



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

# Interim Report 2016



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## Corporate Information

### BOARD OF DIRECTORS

#### Executive directors

Mr. Yu Xueming (*Chairman*)  
Mr. Yu Chuanfu (*Chief Executive Officer*)  
Mr. Sit Yau Chiu  
Mr. Zheng Qiang  
Mr. Han Hanting (resigned on 3 May 2016)

#### Non-executive director

Mr. Chan Yee, Herman

#### Independent non-executive directors

Mr. Wang Wei Hung, Andrew  
Mr. Sin Ka Man  
Mr. Zhao Lixin

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton  
HM11  
Bermuda

### HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1208–10  
Dah Sing Financial Center  
108 Gloucester Road  
Wan Chai  
Hong Kong

### COMPANY SECRETARY

Mr. Chan King Keung

### AUTHORISED REPRESENTATIVES

Mr. Zheng Qiang  
Mr. Chan King Keung

### BERMUDA RESIDENT REPRESENTATIVE

Codan Services Limited  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### MEMBERS OF THE AUDIT COMMITTEE

Mr. Sin Ka Man (*Chairman*)  
Mr. Wang Wei Hung, Andrew  
Mr. Zhao Lixin

### MEMBERS OF THE REMUNERATION COMMITTEE

Mr. Zhao Lixin (*Chairman*)  
Mr. Yu Chuanfu  
Mr. Wang Wei Hung, Andrew  
Mr. Sin Ka Man

### MEMBERS OF THE NOMINATION COMMITTEE

Mr. Wang Wei Hung, Andrew (*Chairman*)  
Mr. Zhao Lixin  
Mr. Sin Ka Man

## Corporate Information (Continued)

### BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

China Citic Bank International Limited  
80/F, International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

### AUDITOR

SHINEWING (HK) CPA Limited  
43/F., Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### COMPANY'S WEBSITE

[www.1152.com.hk](http://www.1152.com.hk)

### STOCK CODE

1152



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

The board (the “Board”) of directors (the “Directors”) of Infinity Financial Group (Holdings) Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016 together with the comparative figures as follows:

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Continuing Operations</b>			
Revenue	4	57,593	8,582
Cost of sales		(51,299)	—
Gross profit		6,294	8,582
Other operating (expense) income	4	(1,097)	5,454
Selling and distribution expenses		(852)	(787)
Administrative and other expenses		(15,220)	(17,225)
Finance costs	6	(7,719)	(17,622)
Loss before taxation		(18,594)	(21,598)
Income tax expense	7	(371)	(531)
<b>Loss for the period from continuing operations</b>	8	<b>(18,965)</b>	(22,129)
<b>Discontinued operations</b>			
Loss after tax for the period from discontinued operations	9	(707)	(11,474)
<b>Loss for the period</b>		<b>(19,672)</b>	(33,603)
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(5,703)	1,648
Fair value gain on available-for-sale investment		219	—
Total comprehensive expenses for the period		(25,156)	(31,955)
<b>Loss per share for continuing and discontinued operations (HK cents)</b>			
Basic and diluted	11	(2.0)	(3.5)
<b>Loss per share for continuing operations (HK cents)</b>			
Basic and diluted		(2.0)	(2.3)

# Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Notes	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	17,277	19,560
Deposit paid for acquisition of property, plant and equipment	13	—	609
Finance lease receivables	14	33,879	—
		<b>51,156</b>	20,169
<b>Current assets</b>			
Other receivables	15	8,968	20,967
Finance lease receivables	14	73,576	78,035
Held-for-trading investment	16	5,611	11,220
Available-for-sale investment	17	9,783	9,880
Bank balances and cash	18	147,235	219,553
		<b>245,173</b>	339,655
<b>Current liabilities</b>			
Other payables	19	24,943	34,263
Bank and other borrowings	20	80,000	30,000
Obligation under finance leases — due within one year	21	274	268
Income tax payables		2,472	2,504
Convertible bonds — current	22	57,300	—
		<b>164,989</b>	67,035
<b>Net current assets</b>		<b>80,184</b>	272,620
<b>Total assets less current liabilities</b>		<b>131,340</b>	292,789
<b>Non-current liabilities</b>			
Obligations under finance leases — due after one year	21	47	186
Bank and other borrowings	20	—	80,000
Convertible bonds	22	—	55,804
Corporate bonds	23	8,204	8,554
		<b>8,251</b>	144,544
		<b>123,089</b>	148,245
<b>Capital and reserves</b>			
Share capital	24	4,910	4,910
Reserves		118,179	143,335
		<b>123,089</b>	148,245

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Share capital	Share premium	Convertible bonds equity reserve	Revaluation reserve	Other reserve	Exchange reserve	Retained earnings/ (Accumulated loss)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	4,760	159,947	8,454	—	9,943	1,032	27,181	211,317
Loss for the period	—	—	—	—	—	—	(33,603)	(33,603)
Other comprehensive income for the period	—	—	—	—	—	1,648	—	1,648
Total comprehensive expenses for the period	—	—	—	—	—	1,648	(33,603)	(31,955)
Issue of shares from conversion of convertible bonds	50	9,974	(738)	—	—	—	—	9,286
Issue of shares upon exercise of warrant	50	9,950	—	—	—	—	—	10,000
At 30 June 2015 (unaudited)	4,860	179,871	7,716	—	9,943	2,680	(6,422)	198,648
At 1 January 2016 (audited)	<b>4,910</b>	<b>190,049</b>	<b>4,244</b>	<b>330</b>	<b>9,943</b>	<b>(6,332)</b>	<b>(54,899)</b>	<b>148,245</b>
Loss for the period	—	—	—	—	—	—	(19,672)	(19,672)
Other comprehensive expense for the period	—	—	—	219	—	(5,703)	—	(5,484)
Total comprehensive expenses for the period	—	—	—	219	—	(5,703)	(19,672)	(25,156)
At 30 June 2016 (unaudited)	<b>4,910</b>	<b>190,049</b>	<b>4,244</b>	<b>549</b>	<b>9,943</b>	<b>(12,035)</b>	<b>(74,571)</b>	<b>123,089</b>

Note: Other reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group organisation over the consideration paid for acquiring these subsidiaries.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Net cash (used in) generated from operating activities</b>	<b>(36,521)</b>	123,056
<b>Net cash generated from (used in) investing activities</b>	<b>5,900</b>	(18,594)
<b>Net cash used in financing activities</b>	<b>(36,715)</b>	(120,482)
<b>Net decrease in cash and cash equivalents</b>	<b>(67,336)</b>	(16,020)
<b>Cash and cash equivalents at 1 January</b>	<b>219,553</b>	238,308
<b>Effect on foreign exchange rates changes</b>	<b>(4,982)</b>	338
<b>Cash and cash equivalents at 30 June, represented by bank balances and cash</b>	<b>147,235</b>	222,626



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

## 1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the interim report.

The Company acts as an investment holding company and its subsidiaries are principally engaged in the finance leasing business.

On 12 January 2015, the Board has decided to cease the operations of the Group's textile segment. Since then, the Group is principally engaged in the finance leasing business. Details of the discontinued operations are set out in note 9. The accompanying condensed consolidated financial statements and the comparative figures have been prepared to reflect the results of the discontinued business separately.

The finance leasing business principally includes the 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, trading of metal and equipment.

The functional currency of the Company is Renminbi ("RMB"). The condensed consolidated interim financial statements are presented in Hong Kong dollars as the operation of the Group is mainly based in Hong Kong.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").



## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2016.

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 HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 4. REVENUE AND OTHER OPERATING INCOME

Revenue represents the finance lease income, handling income, trading of metal and equipment recognised during the accounting period.

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

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2015 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Revenue		
Trading of metal and equipment	<b>51,709</b>	—
Finance leasing	<b>5,884</b>	8,582
	<b>57,593</b>	8,582
Other operating income		
Unrealised (loss)/gain on held-for-trading investment	<b>(1,347)</b>	5,400
Bank interest income	<b>250</b>	54
	<b>(1,097)</b>	5,454

### 5. SEGMENT INFORMATION

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors as they collectively make strategic decision in the allocation and assessment process.

Following the discontinuance of the textile segment, the Group is principally engaged in financial services business and trading of metal and equipment. For financial presentation purposes, the financial services business and trading of metal and equipment have been aggregated into a single operating segment since 30 September 2015.

#### 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 for the periods ended 30 June 2016 and 30 June 2015.

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 5. SEGMENT INFORMATION (Continued)

#### Geographical information (Continued)

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

	Non-current assets (Note)	
	30.6.2016 HK\$'000	31.12.2015 HK\$'000
The PRC	15,615	18,102
Hong Kong	1,662	2,067
	<b>17,277</b>	20,169

Note: Non-current assets excluded financial lease receivables.

### 6. FINANCE COSTS

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Interest expenses on:		
– convertible bonds	1,496	4,627
– loans	5,874	2,762
– promissory notes	–	10,073
– corporate bonds	349	160
	<b>7,719</b>	17,622

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Current tax		
— PRC Enterprise Income Tax ("EIT")	371	664
Deferred taxation	—	(133)
	<b>371</b>	<b>531</b>

- (i) Hong Kong Profits Tax was calculated at 16.5% of the estimated profits arising in Hong Kong for the period ended 30 June 2016 (2015: 16.5%). No provision for Hong Kong profits tax has been made for the period ended 30 June 2016 and 2015 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the periods.
- (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.

### 8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	1,795	512
Gain on change in fair value of derivative financial instruments	—	(110)
Loss on extinguishment of promissory notes	—	29
Net exchange loss/(gain)	3	(274)
Minimum lease payments in respect of operating lease for office premises	3,361	3,180



## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 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 period from the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to represent the textile segment as a discontinued operation.

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	—	27,625
Cost of sales	—	(26,118)
Gross profit	—	1,507
Other operating income	464	1,898
Selling and distribution expenses	—	(705)
Administrative and other expenses	(1,162)	(14,104)
Finance costs	(9)	(40)
Loss before taxation	(707)	(11,444)
Income tax expense	—	(30)
Loss for the period	(707)	(11,474)

### 10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 11. LOSS PER SHARE

#### From continuing and discontinued operations

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

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share	(19,672)	(33,603)
	2016 '000	2015 '000
<b>Number of share</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	982,000	955,591

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 basic and diluted loss per share from continuing operations attributable to the shareholders is based on the following data:

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Loss</b>		
Loss for the purposes of basic and diluted earnings per share	(19,672)	(33,603)
Less:		
Loss for the period from discontinued operations	(707)	(11,474)
Loss for the purposes of basic and diluted loss per share from continuing operations	(18,965)	(22,129)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

#### From discontinued operation

Basic and diluted loss per share for the discontinued operation is 0.07 cents per share (2015: 1.20 cents per share), based on the loss for the period from discontinued operation of approximately HK\$707,000 (2015: approximately HK\$11,474,000), and the denominators detailed about for both basic and diluted loss per share.

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2016, the Group incurred approximately HK\$4,000 (six months ended 30 June 2015: nil) on the acquisition of property, plant and equipment. Net carrying value of property, plant and equipment being disposed for the period was nil (six months ended 30 June 2015: HK\$8,562,000).

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

The deposits paid approximately of HK\$ 609,000 for the acquisition of property, plant and equipment had been utilised and recognised during the period ended 30 June 2016.

### 14. FINANCE LEASE RECEIVABLES

Finance lease receivable represents relevant finance lease agreements entered into by the Group's subsidiary Shanxi Sino Top Leasing Company Limited with its lessees. Effective interest rates of the finance lease ranged from 13% to 16% . All interest rates inherent in the leases are fixed at the contract date over the lease terms.

For the period ended 30 June 2016, the relevant lease contracts entered into of approximately HK\$36,153,000 (2015: approximately HK\$25,154,000) was aged within 2 years (2015: 1 year) at the end of the reporting period.

As at 30 June 2016, the total finance lease receivables of approximately HK\$107,455,000 (2015: approximately HK\$78,035,000) comprise of current receivables of approximately HK\$73,576,000 (2015: approximately HK\$78,035,000) and non-current receivables of approximately HK\$33,879,000 (2015: nil).

Finance lease receivables are secured over the vessel, machinery, fixed assets, equities of private entities or 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.

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 15. OTHER RECEIVABLES

	<b>30.6.2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2015 HK\$'000 (Audited)
Purchase deposit	—	13,130
Other receivables	<b>8,163</b>	6,962
Prepayment	<b>805</b>	875
	<b>8,968</b>	20,967

### 16. HELD-FOR-TRADING INVESTMENT

Held-for-trading investment comprises:

	<b>30.6.2016</b> <b>HK\$'000</b>	31.12.2015 HK\$'000
Equity securities listed in Hong Kong	<b>5,611</b>	11,220
	<b>5,611</b>	11,220

### 17. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	<b>30.6.2016</b> <b>HK\$'000</b>	31.12.2015 HK\$'000
Unlisted instruments, at fair value	<b>9,783</b>	9,880
	<b>9,783</b>	9,880

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.

### 18. 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 period ended 30 June 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).

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 19. OTHER PAYABLES

	<b>30.6.2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2015 HK\$'000 (Audited)
Receipt in advance	<b>1,129</b>	1,129
Interest payable	<b>1,973</b>	9,208
Value added tax payables	<b>10,527</b>	11,738
Other payables	<b>11,314</b>	12,188
	<b>24,943</b>	34,263

### 20. BANK AND OTHER BORROWINGS

At the end of the reporting period, bank and other borrowings of the Group represents unsecured loans at arms-length fixed interest rates over the borrowing terms, and is to be repayable before 30 June 2017.

During the period up to 30 June 2016, the Group repaid other borrowings of HK\$30,000,000 from its internal resources.

As at 30 June 2016, the bank and other borrowings of approximately HK\$80,000,000 (2015: approximately HK\$110,000,000) comprise of current borrowings of approximately HK\$80,000,000 (2015: approximately HK\$30,000,000) and non-current borrowings of nil (2015: approximately HK\$80,000,000).

### 21. OBLIGATIONS UNDER FINANCE LEASES

At the end of the reporting period, obligations under finance leases of the Group bear interest at fixed interest rates of approximately 4.7%, secured by the lessor's charge over the leased assets.

As at 30 June 2016, the obligations under finance leases of approximately HK\$321,000 (2015: approximately HK\$454,000) comprise of current obligations of approximately HK\$274,000 (2015: approximately HK\$268,000) and non-current obligations of approximately HK\$47,000 (2015: approximately HK\$186,000).



## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 22. CONVERTIBLE BONDS

The movements of convertible bonds during the periods are:

	30.6.2016 HK\$'000	31.12.2015 HK\$'000
Convertible bonds — liability component:		
Analysed for reporting purpose as:		
Non-current liabilities	—	55,804
Current liabilities	57,300	—
Current liabilities (included in other payables)	—	3,000
	<b>57,300</b>	58,804

### 23. CORPORATE BONDS

As at 30 June 2016, the issued unlisted Corporate Bonds remains at the balance of HK\$10,000,000 (2015: HK\$10,000,000), bearing an interest rate of 7% per annum. The corporate bonds will be repayable on the expiry day of the ninetieth month from the date of their issues.

	30.6.2016 HK\$'000	31.12.2015 HK\$'000
Analysed for reporting purpose as:		
Non-current portion	8,204	8,554
Current portion (included in other payables)	500	500
	<b>8,704</b>	9,054

### 24. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
<b>Authorised</b>		
Ordinary shares of HK\$0.005 each as at 31 December 2015 and 30 June 2016	20,000,000	100,000
<b>Issued and fully paid</b>		
Ordinary shares of HK\$0.005 each as at 31 December 2015 and 30 June 2016	982,000	4,910

There were no changes in the issued capital of the Company since 31 December 2015 to the period up to 30 June 2016.

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 25. UNLISTED WARRANTS

For the period up to 30 June 2016, there were 50,000,000 warrants (2015: 50,000,000 warrants) (the “Warrants”) outstanding, being issued 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.

Exercise in full of the outstanding warrants would result in the issue of approximately 50,000,000 (2015: 50,000,000) additional ordinary shares of HK\$0.005 each.

### 26. COMMITMENT UNDER OPERATING LEASE

The Group leases certain premises and offices under operating lease arrangements.

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating lease which fall due as follows:

	<b>30.6.2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2015 HK\$'000 (Audited)
Within one year	<b>4,269</b>	5,653
In the second to fifth years, inclusive	<b>2,134</b>	4,140
	<b>6,403</b>	9,793

### 27. CAPITAL COMMITMENTS

The Group does not have any capital commitments at the end of 30 June 2016:

	<b>30.6.2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2015 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	—	2,734

## Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2016

### 28. RELATED PARTY TRANSACTIONS

#### Compensation of key management personnel

The Group entered into the following significant transactions with related parties during the period:

The remuneration of key management personnel during the two periods ended 30 June 2016 and 2015 were as follows:

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2015</b> <b>HK\$'000</b> <b>(Unaudited)</b>
Short-term employee benefits	<b>1,926</b>	2,068
Post-employment benefits	<b>42</b>	45
	<b>1,968</b>	2,113

The remuneration of the directors and key management personnel is determined by the Board having regards to the performance of individuals and market trends.

For the period ended 30 June 2016, there were no other related parties transaction, that had to be disclosed as defined in Chapter 14A of the Listing Rules.

### 29. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders on 11 October 2011, the Company has adopted a share option scheme for the purpose of motivating eligible participants to optimize their performance and efficiency for the benefit of the Group. The Board of directors shall be entitled at any time on a business day within 10 years commencing on the effective date of the Scheme to offer the grant of option to any eligible participants.

Eligible participants of the Scheme include (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds interest or a subsidiary of such company ("Affiliate"); or (ii) the trustee of any trust the beneficiary of which or discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficiary owned by any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate.

Any grant of options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates representing in aggregate over 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of each grant) in excess of HK\$5,000,000 in such person in any 12-months period up to and including the date of each grant must be approved by the independent non-executive directors, but excluding any independent non-executive director who is a proposed grantee and any further grant of options must be approved by the shareholders of the Company.

No share options are granted since the adoption of the Scheme and during the interim period.

# Management Discussion and Analysis

## FINANCIAL PERFORMANCE AND BUSINESS REVIEW

During the six months ended 30 June 2016, the finance lease business recorded a turnover of approximately HK\$57,593,000, as compared with the turnover of approximately HK\$8,582,000 in the year of 2015.

In summary, the Group recorded a loss of approximately HK\$19,672,000 for the six months ended 30 June 2016 as compared with a loss of approximately HK\$33,603,000 for the corresponding period in last year. The loss of the Group for the six months ended 30 June 2016 was primarily attributable to (i) reduction of professional expenses in relation to the placing of corporate bonds in prior period, (ii) reduction of interest expenses in settlement of the promissory note and other borrowings.

## OUTLOOK

### Global Economy

In June 2016, global markets faced a wave of volatility, sparked by the Brexit vote. The global economy is expected to remain tepid, amid downside risks affecting high income and emerging markets which could keep global growth below the projected 2.4 percent in 2016. High income economies' growth momentum will be dampened by the Brexit shock. Developing and emerging countries are facing headwinds from several factors, including: persistent low oil and other commodity prices; weak global trade amid the slowdown and rebalancing in China; tightening of financial conditions; and the Brexit vote. The macroeconomic outlook is overshadowed by downside risks emanating from the slowdown in large emerging market economies, notably in China amid that economy's rebalancing, lower commodity prices and prospects of financial tightening and possible disorderly unwinding of Brexit negotiations.

### China Economy

China's Gross Domestic Product (GDP) growth was at 6.7 percent in the second quarter of 2016, the same as the first quarter. As Britain's "Brexit" vote to leave the European Union might have a negative effect on China. Brexit had added uncertainty to an already slow global recovery and might further dampen the outlook for China's exports and increase volatility in capital flows. Momentum may remain weak, requiring policy loosening to counter economic headwinds for the rest of the year.

The yuan was under renewed depreciation pressure against the US dollar after the vote, having weakened around 1 per cent against the greenback in June and refuelling concerns of capital outflows. The weaker investment and manufacturing activities, together with the depreciation of RMB, arouse the market concerns about the future performance of the Chinese economy.

However, the People's Bank of China emphasized the yuan stayed stable against a basket of currencies, and ruled out devaluing the yuan to boost exports. Chinese Premier Li Keqiang mentioned in Tianjin conference in Jun 2016 that new economic drivers are developing rapidly and major economic indicators are stabilizing and improving. Li also promised that China will make adjustments in fiscal, financial and investment areas to support the real economy, deepen reforms in state-owned enterprises and give private firms more access to the market. Li vowed to keep pushing for supply-side structural reform with a focus on reducing capacity, destocking, deleveraging, and reducing the costs of doing business.

## Management Discussion and Analysis (Continued)

### Financial Services Industry

In the year of 2015, China's financial leasing industry maintained its rapid growth. There were approximately 3,180 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. The balance of financial leasing contract also boomed and amounted to approximately RMB3.6 trillion, up 14% of approximately RMB450 billion than the year of 2014.

For the year of 2016, it is expected that the financial leasing contracts will continue to grow in the speed of double digit, regardless of the more severe competition in 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 Tianjin conference in June 2016 regarding the PRC economic development and stabilization, 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.

## FINANCIAL POSITION AND CAPITAL STRUCTURE

As at 30 June 2016, the Group recorded total assets of approximately HK\$296,329,000 which were financed by internal resources of approximately HK\$123,089,000 and liabilities of approximately HK\$173,240,000. The Group had total cash and bank balances of approximately HK\$147,235,000. The current ratio (current assets divided by current liabilities) of the Group decreased from 5.1 times as at 31 December 2015 to 1.5 times as at 30 June 2016. As at 30 June 2016, the Group did not have any deposit pledged to secure bank overdrafts, short-term bank loans and unused banking facilities. The Group's operation was mainly financed by funds generated from its operation and borrowings. As at 30 June 2016, the borrowings were mainly denominated in Hong Kong dollars ("HK\$"), while the cash and cash equivalents held by the Group were mainly denominated in HK\$, Renminbi ("RMB") and United States dollars ("US\$"). All of the company's borrowings are on a fixed rate basis.

## CONTINGENT LIABILITIES

As at 30 June 2016, the company did not have any significant contingent liabilities.



## Management Discussion and Analysis (Continued)

### FOREIGN EXCHANGE EXPOSURE AND INTEREST RATE RISK

The Group continued to manage and monitor its interest rate and currency exchange risks exposure to ensure appropriate measures are implemented on timely and effective manner. The major borrowings of the Group carry interest at fixed rates.

With offices located in the PRC and Hong Kong, operating expenses and major transactions 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 currency risks in the near term. Moreover, the Group has a foreign currency hedging policy to monitor the foreign exchange exposure by entering into structured forward contracts, or consider further hedging significant foreign currency exposure should the need arise.

### CREDIT POLICY

Regarding the credit risk on finance lease receivables, the Group would assess the credit quality of each potential lessee and define limits for each lessee before accepting any new finance lease. The Group also demands certain finance lease borrowers to pledge further collaterals with the Group apart from the subject leased assets at the time the finance lease arrangement is entered into where considered necessary. In addition, the Group would also monitor the repayment history of finance lease payments from each finance lease lessee with reference to the repayment schedule from the date of finance lease was initially granted up to the reporting date to determine the recoverability of a finance lease receivable. Furthermore, the Group would assess and review the fair value of the pledged assets continuously to ensure the value of the relevant collateral could well cover the finance lease amount granted to the customers and any outstanding finance lease receivables.

### CAPITAL EXPENDITURE

During the six months ended 30 June 2016, the Group did not incur investment (six months ended 30 June 2015: nil) on acquisition of property, plant and equipment.

### CHARGES ON ASSETS

As at 30 June 2016, the assets of the Group which were subject to charges for securing obligations under finance lease comprised a motor vehicle with carrying value amounting to approximately HK\$348,000 (2015: approximately HK\$583,000).

### EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group had workforce of approximately 40 persons including four executive directors, one non-executive director and three independent non-executive directors in Hong Kong and the PRC. Remuneration policies of the Group and the current market condition with salaries and wages were being reviewed on an annual basis. The Group also provided discretionary bonus, medical insurance, training programs, 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 six months ended 30 June 2016, no share options were granted by the Company since the adoption of the Scheme.

## Other Disclosures

### SIGNIFICANT INVESTMENT HELD

Except for investment in subsidiaries, during the six months ended 30 June 2016 and as at the end of the reporting period, the Group did not hold any significant investment in equity interest in any company.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2016, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

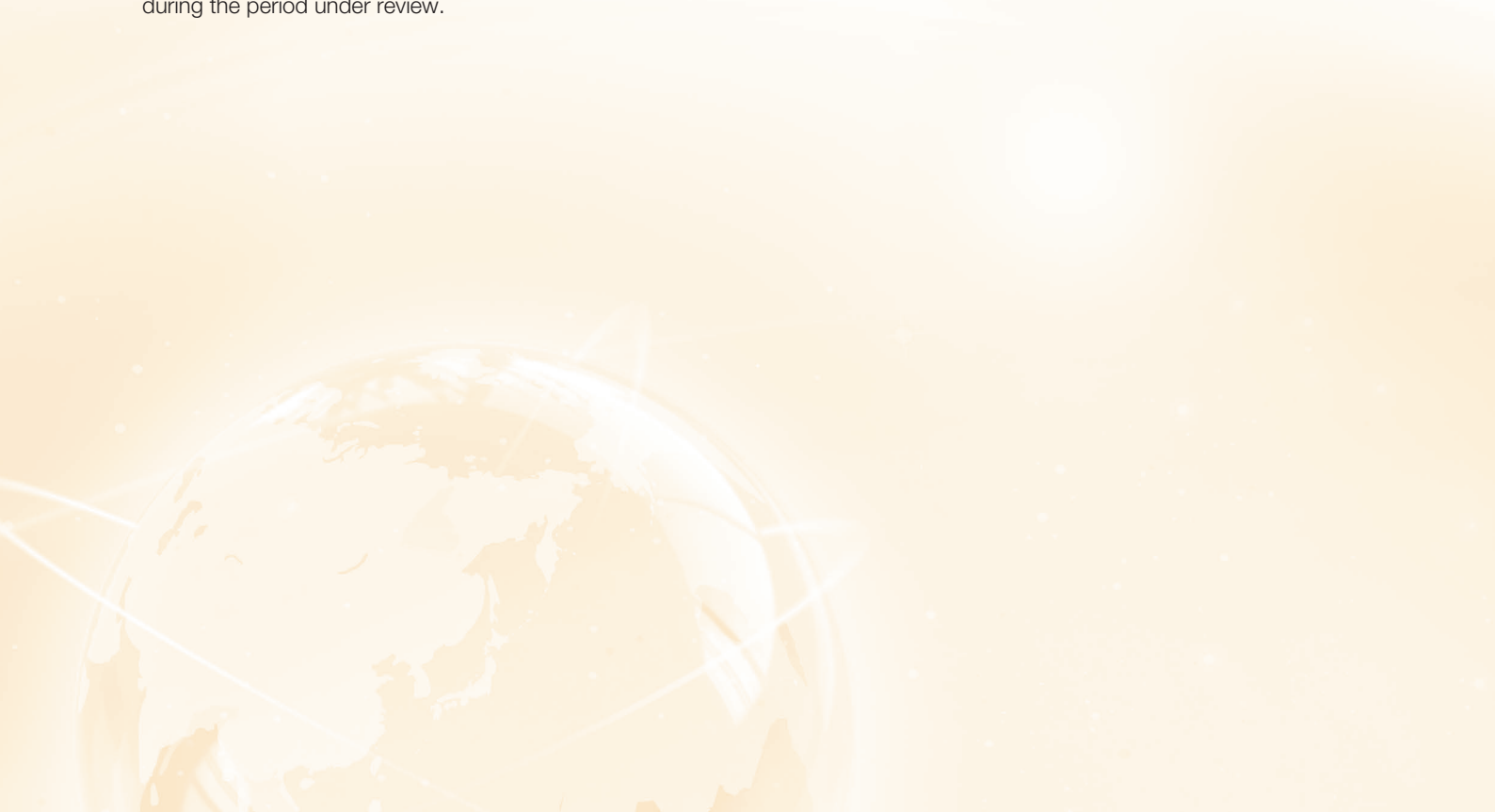
As at 30 June 2016, the Group did not have any plans for material investments and capital assets.

### INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016 (2015: nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.



## Other Disclosures (Continued)

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2016, the interests and/or short positions of directors in the share, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

#### The Company:

<b>Name of director</b>	<b>Capacity and nature of interest</b>	<b>Number of Shares held</b> (Note 1)	<b>Percentage of the Company's issued share capital</b>
Mr. YU Xueming	Beneficial Interest	9,830,000 (L)	1.00
Mr. Sit Yau Chiu	Interest of controlled corporation (Note 2)	208,000,000 (L)	21.18
Mr. Zheng Qiang	Interest of controlled corporation (Note 3)	208,000,000 (L)	21.18

Notes:

- (1) The letter "L" denotes a long position in the directors' interest in the share capital of the Company.
- (2) Mr. Sit Yau Chiu is the beneficial owners of 100% of the issued share capital of Top Star Group Holdings Limited and is deemed to be interested in the 208,000,000 Shares held by Top Star Group Holdings Limited under the SFO.
- (3) Mr. Zheng Qiang is the beneficial owner of 100% of the issued share capital of Billion Mission Limited and is deemed to be interested in the 208,000,000 Shares held by Billion Mission Limited under the SFO.

Save as disclosed above, as at 30 June 2016, to the best knowledge of the directors, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Disclosures (Continued)

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

#### Long position:

Name of shareholders	Capacity and nature of interest	Number of ordinary shares held (Note 1)	Percentage of the Company's issued share capital
Integrated Asset Management (Asia) Limited (Note 2)	Beneficial interest	173,398,000 (L)	17.66
Top Star Group Holdings Limited (Note 3)	Beneficial interest	208,000,000 (L)	21.18
Billion Mission Limited (Note 4)	Beneficial interest	208,000,000 (L)	21.18
Shanxi Coking Coal Electrical (Hong Kong) Company Limited (Note 5)	Beneficial interest	58,800,000 (L)	5.99

Notes:

- (1) The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
- (2) Mr. Yam Tak Cheung is the beneficial owner of 100% of the issued share capital of Integrated Asset Management (Asia) Limited and is deemed to be interested in the 173,398,000 shares held by Integrated Asset Management (Asia) Limited under the SFO.
- (3) Mr. Sit Yau Chiu is the beneficial owner of 100% of the issued share capital of Top Star Group Holdings Limited and is deemed to be interested in the 208,000,000 shares held by Top Star Group Holdings Limited under the SFO.
- (4) Mr. Zheng Qiang is the beneficial owner of 100% of the issued share capital of Billion Mission Limited and is deemed to be interested in the 208,000,000 shares held by Billion Mission Limited under the SFO.
- (5) Shanxi Coking Coal Group Company Limited is the beneficial owner of 100% of the issued share capital of Shanxi Coking Coal Electrical (Hong Kong) Company Limited and is deemed to be interested in the 58,800,000 Shares held by Shanxi Coking Coal Electrical (Hong Kong) Company Limited under the SFO.

Save as disclosed above, as at 30 June 2016, no person, other than a Director, whose interests are set out under "Directors' interests and short positions in shares and underlying shares" section above, had registered an interest or short position in the shares, underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## Other Disclosures (Continued)

### Outstanding Convertible Bonds:

Name of bondholder	Conversion Price	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total issued ordinary share capital of the company
Vision Future Global Limited (Note )	HK\$1.00	60,000,000	6.11

Note: Huarong (HK) International Holdings Limited is the beneficial owner of 100% issued share capital of Vision Future Global Limited which in turn is interested in a convertible bond in the principal amount of HK\$60 million which can be convertible into 60,000,000 Shares at HK\$1.00 per Share upon full conversion.

### COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied throughout the six months ended 30 June 2016 with the code provisions set out in the Code on Corporate Governance Practices (the "Corporate Governance Code") contained in Appendix 14 of the Listing Rules.

The Company has adopted a code of conduct (the "Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the six months ended 30 June 2016.

To enhance the corporate governance of the Group as a whole, all relevant employees who are likely to be in possession of unpublished price sensitive information in relation to the Group or securities of the Company are subject to full compliance with written guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company during the period under review.



## Other Disclosures (Continued)

### AUDIT COMMITTEE

The Board has established an audit committee (the “Committee”) on 11 October 2011 with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Committee are to oversee the relationship between the Company and its external auditor in relation to the matters coming within the scope of the Group’s audit and review the Group’s financial reporting process, adequacy and effectiveness of the Group’s internal control system and risk management system.

The Committee comprises the three independent non executive Directors in compliance with the Listing Rules.

The Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 and discussed with the senior management the internal control and financial reporting matters as well as the accounting principles and practices adopted by the Group in relation to the preparation of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016.

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

Hong Kong, 26 August 2016

