China Minsheng Financial Holding Corporation Limited
中國民生金融控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 245)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board of Directors (the "Board") of China Minsheng Financial Holding Corporation Limited (the "Company") presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
	Note	***HK$'000***	*HK$'000*
Interest income	*8*	**15,604**	–
Commission and fee income	*9*	**9,951**	3,998
Net investment income	*10*	**33,293**	–
Income from trading of chemical materials		**–**	135,038
Total revenue	*6*	**58,848**	139,036
Commission expenses		**(959)**	(3,843)
Cost of chemical materials		**–**	(133,805)
		57,889	1,388
Other income		**405**	370
		58,294	1,758
Expenses			
Staff costs and related expenses		**(19,299)**	(4,993)
Premises expenses		**(4,416)**	(1,516)
Legal and professional fees		**(4,172)**	(1,250)
Depreciation		**(445)**	(109)
Information technology expenses		**(241)**	–
Net exchange loss		**(7,135)**	(42)
Other operating expenses		**(10,669)**	(6,073)
Total operating expenses		**(46,377)**	(13,983)

		Six months ended 30 June	
		2016	2015
	Note	***HK$'000***	*HK$'000*
Operating profit/(loss)	*6*	**11,917**	(12,225)
Share of post-tax loss of associates	*15*	**(502)**	–
Profit/(loss) before tax		**11,415**	(12,225)
Tax expenses	*7*	**(2,527)**	–
Profit/(loss) for the period		**8,888**	(12,225)
Profit/(loss) attributable to:			
— Owners of the Company		**12,288**	(8,671)
— Non-controlling interests		**(3,400)**	(3,554)
		8,888	(12,225)
		HK$ Cents per share	HK$ Cents per share
Earnings/(loss) per share attributable to owners of the Company			
Basic earnings/(loss) per share	*12*	**0.04**	(0.37)
Diluted earnings/(loss) per share	*12*	**0.04**	(0.37)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Profit/(loss) for the period	**8,888**	(12,225)
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss		
Net change on fair value on available-for-sale financial assets, net of tax	**8,113**	–
Currency translation differences	**(262)**	(5)
Other comprehensive income for the period, net of tax	**7,851**	(5)
Total comprehensive income for the period	**16,739**	(12,230)
Total comprehensive income for the period attributable to:		
— Owners of the Company	**14,993**	(8,664)
— Non-controlling interests	**1,746**	(3,566)
	16,739	(12,230)

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2016

	Note	30 June 2016 HK$'000	31 December 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**3,268**	1,954
Goodwill	*14*	**15,871**	15,871
Other intangible assets		**500**	500
Investments in associates	*15*	**122,458**	–
Rental and other deposits		**1,368**	1,048
Financial assets designated at fair value through profit or loss		**268,399**	–
Available-for-sale financial assets		**195**	199
Total non-current assets		**412,059**	19,572
Current assets			
Trade and other receivables		**6,503**	2,504
Margin client receivables		**2,627**	–
Available-for-sale financial assets		**678,137**	–
Loan receivables		**1,080,000**	–
Deposits with brokers		**910,657**	–
Pledged deposits		**293**	299
Cash and bank balances		**2,254,115**	5,062,465
Total current assets		**4,932,332**	5,065,268
Total assets		**5,344,391**	5,084,840

	Note	30 June 2016 HK$'000	31 December 2015 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**5,666,290**	5,666,290
Other reserves		**778,644**	774,728
Accumulated losses		**(1,135,539)**	(1,147,827)
		5,309,395	5,293,191
Non-controlling interests		**(251,796)**	(253,542)
Total equity		**5,057,599**	5,039,649
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**1,603**	–
Current liabilities			
Trade payables		**18,310**	18,966
Payables to brokers		**217,526**	–
Accruals and other payables		**44,073**	26,110
Derivative financial instruments		**2,655**	–
Current tax liabilities		**2,625**	115
Total current liabilities		**285,189**	45,191
Total liabilities		**286,792**	45,191
Total equity and liabilities		**5,344,391**	5,084,840

NOTES

1 GENERAL INFORMATION

China Minsheng Financial Holding Corporation Limited (the “Company”) and its subsidiaries (together, ‘the Group’) was incorporated in Hong Kong with limited liability. The address of its registered and business office is Unit A02, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. The condensed consolidated financial statements were authorised for issue on 22 August 2016.

The Company has its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The principal activities of its principal subsidiaries include investment holding, provision of asset management services, consultancy services, financing services, insurance agency services, securities advisory, securities brokerage services. The Group has been inactive in the trading of chemical materials during the period.

This condensed consolidated financial statements is presented in Hong Kong dollars (“HK$”), unless otherwise stated.

The financial information relating to the year ended 31 December 2015 that is included in the condensed consolidated financial statements for the six months ended 30 June 2016 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Group’s former auditor has reported on those financial statements. The former auditor’s report was unqualified; did not include a reference to any matters to which the former auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

During the six months ended 30 June 2016, the Group partially utilised the proceeds from the subscription of new shares of the Company by CMI Financial Holding Corporation during 2015, details of which are disclosed in the Other Information session.

2 BASIS OF PREPARATION

This condensed consolidated financial statements for the six months ended 30 June 2016 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with HKFRSs.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2015, as described in those annual consolidated financial statements except for the accounting policies adopted by the Group (note 3.1) with effective 1 January 2016 due to new businesses commenced during the period and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2016 (Note 3.2).

During the period, management performed a review of the nature of the Group's principal activities and their presentation in the Group's condensed consolidated financial statements. As a result of the review, management considered that the Group has started to develop new businesses in relation to financial services and other products. Management considered that a presentation of revenue, other income and expenses by nature would enhance the relevance and usefulness for the users of the Group's condensed consolidated financial statements. Accordingly, presentation of turnover, income, cost of sales and services and expenses for prior period's are changed to conform with the current period's presentation. Management also considered that the revised presentation manner is more consistent with the current market practice. There is no impact on the profit or loss, basic and diluted earnings or loss per share for the prior period.

3.1 New accounting policies effective from 1 January 2016

3.1.1 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Interest income includes interest income from money lending business, bank deposits and margin lending. Interest income for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within "interest income" in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss;

(ii) Commission and fee income includes brokerage commission income, loan arrangement fee income and insurance agency income.

Brokerage commission income on dealing in securities contracts is recognised on a trade date basis when the relevant transaction is executed.

Loan arrangement fees are recognised as revenue when the loan has been granted by the Group and accepted by the borrowers and the related arrangement services have been completed.

Insurance agency income are recognised as revenue when the corresponding services are rendered.

3.1.2 Investment and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include trade and other receivables, available-for-sale financial assets, financial assets at fair value through profit or loss, loan receivables, deposits with brokers, pledged deposits and cash and cash equivalents.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in revenue in consolidated statement of comprehensive income within "Net investment income" in the period in which they arise. These net fair value changes do not include any dividends or interest earned on these financial assets. Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in profit or loss. The loss arising from impairment on loans and receivables is recognised in profit or loss.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

3.1.3 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

3.1.4 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active market, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

3.2 Impact of standards issued but not yet applied by the entity

(i) HKFRS 9 Financial instruments

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in September 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Directors of the Group are yet to assess HKFRS 9's full impact.

(ii) HKFRS 15 Revenue from contracts with customers

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Directors of the Group are assessing the impact of HKFRS 15.

(iii) HKFRS 16 Leases

IFRS/HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS/HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS/HKAS 17 'Leases', and related interpretations. The Directors of the Group are assessing the impact of HKFRS 16.

There are no other HKFRS or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015; with the exception of changes in estimates that are required in determining the follows:

Impairment allowances on loans receivables

The Group reviews its loan receivables from money lending business to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a loan receivable before the decrease can be identified with an individual loan receivable. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group. Management uses estimates based on historical loss experience as far as practicable for assets with credit risk characteristics and objective evidence of impairment similar to those in the loan receivables when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

Income tax provision

Income tax provision is provided when it is probable that the profit generated in operations is subject to the income or profit tax in accordance to the tax laws which the Company and its subsidiaries operate. Significant management estimate is required to determine the chargeability of the profits generated according to the Inland Revenue Ordinance of Hong Kong. Management of the Group considers all relevant facts including composition of the Board of Directors, central management and controls, and domicile of the Group's entities based on the circumstances of the Group's operations.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Fair value of financial assets and liabilities

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2016.

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
Assets				
Available-for-sale financial assets				
— Listed equity securities in Hong Kong	**482,746**	**–**	**–**	**482,746**
— Unlisted equity securities	**–**	**195,586**	**–**	**195,586**
Financial assets designated at fair value to profit or loss				
— Unlisted investment fund	**–**	**268,399**	**–**	**268,399**
Total assets	**482,746**	**463,985**	**–**	**946,731**
Liabilities				
Derivative financial instruments				
— Unlisted options in Hong Kong	**–**	**2,655**	**–**	**2,655**
Total liabilities	**–**	**2,655**	**–**	**2,655**

The following table presents the Group's financial assets that are measured at fair value at 31 December 2015.

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Assets				
Available-for-sale financial assets				
— Unlisted equity securities	–	199	–	199

There were no transfers between fair value levels during the period.

There were no other changes in valuation techniques during the period.

5.2 Valuation techniques used to derive Level 2 fair values

Level 2 unlisted equity securities comprise unlisted shares in a private company undergoing an initial public offering through a reputable underwriter. These unlisted equity securities have been measured at fair value using observable market prices.

Level 2 unlisted investment fund comprise shares in an investment fund that are stated with reference to the net asset value provided by the respective administrator of the investment fund as determined by the Directors. If the net asset value of the investment funds is not available or the Directors consider that such net asset value is not reflective of fair value, the Directors may exercise their judgement and discretion to determine the fair value of the investment funds. The Directors consider that the above valuation approach is the best estimate of fair value of the investment funds.

5.3 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Margin client receivables
- Loan receivables
- Deposits with brokers
- Cash and bank balances
- Trade and other payables
- Payables to brokers
- Pledged deposits

6 SEGMENT INFORMATION

The Group is principally engaged in the investment holding, provision of asset management services, consultancy services, financing services, insurance agency services, securities advisory, securities brokerage services. The Group has been inactive in the trading of chemical materials during the period.

The chief operating decision-maker ("CODM") has been identified as the Executive Directors of the Company. Management has determined the operating segments based on the reports reviewed by the CODM that are used to assess performance and allocate resources. The CODM considers the business from the operations nature perspective, including the provision for asset management services ("Asset Management"), financing services ("Money lending"), securities brokerage services ("Securities brokerage"), insurance agency services ("Insurance agency"), investment holding ("Investment holding"), trading of chemical materials ("Trading of chemical materials") and other corporate and business activities ("Others").

Each of the Group's operating segments represents a strategic business unit that is managed by different business unit leaders. Information provided to the CODM is measured in a manner consistent with that in the condensed consolidated financial statements.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2016 and 2015 is as follows:

30 June 2016

	Asset Management *HK$'000*	Money lending *HK$'000*	Securities brokerage *HK$'000*	Investment holding *HK$'000*	Insurance agency *HK$'000*	Trading of chemical materials *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from external customers	**–**	**16,658**	**5,427**	**33,293**	**379**	**–**	**3,091**	**58,848**
Segment profit/(loss)	**(3,571)**	**12,717**	**850**	**29,767**	**(173)**	**–**	**(27,673)**	**11,917**

30 June 2015

	Asset Management *HK$'000*	Money lending *HK$'000*	Securities brokerage *HK$'000*	Investment holding *HK$'000*	Insurance agency *HK$'000*	Trading of chemical materials *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from external customers	–	–	–	–	3,998	135,038	–	139,036
Segment profit/(loss)	–	–	–	–	(291)	1,233	(13,167)	(12,225)

The segment information provided to the CODM for the reportable segments as at 30 June 2016 and 31 December 2015 is as follows:

	Asset Management *HK$'000*	Money lending *HK$'000*	Securities brokerage *HK$'000*	Insurance agency *HK$'000*	Investment holding *HK$'000*	Trading of chemical materials *HK$'000*	Others *HK$'000*	Total *HK$'000*
Total assets								
At 30 June 2016	**2,705**	**1,094,468**	**560,317**	**316**	**1,129,850**	**1,292**	**2,555,443**	**5,344,391**
Total assets								
At 31 December 2015	–	–	10,247	1,607	–	5,233	5,067,753	5,084,840

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

The PRC Enterprise Income Tax rate is 25% (2015: 25%). The Group's PRC subsidiaries do not have any assessable profits during the period (2015: Nil).

No provision for deferred taxation has been made for both periods ended 30 June 2016 and 2015 as the tax effect of all temporary differences is not material.

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**2,527**	–

8 INTEREST INCOME

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Interest income from money lending business	**12,508**	–
Interest income from bank deposits	**3,091**	–
Interest income from margin lending business	**5**	–
	15,604	–

9 COMMISSION AND FEE INCOME

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Commission income from securities brokerage	**5,422**	–
Loan arrangement fee income	**4,150**	–
Insurance agency service income	**379**	3,998
	9,951	3,998

10 NET INVESTMENT INCOME

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Net gain on financial assets designated at fair value through profit or loss	**30,010**	–
Gain on disposal of available-for-sale financial assets	**3,283**	–
	33,293	–

11 DIVIDENDS

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

12 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2016	2015
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company *(HK$'000)*	**12,288**	(8,671)
Number of shares		
Weighted average number of ordinary shares in issue *(in thousands)*	**28,927,291**	2,340,619
Basic earnings/(loss) per share *(HK cents per share)*	**0.04**	(0.37)

Diluted earnings/(loss) per share

The effect of all potential ordinary shares are dilutive for the six months ended 30 June 2016. Diluted profit/(loss) per share is presented as the Company as follows:

	Six months ended 30 June	
	2016	2015
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company *(HK$'000)*	**12,288**	(8,671)
Number of shares		
Weighted average number of ordinary shares in issue *(in thousands)*	**28,927,291**	2,340,619
Effect of dilutive potential ordinary shares *(in thousands)*:		
— Share options *(Note a) (in thousands)*	**1,428**	–
	28,928,719	2,340,619
Diluted earnings/(loss) per share *(HK cents per share)*	**0.04**	(0.37)

(a) The computation of diluted earnings per share assumed the exercise of the Company's outstanding share options with the exercise price lower than the average market price during the period ended 30 June 2016 with the adjustment for the share options lapsed or exercised during the period.

13 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK$1,794,000 (six months ended 30 June 2015: HK$38,000) on additions to and HK$77,000 (six months ended 30 June 2015: HK$99,000) on disposals from fixed assets.

14 GOODWILL

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	As at	
	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
Securities brokerage:		
CM Securities (Hongkong) Company Limited ("CMS")	**10,792**	10,792
Asset management:		
CM Asset Management (Hongkong) Company Limited ("CMAM")	**5,079**	5,079
	15,871	15,871

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3.25% and discount rate of approximately 20%. This rate does not exceed the average long-term growth rate for the relevant markets.

There were no changes in valuation techniques during the period.

15 INVESTMENT IN ASSOCIATES

On 28 April 2016, the Company invested in 30% equity interest of Grand Flight Holding Company Limited and 30% limited partnership interest of Grand Flight Hooyoung Investment L.P. respectively.

The total cash consideration for the investment was US$15,846,794 (approximately HK$122,960,000) for Grand Flight Holding Company Limited and Grand Flight Hooyoung Investment L.P.

	Six months ended 30 June 2016 *HK$'000*
Beginning of the period	**–**
Addition	**122,960**
Share of post-tax loss of associates	**(502)**
	122,458

The Group's share of the results in Grand Flight Holding Company Limited and Grand Flight Hooyoung Investment L.P. and their aggregated assets and liabilities are shown below:

	Six months ended 30 June 2016 *HK$'000*
Assets	**417,467**
Liabilities	**(5,474)**
Revenues	**3,801**
Share of loss	**(502)**
Percentage held	**30%**

	As at	
	30 June 2016 ***HK$'000***	31 December 2015 *HK$'000*
Unfunded capital commitments to investment in associates	**109,801**	–

16. COMPARATIVE FIGURES

The exercise of 21,960,000 share options on 12 May 2015 resulted in transfer of share based payment reserve of HK$1,258,000 to share capital which was not presented in the unaudited condensed consolidated financial statements for the six months ended 30 June 2015. As a result, the share capital and the share based payment reserve as at 30 June 2015 were restated in the condensed consolidated statement of changes in equity.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Upon completion of share subscription by China Minsheng Investment Corporation Limited and other strategic investors in December 2015, and under the leadership of a management team with extensive international experience in financial services as well as deep understanding in the Chinese market and culture, China Minsheng Financial Holding Corporation Limited ("CMF") and its subsidiaries (collectively "CMF Group") has a strategic goal of building a comprehensive financial services platform. Leveraging its strong capital base and under a "merchant banking" business model, CMF provides integrated financial services to both Chinese and overseas enterprises by connecting businesses and capital. With extensive resources and business networks in the mainland Chinese market, CMF is well positioned to develop its businesses in Hong Kong's vibrant financial market.

CMF Group is licensed to carry out type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities) and type 9 regulated activity (asset management) under the Securities and Futures Ordinance (the "SFO"), as well as the money lending business in accordance with the Money Lenders Ordinance. With these licenses, CMF Group conducts principal investment, asset management, securities brokerage, and money lending businesses in Hong Kong. It is also actively looking for investment banking opportunities in the area of financial advisory and securities underwriting.

Despite a challenging macroeconomic environment, CMF Group has reaped early benefits from the growth of its financial services platform. During the reporting period, CMF Group successfully provided a HK$250 million bridge loan, and two term loans in the amount of HK$470 million and HK$240 million respectively. CM Securities (Hongkong) Company Limited ("CM Securities"), a wholly-owned subsidiary of CMF, also acted as one of the underwriters in the first drawdown of China Minsheng Investment Corporation Limited's ("CMI") medium term notes programme. In addition, CMF became a cornerstone investor and subscribed US$25 million worth of shares in Orient Securities' initial public offering (IPO) in June. This transaction marks CMF's first investment in the Hong Kong IPO market.

CMF has continued to strengthen its management team in the first half of 2016, and has recruited talents from the market with extensive financial and management experience, as well as deep knowledge in market's best practice on corporate governance. During the reporting period, CMF appointed Mr. Li Huaizhen as the Chairman, Mr. Wang Sing as Chief Executive Officer, Mr. Wang Ren as Chief Financial Officer and Head of Investment Bank, Mr. Tan Wentao as Head of Securities, Mr. Lin Bing as Managing Director of CM Asset Management (Hongkong) Company Limited, and Ms. Christie Ju as Head of Equities and Research. To further strengthen its Board of Directors, CMF appointed Thaddeus Thomas Beczak as an Independent Non-Executive Director in February 2016.

Mr. Li Huaizhen has been the President of CMI since 2014. The appointment of Mr. Li as CMF's Chairman signifies the cooperation between CMF and CMI, which is one of the largest private investment groups in China. In June 2016, CMF further diversified its shareholder base after a share placement by CMI to a number of strategic shareholders. After the placement, CMI decreased its shareholding in CMF from 70.6% to 58.1% but remained as the single largest shareholder of CMF.

Market Review

In the first half of 2016, global macroeconomic environment was relatively volatile as market uncertainties and geopolitical risks intensified. As a result, both Europe and Japan have entered into the era of negative interest rates, and the US Federal Reserve has further postponed the potential interest rate hikes. The result of the UK's Brexit referendum on 24 June 2016 has led to a period of extreme volatility in the global financial markets. The US presidential election later this year also creates uncertainties around the US economy.

More stringent supervision on the sector worldwide and higher compliance cost have negatively impacted the efficiency and quality of customer service provided by financial institutions. Risks within the P2P (Peer-to-Peer) lending sector in mainland China continued to increase while share price of peer companies in the US dropped significantly. In Hong Kong, valuation of stocks remains low while IPO transactions were heavily relying on cornerstone investors dominated by Chinese institutions.

Outlook

China's economy remained relatively stable in the first half of 2016 with a year-on-year GDP growth of 6.7%. In the second half of 2016, China is expected to support a steady development of the economy by continuing its prudent monetary policy as well as strong support on economic reforms and development of new economy industries. As low interest rate in China will likely persist and more countries adopt negative interest rate, there will be a stronger demand on high yield assets. Continuous depreciation of RMB will increase Chinese investors' assets allocation overseas. However, cross-border capital mobilization will remain slow and costly under stricter capital control on RMB.

The current domestic and international market environment brings both challenges and opportunities for CMF. Looking forward to the second half of 2016, with its strong foundation in place, CMF will continue to focus on its core strategy through its prudent and sound principles, and seize upcoming opportunities arising from the China and international markets.

Financial Review

For the six months ended 30 June 2016, the unaudited consolidated income of the Group was approximately HK$58,848,000, representing a decrease of approximately 57.7% as compared with corresponding period last year, mainly due to the business transformation process of the Group, which led to suspension of businesses with lower gross profit margin such as trading of chemical materials and insurance agency services and thus the relevant income streams.

The analysis of the Group's total revenue recognised in the unaudited condensed consolidated statement of profit or loss is as follow:

For the six months ended 30 June, in HK$'000

	2016	2015	Change
Interest income	**15,604**	–	N/A
Commission and fee income	**9,951**	3,998	+148.9%
Net investment income	**33,293**	–	N/A
Income from trading of chemical materials	**–**	135,038	–100.0%
Total revenue	**58,848**	139,036	–57.7%

The Group recorded profit of approximately HK$8,888,000 for the six months ended 30 June 2016, while loss of approximately HK$12,225,000 was recorded for the six months ended 30 June, 2015, mainly due to:

1. Investment business recorded positive returns; and

2. Moved to higher profit margin business such as securities brokerage business and money lending business.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

For the financial position and the cash flows, during the six months ended 30 June 2016, total assets of the Group was approximately HK$5,344,391,000 (31 December 2015: approximately HK$5,084,840,000), representing an increase of 5.1%. Net cash (outflow)/inflow from operating activities, investing activities and financing activities were approximately HK$(2,682,810,000), HK$(124,677,000) and HK$Nil (six months ended 30 June 2015: approximately HK$(9,634,000), HK$208,000 and HK$52,440,000) respectively. The depreciation and amortization for tangible assets and intangible assets was approximately HK$445,000 (six months ended 30 June 2015: approximately HK$109,000).

Employee relations

As at 30 June 2016, the Group has 53 employees (as at 30 June 2015: 50 employees).

Total staff costs and related expenses for the period under review were approximately HK$19,299,000 (six months ended 30 June 2015: approximately HK$4,993,000).

The employees are remunerated based on their work performance, professional experience and prevailing industry practices. The remuneration policy and package of the Group's employees are periodically reviewed by the Group's management. In addition, the Group adopts a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

Liquidity and financial resources

As at 30 June 2016, the Group's cash and bank deposits (include pledged bank deposits) amounted to approximately HK$2,254,408,000 (as at 31 December 2015: approximately HK$5,062,764,000). The gearing ratio as at 30 June 2016 (total interest bearing borrowings to total assets) was 0% (as at 31 December 2015: 0%), which indicated that the Group's overall financial position remained strong.

Segment information

The details of segment information are set out in Note 6 to the condensed consolidated financial statements.

Capital structure

There were no changes to the Group's capital structure during the six months ended 30 June 2016.

Material acquisitions and disposals of subsidiaries and associates

On 28 April 2016, the Company invested in 30% equity interest of Grand Flight Holding Company Limited and Grand Flight Hooyoung Investment L.P. respectively.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2016.

Charges on Group assets

Apart from the deposit of approximately HK$293,000 (at 31 December 2015: HK$299,000) pledged to a bank as security for a corporate card with credit limit of approximately HK$234,000 (at 31 December 2015: HK$239,000) granted to a non-executive director of the Group, as at 30 June 2016, there were no other charges on the Group's assets.

Exposure to exchange rate fluctuation and related hedging

The Directors considered that the Group has certain exposures to foreign currency risk as some of its business transactions are denominated in currencies other than the functional currency of respective Group entities such as Renminbi. Risk management committee of the Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2016 (as at 31 December 2015: HK$Nil).

Events after the reporting period

On 11 August 2016, the Company has entered into a subscription agreement with PACM Investment Funds SPC ("PACM"), pursuant to which the Company agreed to subscribe for 58,200 participating shares at a total consideration of US$75 million in a segregated portfolio of PACM.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices of the Listing Rules

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

Throughout the period under review, the Company has complied with most of the Code Provisions of the CG Code, save for the deviation of the Code Provisions A.4.1 which are explained below.

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to reelection. Except Mr. Lyu Wei and Mr. Ling Yu Zhang, as the independent non-executive Directors (the "INEDs") and Mr. Ni Xinguang, as the non-executive Director, all the non-executive Directors (the "NEDs") and the remaining INEDs are appointed for a specific term of three years. Although Mr. Lyu Wei, Mr. Ling Yu Zhang and Mr. Ni Xinguang are not appointed for a specific term, the Company believes that as all Directors are subject to retirement by rotation and re-election at the annual general meeting at least once for every three years pursuant to the Articles, such practice meets the same objective and is no less exacting than those prescribed under Code Provision A.4.1.

Review of Accounts

Disclosure of financial information in this announcement complies with Appendix 16 of the Listing Rules.

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and has discussed with the management, the internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2016.

The Company's external auditor, PricewaterhouseCoopers Hong Kong has reviewed the interim financial information for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors securities transactions. All the Directors of the Board have confirmed, following specific enquiries made by the Company, that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2016.

OTHER INFORMATION

Use of Proceeds from the Share Subscription

Reference is being made to the Company's announcement dated 11 August 2016.

This section is made by the Company to provide an update on (i) the use of proceeds from the Share Subscription, and (ii) the Company's cash level. All figures disclosed in this section in respect of the financial position of the Group have not been audited or otherwise reviewed by the auditor of the Company.

The Company's actual use of proceeds as at 30 June 2016 and corresponding explanations are set out in the table below:

Proposed Use of Proceeds	Proposed Amount to be used and time frame	Amount used as of 30 June 2016	Amount committed to be used for the next 12 months	Changes and explanations
To provide funding for clients under the Securities Margin Business	HK$550 million (Fund to be allocated upon Closing)	HK$330 million and HK$220 million has been injected into the CM Securities (Hongkong) Company Limited ("CM Securities") for the purpose of the Securities and Futures Ordinance (Financial Resources) Rules	–	Utilised as intended
Facilitate dealing and settlement requirements for sales and trading	HK$300 million (Upon Closing)	HK$10 million has been allocated	–	Additional HK$190 million has been allocated in July 2016. No material change from proposed use
Upgrading of IT system	HK$40 million	HK$0.5 million has been used	Agreed under legally binding contracts to pay a total of HK$1.6 million in the next 12 months	No material change from proposed use
Recruitment of traders and new staff etc	HK$70 million (as soon as practicable)	HK$4.4 million has been used	Agreed under legally binding contracts to pay a total of HK$27 million in the next 12 months	No material change from proposed use
Rental and refurbishment of office	HK$40 million (as soon as practicable)	HK$4.4 million has been used	Agreed under legally binding contracts to pay a total of HK$4.5 million in the next 12 months	No material change from proposed use
Development of loan financing business	HK$250 million (funds to be set aside immediately upon Closing)	HK$1 billion has been lent to customers under the loan financing business	–	Actual usage is temporarily larger than proposed usage for cash management and return generation purpose

Proposed Use of Proceeds	Proposed Amount to be used and time frame	Amount used as of 30 June 2016	Amount committed to be used for the next 12 months	Changes and explanations
Expansion of asset management business	HK$125 million (within first year)	HK$5 million has been injected into the CM Asset Management (Hongkong) Company Limited ("CMAM") as issued capital for the purpose of the Securities and Futures Ordinance (Financial Resources) Rules	–	In progress of launching funds
Expansion of other lines of investment banking business	HK$125 million (within first year)	–	–	In progress
Strategic investments and acquisitions etc	HK$1.5 billion to HK$2 billion (within first year)	–	–	Under the process of target identification
Establishment of principal trading	HK$750 million to HK$1.25 billion	HK$1.98 billion has been used	–	Actual usage is temporarily larger than proposed usage for cash management and return generation purpose
General working capital	HK$750 million	HK$24 million have been used	Agreed under legally binding contracts to pay a total of HK$20 million in the next 12 months	No material change from proposed use

The Company's cash level

As of 30 June 2016, the cash to total assets ratio of the Company is 42.18%.

As of 30 June 2016, the adjusted cash to total assets ratio of the Company is 31.80%. The adjusted cash to total asset ratio means the cash to total asset ratio adjusted for HK$550 million and HK$5 million that have been injected by the Company into CM Securities and CMAM, respectively, for the purpose of the Securities and Futures Ordinance (Financial Resources) Rules.

As of 30 June 2016, the adjusted cash to total assets ratio less cash that are under legally binding contracts that are to be made in the next 12 months is 30.81%.

Purchase, Sale or Redemption of the Company's Listed Securities

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

PUBLICATION OF RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited (the "HKEx") at www.hkexnews.hk under "Latest Listed Company Information" and on the website of the Company at www.cm-fin.com respectively.

The interim report of the Company for the six months ended 30 June 2016 will be despatched to the shareholders and published on the websites of the HKEx and the Company in due course.

By Order of the Board
China Minsheng Financial Holding Corporation Limited
Li Huaizhen
Chairman

Hong Kong, 22 August 2016

As at the date of this announcement, the Board comprises (1) Mr. Liu Tianlin, Mr. Wang Sing, Ms. Feng Xiaoying and Mr. Zhao Hongbo as executive directors of the Company; (2) Mr. Li Huaizhen and Mr. Ni Xinguang as non-executive directors of the Company; and (3) Mr. Lyu Wei, Mr. Chen Johnny, Mr. Beczak Thaddeus Thomas and Mr. Ling Yu Zhang as independent non-executive directors of the Company.