabilities		3,256	1,557
Bank loans		30,000	37,798
Current tax liabilities		28,615	21,268
<b>Total current liabilities</b>		<b>201,215</b>	154,580
<b>Net current assets</b>		<b>357,029</b>	322,903
<b>Total assets less current liabilities</b>		<b>496,407</b>	440,660
<b>Non-current liabilities</b>			
Lease liabilities		3,395	1,797
Deferred tax liabilities		5,731	10,321
<b>Total non-current liabilities</b>		<b>9,126</b>	12,118
<b>Net assets</b>		<b>487,281</b>	428,542
<b>Capital and reserves</b>			
Share capital		5,634	5,634
Reserves		481,647	422,908
<b>Total equity</b>		<b>487,281</b>	428,542

## NOTES

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. With effect from 1 October 2022, the address of its registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, the 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 Rua de Pequim No. 202A-246, Macau Finance Centre, 16 Andar A-D, 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 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Except as described below, the application of 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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2***

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on the consolidated financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

***Amendment to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021***

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The application of this amendment 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 applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 October 2021. 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 3 Business Combination – 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
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 Insurance Contracts	1 January 2023
Amendments to HKFRS 16 Leases – Lease Liability in a Sale and Leaseback	1 January 2024

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Sales of goods	<u>862,101</u>	<u>643,446</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
– PRC	124,316	96,820
– Socialist Republic of Vietnam ("Vietnam")	545,749	422,903
– The Republic of Indonesia ("Indonesia")	92,670	50,911
– The People's Republic of Bangladesh	99,366	72,812
	<u>862,101</u>	<u>643,446</u>

During the year, there was a customer contributing revenue of approximately HK\$205,407,000 (2021: HK\$133,286,000) which accounted for approximately 24% (2021: 21%) of the Group's total revenue.

An analysis of the Group's non-current assets (excluding financial assets at FVTOCI) by their geographical locations is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC	35,859	41,231
Macau	5,906	4,574
Vietnam	64,676	69,546
Indonesia	27,602	1,740
Others	1,642	666
	<u>135,685</u>	<u>117,757</u>

## 5. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Provision for the year		
– Macau Complementary Tax	17,715	4,893
– Vietnam Enterprise Income Tax (“Vietnam EIT”)	359	1,019
– Indonesia Corporate Income Tax (“Indonesian CIT”)	673	–
	<u>18,747</u>	<u>5,912</u>
Over-provision in prior years		
– Macau Complementary Tax	(4,841)	–
	<u>13,906</u>	<u>5,912</u>
Deferred tax	<u>(4,426)</u>	<u>(1,910)</u>
	<u>9,480</u>	<u>4,002</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, other subsidiaries in the PRC are subject to PRC EIT at a rate of 25% (2021: 25%) during the year ended 30 September 2022. No provision for PRC EIT has been made as other subsidiaries in the PRC have no assessable profits during the years ended 30 September 2022 and 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% (2021: 15%) during the year ended 30 September 2022. No provision for PRC EIT has been made as Zhuhai Centresin has sufficient tax losses brought forward to set off against current year's assessable profits (2021: no assessable profits) during the year ended 30 September 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% (2021: 12%) during the year ended 30 September 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, 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% (2021: 20%).

Pursuant to the relevant laws and regulations in Indonesia, subsidiaries in Indonesia are subject to Indonesian CIT at 22% (2021: 22%) during the year ended 30 September 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% (2021: 17%) during the year ended 30 September 2022. No provision for Singapore CIT has been made as Zhong Bu Singapore has no chargeable income during the years ended 30 September 2022 and 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 during the years ended 30 September 2022 and 2021.

## 6. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
The Group’s profit for the year attributable to owners of the Company is stated after charging the following:		
Auditor’s remuneration		
– audit service	1,160	1,180
– non-audit services	706	862
Amortisation of intangible assets	42	43
Depreciation on property, plant and equipment	12,817	13,704
Depreciation on right-of-use assets	2,817	2,329
Employee benefits expense (excluding Directors’ emoluments)	76,906	70,112
Royalty fees included in cost of goods sold	2,154	3,529
Research and development expenses	3,644	4,652
Short-term lease expenses	2,471	1,437
Allowances for trade, bills and other receivables, net	7,970	2,352
Allowances for inventories	1,719	2,904
And after crediting:		
Gross property rental income before deduction of outgoings	909	1,811
Less: Outgoings	(93)	(380)
	<u>816</u>	<u>1,431</u>

Cost of goods sold includes employee benefits expense (excluding Directors’ emoluments), depreciation and short-term lease expenses of approximately HK\$20,352,000 (2021: HK\$16,643,000) which are included in the amounts disclosed separately.

## 7. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend for the year ended 30 September 2022 paid – HK1.9 cents (2021: year ended 30 September 2021 – HK2.7 cents paid) per ordinary share	10,704	15,210
Final dividend for the year ended 30 September 2021 approved and paid – HK2.3 cents (2021: year ended 30 September 2020 – HK5.2 cents approved and paid) per ordinary share	12,957	29,294
Special dividend for the year ended 30 September 2021 approved and paid – HK0.5 cents (2021: year ended 30 September 2020 – HK\$Nil) per ordinary share	2,817	–
	<u>26,478</u>	<u>44,504</u>

Subsequent to the end of the reporting period, a final dividend of HK4.3 cents per ordinary share totalling approximately HK\$24,224,000 in respect of the year ended 30 September 2022, has been proposed by the Directors and is 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the purpose of calculating basic earnings per share	<u>101,350</u>	<u>41,463</u>
	2022 <i>'000</i>	2021 <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>563,351</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 2022 and 2021.

## 9. TRADE, BILLS AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	257,301	160,701
Bills receivables	14,949	13,461
Allowances for doubtful debts	<u>(17,814)</u>	<u>(11,445)</u>
	<b>254,436</b>	162,717
Value-added tax recoverable	14,327	6,881
Other receivables	2,709	1,476
Prepayments	<u>7,212</u>	<u>2,920</u>
	<b><u>278,684</u></b>	<b><u>173,994</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 90 days	211,053	119,758
91 to 180 days	42,782	41,860
181 to 365 days	<u>601</u>	<u>1,099</u>
	<b><u>254,436</u></b>	<b><u>162,717</u></b>

As at 30 September 2022, allowances were made for estimated irrecoverable trade and bills receivables of approximately HK\$17,814,000 (2021: HK\$11,445,000).

## 10. ASSETS CLASSIFIED AS HELD FOR SALE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
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> )	–	–
	<hr/>	<hr/>
	–	56,754
	<hr/> <hr/>	<hr/> <hr/>

### *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 would sell the properties (the “**Properties**”), comprising Units A-N, a total of 14 commercial units located on the 16th Floor of Macau Finance Centre, Rua de Pequim No. 202A-246, Macau, 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 “**Share Transfer**”) the 40% equity interest of Blue Sky Energy Efficiency Company Limited held by the Group, to the Transferee at a consideration of RMB700,000 (equivalent to approximately HK\$840,000). Subsequently, since 27 October 2021, several supplemental agreements had been entered into between the parties to extend the completion date of the Share Transfer to on or before 30 November 2022. Since the Transferee still required more time to complete the Share Transfer, on 9 December 2022, a further supplemental agreement was 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 31 March 2023. As at 30 September 2022, the deposits made by the Transferee were approximately RMB252,000 (equivalent to HK\$302,000).

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

## 11. TRADE, BILLS AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	49,541	23,438
Bills payables – secured ( <i>Note (a)</i> )	<u>9,760</u>	<u>4,680</u>
	<b>59,301</b>	28,118
Customers' deposits received	–	26
Amount due to an associate ( <i>Note (b)</i> )	3,296	–
Accruals	<u>76,747</u>	<u>65,813</u>
	<b><u>139,344</u></b>	<b><u>93,957</u></b>

### *Notes:*

- (a) The balances are secured by (i) all the restricted bank deposits of the Group; and (ii) a corporate guarantee executed by the Company.
- (b) Amount due to an associate is of non-trade nature, unsecured, interest-free and repayable on demand.

The Group normally receives credit terms ranging from 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 90 days	<u>59,301</u>	<u>28,118</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

The revenue of the Group for the years ended 30 September 2022 and 2021 were approximately HK\$862,101,000 and approximately HK\$643,446,000 respectively, representing an increase of approximately 34.0%.

The increase in revenue was mainly driven by the revenue contribution in all geographical regions for the year ended 30 September 2022.

#### Gross profit

The gross profit of the Group for the years ended 30 September 2022 and 2021 were approximately HK\$223,180,000 and approximately HK\$196,675,000 respectively, representing an increase of approximately 13.5%.

The increase in gross profit was mainly due to the increase in revenue as the abovementioned.

#### Gain on disposal of assets classified as held for sale

The gain on disposal of assets classified as held for sale of the Group for the year ended 30 September 2022 which amounted to approximately HK\$32,692,000, was a one-off and non-recurring gain on disposal of properties (the “**Disposal of Properties**”), comprising a total of 14 commercial units located in Macau, recognised for the six months ended 31 March 2022 and the year ended 30 September 2022 upon 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 Company’s circular (the “**Circular**”) dated 29 September 2021.

#### Changes in fair value of investment properties

The changes in fair value of investment properties of the Group for the year ended 30 September 2022 were reduced substantially as compared to the year ended 30 September 2021 as a result of the significant portion of the investment properties of the Group were disposed of upon the completion of the Disposal of 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 were disposed of as disclosed in the Company’s announcements dated 25 August 2021, 15 September 2021, 29 September 2021 and 8 October 2021 and the Circular. As disclosed in the Company’s announcement dated 28 December 2021, the Disposal of Properties was completed on 28 December 2021.

#### Selling and distribution costs

The selling and distribution costs of the Group for the years ended 30 September 2022 and 2021 were approximately HK\$51,831,000 and approximately HK\$44,663,000 respectively, representing an increase of approximately 16.0%.

The increase in selling and distribution costs was mainly due to the increase in revenue as the abovementioned.

### **Administrative expenses**

The administrative expenses of the Group for the years ended 30 September 2022 and 2021 were approximately HK\$92,546,000 and approximately HK\$86,809,000 respectively, and remained fairly stable.

### **Profit for the year attributable to owners of the Company**

As a result of the abovementioned, the profit attributable to owners of the Company for the years ended 30 September 2022 and 2021 were approximately HK\$101,350,000 and approximately HK\$41,463,000 respectively, representing an increase of approximately 144.4%.

Excluding certain items not considered to be generated from the Group's core business for the year ended 30 September 2022, i.e., (i) the one-off and non-recurring gain on disposal of assets classified as held for sale of approximately HK\$32,692,000 (2021: HK\$Nil); (ii) changes in fair value losses of investment properties of approximately HK\$600,000 (2021: approximately HK\$14,329,000); (iii) share of profits of associates of approximately HK\$1,384,000 (2021: share of losses of approximately HK\$1,807,000); and (iv) no recognition of impairment loss on investment in an associate (2021: HK\$1,000,000), the profit attributable to owners of the Company for the year ended 30 September 2022 would be adjusted to approximately HK\$67,874,000, representing an increase of approximately 15.8% as compared to the adjusted one of approximately HK\$58,599,000 for the year ended 30 September 2021.

## **BUSINESS REVIEW AND PROSPECTS**

### **Businesses**

For the year ended 30 September 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 30 September 2022, the Group had three manufacturing plants in the PRC, Vietnam and Indonesia. After the acquisition of a piece of land in Indonesia in April 2022 as disclosed in the Company's announcement dated 13 April 2022, the Group is now in the process of designing and building foundation of a new manufacturing plant in order to better serve its customers by improving its costs competitiveness and freight time advantages, and further solidify its core business. If necessary, the Group will consider to further expand its existing manufacturing facilities 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 competence in research and development capabilities of the Group so as to maintain its technological leading position in the industry.

## **Prospects**

Short to medium term outlook: In view of the epidemic still affecting across the globe together with the uncertainties arising from the high inflation and decrease in purchasing power in the market, it is difficult for the Board to predict the sales performance of the Group in 2023.

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 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 will still be 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 2023. In 2023, 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 2022, the Group had interest-bearing bank borrowings of approximately HK\$30,000,000 (30 September 2021: approximately HK\$37,798,000). As at 30 September 2022, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK\$16,083,000 (30 September 2021: approximately HK\$17,328,000); and (ii) a corporate guarantee executed by the Company.

In addition, one of the lease agreements was guaranteed by the Company as at 30 September 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 30 September 2022, the Group had restricted bank deposits of approximately HK\$16,083,000 (30 September 2021: approximately HK\$17,328,000). As at 30 September 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\$6,651,000 (30 September 2021: approximately HK\$3,354,000). Therefore, as at 30 September 2022, the gearing ratio (defined as the total of bank borrowings and lease liabilities divided by total equity) of the Group was approximately 7.5% (30 September 2021: approximately 9.6%). As at 30 September 2022, the current ratio of the Group was approximately 2.8 (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 fluctuations against foreign currencies which might materially affect the Group's operations. For the year ended 30 September 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 annual results announcement, for the year ended 30 September 2022, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

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 of subsidiaries, associates or joint ventures as at 30 September 2022 and up to the date of this annual results announcement.

## **CAPITAL COMMITMENTS**

As at 30 September 2022, the Group had capital commitments of approximately HK\$8,591,000 (30 September 2021: approximately HK\$1,816,000) in respect of acquisition of property, plant and equipment.

## **CONTINGENT LIABILITIES**

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

## **EVENTS AFTER THE REPORTING PERIOD**

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 2022, the Group employed a total of 396 (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 and training sponsorship) to ensure that the remuneration policy is competitive within the relevant industry. For the year ended 30 September 2022, the employee benefits expense (including Directors' emoluments) amounted to approximately HK\$92,581,000 (year ended 30 September 2021: approximately HK\$85,433,000).

No share option scheme has been adopted by the Company since 22 July 2020.

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 湖南誠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.

In May 2022, the Group and 湖南誠石智能科技有限公司 (transliterated as Hunan Changsha Intelligent Technology Co. Ltd.\*), agreed to inject a capital of RMB3,000,000 and RMB7,000,000 to the registered capital of 湖南誠石新能源有限公司 (transliterated as Hunan Xingshi New Energy Co. Ltd.\*) on or before 15 October 2025, respectively. The registration was approved by the relevant government authority of the PRC in June 2022. After the arrangement, 湖南誠石新能源有限公司 (transliterated as Hunan Xingshi New Energy Co. Ltd.\*) became an associate of the Group for the year ended 30 September 2022. The principal activity of 湖南誠石新能源有限公司 (transliterated as Hunan Xingshi New Energy Co. Ltd.\*) is mainly engaged in the photovoltaics related projects in the PRC.

Save as disclosed elsewhere in this annual results announcement, the Group had no other material investments as at 30 September 2022.

## DIVIDENDS

For the year ended 30 September 2022, the Board has resolved to recommend the payment of a final dividend of HK4.3 cents (year ended 30 September 2021: HK2.3 cents) per ordinary share to the Shareholders (subject to approval by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2022). No special dividend was recommended by the Board for the year ended 30 September 2022 (year ended 30 September 2021: HK0.5 cents). 2022 interim dividend of HK1.9 cents (2021: HK2.7 cents) per ordinary share to the Shareholders was declared on 27 May 2022 and paid on 27 June 2022. Including 2022 interim dividend of HK1.9 cents (2021: HK2.7 cents) per ordinary share to the Shareholders already paid, the total dividend for the year ended 30 September 2022 will amount to HK6.2 cents (year ended 30 September 2021: HK5.5 cents (including a special dividend of HK0.5 cents per ordinary share)) per ordinary share.

## **CORPORATE GOVERNANCE**

Save as disclosed below, for the year ended 30 September 2022 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 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.

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

For the year ended 30 September 2022, 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 2022.

## **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 2022 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 “**2022 AGM**”) of the Company for the year ended 30 September 2022 will be held on a date to be fixed by the Board, and a notice convening the 2022 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 2022 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 2022. 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 2022 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 to 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, 23 December 2022

*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.*

\* *For identification purpose only*