



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
2015**

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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

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. Han Hanting
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

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
A18/F., Asia Orient Tower
Town Place, 33 Lockhart Road
Wan Chai
Hong Kong

PRINCIPAL BANKERS

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

DBS Bank (Hong Kong) Limited
11/F, The Centre
99 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
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33 Hysan Avenue
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

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 2015

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 2015 together with the comparative figures as follows:

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Continuing operations			
Revenue	4	8,582	33,547
Cost of sales		—	(32,598)
Gross profit		8,582	949
Other operating income	4	5,454	—
Selling and distribution expenses		(787)	—
Administrative and other expenses		(17,225)	(7,973)
Finance costs	6	(17,622)	(3,215)
Loss before taxation		(21,598)	(10,239)
Income tax expense	7	(531)	—
Loss for the period from continuing operations	8	(22,129)	(10,239)
Discontinued operations			
Loss after tax for the period from discontinued operations	9	(11,474)	(10,975)
Loss for the period		(33,603)	(21,214)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		1,648	(404)
Total comprehensive expenses for the period		(31,955)	(21,618)
Loss per share for continuing and discontinued operations (HK cents)			
Basic and diluted	11	(3.5)	(2.4)
Loss per share for continuing operations (HK cents)			
Basic and diluted		(2.3)	(1.2)

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	12	14,966	12,417
Deposit paid for acquisition of plant and equipment		—	11,816
Finance lease receivables	14	37,551	129,515
Deferred tax assets		65	—
		52,582	153,748
Current assets			
Inventories		—	11,199
Trade and other receivables	15	16,291	51,745
Finance lease receivables	14	87,923	110,631
Held-for-trading investment	13	32,400	—
Bank balances and cash		222,626	238,308
		359,240	411,883
Current liabilities			
Trade and other payables	16	36,878	50,887
Derivative financial instruments	17	—	110
Bank and other borrowings	18	30,049	13,530
Obligation under finance leases — due within one year		583	256
Income tax payables		2,382	1,908
Promissory notes		—	9,375
		69,892	76,066
Net current assets		289,348	335,817
Total assets less current liabilities		341,930	489,565
Non-current liabilities			
Convertible bonds	19	94,966	104,989
Promissory notes	20	—	132,417
Bank and other borrowings	18	38,156	40,320
Corporate bonds	21	10,160	—
Obligations under finance leases — due after one year		—	454
Deferred tax liabilities		—	68
		143,282	278,248
		198,648	211,317
Capital and reserves			
Share capital	22	4,860	4,760
Reserves		193,788	206,557
		198,648	211,317

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital	Share premium	Convertible bonds equity reserve	Warrant reserve	Other reserve	Exchange translation reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014 (audited)	4,160	43,607	—	—	9,943	3,786	71,117	132,613
Loss for the period	—	—	—	—	—	—	(21,214)	(21,214)
Other comprehensive income for the period	—	—	—	—	—	(404)	—	(404)
Total comprehensive expenses for the period	—	—	—	—	—	(404)	(21,214)	(21,618)
Issue of new shares	600	119,400	—	—	—	—	—	120,000
Cost of Issue of new shares	—	(3,060)	—	—	—	—	—	(3,060)
Issue of convertible bonds	—	—	22,600	—	—	—	—	22,600
At 30 June 2014 (unaudited)	4,760	159,947	22,600	—	9,943	3,382	49,903	250,535
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 converted shares from bonds	50	9,974	(738)	—	—	—	—	9,286
Issue of shares from warrant exercise	50	9,950	—	—	—	—	—	10,000
At 30 June 2015 (unaudited)	4,860	179,871	7,716	—	9,943	2,680	(6,422)	198,648

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 2015

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash used in operating activities	123,056	(24,611)
Net cash used in investing activities	(18,594)	(570)
FINANCING ACTIVITIES		
Net proceeds from issuance of new shares and convertible bonds	—	409,290
Other cash from (used in) financing activities	(120,482)	12,355
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(120,482)	421,645
Net increase (decrease) in cash and cash equivalents	(16,020)	396,464
Cash and cash equivalents at 1 January	238,308	84,584
Effect on foreign exchange rates changes	338	(166)
Cash and cash equivalents at 30 June, represented by bank balances and cash	222,626	480,882

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

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 following major segments: textiles and finance leasing.

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

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

The 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 2015

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 2014.

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 2015.

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

The application of the new HKFRSs 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 2015

4. REVENUE AND OTHER OPERATING INCOME

Revenue represents the finance lease income and handling fee recognised during the accounting period.

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

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Revenue		
Import and export of equipment (i)	—	33,547
Finance leasing	8,582	—
	8,582	33,547
Other operating income		
Unrealized gain on held-for-trading investment	5,400	—
Bank interest income	54	—
	5,454	—

- (i) Import and export of equipment was generated from a single transaction. Details of which are set out in Company's announcement dated 24 December 2013.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. 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 allocating the Group's resources and assessing performance.

Business segment information

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. Textiles segment was classified as a discontinued operation and it is no longer presented in segment note.

During the six months ended 30 June 2015, the Group is principally engaged in finance leasing business, leasing business, purchasing of leased assets at domestic and overseas market, disposal of residual value and maintenance of leased assets, provision of consultation and guarantees for lease transactions, import and export of equipment, automatic system engineering and software system engineering.

Segment assets and liabilities

Segment assets	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Continuing operations		
Finance leasing	147,426	262,835
Total segment assets	147,426	262,835
Assets relating to discontinued operation	6,459	60,638
Unallocated	257,937	242,158
Total assets	411,822	565,631
Segment liabilities	30.6.2015 HK\$'000	31.12.2014 HK\$'000
Continuing operation		
Finance leasing	272	1,973
Total segment liabilities	272	1,973
Liabilities relating to discontinuing operation	22,497	40,038
Unallocated	190,405	312,303
Consolidated liabilities	213,174	354,314

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than deferred tax assets, held-for-trading investment, and 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, obligation under finance lease, convertible bonds, promissory notes, bank and other borrowings, corporate bonds and deferred tax liabilities which were managed in a centralised manner.

6. FINANCE COSTS

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Continuing operations		
Interest expenses on:		
— convertible bonds	4,627	3,215
— loans	2,762	—
— promissory notes	10,073	—
— corporate bonds	160	—
	17,622	3,215

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Continuing operations		
Current tax		
— PRC Enterprise Income Tax ("EIT")	664	—
Deferred taxation	(133)	—
	531	—

- (i) Hong Kong Profits Tax was calculated at 16.5% of the assessable profits arising in Hong Kong for the two periods ended 30 June 2015 and 2014.
- (ii) Approximately HK\$133,000 of deferred tax assets had been recognised for the six months ended 30 June 2015 in respect of unused tax loss for the period.

8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Continuing operations		
Loss for the period has been arrived at after charging/(crediting):		
Cost of import and export of equipment	—	32,598
Depreciation of plant and equipment	512	115
(Gain)/Loss on change in fair value of derivative financial instruments	(110)	660
Loss on extinguishment of promissory notes	29	—
Net exchange (gain)/loss	(274)	386
Operating lease rental paid in respect of rented — office premises	3,180	1,398

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

9. DISCONTINUED OPERATIONS

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. Textiles segment was classified as a discontinued operation.

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Revenue	27,625	77,582
Cost of sales	(26,118)	(64,341)
Gross profit	1,507	13,241
Other operating income	1,898	1,791
Selling and distribution expenses	(705)	(4,212)
Administrative and other expenses	(14,104)	(23,298)
Finance costs	(40)	(142)
Loss before taxation from discontinued operation	(11,444)	(12,620)
Income tax credit — related to current pre-tax profit/(loss)	(30)	1,645
Loss for the period from discontinued operation	(11,474)	(10,975)
The net cash flows generated by textile segment, are as follows:		
Operating activities	10,811	(20,160)
Investing activities	(40,779)	874
Financing activities	(10,296)	24,267
Net cash inflow/(outflow)	(40,264)	4,981
Loss per share from discontinued operations (HK cents) Basic and diluted	(1.2)	(1.2)

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 2015 (six months ended 30 June 2014: nil).

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

11. LOSS PER SHARE

For 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	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Loss		
Loss for the purposes of basic and diluted earnings per share	(33,603)	(21,214)
	2015 '000	2014 '000
Number of share		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	955,591	867,138

For 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	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Loss		
Loss for the purposes of basic and diluted earnings per share	(33,603)	(21,214)
Less:		
Loss for the period from discontinued operations	(11,474)	(10,975)
Loss for the purposes of basic and diluted loss per share from continuing operations	(22,129)	(10,239)

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

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

11. LOSS PER SHARE (Continued)

For discontinued operations

Basic and diluted loss per share for the discontinued operation is HK1.2 cents per share (2014: HK1.2 cents per share), based on the loss for the period from the discontinued operations of approximately HK\$11 million (2014: approximately HK\$11 million) and the denominators detailed above for both basic and diluted loss per share.

12. MOVEMENTS IN PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group did not incur (six months ended 30 June 2014: HK\$1,155,000) on the acquisition of plant and equipment. Net carrying value of plant and equipment being disposed during the period was amounted to approximately HK\$8,562,000 (six months ended 30 June 2014: nil).

13. HELD-FOR-TRADING INVESTMENT

During the six months ended 30 June 2015, the Group acquired held-for-trading investment of approximately HK\$27 million listed equity shares (six months ended 30 June 2014: nil). During the period, there was an increase in fair value of held-for-trading investment amounted to approximately HK\$5.4 million (six months ended 30 June 2014: nil).

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 14% to 15%.

During the year ended 31 December 2014, a lessee leased the equipment purchased by the Group at RMB90,000,000 (equivalent to HK\$112,500,000) from a selected supplier with the lease period of 2 years from the date of inception. On 8 June 2015, due to changes in the market conditions and after several discussions with the lessee, it was decided that the Finance Lease Arrangement was to be terminated, upon receiving an amount of RMB91 million (equivalent to approximately HK\$113,750,000), by the Group on the same date of 8 June 2015.

During the six months ended 30 June 2015, another lessee leased the vessel purchased by the Group at RMB20,000,000 (equivalent to HK\$25,154,000) with a lease period of 1 year from the date of inception, with effective interest rate at 14.5%.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

15. TRADE AND OTHER RECEIVABLES

	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Trade receivables	177	27,465
Other receivables	15,126	22,592
Prepayment	988	1,688
	16,291	51,745

An aged analysis of trade receivables, net of impairment loss recognised, presented based on the invoice date at the end of the reporting period as follows:

	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
0 to 45 days	121	27,004
46 to 90 days	56	171
91 to 365 days	—	—
Over 365 days	—	290
	177	27,465

16. TRADE AND OTHER PAYABLES

	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Trade payables	12	13,299
Receipt in advance	—	4,417
Payable on convertible bonds due within one year	5,350	5,850
Payable on other borrowings due within one year	5,590	—
Other payables	25,926	27,321
	36,878	50,887

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

16. TRADE AND OTHER PAYABLES (Continued)

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

	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
0 to 90 days	12	12,470
91 to 365 days	—	16
Over 365 days	—	813
	12	13,299

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

17. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2015, all the derivative financial instruments had been fully executed and there is no outstanding derivative financial instruments contracts.

18. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2015, the Group repaid approximately HK\$13,530,000 of bank borrowings.

On 24 June 2015, another borrowing of HK\$30,000,000 was raised at an interest rate of 10%, and which is to be repayable before 30 June 2016.

19. CONVERTIBLE BONDS

On 20 May 2015, the principal amount of HK\$10,000,000 of convertible bonds was converted into 10,000,000 shares at conversion price of HK\$1 each. As at 30 June 2015, the aggregate outstanding principal amount of the convertible bonds was HK\$107,000,000.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

20. PROMISSORY NOTES

On 8 June 2015, carrying amount of approximately HK\$9,971,000 of promissory notes had been offset with the consideration receivable in respect of the exercise of HK\$10,000,000 warrant, at exercise price of HK\$1 each. Further on 25 June 2015, the remaining promissory notes of an aggregate principal amount of HK\$140,000,000 was redeemed in cash, and there is no outstanding promissory notes as at 30 June 2015.

21. CORPORATE BONDS

During the six months ended 30 June 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.

22. SHARE CAPITAL

The share capital of the Group as at 31 December 2014 and 30 June 2015 represented the issued and fully paid capital of the Company.

	Number of shares '000	Share capital HK\$'000
Authorised		
Ordinary shares of HK\$0.005 each as at 31 December 2014 and 30 June 2015	20,000,000	100,000
Issued and fully paid		
Ordinary shares of HK\$0.005 each as at 31 December 2014	952,000	4,760
Issue of shares from Convertible Bonds Conversion (Note (i))	10,000	50
Issue of shares from Warrant Exercise (Note (ii))	10,000	50
Ordinary shares of HK\$0.005 each as at 30 June 2015	972,000	4,860

Notes:

(i) On 20 May 2015, HK\$10,000,000 convertible bonds have been converted into 10,000,000 shares at conversion price of HK\$1 each.

(ii) On 8 June 2015, HK\$10,000,000 of warrant had been exercised at HK\$1 each.

23. COMMITMENT UNDER OPERATING LEASE

The Group leases certain of its factory premises and offices under operating lease arrangements. Lease for properties are negotiated for terms ranging from one to three years and rentals are fixed. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

23. COMMITMENT UNDER OPERATING LEASE (Continued)

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

	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Within one year	6,620	3,061
In the second to fifth years, inclusive	6,789	—
Over five year	—	—
	13,409	3,061

24. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	—	444
Capital expenditure authorized but not contracted for in respect of: Establishment of a subsidiary	389,000	389,000
	389,000	389,000

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

25. RELATED PARTY TRANSACTIONS

In addition to the balances detailed in the condensed consolidated interim financial statements, the Group entered into the following significant transactions with related parties during the period:

(a) Compensation of key management personnel

The remuneration of key management personnel during the two periods ended 30 June 2015 and 2014 were as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short-term employee benefits	2,068	3,407
Post-employment benefits	45	61
	2,113	3,468

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

(b) Other related parties transactions

Name of company	Nature of transaction	Six month ended 30 June	
		2015 HK\$000 (Unaudited)	2014 HK\$000 (Unaudited)
Long Rise Investment Development Limited ("Long Rise")	Rental charged therefrom	—	1,350

During the six months ended 30 June 2015, Long Rise is no longer a related party to the company.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

26. 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 optimise 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.

27. COMPARATIVE FIGURES

The presentation of comparative information in respect of the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2014 has been restated in order to disclose the discontinued operation separately from continuing operations.

Management Discussion and Analysis

FINANCIAL PERFORMANCE AND BUSINESS REVIEW

During the six months ended 30 June 2015, the textile segment recorded a turnover of approximately HK\$27,625,000, showing a decrease of 64.4% from approximately HK\$77,582,000 for the corresponding period in last year. Gross profit of the textile segment decreased by 88.6% from approximately HK\$13,241,000 for the six months ended 30 June 2014 to approximately HK\$1,507,000 for the six months ended 30 June 2015 and the gross profit ratio decreased from approximately 17.07% for the six months ended 30 June 2014 to approximately 5.5% for the six months ended 30 June 2015. The decreases in turnover and gross profit were as a result of the worsening of the market conditions and business environment and the severe competition of the textile industry in Europe and USA. In light of this, the Board has decided to cease the operation of the Group's textile segment as announced on 12 January 2015.

Apart from the textile business, the Group carried out the finance leasing business through its wholly owned subsidiary Shanxi Sino Top Leasing Company Limited ("Shanxi Sino Top") in the PRC. Having fully paid up its registered capital of US\$35,000,000 in early July 2014, Shanxi Sino Top successfully contracted the first deal with its lessee in October 2014.

During the six months ended 30 June 2015, the finance lease segment recorded a turnover of approximately HK\$8,582,000, as compared with the turnover of approximately HK\$8,851,000 in the year of 2014.

In summary, the Group recorded a loss of approximately HK\$33,603,000 for the six months ended 30 June 2015 as compared with a loss of approximately HK\$21,214,000 for the corresponding period in last year. The loss of the Group for the six months ended 30 June 2015 was primarily attributable to (i) the decreases in turnover and gross profit of the Group as a result of the discontinuation of textile segment, (ii) additional professional expenses incurred for the placing of corporate bonds, (iii) additional interest expenses incurred for the issued convertible bonds, promissory notes and corporate bonds, and (iv) additional general and administrative expenses in operating the wholly owned subsidiary Shanxi Sino Top in Shanxi and a new office in Shanghai.

OUTLOOK

In the year of 2014, China's economy was still under downward pressure, with gross domestic product (GDP) grew by 7.4% yearly, being the lowest record in the past 24 years. In the financial sector, the Chinese government still slightly tightened the monetary policy with slower growth in the financing amount, the total financing amount was more than RMB16 trillion, slightly less than the previous year.

For the leasing industry, it was benefited from the Chinese government's supportive policies, the huge persistent demand of investment in fixed assets, and maintained its rapid growth. In accordance with relevant statistics, there were more than 2,000 financial leasing enterprises as at the end of 2014 in the PRC, representing an increase of almost 1000 enterprises, with a growth rate of 100%, having total investment of RMB3.2 trillion on finance leasing contracts at the end of 2014.

Management Discussion and Analysis (Continued)

In the future, the world economy is expected to maintain a slow recovery in US and European markets, whilst China's economic growth will adjust from a high pace to a medium level. With a series of economic reform measures implemented from the Chinese government, the benefits of reform are expected to gradually emerge in the future, offsetting the downside pressures on the overall macro-economy and the declining market demand momentum. Under the pressure of the gradual slowdown of macro-economic growth and the real economic environment, besides to ensure stable business growth, the Group will implement various policies to monitor risk management, safeguard the quality of assets, to reduce the credit risk exposed by the Group, enhance the Group's market penetration, increase its effort to develop potential quality customers, develop innovative financial products and expand into new industries or niche markets.

The Group is prepared to capture the huge market demand of the finance leasing industry and target to become a leading professional finance leasing company in the PRC. In view of the favorable business environment and supportive government policies, the Group considers the finance leasing industry in the PRC has a vast room for development and it will be in the interests of the Group and the shareholders as a whole.

FINANCIAL POSITION AND CAPITAL STRUCTURE

As at 30 June 2015, the Group recorded total assets of approximately HK\$411,822,000 which were financed by internal resources of approximately HK\$198,648,000 and liabilities of approximately HK\$213,174,000. The Group had total cash and bank balances of approximately HK\$222,626,000. The current ratio (current assets divided by current liabilities) of the Group decreased from 5.4 times as at 31 December 2014 to 5.1 times as at 30 June 2015. As at 30 June 2015, 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 2015, 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 2015, the company did not have any significant contingent liabilities.

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.

The Group's transactions are principally in US\$, HK\$ and RMB. With offices located in the PRC and Hong Kong, operating expenses of the Group are primarily denominated in HK\$, RMB or US\$. As the HK\$ is pegged to the US\$, the Group does not expect to be exposed to any 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.

Management Discussion and Analysis (Continued)

CREDIT POLICY

Consistent with prevailing industry practice, the Group's business was transacted on an open account basis granted to its customers with long-term business relationship. The credit ratings of customers are periodically reviewed and their respective credit limits adjusted, if and when necessary. The Group generally allows an average credit period of 0–45 days to customers.

CAPITAL EXPENDITURE

During the six months ended 30 June 2015, the Group did not incur investment (six months ended 30 June 2014: approximately HK\$1,155,000) on acquisition of plant and equipment.

CHARGES ON ASSETS

As at 30 June 2015, 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\$583,000 (31 December 2014: approximately HK\$956,000).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2015, the Group had workforce of approximately 40 persons including five 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 2015, 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 2015 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 2015, 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 2015, the Group did not have other 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 2015 (2014: 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2015, 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:

Name of director	Capacity and nature of interest	Number of Shares held (Note 1)	Percentage of the Company's issued share capital
Mr. YU Xueming	Beneficial Interest	9,830,000 (L)	1.01
Mr. Sit Yau Chiu	Interest of controlled corporation (Note 2)	208,000,000 (L)	21.40
Mr. Zheng Qiang	Interest of controlled corporation (Note 3)	208,000,000 (L)	21.40

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 2015, 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 2015, 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)	17.84
Top Star Group Holdings Limited (Note 3)	Beneficial interest	208,000,000 (L)	21.40
Billion Mission Limited (Note 4)	Beneficial interest	208,000,000 (L)	21.40
Shanxi Coking Coal Electrical (Hong Kong) Company Limited (Note 5)	Beneficial interest	120,000,000 (L)	12.35

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 120,000,000 Shares held by Shanxi Coking Coal Electrical (Hong Kong) Company Limited under the SFO.

Save as disclosed above, as at 30 June 2015, 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.

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 1)	HK\$1.00	60,000,000	6.17
Orient Finance Holdings (Hong Kong) Limited (Note 2)	HK\$1.00	47,000,000	4.84

(1) 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.

(2) Shenergy (Group) Company Limited is the beneficial owner of over 30% issued share capital of Orient Securities Company Limited which in turn is interested in 100% of Orient Finance Holdings (Hong Kong) Limited which in turn is interested in a convertible bond in the principal amount of HK\$47 million which can be convertible into 47,000,000 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 2015 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 2015.

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 2015 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 2015.

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

Hong Kong, 21 August 2015