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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 2016

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 2016 (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 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Revenue	4	61,742	103,171
Cost of sales		(50,436)	(86,861)
Gross profit		11,306	16,310
Other operating income	4	4,585	5,116
Change in fair value of held-for-trading investment		2,924	(11,252)
Gain on early redemption of convertible bonds	21	—	4,992
Selling and distribution expenses		(2,611)	(1,853)
Administrative and other expenses		(43,739)	(45,690)
Share of result of joint venture		—	—
Finance costs	6	(14,836)	(27,640)
Loss before taxation		(42,371)	(60,017)
Income tax expense	7	(573)	(1,116)
Loss for the year from continuing operations	8	(42,944)	(61,133)
Discontinued operation		—	(16,277)
Loss for the year from discontinued operation		—	(16,277)
Loss for the year		(42,944)	(77,410)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(7,189)	(7,364)
Fair value gain on available-for-sale investment		—	330
Release of investment revaluation reserve upon disposal of available-for-sale investment		(330)	—
Total other comprehensive expense		(7,519)	(7,034)
Total comprehensive expense for the year		(50,463)	(84,444)
Loss per share (HK cents)	9		
For continuing and discontinued operations:			
Basic and diluted		(4.37)	(8.00)
For continuing operations:			
Basic and diluted		(4.37)	(6.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>11</i>	14,271	19,560
Interest in a joint venture		—	—
Finance lease receivables	<i>12</i>	34,608	—
Deposits paid for acquisition of property, plant and equipment	<i>13</i>	<u>—</u>	<u>609</u>
		<u>48,879</u>	<u>20,169</u>
Current assets			
Trade and other receivables	<i>14</i>	43,528	20,967
Finance lease receivables	<i>12</i>	27,597	78,035
Held-for-trading investment	<i>15</i>	4,104	11,220
Available-for-sale investment	<i>16</i>	—	9,880
Bank balances and cash	<i>17</i>	<u>153,806</u>	<u>219,553</u>
		<u>229,035</u>	<u>339,655</u>
Current liabilities			
Other payables	<i>18</i>	31,039	34,263
Other borrowings	<i>19</i>	80,000	30,000
Obligations under finance leases — due within one year	<i>20</i>	—	268
Convertible bonds	<i>21</i>	58,812	—
Income tax payables		<u>1,925</u>	<u>2,504</u>
		<u>171,776</u>	<u>67,035</u>
Net current assets		<u>57,259</u>	<u>272,620</u>
Total assets less current liabilities		<u>106,138</u>	<u>292,789</u>

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current liabilities			
Obligations under finance leases — due after one year	20	—	186
Deferred taxation		—	—
Other borrowings	19	—	80,000
Convertible bonds	21	—	55,804
Corporate bonds	22	<u>8,356</u>	<u>8,554</u>
		<u>8,356</u>	<u>144,544</u>
		<u>97,782</u>	<u>148,245</u>
Capital and reserves			
Share capital	23	4,910	4,910
Reserves		<u>92,872</u>	<u>143,335</u>
		<u>97,782</u>	<u>148,245</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Infinity Financial Group (Holdings) Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). 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 finance leasing and trading business.

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 finance leasing and trading business. The accompanying consolidated financial statements and the comparative figures have been prepared to reflect the results of the discontinued business separately.

The functional currency of the Company is Renminbi (“RMB”). The consolidated financial statements are presented in Hong Kong dollars as the directors of the Company consider that HK\$ is appropriate presentation currency for the users of the Group’s consolidated financial statements.

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

Except as disclosed, 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.

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 ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective date not yet been determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The directors of the Company anticipate that, except as disclosed, the application of other 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 these 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 intra-group 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:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trading of metal and equipment	50,930	87,342
Finance leasing	10,812	15,829
	61,742	103,171
Other operating income		
Bank interest income	1,563	2,257
Gain on disposal of property, plant and equipment	228	—
Finance lease penalty income	2,618	—
Value added tax refund	43	2,859
Others	133	—
	4,585	5,116
	66,327	108,287

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.

In last year, 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 financial services business.

During the year, the Group revised its segment reporting for the purpose of more effective business analysis due to the trading business is separated from finance leasing business. The business activities of previously reported finance leasing segment is now separated into two segments, namely trading business and finance leasing. The business activity of finance leasing remains unchanged. Prior-year figures have been re-presented to conform with current year presentation.

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

- (i) Finance leasing engages in finance leasing business (earning interest income and handling fee), leasing business and purchasing of leased assets.

(ii) Trading business engages in trading of metals.

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

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

For the year ended 31 December 2016

Continuing operations

	Trading business <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>50,930</u>	<u>10,812</u>	<u>61,742</u>
Segment profit (loss)	<u>496</u>	<u>(19,626)</u>	(19,130)
Unallocated operating income			1,791
Change in fair value of held-for-trading investment			2,924
Selling and distribution expenses			(1,039)
General and administrative expense			(12,081)
Finance costs			<u>(14,836)</u>
Loss before taxation			<u>(42,371)</u>

For the year ended 31 December 2015

Continuing operations

	Trading business <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>87,342</u>	<u>15,829</u>	<u>103,171</u>
Segment profit (loss)	<u>481</u>	<u>(1,950)</u>	(1,469)
Unallocated operating income			2,257
Change in fair value of held-for-trading investment			(11,252)
Gain on early redemption of convertible bonds			4,992
Selling and distribution expenses			—
General and administrative expense			(26,905)
Finance costs			<u>(27,640)</u>
Loss before taxation (continuing operation)			<u>(60,017)</u>

Segment profit (loss) represents the profit earned by or the loss from each segment without allocation of change in fair value of held-for-trading investment, gain on early redemption of convertible bonds, certain selling and distribution expenses, 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 performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trading business	33,492	13,206
Finance leasing	82,709	98,833
Total segment assets	116,201	112,039
Unallocated corporate assets	161,713	247,785
Consolidated assets	277,914	359,824
Segment liabilities	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trading business	—	—
Finance leasing	2,062	221
Total segment liabilities	2,062	221
Unallocated corporate liabilities	178,070	211,358
Consolidated liabilities	180,132	211,579

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 other payables, income tax payables, finance lease obligation, convertible bonds and other borrowings which were managed in a centralised manner.

Other segment information

For the year ended 31 December 2016

Continuing operations

	Trading business HK\$'000	Finance leasing HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets				
Addition to non-current assets (<i>Note</i>)	—	48	274	322
Depreciation of property, plant and equipment	—	3,308	823	4,131
Gain on disposal of property, plant and equipment	—	—	(228)	(228)
Written off of property, plant and equipment	—	—	156	156
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets				
Change in fair value of held-for-trading investment	—	—	(2,924)	(2,924)
Income tax expense	—	366	207	573
Bank interest income	—	(291)	(1,405)	(1,696)
Finance costs	—	—	14,836	14,836

Note: Non-current assets excluded finance lease receivables.

For the year ended 31 December 2015

Continuing operations

	Trading business <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets				
Addition to non-current assets (<i>Note</i>)	—	18,234	2,429	20,663
Depreciation of property, plant and equipment	—	1,714	549	2,263
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets				
Change in fair value of held-for-trading investment	—	—	11,252	11,252
Gain on early redemption of convertible bonds	—	—	(4,992)	(4,992)
Income tax expense	—	(1,116)	—	(1,116)
Bank interest income	—	(546)	(1,711)	(2,257)
Finance costs	—	—	27,640	27,640

Revenue from major products and services

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trading of metals and equipments	50,930	87,342
Finance lease interest income	10,374	15,829
Finance lease handling fee	438	—
	<u>61,742</u>	<u>103,171</u>

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 2016 and 2015.

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

	Non-current assets (Note)	
	2016	2015
	HK\$'000	HK\$'000
The PRC	13,086	18,102
Hong Kong	1,185	2,067
	<u>14,271</u>	<u>20,169</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:

	2016	2015
	HK\$'000	HK\$'000
Customer A ¹	50,930	N/A ³
Customer B ²	N/A³	48,995
Customer C ²	N/A³	38,347
Customer D ²	N/A³	12,857

¹ Revenue from trading business segment

² Revenue from finance leasing segment

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group

6. FINANCE COSTS

	2016	2015
	HK\$'000	HK\$'000
Continuing operations		
Interests on:		
— bank and other borrowings	11,117	9,175
— convertible bonds	3,008	7,709
— corporate bonds	702	654
— obligation under finance lease	9	—
— promissory notes	—	10,102
	<u>14,836</u>	<u>27,640</u>

7. INCOME TAX EXPENSE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Current tax:		
PRC Enterprise Income Tax	<u>207</u>	<u>1,116</u>
Under provision in prior years:		
PRC Enterprise Income Tax	<u>366</u>	<u>—</u>
	<u><u>573</u></u>	<u><u>1,116</u></u>

- (i) Hong Kong Profits Tax was calculated at 16.5% of the estimated profit for the year ended 31 December 2016 (2015: 16.5%). No provision for Hong Kong profits tax has been made for the years ended 31 December 2016 and 2015 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the years.
- (ii) Under the Law of the People's Republic of China 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 year ended 31 December 2016 can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss before taxation (from continuing operations)	<u><u>(42,371)</u></u>	<u><u>(60,017)</u></u>
Tax at domestic income tax rate of 25% (2015: 25%)	(10,593)	(15,004)
Tax effect of expense not deductible for tax purposes	7,548	11,952
Tax effect of income not taxable for tax purposes	(2,329)	(1,250)
Under-provision in respect of prior years	366	—
Utilisation of tax losses previously not recognised	(30)	—
Effect of different tax rate of subsidiaries operating in other jurisdiction	1,309	4,948
Tax effect of tax loss not recognised	<u>4,302</u>	<u>470</u>
Income tax expense for the year	<u><u>573</u></u>	<u><u>1,116</u></u>

8. LOSS FOR THE YEAR

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>

Loss for the year has been arrived at after charging (crediting):

Continuing operations		
Directors' emoluments	3,974	4,226
Salaries and allowances (excluding directors' emoluments)	6,670	7,194
Retirement benefit scheme contributions (excluding directors)	<u>961</u>	<u>1,008</u>
Total staff costs	<u>11,605</u>	<u>12,428</u>
Auditor's remuneration	737	963
Amount of inventories recognised as expense	50,436	86,861
Depreciation of property, plant and equipment	4,131	2,263
Gain on disposal of property, plant and equipment	(228)	—
Loss on written-off of property, plant and equipment	156	—
Net exchange loss	8,568	5,800
Minimum lease payments in respect of operating lease for office premises	<u>6,300</u>	<u>7,696</u>

9. LOSS PER SHARE

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>

Loss

Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(42,944)</u>	<u>(77,410)</u>
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	2016	2015
	<i>'000</i>	<i>'000</i>

Number of shares

Weighted average number ordinary shares for the purpose of basic and diluted loss per share	<u>982,000</u>	<u>968,164</u>
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The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2015 had been adjusted for the conversion of convertible bonds on 20 March 2015 and 28 July 2015 and exercise of warrants on 8 June 2015.

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 2016.

From continuing operations

The calculation of the basic 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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	(42,944)	(77,410)
Less: Loss for the year from discontinued operation	<u>—</u>	<u>16,277</u>
Loss for the purposes of basic and diluted loss per share from continuing operations	<u><u>(42,944)</u></u>	<u><u>(61,133)</u></u>

From discontinued operation

Basic and diluted loss per share for the discontinued operation is nil (2015: 1.69 cents), based on the loss for the year from discontinued operation of nil (2015: HK\$16,277,000), and the denominators detailed about for both basic and diluted loss per share.

10. DIVIDENDS

No dividend has been declared by the Company for the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and machinery	Office equipment	Furniture and fixtures	Leasehold improvement	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
COST							
At 1 January 2015	—	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	<u>(439)</u>	<u>—</u>	<u>(22)</u>	<u>(69)</u>	<u>(237)</u>	<u>(81)</u>	<u>(848)</u>
At 31 December 2015	9,668	—	13,648	2,201	10,942	4,604	41,063
Additions	—	—	—	—	322	—	322
Disposal	—	—	—	—	—	(1,510)	(1,510)
Written-off	—	—	(274)	—	(94)	—	(368)
Exchange realignment	<u>(626)</u>	<u>—</u>	<u>(29)</u>	<u>(502)</u>	<u>(402)</u>	<u>(62)</u>	<u>(1,621)</u>
At 31 December 2016	<u><u>9,042</u></u>	<u><u>—</u></u>	<u><u>13,345</u></u>	<u><u>1,699</u></u>	<u><u>10,768</u></u>	<u><u>3,032</u></u>	<u><u>37,886</u></u>

	Leasehold land and buildings	Plant and machinery	Office equipment	Furniture and fixtures	Leasehold improvement	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ACCUMULATED DEPRECIATION							
At 1 January 2015	—	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	254	—	13,109	567	5,684	1,889	21,503
Provided for the year	426	—	148	326	2,484	747	4,131
Eliminated on disposal	—	—	—	—	—	(1,158)	(1,158)
Eliminated on written-off	—	—	(151)	—	(61)	—	(212)
Exchange realignment	(36)	—	(17)	(410)	(173)	(13)	(649)
At 31 December 2016	<u>644</u>	<u>—</u>	<u>13,089</u>	<u>483</u>	<u>7,934</u>	<u>1,465</u>	<u>23,615</u>
CARRYING VALUES							
At 31 December 2016	<u>8,398</u>	<u>—</u>	<u>256</u>	<u>1,216</u>	<u>2,834</u>	<u>1,567</u>	<u>14,271</u>
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>

(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) At 31 December 2016, the Group was in the process of obtaining the ownership certificate for a property including in the buildings above, the carrying value of which at that date were approximately HK\$8,398,000 (2015: HK\$9,414,000). In the opinion of the directors of the Company, the absence of formal title to this property does not affect its value to the Group as the Group has paid the full purchase consideration of this building and the probability of being evicted on the ground of an absence of formal title is remote.

(iii) The net book value of motor vehicles of approximately HK\$2,715,000 (2016: HK\$1,567,000) as at 31 December 2015 included an amount of approximately HK\$503,000 (2016: nil) in respect of assets held under finance leases.

12. 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	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Finance lease receivables comprises:				
Within one year	29,730	84,484	27,597	78,035
After one year but within two years	<u>39,107</u>	<u>—</u>	<u>34,608</u>	<u>—</u>
	68,837	84,484	62,205	78,035
Less: Unearned finance income	<u>(6,632)</u>	<u>(6,449)</u>	<u>—</u>	<u>—</u>
Present value of minimum lease payment receivables	<u><u>62,205</u></u>	<u><u>78,035</u></u>	<u><u>62,205</u></u>	<u><u>78,035</u></u>
Analysed for reporting purposes as:				
Current assets			27,597	78,035
Non-current assets			<u>34,608</u>	<u>—</u>
			<u><u>62,205</u></u>	<u><u>78,035</u></u>

Effective interest rates of the above finance lease ranged from 13.8% to 15.56% (2015: from 14.5% to 18.81%) per annum.

The relevant lease contracts entered into of approximately HK\$62,205,000 (2015: HK\$78,035,000) was aged within 2 years (2015: 2 years) 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 as at 31 December 2015 and 2016.

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 are further secured by a mining right in the PRC as at 31 December 2015. No finance lease receivables are secured over the machinery leased as at 31 December 2016.

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

13. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At 1 January	609	11,816
Addition	—	609
Utilised	<u>(609)</u>	<u>(11,816)</u>
At 31 December	<u>—</u>	<u>609</u>

14. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	—	—
Less: Impairment loss recognised	<u>—</u>	<u>—</u>
	—	—
Purchase deposit	—	13,130
Other receivables	9,241	6,962
Prepayments (ii)	<u>34,287</u>	<u>875</u>
	<u>43,528</u>	<u>20,967</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.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
As at 1 January	—	51
Recognised during the year	—	—
Written off during the year	<u>—</u>	<u>(51)</u>
As at 31 December	<u>—</u>	<u>—</u>

At 31 December 2015, 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 (2016: nil).

- (ii) Included in the prepayments was prepayment of purchasing of metals of RMB30,000,000 (equivalent to approximately HK\$33,492,000) (2015: nil) which was refunded subsequently after the end of reporting period due to the termination of the purchase contract.

(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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
RMB	<u>—</u>	<u>395</u>

15. HELD-FOR-TRADING INVESTMENT

Held-for-trading investment comprises:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Equity securities listed in Hong Kong	<u>4,104</u>	<u>11,220</u>

16. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Unlisted instruments, at fair value	<u>—</u>	<u>9,880</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 Chinese government in the national financial market for institutional investors, and other financial instruments.

17. 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 2016 carried interest at the prevailing market rate ranging from 0.001% to 0.4% per annum (2015: 0.001% to 0.4% per annum).

The Group's bank balances and cash denominated in RMB amounted to approximately HK\$112,333,000 at 31 December 2016 (2015: HK\$184,751,000). 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 2016, approximately HK\$109,000 (2015: HK\$218,000), HK\$16,878,000 (2015: HK\$16,857,000) and HK\$114,000 (2015: HK\$1,316,000) of the bank balances and cash of the Group were denominated in HK\$, US\$ and RMB which are not the functional currency of the relevant group entities.

18. OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Receipt in advance	1,685	1,129
Interest payable	7,216	9,208
Value added tax payables	11,585	11,738
Other payables	<u>10,553</u>	<u>12,188</u>
	<u>31,039</u>	<u>34,263</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
HK\$	<u>8,109</u>	<u>12,050</u>

19. OTHER BORROWINGS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Unsecured:		
Other loan (<i>Note i</i>)	<u>80,000</u>	<u>110,000</u>
Other borrowings repayable*:		
Within one year	80,000	30,000
More than one year but not exceeding two years	<u>—</u>	<u>80,000</u>
	80,000	110,000
Less: Amounts due within one year shown under current liabilities	<u>(80,000)</u>	<u>(30,000)</u>
Amount shown under non-current liabilities	<u>—</u>	<u>80,000</u>

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

Note:

- (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 became a shareholder of the Company upon a partial conversion of convertible bonds by the convertible bondholder during the year ended 31 December 2015. Details are set out in note 21.

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. Details are set out in note 21.

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 carried an interest rate of 10%, it was secured by the personal guarantee provided by a director of the Company. The loan has been fully repaid during the year ended 31 December 2016.

20. 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 (2015: 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	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Amounts payable under finance leases:				
Within one year	—	283	—	268
More than one year, but not more than two years	<u>—</u>	<u>189</u>	<u>—</u>	<u>186</u>
	—	472	—	454
Less: Future finance charges	<u>—</u>	<u>(18)</u>		
Present value of lease obligations	<u><u>—</u></u>	<u><u>454</u></u>	—	—
Less: Amounts due within one year shown under current liabilities			<u>—</u>	<u>(268)</u>
Amounts due after one year			<u><u>—</u></u>	<u><u>186</u></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 2016 and 2015. 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\$.

21. 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 HK\$. 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 2015, 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 on 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 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 year is set out below:

	Liability component <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	—	4,670	4,670
At 1 January 2016	58,804	4,244	63,048
Imputed interests charged	3,008	—	3,008
Interests paid	(3,000)	—	(3,000)
At 31 December 2016	<u>58,812</u>	<u>4,244</u>	<u>63,056</u>

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Convertible bonds — liability component:		
Analysed for reporting purpose as:		
Non-current liabilities	—	55,804
Current liabilities (2015: included in other payables)	<u>58,812</u>	<u>3,000</u>
	<u>58,812</u>	<u>58,804</u>

22. 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%.

	2016 HK\$'000	2015 HK\$'000
At 1 January	9,054	—
Issue of corporate bonds	—	10,000
Transaction costs	—	(1,600)
Interest accrued	(700)	—
Interest charged	<u>702</u>	<u>654</u>
At 31 December	<u>9,056</u>	<u>9,054</u>
	2016 HK\$'000	2015 HK\$'000
Analysed for reporting purpose as:		
Non-current portion	8,356	8,554
Current portion (included in other payables)	<u>700</u>	<u>500</u>
	<u>9,056</u>	<u>9,054</u>

23. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised		
Ordinary shares of HK\$0.005 each as at 31 December 2015 and 2016	<u>20,000,000</u>	<u>100,000</u>
Issued and fully paid		
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 (i)</i>)	20,000	100
Issue of shares from exercise of warrants (<i>Note (ii)</i>)	<u>10,000</u>	<u>50</u>
Ordinary shares of HK\$0.005 each as at 31 December 2015 and 2016	<u>982,000</u>	<u>4,910</u>

Notes:

- (i) 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 (see note 21).
- (ii) On 8 June 2015, 10,000,000 warrants were exercised at HK\$1 each (see note 24).

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

24. 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, 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 warrant were exercised at HK\$1 each.

During the year ended 31 December 2016, no warrant was exercised and the warrants were lapsed on 17 November 2016.

FINANCIAL REVIEW AND ANALYSIS

For the year ended 31 December 2016

Financial Performance and Business Review

Principal Businesses

The Group is principally engaged in finance leasing business, leasing business and import and export of metals (trading business).

The Group operates its principal businesses through its wholly foreign owned enterprise (“WFOE”) establishment in the PRC, namely Shanxi Sino Top Leasing Company Limited* (山西華威融資租賃有限公司).

For the year ended 31 December 2016, the principal businesses recorded a revenue of approximately HK\$61,742,000, showing an decrease of 40.2% in revenue of approximately HK\$103,171,000 from previous year in 2015.

Gross profit of the principal businesses for the year ended 31 December 2016 decreased by approximately 30.7% from approximately HK\$16,310,000 in the previous year to HK\$11,306,000 in 2016. The gross profit margin increased from 15.8% in 2015 to 18.3% in 2016.

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 2016, the Group recorded total assets of approximately HK\$277,914,000, which were financed by internal resources of approximately HK\$97,782,000 and liabilities of approximately HK\$180,132,000. The Group had total cash and bank balances of approximately HK\$153,806,000. The current ratio (current assets divided by current liabilities) of the Group decreased from 5.1 times as at 31 December 2015 to 1.3 times as at 31 December 2016.

CONTINGENT LIABILITIES

As at 31 December 2016, our Group had no significant contingent liabilities.

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 currently does not have a foreign currency hedging policy. The Group will monitor its foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arises.

ENVIRONMENT PROTECTION AND LEGAL COMPLIANCE

The Company is committed to protecting the environment where it operates and ensuring that it complies with the environmental protection standards applicable to the Group and its business operation from time to time.

During the year and to the best of our Directors' knowledge, the Group had obtained the required permits and environmental approvals for its business, and had complied with such laws, rules and regulations that have a significant impact on the Group, its business and operations.

Please refer to the Environmental, Social and Governance Report contained in the Annual Report for further information on the work done and efforts made by the Company on environmental protection, legal compliance and other aspects for the sustainable growth and development of the business of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2016, the Group has a workforce of approximately 35 employees in Hong Kong and the PRC, including five executive Directors, one non-executive Director and five 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 2016, no share options were granted by the Company since the adoption of the Scheme.

OUTLOOK

Global Economy

Following a referendum held on 23 June 2016, the UK government intends to invoke Article 50 of the Treaty on European Union (the formal procedure for withdrawing) in 2017. This, within the treaty terms, would put the UK on a course to leave the EU by March 2019. Furthermore, Mr. Donald Trump elected the 45th president of United States of America. There may invoke a lot of fundamental uncertainty in near-term outlook, especially in the area of expectation to economic growth and also Federal Reserve policy. A faster pace of interest rate normalization was expected by the Market.

All of this has to do with increased optimism that there will be some fiscal stimulus in the near term and some type of deregulation, both of which will underpin growth. Since the president election on 8 November 2016, the benchmark 10-year Treasury has gone from a yield of 1.80 to 2.30 percent in a week. It has move higher with the US Dollar, which is up about 2.5 percent against a basket of currencies. The 30-year bond yield crossed the psychological 3 percent in the same period.

Looking forward, the Market expect the investment environment in the US and other advance economies will not be as stable as before. The US monetary and fiscal policies may have a dramatic change. Accelerating interest rate normalization may affect global investment atmosphere. In connection with the US foreign policy, Mr. Donald Trump may focus on the threat posted to the US by its trade relations with China. US may impose tariffs on various China products.

China Economy

The gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, the monetary policy in China, although remain loose in 2016, will expect to have changes in 2017 accordingly in respond to the above issues. The faster-than-expected slowdown in the 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

China's financial services industry had experienced relative rapid growth in past years. Looking forward to the year of 2017, the market expects that the growth of financial services industry will not slow down as the Government of China have concrete plan to maintain the growth of China's GDP.

Company Tactics

Although it is anticipated that the global and the China economies are facing challenges and uncertainties in 2017, however, in light of the various supporting strategies of the Government of China with the China economy, the management still have strong confidence that the finance industry will keep on prosperous with reasonable growth yearly.

To cope with those future challenges and uncertainties in 2017, 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; finally the Group will match our strengths with market demand, capture the right growth opportunities while guarding the Group against economic headwinds.

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 2016.

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 2016.

AUDIT COMMITTEE

The Annual Results have been reviewed by the audit committee of the Company (the “Audit Committee”) which comprises five independent non-executive Directors, namely, Mr. Sin Ka Man (chairman of the Audit Committee), Mr. Wang Wei Hung, Andrew, Mr. Zhao Li Xin, Mr. Ho Man and Mr. Yeh Tung Ming.

ANNUAL REPORT AND FURTHER INFORMATION

This result announcement is published on the website of the Company (www.1152.com.hk) and the website of the Stock Exchange (www.hkex.com.hk). The annual report of the Group for the year ended 31 December 2016 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, 28 March 2017

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. Ng Hoi, one non-executive Director, namely, Mr. Chan Yee, Herman and five independent non-executive Directors, namely, Mr. Wang Wei Hung Andrew, Mr. Sin Ka Man, Mr. Zhao Li Xin, Mr. Ho Man and Mr. Yeh Tung Ming.

** For identification purposes only*