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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 2023

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 2023, together with the comparative figures for the corresponding year ended 30 September 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	4	671,750	862,101
Cost of goods sold		(462,644)	(638,921)
Gross profit		209,106	223,180
Other income		8,568	4,529
Gain on disposal of assets classified as held for sale		840	32,692
Changes in fair value of investment properties		–	(600)
Other gains and losses, net		(109)	2,817
Reversal of allowances/(allowances) for trade, bills and other receivables, net		1,756	(7,970)
Selling and distribution costs		(51,521)	(51,831)
Administrative expenses		(87,143)	(92,546)
Profit from operations		81,497	110,271
Finance costs		(2,908)	(825)
Share of profits of associates		2,459	1,384
Profit before tax		81,048	110,830
Income tax expense	5	(13,994)	(9,480)
Profit for the year attributable to owners of the Company	6	67,054	101,350
Earnings per share	8		
– Basic		HK11.90 cents	HK17.99 cents
– Diluted		Not applicable	Not applicable

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	<u>67,054</u>	<u>101,350</u>
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”)	<u>291</u>	<u>(1,199)</u>
	<u>291</u>	<u>(1,199)</u>
<i>Items that may be reclassified to profit or loss:</i>		
Fair value changes of debt instruments at FVTOCI	563	(651)
Exchange differences on translating foreign operations	<u>(4,025)</u>	<u>(14,283)</u>
	<u>(3,462)</u>	<u>(14,934)</u>
Other comprehensive income for the year, net of tax	<u>(3,171)</u>	<u>(16,133)</u>
Total comprehensive income for the year attributable to owners of the Company	<u><u>63,883</u></u>	<u><u>85,217</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Note	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investment properties		3,800	3,800
Property, plant and equipment		73,889	82,575
Right-of-use assets		37,872	14,181
Intangible assets		6,262	1,790
Investments in associates		8,540	6,126
Club debentures		1,080	1,080
Financial assets at FVTOCI		4,547	3,693
Prepayment for acquisition of right-of-use assets		–	25,519
Deposits for acquisition of property, plant and equipment		8,811	614
Total non-current assets		144,801	139,378
Current assets			
Inventories		49,853	128,239
Trade, bills and other receivables	9	178,098	278,684
Debt instruments at amortised cost		7,102	–
Restricted bank deposits		18,749	16,083
Bank and cash balances		346,392	135,238
Total current assets		600,194	558,244
Current liabilities			
Trade, bills and other payables	11	108,185	139,344
Lease liabilities		2,947	3,256
Bank loans		85,000	30,000
Current tax liabilities		28,071	28,615
Total current liabilities		224,203	201,215
Net current assets		375,991	357,029
Total assets less current liabilities		520,792	496,407
Non-current liabilities			
Lease liabilities		1,311	3,395
Deferred tax liabilities		6,061	5,731
Total non-current liabilities		7,372	9,126
Net assets		513,420	487,281
Capital and reserves			
Share capital		5,634	5,634
Reserves		507,786	481,647
Total equity		513,420	487,281

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. 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 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

(b) **New and revised HKFRSs in issue but not yet effective**

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 October 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 – Insurance Contracts	1 January 2023
Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules	1 January 2023 (except for HKAS 12 paragraphs 4A and 88A which are immediately effective upon issue of the amendments)
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKFRS 7 and HKAS 7 – Financial Instruments – Disclosures – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025

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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of goods	<u>671,750</u>	<u>862,101</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		
– PRC	92,531	124,316
– Socialist Republic of Vietnam (“ Vietnam ”)	433,286	545,749
– The Republic of Indonesia (“ Indonesia ”)	82,309	92,670
– The People’s Republic of Bangladesh	<u>63,624</u>	<u>99,366</u>
	<u>671,750</u>	<u>862,101</u>

During the year, there was a customer contributing revenue of approximately HK\$145,977,000 (2022: HK\$205,407,000) which accounted for approximately 22% (2022: 24%) 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PRC	35,236	35,859
Macau	7,942	5,906
Vietnam	58,782	64,676
Indonesia	35,894	27,602
Others	<u>2,400</u>	<u>1,642</u>
	<u>140,254</u>	<u>135,685</u>

5. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Provision for the year		
– Macau Complementary Tax	13,575	17,715
– Vietnam Enterprise Income Tax (“ Vietnam EIT ”)	1,399	359
– Indonesia Corporate Income Tax (“ Indonesian CIT ”)	1,782	673
	<u>16,756</u>	<u>18,747</u>
Over-provision in prior years		
– Macau Complementary Tax	(3,034)	(4,841)
	<u>13,722</u>	<u>13,906</u>
Deferred tax	<u>272</u>	<u>(4,426)</u>
	<u><u>13,994</u></u>	<u><u>9,480</u></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 of the Company in the PRC as described below, other subsidiaries of the Company in the PRC are subject to PRC EIT at a rate of 25% (2022: 25%) during the year ended 30 September 2023. No provision for PRC EIT has been made as other subsidiaries of the Company in the PRC have no assessable profits during the years ended 30 September 2023 and 2022.

Pursuant to the relevant laws and regulations in the PRC, Zhuhai Centresin Chemical Product Company Limited[#] (“**Zhuhai Centresin**”), a subsidiary of the Company 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% (2022: 15%) during the year ended 30 September 2023. 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 during the years ended 30 September 2023 and 2022.

Pursuant to the relevant laws and regulations in Macau, entities are divided into Group A (“**Group A**”) and Group B (“**Group B**”) taxpayers. Group A taxpayers are companies that have maintained proper accounting books and records, with capital of Macanese Pataca (“**MOP**”) 1,000,000 and above or average assessed annual taxable profits in the past 3 years of more than MOP500,000. Group B taxpayers are those who do not meet the criteria mentioned above. Group A taxpayers are assessed based on their actual taxable profits and Group B taxpayers are assessed based on deemed profits ascertained by the Macau Finance Bureau. The Group has Group A and Group B taxpayers. Macau Complementary Tax for Group A taxpayers and Group B taxpayers is calculated at a rate of 12% on the actual taxable profits above MOP600,000 and 12% on the assessable profits above MOP600,000 during the years ended 30 September 2023 and 2022, respectively.

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 of the Company 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% (2022: 20%) during the year ended 30 September 2023.

[#] *The official name of this entity is in Chinese. The English translation is for identification purpose only. For the official name of this entity in Chinese, please refer to the Chinese version of this annual results announcement.*

Pursuant to the relevant laws and regulations in Indonesia, subsidiaries of the Company in Indonesia are subject to Indonesian CIT at 22% (2022: 22%) during the year ended 30 September 2023.

Pursuant to the relevant laws and regulations in the Republic of Singapore (“**Singapore**”), Zhong Bu Development Singapore Pte. Ltd (“**Zhong Bu Singapore**”), a subsidiary of the Company in Singapore, is subject to Singapore CIT at 17% (2022: 17%) during the year ended 30 September 2023. No provision for Singapore CIT has been made as Zhong Bu Singapore has no assessable profits during the years ended 30 September 2023 and 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 during the years ended 30 September 2023 and 2022.

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

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
The Group’s profit for the year attributable to owners of the Company is stated after charging/(crediting) the following:		
Auditor’s remuneration		
– audit service	1,160	1,160
– non-audit services	502	706
Amortisation of intangible assets	42	42
Allowances for inventories	3,002	1,719
Cost of inventories recognised as expenses	441,523	628,865
Depreciation on property, plant and equipment	11,775	12,817
Depreciation on right-of-use assets	3,339	2,817
Employee benefits expense (excluding Directors’ emoluments)	74,856	76,906
Royalty fees included in cost of goods sold	2,183	2,154
Research and development expenses	3,438	3,644
Short-term lease expenses	4,050	2,471
(Reversal of allowances)/allowances for trade, bills and other receivables, net	(1,756)	7,970
Gross property rental income before deduction of outgoings	(811)	(909)
Less: Outgoings	–	93
	<u>(811)</u>	<u>(816)</u>

Cost of goods sold includes employee benefits expense (excluding Directors’ emoluments), depreciation and short-term lease expenses of approximately HK\$20,445,000 (2022: HK\$20,352,000) which are included in the amounts disclosed separately.

7. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend for the year ended 30 September 2023 paid – HK2.4 cents (year ended 30 September 2022: HK1.9 cents paid) per ordinary share	13,520	10,704
Final dividend for the year ended 30 September 2022 approved and paid – HK4.3 cents (year ended 30 September 2021: HK2.3 cents approved and paid) per ordinary share	24,224	12,957
Special dividend for the year ended 30 September 2022 approved and paid – HK\$Nil (year ended 30 September 2021: HK0.5 cents approved and paid) per ordinary share	–	2,817
	<u>37,744</u>	<u>26,478</u>

Subsequent to the end of the reporting period, a final dividend of HK3.3 cents per ordinary share totalling approximately HK\$18,590,000 and a special dividend of HK0.8 cents per ordinary share totalling approximately HK\$4,507,000, in respect of the year ended 30 September 2023, have been proposed by the Directors and are subject to approval by the shareholders (the “Shareholders”) of the Company at the forthcoming annual general meeting.

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings		
Profit for the purpose of calculating basic earnings per share	<u>67,054</u>	<u>101,350</u>
	2023 <i>'000</i>	2022 <i>'000</i>
Number of shares		
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 2023 and 2022.

9. TRADE, BILLS AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	168,950	257,301
Bills receivables	10,859	14,949
Allowances for doubtful debts	<u>(17,814)</u>	<u>(17,814)</u>
	161,995	254,436
Value-added tax recoverable	6,478	14,327
Other receivables	7,119	2,709
Prepayments	<u>2,506</u>	<u>7,212</u>
	<u>178,098</u>	<u>278,684</u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 90 days	130,128	211,053
91 to 180 days	30,823	42,782
181 to 365 days	<u>1,044</u>	<u>601</u>
	<u>161,995</u>	<u>254,436</u>

As at 30 September 2023, allowances were made for estimated irrecoverable trade and bills receivables of approximately HK\$17,814,000 (2022: HK\$17,814,000).

10. ASSETS CLASSIFIED AS HELD FOR SALE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Investment in an associate (<i>Note</i>)	—	—

Note:

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 agreed to 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 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 31 March 2023. As at 30 September 2022, the deposits made by the Transferee were approximately RMB252,000 (equivalent to HK\$302,000). Upon receipt of the total consideration, the Share Transfer was completed on 29 June 2023.

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.

11. TRADE, BILLS AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	33,065	49,541
Bills payables – secured (<i>Note (a)</i>)	3,490	9,760
	36,555	59,301
Amount due to an associate (<i>Note (b)</i>)	2,090	3,296
Accruals	69,540	76,747
	108,185	139,344

Notes:

- (a) The balances are secured by (i) 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 90 days	36,503	59,301
91 to 180 days	52	—
	36,555	59,301

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group for the years ended 30 September 2023 and 2022 were approximately HK\$671,750,000 and approximately HK\$862,101,000 respectively, representing a decrease of approximately 22.1%.

The decrease in revenue was mainly due to the decrease in the revenue contribution in all geographical regions for the year ended 30 September 2023.

Gross profit

The gross profit of the Group for the years ended 30 September 2023 and 2022 were approximately HK\$209,106,000 and approximately HK\$223,180,000 respectively, and remained fairly stable.

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 2023, amounting to HK\$840,000, was a one-off and non-recurring gain on disposal of investment in an associate, and recognised for upon the completion of the disposal on 29 June 2023.

The gain on disposal of assets classified as held for sale of the Group for the year ended 30 September 2022, amounting 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, and recognised for 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 dated 29 September 2021.

Selling and distribution costs

The selling and distribution costs of the Group for the years ended 30 September 2023 and 2022 were approximately HK\$51,521,000 and approximately HK\$51,831,000 respectively, and remained stable.

Administrative expenses

The administrative expenses of the Group for the years ended 30 September 2023 and 2022 were approximately HK\$87,143,000 and approximately HK\$92,546,000, 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 2023 and 2022 were approximately HK\$67,054,000 and approximately HK\$101,350,000 respectively, representing a decrease of approximately 33.8%.

Excluding certain items not considered to be generated from the Group's core business for the year ended 30 September 2023, i.e., (i) gain on disposal of assets classified as held for sale of HK\$840,000 (2022: approximately HK\$32,692,000); (ii) no recognition of changes in fair value losses of investment properties (2022: approximately HK\$600,000); and (iii) share of profits of associates of approximately HK\$2,459,000 (2022: approximately HK\$1,384,000), the profit attributable to owners of the Company for the year ended 30 September 2023 would be adjusted to approximately HK\$63,755,000, representing a decrease of approximately 6.1% as compared to the adjusted one of approximately HK\$67,874,000 for the year ended 30 September 2022.

BUSINESS REVIEW AND PROSPECTS

Businesses

For the year ended 30 September 2023, the Group is principally engaged in the manufacturing and selling of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers.

As at 30 September 2023, the Group had three manufacturing plants in the PRC, Vietnam and Indonesia. After the acquisition of a piece of land in Indonesia for industrial use in April 2022 as disclosed in the Company's announcement dated 13 April 2022, the Group is now in the process of foundation works 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 the current situation of costs and resources deployment. In response to the uncertainties of high inflation and decrease in purchasing power in the market, the Group will consider to tighten its control over the operating costs proactively and effectively in the short term.

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 strengthen 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 uncertainties arising from 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 2024.

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 2024. In 2024, 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 inflation and purchasing power and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

As at 30 September 2023, the Group had interest-bearing bank borrowings of HK\$85,000,000 (30 September 2022: HK\$30,000,000). As at 30 September 2023, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK\$18,749,000 (30 September 2022: approximately HK\$16,083,000); 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 2023.

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 2023, the Group had restricted bank deposits of approximately HK\$18,749,000 (30 September 2022: approximately HK\$16,083,000). As at 30 September 2023, the Group had interest-bearing bank borrowings of HK\$85,000,000 (30 September 2022: HK\$30,000,000) and lease liabilities of approximately HK\$4,258,000 (30 September 2022: approximately HK\$6,651,000). Therefore, as at 30 September 2023, the gearing ratio (defined as the total of bank borrowings and lease liabilities divided by total equity) of the Group was approximately 17.4% (30 September 2022: approximately 7.5%). As at 30 September 2023, the current ratio of the Group was approximately 2.7 (30 September 2022: approximately 2.8).

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 2023, 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 2023, 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 2023 and up to the date of this annual results announcement.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had capital commitments of approximately HK\$11,262,000 (30 September 2022: approximately HK\$8,591,000) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities (30 September 2022: 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 2023, the Group employed a total of 411 (30 September 2022: 396) 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 2023, the employee benefits expense (including Directors' emoluments) amounted to approximately HK\$92,367,000 (year ended 30 September 2022: approximately HK\$92,581,000).

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 Honestone New Energy Co., Ltd.[#]

The Group has held 30% equity interest in Hunan Honestone New Energy Co., Ltd. (“**Hunan Honestone**”) since 2022. The principal activity of Hunan Honestone 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 2023.

DIVIDENDS

For the year ended 30 September 2023, the Board has resolved to recommend the payment of a final dividend of HK3.3 cents (year ended 30 September 2022: HK4.3 cents) per ordinary share to the Shareholders and a special dividend of HK0.8 cents (year ended 30 September 2022: HK\$Nil) per ordinary share to the Shareholders (both will be subject to approval by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2023). Interim dividend for the six months ended 31 March 2023 of HK2.4 cents (six months ended 31 March 2022: HK1.9 cents) per ordinary share to the Shareholders was declared on 29 May 2023 and paid on 27 June 2023. Including the interim dividend for the six months ended 31 March 2023 of HK2.4 cents (six months ended 31 March 2022: HK1.9 cents) per ordinary share to the Shareholders already paid, the total dividend for the year ended 30 September 2023 will amount to HK6.5 cents (year ended 30 September 2022: HK6.2 cents) per ordinary share.

CORPORATE GOVERNANCE

Save as disclosed below, for the year ended 30 September 2023 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.

[#] *The official name of this entity is in Chinese. The English translation is for identification purpose only. For the official name of this entity in Chinese, please refer to the Chinese version of this annual results announcement.*

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 2023, 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 2023.

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 2023 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 "**2023 AGM**") of the Company for the year ended 30 September 2023 will be held on a date to be fixed by the Board, and a notice convening the 2023 AGM will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.infinitydevelopment.com.hk and despatched to the Shareholders (if requested) 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 2023 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 2023. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.infinitydevelopment.com.hk. The annual report of the Company for the year ended 30 September 2023 will be published on the above websites and despatched to the Shareholders (if requested) 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, 28 December 2023

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.