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**新融宇集團(控股)有限公司**  
**Infinity Financial Group (Holdings) Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 1152)

**ANNOUNCEMENT OF FINAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

The board (the “Board”) of directors (the “Directors”) of Infinity Financial Group (Holdings) Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015 (the “Annual Results”), together with the comparative figures for the previous year, as follows:

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

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000 (Restated)
Revenue	4	<b>103,171</b>	42,398
Cost of sales		<b>(86,861)</b>	(32,890)
Gross profit		<b>16,310</b>	9,508
Other operating income	4	<b>5,116</b>	3,537
Change in fair value of held-for-trading investment		<b>(11,252)</b>	—
Gain on early redemption of convertible bonds	25	<b>4,992</b>	17,928
Selling and distribution expenses		<b>(1,853)</b>	(73)
Administrative and other expenses		<b>(45,690)</b>	(26,813)
Finance costs	6	<b>(27,640)</b>	(15,556)
Loss before taxation		<b>(60,017)</b>	(11,469)
Income tax expense	7	<b>(1,116)</b>	(1,453)
Loss for the year from continuing operations	8	<b>(61,133)</b>	(12,922)
Discontinued operation			
Loss for the year from discontinued operation	9	<b>(16,277)</b>	(10,518)
Loss for the year		<b>(77,410)</b>	(23,440)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(7,364)</b>	(2,754)
Fair value gain on available-for-sale investment		<b>330</b>	—
Total other comprehensive expense		<b>(7,034)</b>	(2,754)
Total comprehensive expense for the year		<b>(84,444)</b>	(26,194)
<b>Loss per share (HK cents)</b>	<i>10</i>		
For continuing and discontinued operations			
Basic and diluted		<b>(8.00)</b>	(2.58)
For continuing operations			
Basic and diluted		<b>(6.31)</b>	(1.42)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	12	<b>19,560</b>	12,417
Finance lease receivables	13	—	129,515
Deposits paid for acquisition of property, plant and equipment	14	<u><b>609</b></u>	<u>11,816</u>
		<u><b>20,169</b></u>	<u>153,748</u>
Current assets			
Inventories	15	—	11,199
Trade and other receivables	16	<b>20,967</b>	51,745
Finance lease receivables	13	<b>78,035</b>	110,631
Held-for-trading investment	17	<b>11,220</b>	—
Available-for-sale investment	18	<b>9,880</b>	—
Bank balances and cash	19	<u><b>219,553</b></u>	<u>238,308</u>
		<u><b>339,655</b></u>	<u>411,883</u>
Current liabilities			
Trade and other payables	20	<b>34,263</b>	50,887
Derivative financial instruments	21	—	110
Bank and other borrowings	22	<b>30,000</b>	13,530
Obligations under finance leases — due within one year	23	<b>268</b>	256
Income tax payables		<b>2,504</b>	1,908
Promissory notes	24	<u>—</u>	<u>9,375</u>
		<u><b>67,035</b></u>	<u>76,066</u>
Net current assets		<u><b>272,620</b></u>	<u>335,817</u>
Total assets less current liabilities		<u><b>292,789</b></u>	<u>489,565</u>

	<i>Notes</i>	<b>2015</b> <b><i>HK\$'000</i></b>	2014 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Obligations under finance leases — due after one year	23	<b>186</b>	454
Deferred taxation		—	68
Bank and other borrowings	22	<b>80,000</b>	40,320
Convertible bonds	25	<b>55,804</b>	104,989
Corporate bonds	26	<b>8,554</b>	—
Promissory notes	24	<u>—</u>	<u>132,417</u>
		<u><b>144,544</b></u>	<u>278,248</u>
		<u><b>148,245</b></u>	<u>211,317</u>
<b>Capital and reserves</b>			
Share capital	27	<b>4,910</b>	4,760
Reserves		<u><b>143,335</b></u>	<u>206,557</u>
		<u><b>148,245</b></u>	<u>211,317</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2015*

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Infinity Financial Group (Holdings) Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company acts as an investment holding company and the principal activities of its subsidiaries are principally engaged in financial services and trading of metal and equipment.

On 12 January 2015, the Board has decided to cease the operation of the Group’s textile segment. Since then, the Group is principally engaged in financial services and trading of metal and equipment. The accompanying consolidated financial statements and the comparative figures have been prepared to reflect the results of the discontinued business separately.

The financial services segment is principally engaged in finance leasing business and trading of metal and equipment.

In prior years, the functional currency of the Company was United States dollars (“US\$”). Due to the continuing expansion of the Group’s business operation in the PRC, the directors have determined that the functional currency of the Company be changed from US\$ to Renminbi (“RMB”) with effective from 1 January 2015. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) as the directors of the Company consider that HK\$ is appropriate presentation currency for the users of the Group’s consolidated financial statements.

The change in functional currency of the Company was applied prospectively from date of change in accordance with HKAS 21 “The Effect of Changes in Foreign Exchange Rate”. On the date of the change of functional currency, all assets, liabilities, share capital and reserves and profit or loss account items were translated into RMB at the exchange rate on that date.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“HKAS”), amendments and interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **Part 9 of Hong Kong Companies Ordinance (Cap. 622)**

In addition, the annual report requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

## **New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>3</sup> Effective date not yet been determined.

The Directors anticipate that, except as disclosed, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

### **3. BASIS OF CONSOLIDATION**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### 4. REVENUE AND OTHER OPERATING INCOME

An analysis of the Group's revenue for the year from continuing operations is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Trading of metal and equipment	<b>87,342</b>	33,547
Finance leasing	<u><b>15,829</b></u>	<u>8,851</u>
	<u><b>103,171</b></u>	<u>42,398</u>
Other operating income		
Bank interest income	<b>2,257</b>	1,285
Net investment income from derivative financial instruments	—	2,252
Value added tax refund	<u><b>2,859</b></u>	<u>—</u>
	<u><b>5,116</b></u>	<u>3,537</u>
	<u><b>108,287</b></u>	<u>45,935</u>

#### 5. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

An operating segment (textile segment) was discontinued during the year. Following the discontinuance of the segment, the Group is principally engaged in financial services businesses and trading of metal and equipment. For financial presentation purposes, the financial services businesses and trading of metal and equipment have been aggregated into a single operating segment taking into account the following factors:

- these operating segments have similar economic characteristics;
- the nature of resources allocations are similar;
- the nature of products are similar; and
- the method used to provide their services are similar.

Accordingly, the Group's continuing operation is attributable to a single reportable and operating segment under HKFRS 8 and no segment information is presented.

## Geographical information

The Group's operations are located in Hong Kong and the PRC.

All of the Group's revenue from external customers is derived from the PRC during the years ended 31 December 2015 and 2014.

The Group's information about its non-current assets based on geographical location of the assets is detailed below:

	Non-current assets (Note)	
	2015	2014
	HK\$'000	HK\$'000
The PRC	18,102	21,362
Hong Kong	<u>2,067</u>	<u>2,871</u>
	<u><u>20,169</u></u>	<u><u>24,233</u></u>

Note: Non-current assets excluded financial lease receivables.

## Information about major customers

Details of the customers accounting for 10% or more of aggregate revenue of the Group during the years are as follows:

	2015	2014
	HK\$'000	HK\$'000 (Restated)
Customer A	48,995	—
Customer B	38,347	—
Customer C	12,857	4,629
Customer D	<u>—</u>	<u>33,547</u>

## 6. FINANCE COSTS

	2015	2014
	HK\$'000	HK\$'000 (Restated)
Continuing operations		
Interests on:		
— bank and other borrowings	9,175	993
— discounted bills	—	210
— convertible bonds	7,709	12,189
— corporate bonds	654	—
— promissory notes	<u>10,102</u>	<u>2,164</u>
	<u><u>27,640</u></u>	<u><u>15,556</u></u>

## 7. INCOME TAX EXPENSE

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Continuing operations		
Current tax:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	<u>1,116</u>	<u>1,453</u>
	<u><b>1,116</b></u>	<u><b>1,453</b></u>

- (i) Hong Kong Profits Tax was calculated at 16.5% of the estimated profit for the year ended 31 December 2015 (2014: 16.5%). No provision for Hong Kong Profits tax has been made for the year ended 31 December 2015 and 2014 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the years.
- (ii) Under the PRC Law on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The income tax expense for the years ended 31 December 2015 can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Loss before taxation (from continuing operations)	<u><b>(60,017)</b></u>	<u>(11,469)</u>
Tax at domestic income tax rate of 25% (2014: 25%)	<b>(15,004)</b>	(2,867)
Tax effect of expense not deductible for tax purposes	<b>11,952</b>	8,541
Tax effect of income not taxable for tax purposes	<b>(1,250)</b>	(5,689)
Effect of different tax rate of subsidiaries operating in other jurisdiction	<b>4,948</b>	1,468
Tax effect of tax loss not recognised	<u>470</u>	—
Income tax expense for the year	<u><b>1,116</b></u>	<u><b>1,453</b></u>



## 8. LOSS FOR THE YEAR

2015	2014
<i>HK\$'000</i>	<i>HK\$'000</i>
	(Restated)

Loss for the year has been arrived at after charging:

Continuing operations		
Directors' emoluments	4,226	4,161
Salaries and allowances (excluding directors' emoluments)	7,194	6,510
Retirement benefit scheme contributions (excluding directors)	<u>1,008</u>	<u>279</u>
Total staff costs	<u>12,428</u>	<u>10,950</u>
Auditor's remuneration	963	306
Amount of inventories recognised as expense	86,861	32,890
Depreciation of property, plant and equipment	2,263	363
Loss on change in fair value of derivative financial instruments	—	110
Net exchange loss	5,800	—
Minimum lease payments in respect of operating lease for office premises	<u>7,696</u>	<u>2,893</u>

## 9. DISCONTINUED OPERATION

On 12 January 2015, the Group announced that the Board has decided to cease the operation of the Group's textile segment due to the worsening of the market situation and business environment of the textile industry. The cessation of operation was completed on 30 September 2015. Textiles segment was classified as discontinued operation.

The loss for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the textile segment as a discontinued operation.

	From 1 January 2015 to 30 September 2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	27,625	245,552
Cost of sales	<u>(26,118)</u>	<u>(197,822)</u>
Gross profit	1,507	47,730
Other operating income	1,416	1,827
Selling and distribution expenses	(679)	(7,542)
Administrative and other expenses	(17,842)	(51,089)
Finance costs	<u>(52)</u>	<u>(391)</u>
Loss before taxation	(15,650)	(9,465)
Income tax expense	<u>(627)</u>	<u>(1,053)</u>
Loss for the year	<u>(16,277)</u>	<u>(10,518)</u>

Loss for the year from discontinued operation included the following:

	<b>From 1 January 2015 to 30 September 2015 HK\$'000</b>	2014 HK\$'000
Salaries and allowances	4,416	15,091
Termination benefit	695	—
Retirement benefit scheme contributions	<u>86</u>	<u>579</u>
Total staff costs	<u>5,197</u>	<u>15,670</u>
Auditor's remuneration	173	739
Impairment loss in respect of trade receivables	—	51
Amount of inventories recognised as expense	26,118	197,822
Depreciation of property, plant and equipment	1,256	11,968
Written off of property, plant and equipment	—	761
Impairment loss in respect of property, plant and equipment	—	6,815
Impairment loss in respect of deposit paid for acquisition of property, plant and equipment	—	2,130
Minimum lease payments in respect of operating lease for office premises	2,424	7,028
Processing fees ( <i>Note</i> )	12,646	43,994
Sub-contracting fee (included in cost of sales)	9,232	61,983
Bank interest income	(111)	(458)
Gain on disposal of property, plant and equipment	<u>(657)</u>	<u>(422)</u>

*Note:* The processing fees include the following components in accordance with the processing agreement:

	<b>From 1 January 2015 to 30 September 2015 HK\$'000</b>	2014 HK\$'000
Salaries and allowances	<u>5,793</u>	<u>16,579</u>
Minimum lease payments in respect of operating leases for factory	512	2,071
Labour cost — direct and indirect	6,021	21,977
Utilities	<u>320</u>	<u>3,367</u>
	<u>6,853</u>	<u>27,415</u>
	<u>12,646</u>	<u>43,994</u>

During the year of 2015, the discontinued operation incurred approximately RMB16,993 (2014: RMB11,007) to the Group's net operating cash inflows (2014: net operating cash outflows), received approximately RMB9,387 (2014: RMB3,200) in respect of investing activities and paid approximately RMB10,902 (2014: RMB7,586) in respect of financing activities.

## 10. LOSS PER SHARE

### From continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(77,410)</u>	<u>(23,440)</u>
	2015 <i>'000</i>	2014 <i>'000</i>
<b>Number of shares</b>		
Weighted average number ordinary shares for the purpose of basic and diluted loss per share	<u>968,164</u>	<u>909,918</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for the years ended 31 December 2014 had been adjusted for the subdivision of shares as approved by the Company's shareholders on 5 March 2014.

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds and warrants since their exercise would result a decrease in a loss per share for the year ended 31 December 2015.

### From continuing operations

The calculation of the basis and diluted loss per share from continuing operations attributable to the ordinary owners of the Company is based on the following data.

Loss figures are calculated as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	(77,410)	(23,440)
Less: Loss for the year from discontinued operation	<u>16,277</u>	<u>10,518</u>
Loss for the purposes of basic and diluted loss per share from continuing operations	<u>(61,133)</u>	<u>(12,922)</u>

### From discontinued operation

Basic and diluted loss per share for the discontinued operation is 1.69 cents per share (2014: 1.16 cents), based on the loss for the year from discontinued operation of HK\$16,277,000 (2014: HK\$10,518,000), and the denominators detailed about for both basic and diluted loss per share.

## 11. DIVIDENDS

No dividend has been declared by the Company for the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Plant and machinery HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>							
At 1 January 2014	—	60,337	14,866	2,253	4,509	4,353	86,318
Additions	—	843	303	30	689	1,407	3,272
Disposal	—	(6,091)	(35)	—	—	—	(6,126)
Write-off	—	(2,710)	(604)	(1,888)	—	—	(5,202)
Exchange realignment	—	(570)	—	—	—	—	(570)
At 31 December 2014	—	51,809	14,530	395	5,198	5,760	77,692
Additions	10,107	—	595	1,886	6,424	1,042	20,054
Disposal	—	(51,809)	(1,455)	(11)	(443)	(2,117)	(55,835)
Exchange realignment	(439)	—	(22)	(69)	(237)	(81)	(848)
At 31 December 2015	<u>9,668</u>	<u>—</u>	<u>13,648</u>	<u>2,201</u>	<u>10,942</u>	<u>4,604</u>	<u>41,063</u>
<b>Accumulated Depreciation and Impairment</b>							
At 1 January 2014	—	35,319	12,421	2,109	2,331	2,505	54,685
Provided for the year	—	9,826	863	66	902	674	12,331
Eliminated on disposal	—	(3,751)	(35)	—	—	—	(3,786)
Eliminated on write-off Impairment losses recognised	—	(2,123)	(482)	(1,836)	—	—	(4,441)
Exchange realignment	—	3,322	1,542	56	1,895	—	6,815
Exchange realignment	—	(329)	—	—	—	—	(329)
At 31 December 2014	—	42,264	14,309	395	5,128	3,179	65,275
Provided for the year	263	948	294	191	1,005	818	3,519
Eliminated on disposal	—	(43,212)	(1,475)	(11)	(412)	(2,106)	(47,216)
Exchange realignment	(9)	—	(19)	(8)	(37)	(2)	(75)
At 31 December 2015	<u>254</u>	<u>—</u>	<u>13,109</u>	<u>567</u>	<u>5,684</u>	<u>1,889</u>	<u>21,503</u>
<b>Carrying Values</b>							
At 31 December 2015	<u>9,414</u>	<u>—</u>	<u>539</u>	<u>1,634</u>	<u>5,258</u>	<u>2,715</u>	<u>19,560</u>
At 31 December 2014	<u>—</u>	<u>9,545</u>	<u>221</u>	<u>—</u>	<u>70</u>	<u>2,581</u>	<u>12,417</u>

- (i) The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of term of the lease or 50 years
Plant and machinery	20%
Office equipment	20%
Furniture and fixtures	10% to 20%
Leasehold improvement	Over the shorter of term of the lease or 5 years
Motor vehicles	20%

- (ii) The carrying values of motor vehicles as at 31 December 2015 included an amount of approximately HK\$503,000 in respect of assets under finance leases (2014: HK\$805,000).
- (iii) During the year ended 31 December 2014, the Directors conducted a review of the Group's manufacturing assets of textile business and determined that a number of property, plant and equipment was impaired, due to worsening of market situation of textile industry which resulted in the idleness of certain property, plant and equipment. Accordingly, impairment losses of approximately HK\$6,815,000 have been recognised in respect of property, plant and equipment which are related to textile segment. The Directors assessed the recoverable amounts based on the amount obtainable from the sales of those property, plant and equipment in an arm's length transaction in order to obtain its estimated market value (i.e. estimated selling price less estimated costs to sell). The recoverable amounts of impaired assets as at 31 December 2014 was approximately HK\$9,527,000. During the year ended 31 December 2015, these impaired assets are either being disposed of or fully depreciated.

### 13. FINANCE LEASE RECEIVABLES

Certain of the vessel and machinery are leased out under finance leases. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	Minimum lease payments		Present value of minimum lease payment	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance lease receivables comprises:				
Within one year	<b>84,484</b>	143,850	<b>78,035</b>	110,631
After one year but within two years	<u>—</u>	<u>143,850</u>	<u>—</u>	<u>129,515</u>
	<b>84,484</b>	287,700	<b>78,035</b>	240,146
Less: Unearned finance income	<u>(6,449)</u>	<u>(47,554)</u>	<u>—</u>	<u>—</u>
Present value of minimum lease payment receivables	<u><b>78,035</b></u>	<u>240,146</u>	<u><b>78,035</b></u>	<u>240,146</u>
Analysed for reporting purposes as:				
Current assets			<b>78,035</b>	110,631
Non-current assets			<u>—</u>	<u>129,515</u>
			<u><b>78,035</b></u>	<u>240,146</u>

Effective interest rates of the above finance lease ranged from 14.5% to 18.81% per annum.

The relevant lease contracts entered into of approximately HK\$78,035,000 (2014: HK\$240,146,000) was aged within 2 year (2014: 1 year) at the end of the reporting period.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that needed to be recorded at the 31 December 2014 and 2015.

Finance lease receivables are secured over the vessel and machinery leased. In addition to the leased assets, all finance lease receivables are secured by equities of private entities in the PRC and finance lease receivables of approximately HK\$65,555,000 (2014: HK\$122,283,000) are further secured by a mining right in the PRC.

The ownership of leased assets will be transferred to the lessees at a purchase option of RMB100 upon the settlement of the receivable under the finance lease arrangement and the interest accrued under the lease arrangement.

The finance lease receivables are neither past due nor impaired.

The fair value of receivable under finance lease arrangement approximates to its carrying amount.

The Group's finance lease receivables are denominated in RMB, the functional currency of the relevant group entity.

#### 14. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	11,816	2,036
Addition	609	11,910
Utilised	(11,816)	—
Impairment loss recognised	—	(2,130)
At 31 December	<u>609</u>	<u>11,816</u>

At 31 December 2014, included in the allowance for impairment of deposit paid for acquisition of property, plant and equipment are individually impaired of approximately HK\$2,130,000 (2015: nil) as the ERP system is no longer to be installed for use of textile business. During the year ended 31 December 2014, impairment loss of approximately HK\$2,130,000 (2015: nil) was recognised.

#### 15. INVENTORIES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Raw materials	—	1,449
Work-in-progress	—	4,174
Finished goods	—	5,576
	<u>—</u>	<u>11,199</u>

## 16. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	—	27,516
Less: Impairment loss recognised	<u>—</u>	<u>(51)</u>
	—	27,465
Purchase deposit	<b>13,130</b>	—
Other receivables	<b>6,962</b>	22,592
Prepayment	<u><b>875</b></u>	<u>1,688</u>
	<u><b>20,967</b></u>	<u>51,745</u>

- (i) The Group generally allows an average credit period of 0-45 days to its trade customers. The Group does not hold any collateral over these balances.

An aged analysis of trade receivables, net of impairment loss recognised presented based on the invoice date which is approximate to the revenue recognition dates at the end of the reporting period is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 45 days	—	27,004
46 to 90 days	—	171
91 to 365 days	—	—
Over 365 days	<u>—</u>	<u>290</u>
	<u><b>—</b></u>	<u>27,465</u>

The movements in impairment loss of trade receivables were as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
As at 1 January	<b>51</b>	—
Recognised during the year	—	51
Written off during the year	<u>(51)</u>	<u>—</u>
As at 31 December	<u><b>—</b></u>	<u>51</u>

At 31 December 2014, included in the impairment loss of trade receivables are individually impaired trade receivables which is considered uncollectible with an aggregate balance of approximately HK\$51,000 (2015: nil).

- (ii) At the end of the reporting period, the analysis of trade receivables that were neither past due nor impaired and past due but not impaired are as follows:

	Total <i>HK\$'000</i>	Neither past due nor impaired <i>HK\$'000</i>	Past due but not impaired			Over 365 days <i>HK\$'000</i>
			Less than 45 days <i>HK\$'000</i>	46 to 90 days <i>HK\$'000</i>	91 to 365 days <i>HK\$'000</i>	
At 31 December 2015	—	—	—	—	—	—
At 31 December 2014	<u>27,465</u>	<u>25,088</u>	<u>1,916</u>	<u>171</u>	<u>—</u>	<u>290</u>

No impairment loss is provided for the trade receivables that are neither past due nor impaired because these receivables are within credit period granted to the respective customers and the management considers the default rate is low for such receivables based on historical information and past experience.

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

- (iii) Included in other receivables in the consolidated statement of financial position are mainly the following amounts denominated in currencies other than the functional currency of the entity to which they relate:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
RMB	<u>395</u>	<u>815</u>

## 17. HELD-FOR-TRADING INVESTMENT

Held-for-trading investment comprises:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Equity securities listed in Hong Kong	<u>11,220</u>	<u>—</u>
	<u>11,220</u>	<u>—</u>

## 18. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unlisted instruments, at fair value	<u>9,880</u>	<u>—</u>
	<u>9,880</u>	<u>—</u>



The available-for-sale investment represented wealth management products issued by financial institutions. Major investment targets of these products are bills issued by the People's Bank of China, debt securities issued by policy banks, debt securities issued by the Chinese government in the national financial market for institutional investors, and other financial instruments.

## 19. BANK BALANCES AND CASH

The bank balances and cash comprise of cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances for the year ended 31 December 2015 carried interest at the prevailing market rate ranging from 0.001% to 0.4% per annum (2014: 0.001% to 0.6% per annum).

The Group's bank balances and cash denominated in RMB amounted to approximately HK\$184,751,000 at 31 December 2015 (2014: HK\$67,338,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

As at 31 December 2015, approximately HK\$218,000 (2014: nil), HK\$16,857,000 (2014: nil) and HK\$1,316,000 (2014: nil) of the bank balances and cash of the Group were denominated in HK\$, US\$ and RMB which are not the functional currency at the relevant group entities.

## 20. TRADE AND OTHER PAYABLES

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Trade payables	—	13,299
Receipt in advance	<b>1,129</b>	4,417
Interest payable	<b>9,208</b>	6,563
Value added tax payables	<b>11,738</b>	10,443
Other payables	<b>12,188</b>	16,165
	<b><u>34,263</u></b>	<b><u>50,887</u></b>

- (i) An aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
0 to 90 days	—	12,470
91 to 365 days	—	16
Over 365 days	—	813
	<b><u>—</u></b>	<b><u>13,299</u></b>

The average credit period on purchase of goods is from 30 days to 90 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

- (ii) Receipt in advance represented advance payments of related sales of goods from customers pursuant to the respective sales contracts.

(iii) Included in trade and other payables in the consolidated statement of financial position are mainly the following amounts denominated in currencies other than the functional currency of the entity to which they relate:

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
HK\$	<b>12,050</b>	—
RMB	<u>—</u>	<u>13,482</u>

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>

Derivative financial liabilities not under hedge accounting consists of the fair value of foreign currency forward contracts and are analysed for reporting purpose as current

	<u>—</u>	<u>110</u>
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The derivatives were measured with reference to exchange rates from financial instruments for equivalent instruments.

The Group entered into several non-deliverable structured forward contracts (the “Forward Contracts”) denominated in US\$ and RMB during the year ended 31 December 2014 with a bank. During the year ended 31 December 2015, all the Forward Contracts brought forward from 2014 have been terminated after criteria stated in the contracts met. During the year ended 31 December 2015, no Forward Contracts have been newly entered by the Group. As at 31 December 2015, no (2014: one) foreign exchange contract is outstanding.

## 22. BANK AND OTHER BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unsecured:		
Machinery loan	—	9,659
Other bank loan	—	600
Trust receipt loan	—	591
Other loan ( <i>Note i</i> )	<u>110,000</u>	<u>43,000</u>
	<u>110,000</u>	<u>53,850</u>
Bank and other borrowings repayable*:		
Within one year	30,000	10,457
More than one year but not exceeding two years	80,000	8,664
More than two years but not exceeding five years	<u>—</u>	<u>34,729</u>
	110,000	53,850
Less: Carrying amount of machinery loan that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	—	(3,073)
Less: Amounts due within one year shown under current liabilities	<u>(30,000)</u>	<u>(10,457)</u>
	<u>(30,000)</u>	<u>(13,530)</u>
Amount shown under non-current liabilities	<u>80,000</u>	<u>40,320</u>

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

### Notes:

(i) At 31 December 2014, other loan of approximately HK\$43,000,000 was raised from a convertible bondholder for the partial redemption of convertible bonds which carries an interest rate at 13% per annum. The loan will be repaid in accordance with agreed terms and fully settled in May 2017. The convertible bondholder has become a shareholder of the Company upon a partial conversion of convertible bonds by the convertible bondholder during the year ended 31 December 2015.

At 31 December 2015, other loan of approximately HK\$37,000,000 was raised from a subsidiary of a shareholder of the Company for the partial redemption of convertible bonds which carries an interest rate at 13% per annum. The loan will be repaid in accordance with agreed terms and fully settled in May 2017. The amounts due are based on the scheduled repayment dates set out in the loan agreements.

At 31 December 2015, other loan of approximately HK\$30,000,000 was raised from an entity under the control of a shareholder of the Company which carries an interest rate of 10%, and which is to be repayable before 31 December 2016. The other loan is secured by the personal guarantee provided by a director of the Company.

At 31 December 2014, the Group has unused banking facilities of HK\$135,000,000. These bank facilities have been fully released during the year ended 31 December 2015.

## 23. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term of these leases is five years (2014: five years).

At the end of the reporting period, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases:				
Within one year	283	283	268	256
More than one year, but not more than two years	189	283	186	268
More than two years, but not more than five years	—	189	—	186
	<u>472</u>	<u>755</u>	<u>454</u>	<u>710</u>
Less: Future finance charges	<u>(18)</u>	<u>(45)</u>		
Present value of lease obligations	<u>454</u>	<u>710</u>		
Less: Amounts due within one year shown under current liabilities			<u>(268)</u>	<u>(256)</u>
Amounts due after one year			<u>186</u>	<u>454</u>

All obligations under finance leases of the Group bear interest at fixed interest rates. The underlying interest rates of these obligations under finance leases are ranged from 2.9% to 4.7% per annum during the years ended 31 December 2015 and 2014. The Group's obligation under finance leases are secured by the lessor's charge over the leased assets. These leases had no terms of renewal or purchase options and escalation clauses.

All obligations under finance leases are denominated in HK\$.

## 24. PROMISSORY NOTES

On 17 October 2014, the Company issued a 12.5% promissory note in the amount of HK\$150,000,000, with a maturity date of 24 months from the date of issue. The effective interest rate of the promissory notes was 13.5% per annum.

On 8 June 2015, principal amount of HK\$10,000,000 of promissory note has been offset with the consideration receivable in respect of the exercise of 10,000,000 warrant, at exercise price of HK\$1 each. Further on 25 June 2015, the remaining promissory notes of an aggregate principal amount of HK\$140,000,000 was early redeemed in cash.

	<i>HK\$'000</i>	
At 1 January 2014		—
Issue of promissory note		150,000
Transaction costs		(997)
Interest charged		2,164
Repayment during the year		<u>(9,375)</u>
At 31 December 2014		141,792
Interest charged		10,102
Repayment during the year		(1,894)
Redemption of promissory note		<u>(150,000)</u>
At 31 December 2015		<u>—</u>
	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Analysed for reporting purpose as:		
Current portion	—	9,375
Non-current portion	<u>—</u>	<u>132,417</u>
	<u>—</u>	<u>141,792</u>

The promissory notes were secured by composite share mortgage by two substantial shareholders of the Company and the personal guarantee provided by a director of the Company. The security was released upon the full redemption of promissory notes.

## 25. CONVERTIBLE BONDS

On 9 May 2014, the Company issued 5% per annum coupon rate convertible bonds at principal amount of HK\$200,000,000 and HK\$100,000,000 to Vision Future Global Limited (“Vision Future”) and Orient Finance Holdings (Hong Kong) Ltd. (“Orient Finance”), the independent third parties, respectively. The convertible bonds are denominated in Hong Kong dollars. The bonds mature in 36 months from the date of issuance and can be converted into shares of the Company with the agreement from bondholders at any time before the maturity date at an initial conversion price of HK\$1 per share. The convertible bonds are transferable and non-redeemable before maturity.

On 25 September 2014, a deed of amendment has been entered into by the Company and the convertible bondholders that the convertible bonds were changed to be redeemable upon mutual consent between the Company and the bondholders. Other terms of the convertible bonds remain unchanged. On 15 October 2014, such modification have been duly passed by shareholders in a special general meeting. Such modification of terms did not result in the extinguishment of the financial liability of the convertible bonds.

On 14 November 2014 and 18 November 2014, the Company early redeemed partially the convertible bonds with the principal amounts of HK\$140,000,000 and HK\$43,000,000 from Vision Future and Orient Finance, respectively. This gave rise to an early redemption gain of approximately HK\$17,928,000 for the year ended 31 December 2014 recognised in profit or loss.

On 20 May 2015, the principal amount of HK\$10,000,000 convertible bonds was converted into 10,000,000 shares by Orient Finance at conversion price of HK\$1 each.

On 28 July 2015, the Company further early redeemed partially the convertible bonds with the principal amounts of HK\$37,000,000 from Orient Finance. This gave rise to an early redemption gain of approximately HK\$4,992,000 for the year ended 31 December 2015 recognised in profit or loss. On the same date, another principal amount of HK\$10,000,000 convertible bonds was converted into 10,000,000 shares by Orient Finance at a conversion price of HK\$1 each.

The convertible bonds contain two components, liability and equity elements. The equity element is presented in equity heading convertible bonds equity reserve. The effective interest rate of the liability component is 8% per annum.

The movement of the convertible bonds for the years is set out below:

	<b>Liability component</b> <i>HK\$'000</i>	<b>Equity component</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2014	—	—	—
Issued on 9 May 2014	276,809	23,191	300,000
Transaction costs	(7,059)	(591)	(7,650)
Imputed interests charged	12,189	—	12,189
Gain on early redemption of convertible bonds	(17,928)	—	(17,928)
Early redemption of convertible bonds	(153,172)	(34,642)	(187,814)
Transfer to retained earnings upon early redemption of convertible bonds	<u>—</u>	<u>20,496</u>	<u>20,496</u>
At 1 January 2015	110,839	8,454	119,293
Conversion to ordinary shares	(18,774)	(1,478)	(20,252)
Imputed interests charged	7,709	—	7,709
Interests paid	(5,975)	—	(5,975)
Gain on early redemption of convertible bonds	(4,992)	—	(4,992)
Early redemption of convertible bonds	(30,003)	(7,402)	(37,405)
Transfer to retained earnings upon early redemption of convertible bonds	<u>—</u>	<u>4,670</u>	<u>4,670</u>
At 31 December 2015	<u><u>58,804</u></u>	<u><u>4,244</u></u>	<u><u>63,048</u></u>
		<b>2015</b>	2014
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Convertible bonds — liability component:			
Analysed for reporting purpose as:			
Non-current liabilities		<b>55,804</b>	104,989
Current liabilities (included in other payables)		<b><u>3,000</u></b>	<u>5,850</u>
		<b><u><u>58,804</u></u></b>	<u><u>110,839</u></u>

## 26. CORPORATE BONDS

During the year ended 31 December 2015, the Group issued an aggregate principal amount of HK\$10,000,000 unlisted corporate bonds bearing an interest rate of 7% per annum. The corporate bonds will be repayable on the expiry day of the ninetieth month of the date of issuing the relevant corporate bonds. The effective interest rate of the corporate bonds is 10.2%.

	<i>HK\$'000</i>	
At 1 January 2015		—
Issue of corporate bonds		10,000
Transaction costs		(1,600)
Interest charged		<u>654</u>
At 31 December 2015		<u>9,054</u>
	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Analysed for reporting purpose as:		
Non-current portion	<b>8,554</b>	—
Current portion (included in other payables)	<u><b>500</b></u>	—
	<u><b>9,054</b></u>	<u>—</u>

## 27. SHARE CAPITAL

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
<b>Authorised</b>		
Ordinary shares of HK\$0.01 each as at 1 January 2014	10,000,000	100,000
Effect of share subdivision to HK\$0.005 each ( <i>note (i)</i> )	<u>10,000,000</u>	<u>—</u>
Ordinary shares of HK\$0.005 each as at 31 December 2015	<u>20,000,000</u>	<u>100,000</u>
<b>Issued and fully paid</b>		
Ordinary shares of HK\$0.01 each as at 1 January 2014	416,000	4,160
Effect of share subdivision to HK\$0.005 each ( <i>note (i)</i> )	416,000	—
Issue of shares ( <i>note (ii)</i> )	<u>120,000</u>	<u>600</u>
Ordinary shares of HK\$0.005 each as at 31 December 2014	952,000	4,760
Issue of shares from conversion of convertible bonds ( <i>note (iii)</i> )	20,000	100
Issue of shares from exercise of warrants ( <i>note (iv)</i> )	<u>10,000</u>	<u>50</u>
Ordinary shares of HK\$0.005 each as at 31 December 2015	<u>982,000</u>	<u>4,910</u>



*Notes:*

- (i) With effect from 5 March 2014, each share of the Company of HK\$0.01 per share was subdivided into 2 shares of HK\$0.005 per share. Share capital is therefore presented on a post share subdivision basis.
- (ii) On 9 May 2014, arrangements were made for a private placement to an independent private investor of 120,000,000 ordinary shares of HK\$0.005 each at the share placing price of HK\$1.00 per placing share representing a discount of 18.6% to the closing market price of the Company's shares on 9 May 2014.

The proceeds were used as general working capital of the Group and for obtaining a finance lease business license and developing the finance lease business in the PRC. These new shares were issued under the specific mandate granted to the Directors at a special general meeting of the Company held on 5 March 2014.

- (iii) On 20 May 2015 and 28 July 2015, HK\$10,000,000 convertible bonds were converted into 10,000,000 shares at conversion price of HK\$1 each for each of the date.
- (iv) On 8 June 2015, 10,000,000 warrants were exercised at HK\$1 each.

All the ordinary shares issued during the year ended 31 December 2015 rank *pari passu* with the then existing shares in all respects.

## **28. UNLISTED WARRANTS**

On 18 November 2014, the Company issued 60,000,000 warrants (the "Warrants") to an independent third party at a cash consideration of HK\$1. Each warrant confers the right to subscribe for one ordinary share of the Company of HK\$0.005 each at an exercise price of HK\$1.00, subject to normal adjustment, at any time falling 24 months from the date of issue.

During the year ended 31 December 2015, 10,000,000 of warrant were exercised at HK\$1 each. Except for the aforesaid exercise of warrant, no warrants were exercised or lapsed during the years ended 31 December 2014 and 2015.

Exercise in full of the outstanding warrants would result in the issue of approximately 50,000,000 (31 December 2014: 60,000,000) additional ordinary shares of HK\$0.005 each.

## **FINANCIAL REVIEW AND ANALYSIS**

*For the year ended 31 December 2015*

### **Financial Performance and Business Review**

The Company acts as an investment holding company and the principal activities of its subsidiaries are principally engaged in financial services and trading of metal and equipment.

#### **Textile Business**

Owing to the continuous weakening demand on the textile segment business, on 12 January 2015, the Board decided to cease the operation of the Group's textile segment.

For the year ended 31 December 2015, the textile segment recorded a revenue of approximately HK\$27,625,000, showing a decrease of approximately 88.7% from the 2014's revenue of approximately HK\$245,552,000.

Gross profit of the textile segment for the year ended 31 December 2015 decreased by approximately 96.8% from approximately HK\$47,730,000 in the previous year to HK\$1,507,000 in 2015. The gross profit margin also decreased from approximately 19.4% in 2014 to 5.5% in 2015.

For the year ended 31 December 2015, the textile segment recorded a loss after tax of approximately HK\$16,277,000 as compared with a loss after tax of approximately HK\$10,518,000 for the previous year ended 31 December 2014.

Details of the discontinued operation are listed in Note 9.

#### **Finance Services Businesses**

The financial services segment is principally engaged in finance leasing business, leasing business, purchasing of leased assets at domestic and overseas market, disposal of residual value and maintenance of leased assets, provision of consultation and guarantees for lease transactions, import and export of equipment, automatic system engineering and software system engineering.

The Group operates the finance lease business through its two wholly foreign owned enterprises ("WFOE") establishments in PRC, namely Shanxi Sino Top Leasing Company Limited\* (山西華威融資租賃有限公司) ("Shanxi Sino Top") and namely Rong Yuan Financial Leasing (Shanghai) Company Limited\* (融元融資租賃(上海)有限公司) ("Rong Yuan").

For the year ended 31 December 2015, the finance lease segment recorded a revenue of approximately HK\$103,171,000, showing an increase of 143.3% in revenue of approximately HK\$ 42,398,000 from previous year in 2014.

Gross profit of the finance lease segment for the year ended 31 December 2015 increased by approximately 71.5% from approximately HK\$9,508,000 in the previous year to HK\$16,310,000 in 2015. The gross profit margin decreased from 22.4% in 2014 to 15.8% in 2015.

The Group considers the finance lease industry in the PRC is prosperous and still has a great opportunity for business development. However, owing to the slower economic growth in the market, the management takes cautious and conservative risk management point of view to assess its customer profile.

## **FINANCIAL POSITION AND LIQUIDITY**

As at 31 December 2015, the Group recorded total assets of approximately HK\$359,824,000, which were financed by internal resources of approximately HK\$148,245,000 and liabilities of approximately HK\$211,579,000. The Group had total cash and bank balances of approximately HK\$219,553,000. The current ratio (current assets divided by current liabilities) of the Group decreased from 5.4 times as at 31 December 2014 to 4.6 times as at 31 December 2015.

## **CONTINGENT LIABILITIES**

On 16 November 2011, the High Court made a judgement (the “Judgement”) in favour of a subsidiary of the Group to dismiss a claim from a supplier (the “Supplier”).

On 23 July 2012, the Supplier has filed a notice of appeal against the Judgement (the “Appeal”) and the Appeal was heard on 8 March 2013.

On 14 March 2013, the Court of Appeal ordered that the Appeal is allowed and the Judgement is set aside. The Court of Appeal also ordered that unless the dispute between the Supplier and the subsidiary of the Group can be settled by other means, the dispute should be remitted for a re-trial by another judge.

On 21 August 2015, the Supplier and the Group reached a settlement agreement, and the Supplier and the Group was then submitted a joint application to the District Court regarding the agreed settlement.

On 21 September 2015, the District Court ordered that the Group shall pay the Supplier a sum of HK\$1,200,000 on without admission of liability basis, and the parties shall discontinue their respective claim and counterclaim against each other upon the Supplier’s receipt of the said sum of HK\$1,200,000. The Group has fully settled the sum of HK\$1,200,000 during the year ended 31 December 2015. Therefore, no provision for this claim has been made in the consolidated financial statements for the year ended 31 December 2015.

## RELATED PARTY TRANSACTIONS

### Other related parties transaction

Name of company	Relationship	Nature of transaction	2015 <i>HK\$000</i>	2014 <i>HK\$000</i>
Long Rise Investment Development Limited	Common director	Rental charged therefrom	—	1,148

The above transaction was at terms determined and agreed by the Company and the relevant party and constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules. The transaction is ceased to be related parties transaction or continuing connected transaction after the common director resigned on 4 June 2014.

There is no other continuing connected transaction to be disclosed for the year ended 31 December 2015.

### FOREIGN EXCHANGE EXPOSURE

In respect of the finance lease business, the Group's receipts, payments and operating expenses are all transacted in RMB, in which the Group expects the currency risks would be insignificant.

The Group has a foreign currency hedging policy to monitor the foreign exchange exposure. The Group will consider further hedging significant foreign currency exposure should the need arises.

### EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group has a workforce of approximately 40 employees in Hong Kong and the PRC, including five executive Directors, one non-executive Director and three independent non-executive Directors.

Remuneration policies of the Group are determined with reference to performance, qualification and experience of the staff as well as the operating results of the Group and the current market condition with salaries and wages being reviewed on an annual basis. The Group also provides discretionary bonus, medical insurance, social security and provident fund to the staff of the Group. Pursuant to the written resolution of the Shareholders on 11 October 2011, the Company has adopted a share option scheme (the "Scheme") for the purpose of motivating eligible participants. For the year ended 31 December 2015, no share options were granted by the Company since the adoption of the Scheme.

## **OUTLOOK**

### **Global Economy**

The global economic growth was estimated approximately at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. However, the pickup in global activity is projected to be more gradual than in the 2015, as it is currently influenced by: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery, as several other major advanced economies like EU and Japan Central banks continue to ease monetary policy.

### **China Economy**

Growth in China was 6.9 percent in 2015, and is expected to slow down to 6.3 percent in 2016 and 6.0 percent in 2017, primarily reflecting weaker investment growth as the economy continues to rebalance of economic activity from investment and manufacturing towards consumption and services.

The monetary policy in China, in consistent with that in 2015, will continue to be relatively loose. The interest rates would be expected to be reduced further in 2016, and to release liquidity through the banking sector

The faster-than-expected slowdown in PRC imports and exports, in part reflecting weaker investment and manufacturing activities, together with the depreciation of RMB, arouse the market concerns about the future performance of the Chinese economy.

### **Financial Services Industry**

In mid of 2015, China's financial leasing industry maintained its rapid growth. There were approximately 3180 registered financial lease companies, an increase of approximately 980 in the year, with approximately 40 financial leasing companies, 190 domestic leasing and 2,950 foreign leasing WFOE. During this half year period from previous year of 2014, the total registered capital in the industry amounted to approximately RMB1000 billion, up approximately RMB340 billion; the balance of financial leasing contract also boomed and amounted to approximately RMB3.6 trillion, up 14% of approximately RMB450 billion.

Looking forward to the year of 2016, it is expected that the speed of increasing financial lease companies in the industry, will not slow down, as more financial institutions such as city commercial banks and rural commercial banks are applying licenses for financial lease companies, which will cause more severe competition among the industry.

## **Company Tactics**

Although it is anticipated that the global and the PRC economies are facing challenges in 2016 with weakened industrial demand, business downturn, production undercapacity, intensified competition and deterioration of industrial credit standing; however; in accordance with the supporting statement in the Report on the Work of the Government delivered by Premier Li Keqiang in the Twelfth National People's Congress in March 2015 regarding the "Financial Reform to better serve the real economy", the management still have strong confidence that the finance industry will keep on prosperous with high growth yearly.

To cope with those future challenges in 2016, the Group will continue to provide professional financial and consultancy services to our esteem customers, to assist them to innovate their system, to strengthen their production capacity and enhance their corporate development, to develop innovative financial services in different industries; whereas the Group will play a more cautious and conservative role on strengthening the Group's internal controls on asset and risk management, in order to protect the quality of assets as a whole.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group has adopted the practices which complied with all the code provisions as set out in Appendix 14 — Corporate Governance Code and Corporate Governance Report of the Listing Rules throughout the year ended 31 December 2015.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2015.

## **AUDIT COMMITTEE**

The Annual Results have been reviewed by the audit committee of the Company (the "Audit Committee") which comprises three independent non-executive Directors, namely, Mr. Sin Ka Man (chairman of the Audit Committee), Mr. Wang Wei Hung, Andrew and Mr. Zhao Lixin.

## **ANNUAL REPORT AND FURTHER INFORMATION**

This result announcement is published on the website of the Company ([www.1152.com.hk](http://www.1152.com.hk)) and the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). The annual report of the Group for the year ended 31 December 2015 containing all information required by Appendix 16 of the Listing Rules will be despatched to the Shareholders as well as available on the same websites in due course.

By Order of the Board  
**Infinity Financial Group (Holdings) Limited**  
**Yu Xueming**  
*Chairman*

Hong Kong, 18 March 2016

*As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Yu Xueming (Chairman), Mr. Yu Chuanfu (Chief Executive Officer), Mr. Sit Yau Chiu, Mr. Zheng Qiang and Mr. Han Hanting; one non-executive Director, namely Mr. Chan Yee Herman; and three independent non-executive Directors, namely, Mr. Wang Wei Hung Andrew, Mr. Sin Ka Man and Mr. Zhao Li Xin.*

\* *For identification purposes only*