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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 2014

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 2014 (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 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Revenue	4	287,950	310,867
Cost of sales		<u>(230,712)</u>	<u>(256,573)</u>
Gross profit		57,238	54,294
Other operating income	4	5,364	4,240
Gain on early redemption of convertible bonds		17,928	—
Selling and distribution expenses		(7,615)	(9,441)
Administrative and other expenses		(77,902)	(56,118)
Finance costs	5	<u>(15,947)</u>	<u>(350)</u>
Loss before taxation		(20,934)	(7,375)
Income tax (expense) credit	7	<u>(2,506)</u>	<u>186</u>
Loss for the year	8	(23,440)	(7,189)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations and total other comprehensive (expense) income		<u>(2,754)</u>	<u>561</u>
Total comprehensive expense for the year		<u><u>(26,194)</u></u>	<u><u>(6,628)</u></u>
Loss per share (HK cents)			
Basic and diluted	10	<u><u>(2.58)</u></u>	<u><u>(0.86)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		<b>12,417</b>	31,633
Finance lease receivables	<i>12</i>	<b>129,515</b>	—
Deposits paid for acquisition of property, plant and equipment		<b>11,816</b>	2,036
		<b>153,748</b>	33,669
Current assets			
Inventories		<b>11,199</b>	22,960
Trade and other receivables	<i>11</i>	<b>51,745</b>	44,857
Finance lease receivables	<i>12</i>	<b>110,631</b>	—
Tax recoverable		—	2,912
Bank balances and cash		<b>238,308</b>	84,584
		<b>411,883</b>	155,313
Current liabilities			
Trade and other payables	<i>13</i>	<b>50,887</b>	36,396
Amount due to a director		—	565
Derivative financial instruments		<b>110</b>	—
Bank and other borrowings		<b>13,530</b>	18,045
Obligations under finance leases — due within one year		<b>256</b>	244
Income tax payables		<b>1,908</b>	234
Promissory notes		<b>9,375</b>	—
		<b>76,066</b>	55,484
Net current assets		<b>335,817</b>	99,829
Total assets less current liabilities		<b>489,565</b>	133,498

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Obligations under finance leases — due after one year		<b>454</b>	709
Deferred taxation		<b>68</b>	176
Bank and other borrowings		<b>40,320</b>	—
Convertible bonds		<b>104,989</b>	—
Promissory notes		<b>132,417</b>	—
		<u><b>278,248</b></u>	<u>885</u>
		<u><b>211,317</b></u>	<u>132,613</u>
<b>Capital and reserves</b>			
Share capital		<b>4,760</b>	4,160
Reserves		<b>206,557</b>	128,453
		<u><b>211,317</b></u>	<u>132,613</u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2014*

### **1. GENERAL INFORMATION**

The Company was incorporated in Bermuda as an exempted company with limited liability. The address of the registered office and principal place of business of the Company is Suites 1208–10, 12th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wan Chai, Hong Kong. The shares of the Company (the “Shares”) are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The functional currency of the Company is United States dollar (“US\$”). The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) as the operations of the Group is mainly based in Hong Kong. For certain subsidiaries in the PRC, the functional currency is Renminbi.

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

For the purpose of preparing and presenting the consolidated financial statements for the year ended 31 December 2014, the Group has adopted all the amendments issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning on 1 January 2014, same as the beginning of the earliest year presented.

The Group has not early adopted any new and revised HKFRSs, amendments and new interpretations that have been issued by the HKICPA but are not yet effective for the financial year beginning on 1 January 2014.

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

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

#### 4. REVENUE AND OTHER OPERATING INCOME

Revenue is derived from: (i) knitwear revenue which is based on the net amounts received and receivable for goods sold in the normal course of business, net of discounts, sales returns and sales related taxes; (ii) finance lease revenue which is based on the net lease income and handling fee after PRC tax from the lease agreements.

Analysis of the Group's revenue for the year is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Sales of knitted products	<b>245,552</b>	310,867
Finance lease income	<b>42,398</b>	—
	<b>287,950</b>	310,867
Other operating income		
Bank interest income	<b>1,743</b>	478
Gain on disposal of plant and equipment	<b>422</b>	14
Net investment income from derivative financial instruments	<b>2,252</b>	1,602
Sales of scrapped materials	<b>774</b>	1,800
Sundry income	<b>173</b>	346
	<b>5,364</b>	4,240
	<b>293,314</b>	315,107

## 5. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interests on:		
— bank and other borrowings wholly repayable within five years	1,232	296
— trust receipt loans	112	2
— discounted bills	210	—
— convertible bonds	12,189	—
— promissory notes	2,164	—
— obligations under finance leases	<u>40</u>	<u>52</u>
	<u>15,947</u>	<u>350</u>

## 6. 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.

In prior years, no segment analysis of financial information was presented as the Group's revenue, expenses, assets and liabilities and capital expenditure are primarily attributable to the production and trading of knitwear business.

During the year, one new segment of finance leasing was introduced as a result of the diversifying into the business of finance leasing.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (i) Textile segment engages in sub-contracting of knitted garment and the manufacturing and trading of knitwear.
- (ii) Finance leasing segment engages in finance leasing business (earning interest income and handling fee), leasing business, purchasing of leased assets, provision of consultation and guarantees for lease transactions, import and export of equipment, automatic system engineering and software system engineering.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

## Segment revenue and results

	For the year ended 31 December 2014		
	Textiles	Finance	Total
	HK\$'000	leasing HK\$'000	HK\$'000
Segment revenue	<u>245,552</u>	<u>42,398</u>	<u>287,950</u>
Segment results	<u>(9,074)</u>	<u>6,222</u>	<u>(2,852)</u>
Unallocated operating income			3,995
Gain on early redemption of convertible bonds			17,928
General and administrative expenses			(24,058)
Finance costs			<u>(15,947)</u>
Loss before tax			<u><u>(20,934)</u></u>

	For the year ended 31 December 2013		
	Textiles	Finance	Total
	HK\$'000	leasing HK\$'000	HK\$'000
Segment revenue	<u>310,867</u>	<u>—</u>	<u>310,867</u>
Segment results	<u>1,131</u>	<u>—</u>	<u>1,131</u>
Unallocated operating income			2,091
General and administrative expenses			(10,247)
Finance costs			<u>(350)</u>
Loss before tax			<u><u>(7,375)</u></u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' salaries, certain other income and gains and finance costs. This is the measure reported to the chief executive officer for the purposes of resource allocation and assessment of segment performance.

## Segment assets and liabilities

### *Segment assets*

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Textiles	60,638	96,632
Finance leasing	<u>262,835</u>	<u>—</u>
Total segment assets	323,473	96,632
Unallocated	<u>242,158</u>	<u>92,350</u>
Consolidated assets	<u><u>565,631</u></u>	<u><u>188,982</u></u>

### *Segment liabilities*

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Textiles	40,038	35,835
Finance leasing	<u>1,973</u>	<u>—</u>
Total segment liabilities	42,011	35,835
Unallocated	<u>312,303</u>	<u>20,534</u>
Consolidated liabilities	<u><u>354,314</u></u>	<u><u>56,369</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than cash and bank balances and other assets for corporate use including plant and equipment and other receivables which were managed in a centralised manner.
- all liabilities are allocated to operating segments other than derivative financial instruments, other payables, income tax payables, finance lease obligations, convertible bonds, promissory notes, bank and other borrowings and deferred tax liabilities which were managed in a centralised manner.

## Other segment information

For the year ended 31 December 2014

	Textiles	Finance	Unallocated	Total
	HK\$'000	leasing	HK\$'000	HK\$'000
		HK\$'000		
<b>Amounts included in the measure of segment profit or segment assets</b>				
Addition to non-current assets ( <i>Note</i> )	1,733	11,843	1,606	15,182
Gain on disposal of plant and equipment	(422)	—	—	(422)
Written off of plant and equipment	761	—	—	761
Impairment loss in respect of plant and equipment	6,815	—	—	6,815
Impairment loss in respect of deposit paid for acquisition of property, plant and equipment	2,130	—	—	2,130
Depreciation of plant and equipment	11,967	—	364	12,331
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets</b>				
Gain on early redemption of convertible bonds	—	—	(17,928)	(17,928)
Net investment income from derivative financial instruments	—	—	(2,252)	(2,252)
Loss on change in fair value of derivative financial instruments	—	—	110	110
Income tax expense	1,053	1,453	—	2,506
Bank interest income	(1,741)	(2)	—	(1,743)
Finance costs	387	215	15,345	15,947

*Note:* Non-current assets exclude finance lease receivables.

For the year ended 31 December 2013

	Textiles <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Amounts included in the measure of segment profit or segment assets</b>				
Addition to non-current assets	1,770	—	880	2,650
Gain on disposal of plant and equipment	(14)	—	—	(14)
Depreciation of plant and equipment	12,506	—	394	12,900
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets</b>				
Net investment income from derivative financial instruments	—	—	(1,602)	(1,602)
Income tax credit	(186)	—	—	(186)
Bank interest income	(424)	—	(54)	(478)
Finance costs	350	—	—	350

#### Revenue from major products and services

The following is an analysis of the Group's revenue from sales of its major products and provision of services to external customers:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales of knitted products	245,552	310,867
Sales of coal mining machineries	33,547	—
Finance lease interest income	2,544	—
Finance lease handling fee	6,307	—
	<u>287,950</u>	<u>310,867</u>

#### Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

The Group's customers are mainly located in the United States of America (the "USA"), Europe, Canada and the PRC.

An analysis of the Group's revenue from external customers based on their geographical location is detailed below:

	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
USA	<b>140,696</b>	187,765
Europe ( <i>Note</i> )	<b>70,601</b>	83,975
Canada	<b>14,700</b>	20,540
PRC	<b>42,424</b>	165
Others	<b>19,529</b>	18,422
	<b><u>287,950</u></b>	<u>310,867</u>

Less than 1% of the Group's revenue from external customers is derived from Hong Kong (country of domicile) during the years ended 31 December 2014 and 2013.

*Note:* It mainly includes external customers located in Germany, Switzerland and United Kingdom.

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

	<b>Non-current assets (<i>Note</i>)</b>	
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>2,871</b>	5,406
PRC	<b>21,362</b>	28,263
	<b><u>24,233</u></b>	<u>33,669</u>

*Note:* Non-current assets exclude 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:

	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Customer A <sup>1</sup>	<b>164,703</b>	181,832
Customer B <sup>2</sup>	<b>33,547</b>	N/A <sup>3</sup>
	<b><u>33,547</u></b>	<u>N/A</u>

<sup>1</sup> Revenue from textile segment

<sup>2</sup> Revenue from finance leasing segment

<sup>3</sup> The corresponding revenue did not contribute over 10% of the total external revenue of the Group.

## 7. INCOME TAX (EXPENSE) CREDIT

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	(21)	(111)
PRC Enterprise Income Tax	<u>(1,453)</u>	<u>—</u>
	<u>(1,474)</u>	<u>(111)</u>
Overprovision (underprovision) in prior years:		
Hong Kong Profits Tax	90	419
PRC Enterprise Income Tax	<u>(1,230)</u>	<u>—</u>
	<u>(1,140)</u>	<u>419</u>
Deferred taxation	<u>108</u>	<u>(122)</u>
	<u><u>(2,506)</u></u>	<u><u>186</u></u>

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the year ended 31 December 2014 (2013: 16.5%).

Under the PRC law on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate adopted by the PRC subsidiaries was 25% for the year ended 31 December 2014.

## 8. LOSS FOR THE YEAR

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Directors' emoluments	4,161	4,370
Salaries and allowances (excluding directors' emoluments)	21,601	25,790
Retirement benefit scheme contributions (excluding directors)	<u>858</u>	<u>914</u>
Total staff costs	<u>26,620</u>	<u>31,074</u>
Auditor's remuneration	1,045	780
Amount of inventories recognised as expenses	230,712	256,573
Depreciation of plant and equipment	12,331	12,900
Impairment loss in respect of trade receivables	51	—
Impairment loss in respect of plant and equipment	6,815	—
Impairment loss in respect of deposit paid for acquisition of property, plant and equipment	2,130	—
Loss on change in fair value of derivative financial instruments	110	—
Net exchange loss	—	538
Minimum lease payments in respect of rented office premises	9,921	6,363
Processing fees ( <i>Note</i> )	43,994	50,036
Sub-contracting fee (included in cost of sales)	61,983	59,461
Write-off of plant and equipment	<u>761</u>	<u>—</u>

*Note:*

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Salaries and allowances	<u>16,579</u>	<u>17,814</u>
Factory's lease	2,071	2,133
Labour cost — direct and indirect	21,977	27,007
Utilities	<u>3,367</u>	<u>3,082</u>
	<u>27,415</u>	<u>32,222</u>
	<u>43,994</u>	<u>50,036</u>

## 9. DIVIDENDS

No dividend has been declared by the Company for the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

## 10. LOSS PER SHARE

The calculation of basic loss per share attributable to the shareholders of the Company (the “Shareholders”) is based on the following data:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year attributable to Shareholders for the purpose of basic and diluted loss per share	<u>(23,440)</u>	<u>(7,189)</u>
	2014 <i>'000</i>	2013 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>909,918</u>	<u>832,000</u>

The weighted average numbers of ordinary shares for the purpose of basic loss per share for the years ended 31 December 2014 and 2013 have been adjusted for the subdivision of shares as approved by the 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 in a decrease in a loss per share for the year ended 31 December 2014.

## 11. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	27,516	27,811
Less: Impairment loss recognised	<u>(51)</u>	<u>—</u>
	27,465	27,811
Other receivables	22,592	10,267
Investment deposits ( <i>Note</i> )	—	3,816
Prepayment	<u>1,688</u>	<u>2,963</u>
	<u>51,745</u>	<u>44,857</u>

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:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
0 to 45 days	<b>27,004</b>	27,794
46 to 90 days	<b>171</b>	12
91 to 365 days	—	—
Over 365 days	<u><b>290</b></u>	<u>5</u>
	<u><b>27,465</b></u>	<u>27,811</u>

*Note:* As at 31 December 2013, the Group purchased investment deposits from a domestic bank with good credit rating and the deposits carry a variable return of a cap of 5.7% per annum. No such investment deposit existed as at 31 December 2014.

## **12. FINANCE LEASE RECEIVABLES**

The Group entered into two finance lease agreements during the year ended 31 December 2014 (2013: nil). For one of the arrangements, a finance leasing customer (the “lessee”) sold its machineries to the Group at RMB100,000,000 (equivalent to approximately HK\$125,160,000) and leased back the machineries with a lease period of 2 years from the date of inception.

Another lessee leased the equipment purchased by the Group at RMB90,000,000 (equivalent to HK\$112,500,000) from a selected supplier with a lease period of 2 years from the date of inception.

For the above finance lease arrangements, the interest rates inherent in the leases are fixed at the contract date over the lease terms. The ownership of the leased assets will be transferred to the lessees at a purchase option of RMB100 upon the settlement of the receivables under the finance lease arrangements and the interest accrued under the finance lease arrangements.

Effective interest rates of the above finance leases ranged from 15.56% to 18.81% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance lease receivables comprise:				
Within one year	143,850	—	110,631	—
After one year but within two years	<u>143,850</u>	<u>—</u>	<u>129,515</u>	<u>—</u>
	287,700	—	240,146	—
Less: Unearned finance income	<u>(47,554)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Present value of minimum lease payment receivables	<u><u>240,146</u></u>	<u><u>—</u></u>	<u><u>240,146</u></u>	<u><u>—</u></u>
Analysed for reporting purposes as:				
Current assets			110,631	—
Non-current assets			<u>129,515</u>	<u>—</u>
			<u><u>240,146</u></u>	<u><u>—</u></u>

The relevant lease agreements of approximately HK\$240,146,000 (2013: nil) was aged within 1 year at the end of the reporting period.

One of the receivables under finance lease arrangements are secured by a bills receivable. Another finance lease receivables are secured by a mining right owned by the lessee and an aggregate of 21.94% of equity interests of the lessee held by two of the shareholders. Based on the legal advice, the Directors considered that security of the mining right and the equity interests are considered as valid and legally binded based on the pledged agreement entered between the Group, the lessee and the guarantor.

There was no unguaranteed residual value in connection with the finance lease arrangements or contingent lease arrangements of the Group that needed to be recorded at the end of the reporting period.

Both lessees are required to pay the Group through 4 half-yearly lease payments from inception date up to maturity date.

The fair value of the receivables under the finance lease arrangements approximates to its carrying amount.

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

### 13. TRADE AND OTHER PAYABLES

	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	<b>13,299</b>	10,919
Receipt in advance	<b>4,417</b>	1,528
Interest payable on convertible bonds	<b>5,850</b>	—
Other payables	<b><u>27,321</u></b>	<u>23,949</u>
	<b><u><u>50,887</u></u></b>	<u><u>36,396</u></u>

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

	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 90 days	<b>12,470</b>	10,008
91 to 365 days	<b>16</b>	313
Over 365 days	<b><u>813</u></b>	<u>598</u>
	<b><u><u>13,299</u></u></b>	<u><u>10,919</u></u>

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

## **FINANCIAL REVIEW AND ANALYSIS**

*For the year ended 31 December 2014*

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

#### **Knitwear Business**

The Group's textile segment is a knitwear manufacturer established in Hong Kong which manufactures an extensive assortment of knitwear products ranging from classically styled wardrobe basis to high quality fashion apparel. Same as previous years, the textile segment's customers mainly comprise international apparel brand owners headquartered in the USA and European countries such as Germany and Switzerland with their products marketed under their own labels and sold around the world.

In 2014, the textile segment recorded a revenue of approximately HK\$245,552,000, showing a decrease of approximately 21.0% from the 2013's revenue of approximately HK\$310,867,000, which was mainly attributable to a decrease of approximately 26.1% in sales orders from one of the major customers of the Group headquartered in the USA. It resulted in the revenue generated by customers headquartered in the USA to decrease from approximately 60.4% in 2013 to 57.3% in 2014. As compared with revenue in the previous year, revenue generated by customers headquartered in European countries and other countries increased from approximately 27.0% and 6.0% in 2013 to 28.8% and 8.0% respectively in 2014, whilst revenue generated from Canada decreased from approximately 6.6% in 2013 to 6.0% in 2014.

Gross profit of the textile segment for the year ended 31 December 2014 decreased by approximately 12.1% from approximately HK\$54,294,000 in the previous year to HK\$47,730,000 in 2014. However, the gross profit margin increased from approximately 17.5% in 2013 to 19.4% in 2014 because the lowest gross profit margin sales orders were cut-down to fulfill profit making purpose.

For the year ended 31 December 2014, the textile segment recorded a loss of approximately HK\$9,074,000 as against a gain of approximately HK\$1,131,000 for the previous year. It was mainly attributable to (i) the decreases in revenue and gross profit of the textile segment as a result of the worsening of the market conditions and business environment and the severe competition of the textile industry, and (ii) an increase in written-down value of textile segment's assets after the Board decided to cease the operation of the Group's textile segment on 12 January 2015.

#### **Finance Lease Business**

The Group considers the finance lease industry in the PRC has a vast room for development. To properly take advantage of the opportunity, the Group has set up two wholly foreign owned enterprises ("WFOE(s)") in the PRC to carry out the finance lease business of the Group.

On 9 July 2014, the WFOE namely Shanxi Sino Top Leasing Company Limited\* (山西華威融資租賃有限公司) ("Shanxi Sino Top") was granted a business license by the Shanxi Administration for Industry and Commerce (山西省工商行政管理局), with a registered paid up capital of US\$35,000,000, including but not limited to operate the business of finance lease; other lease business; purchase of

leased assets at domestic and overseas markets; disposal of residual value and maintenance of leased assets; provision of consultation and guarantees for lease transactions; import and export of equipment; automatic system and software system engineering; technological consulting services and etc.

On 4 February 2015, the Group has completed the registration formalities with the Shanghai Municipal Administration for Industry and Commerce (上海市工商行政管理局) (“SHAIC”) for the establishment of another WFOE, namely Rong Yuan Financial Leasing (Shanghai) Company Limited\* (融元融資租賃(上海)有限公司) (“Rong Yuan”) and the SHAIC has issued a business license of Rong Yuan, with a registered capital of US\$50,000,000. The business scope of Rong Yuan includes but not limited to finance lease business; other lease business; purchase of leased assets at domestic market; disposal of residual value and maintenance of leased assets; provision of consultation and guarantees for lease transactions; factoring business.

For the year ended 31 December 2014, the finance lease segment recorded a revenue of approximately HK\$42,398,000 and an operating profit of HK\$6,222,000. It was mainly attributed to the 2 finance lease agreements entered into on 27 October 2014 and 29 December 2014.

## **FINANCIAL POSITION AND LIQUIDITY**

As at 31 December 2014, the Group recorded total assets of approximately HK\$565,631,000, which were financed by internal resources of approximately HK\$211,317,000 and liabilities of approximately HK\$354,314,000. The Group had total cash and bank balances of approximately HK\$238,308,000. The current ratio (current assets divided by current liabilities) of the Group increased from 2.8 times as at 31 December 2013 to 5.4 times as at 31 December 2014.

## **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 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 was allowed and the Judgement was 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. As informed by the District Court on 17 September 2013, this case was transferred to the District Court.

During the year of 2014, the case has been on the scheduling for hearing stage.

Based on the legal advice, the Directors are of the opinion that the Group has meritorious defenses against the Supplier. Therefore no provision for this claim has been made in the consolidated financial statements for the year ended 31 December 2014.

Besides this case, there is no other contingency case proceeding for the year ended 31 December 2014.

## **USE OF PROCEEDS**

The Company has set out the intended use of the net proceeds from the Listing of approximately HK\$39,700,000 in the section headed “Future plans and use of proceeds” in the Prospectus. Approximately HK\$17,300,000 was at the time of the Listing allocated to the proposed construction of the new production factory on a piece of land located in Yangwu Village, Dalang Town, Dongguan City, Guangdong Province, the PRC (the “Land”). As a result of the disposal of the Land as detailed in the announcement of the Company dated 2 March 2012, the Company has reallocated the said HK\$17,300,000 to general working capital purpose. As at 31 December 2014, the net proceeds from the listing of approximately HK\$39,700,000 were fully used.

Reference is made to the announcement of the Company dated 9 May 2014 (capitalised terms in paragraphs (i), (ii) and (iii) shall have same meaning as defined in the announcement), in relation to the Share Placing and the CB Placing, and the Re-allocation of the use of the Net Proceeds of HK\$413,700,000:

- (i) it had been planned that approximately HK\$351,700,000 of the Net Proceeds would be allocated to obtain a finance lease business license and develop the finance lease business in the PRC. As for the year ended 31 December 2014, HK\$238,700,000 was invested in finance lease assets and HK\$15,000,000 was used in general operation and administrative expenses, with the balance of HK\$98,000,000 being held as general working capital;
- (ii) it had been planned that approximately HK\$55,000,000 of the Net proceeds would be allocated to the knitwear business of the Company to enhance its financial flexibility. As for the year ended 31 December 2014, the said proceeds was fully used for general working capital of the Group;
- (iii) it had been planned that approximately HK\$7,000,000 of the Net Proceeds would be allocated to the professional fees incurred for the Share Subdivision, the Change of the Board Lot Size, the Placing Agreement, the Transfer Agreement, the Supply Contract and the Sales Contract. As for the year ended 31 December 2014, the said proceeds was fully used in the legal and professional expenses.

## **FOREIGN EXCHANGE EXPOSURE**

In respect of the knitwear business, the Group’s sales and purchases are principally transacted in US\$. With production plants and office located in the PRC and Hong Kong, operating expenses of the Group are primarily denominated in HK\$, RMB or US\$. As the HK\$ is pegged to the US\$, the Group does not expect to be exposed to any substantial currency risk in the near term.

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 and has entered into several structured forward contracts during the year 2014 to manage the currency exposure. The Group will consider further hedging significant foreign currency exposure should the need arises.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2014, the Group has a workforce of approximately 730 employees in Hong Kong and the PRC, including five executive Directors, one non-executive Director and three independent non-executive Directors. Among which, the knitwear segment and the finance lease segment have a workforce of approximately 700 persons and 20 persons respectively. With the Board decided to cease the operation of the Group's textile segment on 12 January 2015, the workforce in Hong Kong and the PRC will be laid off at appropriate timing with proper legal compensation requirement.

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 2014, no share options were granted by the Company since the adoption of the Scheme.

## **OUTLOOK**

### **Knitwear Business**

With the Board decided to cease the operation of the Group's textile segment on 12 January 2015, no further resource will be allocated to the Group's textile segment in the coming year.

### **Finance Lease Business**

In view of the booming growth of the finance lease industry in the PRC in recent years, the Group has carried out the finance lease business by setting up two WFOEs, Shanxi Sino Top on 9 July 2014 and Rong Yuan on 4 February 2015, to capture the business opportunity.

Although it is anticipated that the global economy is facing a sluggish macro-economic environment in 2015 with weakened industrial demand, business downturn and intensified competition anticipated in various industries, we still have strong confidence that the finance industry will keep on prosperous in view of 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".

According to the Financial Reform, the Chinese government will speed up the turnover of funds, improve the credit structure, increase the proportion of direct financing to total financing, and reduce the cost of financing, thereby allowing more financial resources to be channelled into the real economy. The Chinese government will deepen reform of rural credit cooperatives, and keep their status as legal persons in their counties stable. The Chinese government will ensure development-oriented and policy-backed financial institutions function effectively in increasing the supply of public goods.

Therefore, on one hand, the Group will take effective and cautious measures to tackle the unstable economic environment and to continuously expand its market share through the WFOEs; on the other hand, the Group will offer support to the existing customers by formulating strategies to assist them to innovate their system, strengthen their production capacity and enhance their corporate development.

Furthermore, the Group will enlarge the customer base and strengthen the financial services by continuing to develop new niche markets in different industries and to provide customized and innovative financial services to customers.

As a whole, the management of the Group has confidence on the growth of the finance lease business in 2015, and considers the diversification into the finance lease business will be in the long term interests of the Group and the Shareholders 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 2014.

## **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 2014.

## **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 Li Xin.

## **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 2014 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, 27 March 2015

*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*