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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 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Infinity Development Holdings Company Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 September 2024, together with the comparative figures for the corresponding year ended 30 September 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	4	736,338	671,750
Cost of goods sold		(458,898)	(462,644)
Gross profit		277,440	209,106
Other income		12,758	8,568
Gain on disposal of assets classified as held for sale		–	840
Changes in fair value of investment properties		(800)	–
Other gains and losses, net		(4,777)	(109)
(Allowances)/reversal of allowances for trade, bills and other receivables, net		(5,000)	1,756
Selling and distribution costs		(52,282)	(51,521)
Administrative expenses		(103,667)	(87,143)
Profit from operations		123,672	81,497
Finance costs		(2,587)	(2,908)
Share of profits of associates		731	2,459
Profit before tax		121,816	81,048
Income tax expense	5	(21,405)	(13,994)
Profit for the year attributable to owners of the Company	6	100,411	67,054
Earnings per share	8		
– Basic		HK17.82 cents	HK11.90 cents
– Diluted		Not applicable	Not applicable

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	100,411	67,054
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”)	698	291
<i>Items that may be reclassified to profit or loss:</i>		
Fair value changes of debt instruments at FVTOCI	–	563
Reclassification adjustment for amount transferred to profit or loss upon disposal of debt instruments at FVTOCI	83	–
Exchange differences on translating foreign operations	12,329	(4,025)
	12,412	(3,462)
Other comprehensive income for the year, net of tax	13,110	(3,171)
Total comprehensive income for the year attributable to owners of the Company	113,521	63,883

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment properties		3,000	3,800
Property, plant and equipment		84,300	73,889
Right-of-use assets		39,421	37,872
Intangible assets		5,632	6,262
Investments in associates		9,271	8,540
Club debentures		1,080	1,080
Financial assets at FVTOCI		2,777	4,547
Deposits for acquisition of property, plant and equipment		30,876	8,811
Total non-current assets		176,357	144,801
Current assets			
Inventories		71,459	49,853
Trade, bills and other receivables	9	218,323	178,098
Debt instruments at amortised cost		10,023	7,102
Restricted bank deposits		21,382	18,749
Bank and cash balances		321,885	346,392
Total current assets		643,072	600,194
Current liabilities			
Trade, bills and other payables	10	152,023	108,185
Lease liabilities		1,739	2,947
Bank loans		39,000	85,000
Current tax liabilities		32,370	28,071
Total current liabilities		225,132	224,203
Net current assets		417,940	375,991
Total assets less current liabilities		594,297	520,792
Non-current liabilities			
Lease liabilities		2,732	1,311
Deferred tax liabilities		8,002	6,061
Total non-current liabilities		10,734	7,372
Net assets		583,563	513,420
Capital and reserves			
Share capital		5,634	5,634
Reserves		577,929	507,786
Total equity		583,563	513,420

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, Macao 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 new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has 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.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in the consolidated financial statements.

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

The Group has not early applied the following new and amendments to standards and interpretation that have been issued but are not yet effective:

	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 HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
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

Except for the new standard mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of Financial Statements” and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities’ net profit will not change.
- Management-defined performance measures (“**MPMs**”) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group’s statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as “other”.

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.

	2024 <i>HK\$'000</i>	2023 <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>736,338</u>	<u>671,750</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
– The PRC	99,897	92,531
– The Socialist Republic of Vietnam (“ Vietnam ”)	453,938	433,286
– The Republic of Indonesia (“ Indonesia ”)	90,492	82,309
– The People’s Republic of Bangladesh	88,193	63,624
– The Republic of India (“ India ”)	3,818	–
	<u>736,338</u>	<u>671,750</u>

During the year, there was a customer contributing revenue of approximately HK\$157,452,000 (2023: HK\$145,977,000) which accounted for approximately 21% (2023: 22%) 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The PRC	33,624	35,236
Macau	8,178	7,942
Vietnam	55,134	58,782
Indonesia	74,309	35,894
Others	2,335	2,400
	<u>173,580</u>	<u>140,254</u>

5. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Provision for the year		
– PRC Enterprise Income Tax (“ PRC EIT ”)	1,286	–
– Macau Complementary Tax	11,095	13,575
– Vietnam Enterprise Income Tax (“ Vietnam EIT ”)	4,540	1,399
– Indonesia Corporate Income Tax (“ Indonesia CIT ”)	2,769	1,782
	<u>19,690</u>	<u>16,756</u>
Over-provision in prior years		
– Macau Complementary Tax	(226)	(3,034)
	<u>19,464</u>	<u>13,722</u>
Deferred tax	<u>1,941</u>	<u>272</u>
	<u><u>21,405</u></u>	<u><u>13,994</u></u>

PRC EIT, Macau Complementary Tax, Vietnam EIT, Indonesia CIT, Singapore Corporate Income Tax (“**Singapore CIT**”), India Corporate Income Tax (“**India CIT**”) and Taiwan Corporate Income Tax (“**Taiwan 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% (2023: 25%) during the year ended 30 September 2024. 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 2024 and 2023.

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% (2023: 15%) during the year ended 30 September 2024. Provision of PRC EIT of Zhuhai Centresin for the year ended 30 September 2024 is based on the assessable profits for the year less tax losses brought forward. No provision for PRC EIT had been made as Zhuhai Centresin had sufficient tax losses brought forward to set off against last year’s assessable profits during the year ended 30 September 2023.

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 MOP1,000,000 (2023: 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 taxpayers 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 deemed profits above MOP600,000 during the years ended 30 September 2024 and 2023, respectively.

Pursuant to the relevant laws and regulations in Vietnam, subsidiaries of the Company in Vietnam are subject to Vietnam EIT at 20% (2023: 20%) during the year ended 30 September 2024.

[#] *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 Indonesia CIT at 22% (2023: 22%) during the year ended 30 September 2024.

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% (2023: 17%) during the year ended 30 September 2024. No provision for Singapore CIT has been made as Zhong Bu Singapore has no assessable profits during the years ended 30 September 2024 and 2023.

Pursuant to the relevant laws and regulations in India, Zhong Bu Development India Private Ltd. (“**Zhong Bu India**”), a subsidiary of the Company in India, is subject to India CIT at 25% during the year ended 30 September 2024. No provision for India CIT has been made as Zhong Bu India has no assessable profits during the year ended 30 September 2024.

Pursuant to the relevant laws and regulations in Taiwan, Zhong Bu Development Taiwan Co., Ltd. (“**Zhong Bu Taiwan**”), a subsidiary of the Company in Taiwan, is subject to Taiwan CIT at 20% on the assessable profits above New Taiwan Dollar 120,000 during the year ended 30 September 2024. No provision for Taiwan CIT has been made as Zhong Bu Taiwan has no assessable profits during the year ended 30 September 2024.

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 2024 and 2023.

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

	2024 <i>HK\$’000</i>	2023 <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	1,250	1,160
– non-audit services	380	502
Amortisation of intangible assets	731	42
(Reversal of allowances)/allowances for inventories, net (<i>note</i>)	(643)	3,002
Cost of inventories recognised as expenses	428,983	441,523
Depreciation on property, plant and equipment	11,493	11,775
Depreciation on right-of-use assets	3,504	3,339
Employee benefits expense (excluding Directors’ emoluments)	92,965	74,856
Royalty fees included in cost of goods sold	2,688	2,183
Research and development expenses	3,404	3,438
Short-term lease expenses	2,941	4,050
Allowances/(reversal of allowances) for trade, bills and other receivables, net	5,000	(1,756)
Gross property rental income	<u>(682)</u>	<u>(811)</u>

Note: The net reversal of allowances for inventories for the year ended 30 September 2024 was mainly resulted from the utilisation of the inventories of which allowances had previously been provided for.

Cost of goods sold includes employee benefits expense (excluding Directors’ emoluments), depreciation and short-term lease expenses of approximately HK\$21,269,000 (2023: HK\$20,445,000) which are included in the amounts disclosed separately.

7. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim dividend for the year ended 30 September 2024 declared and paid – HK3.6 cents (year ended 30 September 2023: HK2.4 cents declared and paid) per ordinary share	20,281	13,520
Final dividend for the year ended 30 September 2023 approved and paid – HK3.3 cents (year ended 30 September 2022: HK4.3 cents approved and paid) per ordinary share	18,590	24,224
Special dividend for the year ended 30 September 2023 approved and paid – HK0.8 cents (year ended 30 September 2022: HK\$Nil approved and paid) per ordinary share	4,507	–
	<u>43,378</u>	<u>37,744</u>

Subsequent to the end of the reporting period, a final dividend of HK5.4 cents per ordinary share totalling approximately HK\$30,421,000, in respect of the year ended 30 September 2024, has 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Profit for the purpose of calculating basic earnings per share	<u>100,411</u>	<u>67,054</u>
	2024 <i>'000</i>	2023 <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 2024 and 2023.

9. TRADE, BILLS AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	221,094	168,950
Bills receivables	11,805	10,859
Allowances for doubtful debts	<u>(22,814)</u>	<u>(17,814)</u>
	210,085	161,995
Value-added tax recoverable	1,238	6,478
Other receivables	3,309	7,119
Prepayments and deposits	<u>3,691</u>	<u>2,506</u>
	<u>218,323</u>	<u>178,098</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	186,455	130,128
91 to 180 days	22,438	30,823
181 to 365 days	<u>1,192</u>	<u>1,044</u>
	<u>210,085</u>	<u>161,995</u>

As at 30 September 2024, allowances were made for estimated irrecoverable trade and bills receivables of approximately HK\$22,814,000 (2023: HK\$17,814,000).

10. TRADE, BILLS AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	48,085	33,065
Bills payables – secured (<i>Note (a)</i>)	<u>7,457</u>	<u>3,490</u>
	55,542	36,555
Amount due to an associate (<i>Note (b)</i>)	2,090	2,090
Accruals	<u>94,391</u>	<u>69,540</u>
	<u>152,023</u>	<u>108,185</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	55,516	36,503
91 to 180 days	26	52
	<hr/> 55,542 <hr/>	<hr/> 36,555 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group for the years ended 30 September 2024 and 2023 were approximately HK\$736,338,000 and approximately HK\$671,750,000 respectively, representing an increase of approximately 9.6%.

The increase in the revenue was mainly due to the increase in the revenue contribution in all geographical regions for the year ended 30 September 2024.

Gross profit

The gross profit of the Group for the years ended 30 September 2024 and 2023 were approximately HK\$277,440,000 and approximately HK\$209,106,000 respectively, representing an increase of approximately 32.7%.

The increase in the gross profit was primarily due to the strengthening of its costs control proactively and effectively by the Group in response to the uncertainties of high inflation and the severe competition in the adhesive related market for the year ended 30 September 2024.

Selling and distribution costs

The selling and distribution costs of the Group for the years ended 30 September 2024 and 2023 were approximately HK\$52,282,000 and approximately HK\$51,521,000 respectively, and remained stable.

Administrative expenses

The administrative expenses of the Group for the years ended 30 September 2024 and 2023 were approximately HK\$103,667,000 and approximately HK\$87,143,000 respectively, representing an increase of approximately 19.0%.

The increase in the administrative expenses was mainly due to the increase in the staff costs for year ended 30 September 2024.

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 2024 and 2023 were approximately HK\$100,411,000 and approximately HK\$67,054,000 respectively, representing an increase of approximately 49.7%.

BUSINESS REVIEW AND PROSPECTS

Businesses

For the year ended 30 September 2024, the Group was 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 2024, the Group had three manufacturing plants in the PRC, Vietnam and Indonesia respectively. After the acquisition of a piece of land (the “**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 construction of the new manufacturing plant on the Land as disclosed in the Company’s announcements dated 24 April 2024 and 25 April 2024. As further disclosed in the Company’s announcement dated 19 November 2024, the Group contracted to acquire machinery and production equipment; and certain pipeline, instrument and electrical works for the new manufacturing plant on the Land. With the above development, the Group believes that it would 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 and implement any new manufacturing plants 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 the severe competition in the adhesive related market, the Group will consider to strengthen its control over the operational 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 monitors the future development direction of the market to research and develop products continuously in order to satisfy the needs of future development in the industry. In addition to its own research and development team, the Group also cooperated with some internationally well-known chemical corporations (including those from 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 of high inflation and the severe competition in the adhesive related market, it is difficult for the Board to predict the sales performance of the Group in 2025.

Medium to long term outlook: As the global demand for footwear is 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 feasible.

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 will remain 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 2025. In 2025, 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 adhesive related market and adjust its business strategies from time to time if required.

DEBTS AND CHARGE ON ASSETS

As at 30 September 2024, the Group had interest-bearing bank borrowings of HK\$39,000,000 (30 September 2023: HK\$85,000,000). As at 30 September 2024, the Group's banking facilities were secured by (i) the Group's restricted bank deposits of approximately HK\$21,382,000 (30 September 2023: approximately HK\$18,749,000); 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 2024.

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 2024, the Group had restricted bank deposits of approximately HK\$21,382,000 (30 September 2023: approximately HK\$18,749,000). As at 30 September 2024, the Group had interest-bearing bank borrowings of HK\$39,000,000 (30 September 2023: HK\$85,000,000) and lease liabilities of approximately HK\$4,471,000 (30 September 2023: approximately HK\$4,258,000). Therefore, as at 30 September 2024, the gearing ratio (defined as the total of bank borrowings and lease liabilities divided by total equity) of the Group was approximately 7.4% (30 September 2023: approximately 17.4%). As at 30 September 2024, the current ratio of the Group was approximately 2.9 (30 September 2023: approximately 2.7).

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 2024, 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 2024, 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 2024 and up to the date of this annual results announcement.

CAPITAL COMMITMENTS

As at 30 September 2024, the Group had capital commitments of approximately HK\$51,347,000 (30 September 2023: approximately HK\$11,262,000) in respect of acquisitions of property, plant and equipment.

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities (30 September 2023: HK\$Nil).

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's announcement dated 19 November 2024, on 19 November 2024, an indirect wholly-owned subsidiary of the Company (the "**Purchaser**"), entered into an agreement with a vendor (the "**Vendor**") who is a third party independent of the Company and its connected persons, pursuant to which the Vendor would sell machinery and production equipment; and provide certain pipeline, instrument and electrical works for the new manufacturing plant in Indonesia, to the Purchaser at a consideration of US\$4,250,000 (equivalent to approximately HK\$33,150,000).

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 2024, the Group employed a total of 423 (30 September 2023: 411) 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 2024, the employee benefits expense (including Directors' emoluments) amounted to approximately HK\$109,735,000 (year ended 30 September 2023: approximately HK\$92,367,000).

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.

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

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 was mainly engaged in the provision of management service to the government car parks in Macau for the year ended 30 September 2024.

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 was mainly engaged in the photovoltaics related projects in the PRC for the year ended 30 September 2024.

Save as disclosed elsewhere in this annual results announcement, the Group had no other material investments as at 30 September 2024.

DIVIDENDS

For the year ended 30 September 2024, the Board has resolved to recommend the payment of a final dividend of HK5.4 cents (year ended 30 September 2023: HK3.3 cents) per ordinary share to the Shareholders (which will be subject to approval by the Shareholders at the forthcoming annual general meeting for the year ended 30 September 2024). Interim dividend for the six months ended 31 March 2024 of HK3.6 cents (six months ended 31 March 2023: HK2.4 cents) per ordinary share to the Shareholders was declared on 29 May 2024 and paid on 27 June 2024. Including the interim dividend for the six months ended 31 March 2024 of HK3.6 cents (six months ended 31 March 2023: HK2.4 cents) per ordinary share to the Shareholders already paid, the total dividend for the year ended 30 September 2024 will amount to HK9.0 cents (year ended 30 September 2023: HK6.5 cents (including a special dividend of HK0.8 cents)) per ordinary share.

[#] *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.*

CORPORATE GOVERNANCE

Save as disclosed below, for the year ended 30 September 2024 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 C1 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 2024, 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 C3 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 2024.

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 currently comprises four independent non-executive Directors, namely, Mr. Tong Hing Wah, Mr. Chan Wing Yau George, Mr. Simon Luk and Ms. Li Sin Man to review matters regarding internal control, risk management and financial reporting of the Group. The Audit Committee has, in conjunction with the management, reviewed the accounting principles and practices adopted by the Group and has no disagreement with such accounting principles and practices adopted by the Group, and discussed the internal control, risk management and financial reporting matters including a review of the annual results and the consolidated financial statements of the Group for the year ended 30 September 2024.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the “**2024 AGM**”) of the Company for the year ended 30 September 2024 will be held on a date to be fixed by the Board, and a notice convening the 2024 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 2024 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 2024. 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 2024 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, 13 December 2024

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 four independent non-executive Directors, namely Mr. Chan Wing Yau George, Mr. Simon Luk, Mr. Tong Hing Wah and Ms. Li Sin Man.