

# 中民金融

CMFinancial

## 2017

### Interim Report



**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

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## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors

Chen Guogang (*Chief Executive Officer and First Vice Chairman*)  
(Appointed as Executive Director and First Vice Chairman on 11 January 2017 and Chief Executive Officer on 8 May 2017)

Wang Dongzhi (*First Deputy Chief Executive Officer*)  
(Appointed on 24 July 2017)

Li Tianlin (*Vice Chairman*) (Resigned on 24 July 2017)

Wang Sing (*Chief Executive Officer*)  
(Resigned on 8 May 2017)

Ni Xinguang

Feng Xiaoying (*Deputy Chief Executive Officer*)

#### Non-executive Directors

Li Huaizhen (*Chairman*)  
(Chen Guogang as his alternate)

#### Independent Non-executive Directors

Chen Johnny

Thaddeus Thomas Beczak (Resigned on 13 July 2017)

Lyu Wei

Ling Yu Zhang (Appointed on 15 July 2017)

Guan Tao (Appointed on 15 July 2017)

#### Audit Committee

Chen Johnny (*Chairman*)

Thaddeus Thomas Beczak (Resigned as member on 13 July 2017)

Lyu Wei

Ling Yu Zhang (Appointed as member on 15 July 2017)

Guan Tao (Appointed as member on 15 July 2017)

#### Nomination Committee

Lyu Wei (*Chairman*)

(Re-designated as chairman on 15 July 2017)

Chen Johnny

Thaddeus Thomas Beczak (Resigned as chairman and member on 13 July 2017)

Ling Yu Zhang (Appointed as member on 15 July 2017)

Guan Tao (Appointed as member on 15 July 2017)

#### Remuneration Committee

Chen Johnny (*Chairman*)

Lyu Wei

Thaddeus Thomas Beczak (Resigned as member on 13 July 2017)

Ling Yu Zhang (Appointed as member on 15 July 2017)

Guan Tao (Appointed as member on 15 July 2017)



### **Strategy Committee**

Chen Guogang (*Chairman*)

Wang Dongzhi (Appointed as member on  
24 July 2017)

Liu Tianlin (Resigned as member on  
24 July 2017)

Ni Xinguang

Feng Xiaoying

### **Joint Company Secretary**

Pak Chung Yin

Wong Choi Chak

### **Principal Bankers**

Bank of China (Hong Kong) Limited

China Construction Bank Corporation

China Merchants Bank, Hong Kong Branch

China Merchants Bank, Off-shore Banking  
Department

DBS Bank (Hong Kong) Limited

Industrial Bank Co., Ltd.

Ping An Bank

### **Solicitors**

*Hong Kong Law*

Herbert Smith Freehills

### **Independent Auditor**

PricewaterhouseCoopers Hong Kong

*Certified Public Accountants*

### **Registered Office**

Unit A02, 11/F

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

### **Share Registrar and Transfer Office**

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

### **Stock Code**

245 HK

### **Website**

[www.cm-fin.com](http://www.cm-fin.com)

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review

The global economy performed well during the first half of 2017. The economic recovery in major developed countries presented favorable momentum and the economies of the emerging market countries have been better off. China's economy maintained steady and rapid growth, with generally stable investment growth and operational performance in reasonable range. During the first half of the year, a year-on-year Gross Domestic Product (GDP) growth of 6.9% was reported with Consumer Price Index (CPI) increasing by 1.4% year-on-year. The Hong Kong market recorded outstanding performance in the first half of the year with the Hang Seng Index hitting highs and market trading staying active. This year marked the 20th anniversary of Hong Kong's return to the China. Therefore, the central government continued to initiate favorable policies with its highlights and promotion of Bond Connect established on the basis of maturing operation system of cross-border investment via Shanghai Connect and Shenzhen Connect. In June 2017, the Government of the Hong Kong Special Administrative Region entered into the Investment Agreement and Agreement on Economic and Technical Cooperation with the Ministry of Commerce under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), with an aim to benefit financial cooperation and other key areas, lay a solid foundation for future and in-depth collaboration between Hong Kong and Mainland China, and provide concrete guidance of development and cooperation.



In retrospect, with the strong support of China Minsheng Investment Group (“CMIG”) and other major shareholders, the Company seized market opportunities, further clarified the Company’s development strategies and continued to enhance management during the first half of 2017, resulting in significant improvement in overall business progress. In terms of integrated management, the senior management of the Company was further optimized and the governance structure was also effectively improved. While the decision-making mechanism of the operation and management procedures continues to improve, the integrated management standard of the Company continued to optimize. As for business development, the Company has highlighted the strategic positioning of “based in Hong Kong, yearning for Mainland to fully facilitate cross-border resource integration and connect” while adhering to the operation development philosophy of the “dual drive forces of internal growth and external development”. During the first half of the year, the Company initiated two-pronged approaches to consolidate business profitability foundation and to promote its strategic business layouts. Investment business, investment bank business, securities business and asset management business have made steady progress as intended. Capitalized on rocketing growth of high-net-worth client base of the Company in general, continuous optimization of the investment structure and effective connection between each business segment, the competence of comprehensive financial services has been gradually formed. The overall profitability of the Company was substantially improved as compared to the corresponding period last year with net profit of HK\$112 million reported as of and for the first half of the year. Further, the Company has followed the market trend and focused on formulating strategic business layouts in terms of financial technology and cultural tourism and leisure; and captured the momentum of consumption upgrades of the PRC to fully benefit from the industry profit as a result of the rapid development of the tertiary industry.



## Prospect

For the second half of the year, weak recovery of the global economy will linger while global trade will gradually recover from recession. Strengthening of risk management and control as well as consolidation of the economic recovery foundation have become the prime tasks faced by each major economic system. We remain cautious and optimistic about the projection of China's economy in the second half of the year, including a new round of revitalization of Guangdong-Hong Kong-Macao Bay Area and Xiong'an New Area and continuous growth momentum to be brought by the economic reform and opening-up of China. According to the spirit of the National Financial Work Conference, it is expected that macroeconomic policies of the PRC will attach greater importance to the balance between "stability" and "prevention", so as to fortify the prevention of financial risks. In addition, the National Financial Work Conference also pointed out that efforts should be made to steadily promote the internationalization of Renminbi, which will further consolidate the status of Hong Kong as an international financial center and facilitate product innovation. The Renminbi offshore market of Hong Kong is expected to achieve sustainable growth horizontally and vertically, implying that Hong Kong will be playing much important role as a Renminbi offshore financial center and a global premier asset management and risk management center. Market reform and innovation will bring in new development opportunities to market participants. During the second half of the year, the Company will adhere to its policies and seize potential development opportunities in the market. With the backing of solid strengths of our shareholders (i.e. CMIG) and business networks, the Company will also continue to enhance profitability, actively identify any transcending development opportunities, and uphold its management philosophy of "group-oriented management and professional operation" to constantly improve corporate governance and management. In line with the Belt and Road Initiative of the PRC, the Company will actively facilitate the integration and connection of cross-border resources while maintaining its base in Hong Kong. This will help enterprises make full use of the markets and resources inside and outside Hong Kong to strengthen their core competitiveness, with a view to establishing a bridge to lead private enterprises going out and facilitating in-depth integration of industry and finance with business partners.



## Significant Investments

As at 30 June 2017, the Group had available-for-sale investments, financial assets designated as fair value through profit or loss and derivative financial instruments with a market value of approximately HK\$3,069,959,000. The details of significant investments (each of which carrying value more than 1% of the total assets of the Group) as at 30 June 2017 are as follow:

Stock code (where applicable)	Name of investee company/fund	Nature of investments	Number of shares/units held	Investment costs	Fair value as at 30 June 2017	Percentage of Group's total assets as at 30 June 2017	Unrealized gain/(loss) on change in fair value for the period ended 30 June 2017	Realized gain/(loss) for the period ended 30 June 2017	Impairment losses for the period ended 30 June 2017	Dividend income for the period ended 30 June 2017
				HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale financial assets										
Not applicable	PACM Investment Funds SPC- PACM Property Fund Segregated Portfolio	Investment in unlisted investment fund	58,200	582,000	627,416	9.62%	45,416	-	-	-
Not applicable	Shareholder Value Fund	Investment in unlisted investment fund	25,000	193,869	199,720	3.06%	5,851	-	-	-
3958.HK	DFZQ	Investment in listed securities	23,735,200	195,391	177,065	2.71%	(18,326)	-	-	4,102
600865.SH	Baida Group Co. Ltd	Investment in listed securities	10,228,843	127,268	138,361	2.12%	11,093	-	-	-
002356.SZ	Shenzhen Haoningda Meters Co. Ltd	Investment in listed securities	3,077,710	88,576	90,106	1.38%	1,530	-	-	-
SSW.PRG	Seaspan Corporation	Investment in preferred shares	400,000	61,854	65,946	1.01%	4,092	-	-	3,185
Financial assets designated at fair value through profit or loss										
Not applicable	Fullgoal China Access RQFII Fund SPC — Fullgoal Industrial Investment Fund Segregated Portfolio	Investment in unlisted investment fund	100,850	1,008,500	1,037,383	15.91%	28,883	-	-	-
Not applicable	Chariot SPC Fund — Chariot SP II	Investment in unlisted investment fund	24,000	240,000	278,611	4.27%	38,611	-	-	-
872.HK	TUS International	Investment in convertible bond	Not applicable	100,000	110,877	1.70%	10,877	-	-	-



Looking ahead, the stock market will remain volatile. The performance of proprietary investment will be affected by unstable market conditions. The Group will continue to implement strict risk control to minimise the impact of market volatility and will seek potential investment opportunities to diversify its investment portfolio with an aim to maximise value for the Shareholders.

## Financial Review

For the six months ended 30 June 2017, the unaudited consolidated revenue of the Group was approximately HK\$242,940,000 representing an increase of approximately 313% as compared with corresponding period last year. The significant increase in revenue was driven by full employment of capital into various projects and businesses in current period.

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

	2017	2016	Change
Interest income	77,673	15,604	+398%
Commission and fee income	27,074	9,951	+172%
Net investment income	138,193	33,293	+315%
<b>Total revenue</b>	<b>242,940</b>	<b>58,848</b>	<b>+313%</b>

The Group recorded profit of approximately HK\$112,310,000 for the six months ended 30 June 2017, while profit of approximately HK\$8,888,000 was recorded for the six months ended 30 June 2016, mainly due to:

1. Positive return from investment business;
2. Stable interest income from money lending business; and
3. Growth in higher profit margin business such as securities brokerage business and asset management business.



The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

For the financial position and the cash flows, during the six months ended 30 June 2017, total assets of the Group was approximately HK\$6,520,888,000 (31 December 2016: approximately HK\$5,913,876,000), representing an increase of 10.26%. Net cash (outflow)/inflow from operating activities, investing activities and financing activities were approximately HK\$(476,384,000), HK\$(42,222,000) and HK\$289,861,000 (six months ended 30 June 2016: approximately HK\$(2,682,810,000), HK\$(124,677,000) and HK\$Nil) respectively. The depreciation for tangible assets was approximately HK\$1,903,000 (six months ended 30 June 2016: approximately HK\$445,000).

### **Employee relations**

As at 30 June 2017, the Group has 79 employees (as at 30 June 2016: 53 employees).

Total staff costs and related expenses for the period under review were approximately HK\$41,053,000 (six months ended 30 June 2016: approximately HK\$19,299,000).

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 2017, the Group's cash and bank deposits (excluding pledged bank deposits) amounted to approximately HK\$1,207,895,000 (as at 31 December 2016: approximately HK\$1,428,308,000). The gearing ratio as at 30 June 2017 (total debts to total equity) was 20.76% (as at 31 December 2016: 15.73%), 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 2017.

### **Material acquisitions and disposals of subsidiaries and associates**

The Group had no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2017.

## Charges on Group's assets

The analysis of the charge on Group's assets is as follow:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Pledged deposits at bank	302	282
Pledged deposits in securities margin accounts	28,804	31,699
Pledged investments included in available-for-sale financial assets	65,946	61,855
Total charges on Group's assets	95,052	93,836

Deposits at bank is pledged as security for a corporate card granted to a director of the Group. Deposits at securities margin accounts and investments in available-for-sale financial assets are pledged for securities dealing purpose.

The above assets are pledged with creditworthy counterparties with no recent history of default.

## 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. 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 2017 (as at 31 December 2016: HK\$Nil).

On behalf of the Board

**China Minsheng Financial Holding Corporation Limited**

**Li Huaizhen**

*Chairman and non-executive director*

Hong Kong, 23 August 2017

## DIRECTORS' INTEREST IN SHARES

As at 30 June 2017, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under 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 ("Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are set out below:

### 1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

Name of director	Number of shares held		Total	Percentage of the issued share capital (Note (b))
	Personal interests	Corporate interests		
Ni Xinguang ("Mr. Ni")	46,068,000	416,004,000 (Note (a))	462,072,000	1.6%

Notes:

- 416,004,000 shares are owned by Group First Limited, a private company wholly owned by Mr. Ni, representing approximately 1.4% of the issued share capital of the Company.
- The percentage was calculated based on the total number of 28,928,719,250 ordinary shares of the Company in issue as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

## **2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations**

As at 30 June 2017, none of the Directors or chief executive of the Company, had any short position in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

## **SHARE OPTIONS**

The Company adopted a new share options scheme on 9 December 2013 (the “2013 Share Option Scheme”) to replace the Share Option Scheme adopted on 28 May 2004 (the “2004 Share Option Scheme”). Since then, no further options can be granted under the 2004 Share Option Scheme, but all options granted previously will remain exercisable in accordance with the terms of the 2004 Share Option Scheme and the relevant letters of offers to the respective grantees.

On 5 June 2015, an ordinary resolution was duly passed in an extraordinary general meeting to approve the refreshment of 2013 Share Option Scheme limit to 241,365,125 being 10% of the then total number of shares in issue.

Based on the existing outstanding number of share options as of 30 June 2017 and assume that no further share options are to be granted in the six months to 31 December 2017, no further share option cost will be charged to the statement of profit or loss as share option expense.

There is no outstanding share options under the 2004 Share Option Scheme and the 2013 Share Option Scheme and no share options were granted or exercised during the period under review.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2017, so far as was known to the Directors of the Company, the following persons, other than the Directors and chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company, which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

### Long positions in the shares and underlying shares of the Company

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital (Note (d))
China Minsheng Investment Corporation Ltd.	Interests of a controlled corporation (Note (a))	14,418,090,000	49.84%
CMI Financial Holding Company Limited	Beneficial owner (Note (a))	14,418,090,000	49.84%
China Minsheng Asia Asset Management Co, Ltd (formerly known as Minsheng (Shanghai) Assets Management Company Limited)	Interests of a controlled corporation (Note (a))	14,418,090,000	49.84%
Haitong International Asset Management Limited	Investment Manager	2,860,000,000	9.89%
VMS Investment Group Limited	Investment Manager (Note (b))	2,389,910,000	8.26%
VMS Holdings Limited	Interests of a controlled corporation (Note (b))	2,389,910,000	8.26%
New Jargon Limited	Interests of a controlled corporation (Note (b))	2,389,910,000	8.26%
Gold Legend Global Limited	Beneficial owner (Note (b))	2,389,910,000	8.26%
Mak Siu Hang Viola	Interests of a controlled corporation (Note (b))	2,389,910,000	8.26%
Wanzaixingjun Investment Center (Limited Partnership)	Beneficial owner (Note (c))	1,993,600,000	6.89%
Yan Mengxiang	Investment Manager (Note (c))	1,993,600,000	6.89%

Notes:

- (a) The shares of the Company are held by CMI Financial Holding Company Limited, which is wholly owned by China Minsheng Asia Asset Management Co, Ltd. China Minsheng Asia Asset Management Co, Ltd is wholly owned by China Minsheng Investment Corporation Limited.
- (b) The interests in shares represent the shares acquired by Gold Legend Global Limited, which is wholly owned by New Jargon Limited, which is wholly owned by VMS Investment Group Limited, which is wholly owned by VMS Holdings Limited and which in turn is wholly-owned by Ms. Mak Siu Hang Viola. All these companies and Ms. Mak Siu Hang Viola are deemed under the SFO to be interested in such shares.
- (c) Yan Mengxiang is deemed to be interested in the 1,993,600,000 shares as he holds 75% of the issued share capital of Wanzaixingjun Investment Centre (Limited Partnership).
- (d) The percentage has been calculated based on the total number of 28,928,719,250 ordinary shares of the Company in issue as at 30 June 2017.

All the interests disclosed under this section represent long position in the shares of the Company.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party who, as at 30 June 2017, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## RIGHTS TO ACQUIRE COMPANY'S SECURITIES

Other than as disclosed under the sections "Directors' Interest in Shares" and "Share Options" above, at no time during the period under review was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## 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, as the independent non-executive Director, all the non-executive Directors (the "NEDs") and the remaining independent non-executive Directors ("INEDs") are appointed for a specific term of three years. Although Mr. Lyu Wei is not appointed for a specific term, the Company believes that as all Directors are subject to retirement by rotation and reelection 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.



Under the Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In addition, under the Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. During the period ended 30 June 2017, the annual general meeting held on 30 June 2017, the whole Board of Directors and auditor of the Company have attended the meeting to answer questions of the shareholders except that Mr. Li Huaizhen (chairman of the Board) and Mr. Ni Xinguang could not attend the annual general meeting due to other business engagement but they have appointed the other attending Directors as their representatives at the meeting to answer questions of the shareholders of the Company.

### **Review of Accounts**

Disclosure of financial information in this report 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 2017.

The Company's external auditor, PricewaterhouseCoopers Hong Kong has reviewed the interim financial information for the six months ended 30 June 2017 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 2017.



## USE OF PROCEEDS FROM THE SHARE SUBSCRIPTION

Reference is being made to the Company's announcement dated 11 August 2016. As of 31 December 2016, all proceeds from the share subscription have been used up by the Company. Please refer to the Company's annual report 2016 for further details.

## OTHER INFORMATION

### Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### 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.

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 2017 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000
Interest income	8	77,673	15,604
Commission and fee income	9	27,074	9,951
Net investment income	10	138,193	33,293
<b>Total revenue</b>	6	<b>242,940</b>	58,848
Commission expenses		(109)	(959)
		<b>242,831</b>	57,889
Other income		6	405
		<b>242,837</b>	58,294
<b>Expenses</b>			
Staff costs and related expenses		(41,053)	(19,299)
Other termination benefits		(11,829)	-
Premises expenses		(3,236)	(4,416)
Legal and professional fees		(8,788)	(4,172)
Depreciation	6	(1,903)	(445)
Information technology expenses		(2,148)	(241)
Impairment losses on available-for-sale financial assets		(6,650)	-
Foreign exchange losses, net		(791)	(7,135)
Other operating expenses		(14,093)	(10,669)
<b>Total operating expenses</b>		<b>(90,491)</b>	(46,377)

		<b>Six months ended 30 June</b>	
		<b>2017</b>	2016
	Note	<b>HK\$'000</b>	HK\$'000
<b>Operating profit</b>		<b>152,346</b>	11,917
Share of post-tax loss of associates	15	(2,159)	(502)
Finance costs		(28,398)	–
<b>Profit before income tax</b>	6	<b>121,789</b>	11,415
Income tax expenses	7	(9,479)	(2,527)
<b>Profit for the period</b>		<b>112,310</b>	8,888
<b>Profit attributable to:</b>			
— Owners of the Company		115,026	12,288
— Non-controlling interests		(2,716)	(3,400)
		<b>112,310</b>	8,888
		<b>HK\$ Cents per share</b>	HK\$ Cents per share
<b>Earnings per share attributable to owners of the Company</b>			
<b>Basic earnings per share</b>	12	<b>0.40</b>	0.04
<b>Diluted earnings per share</b>	12	<b>0.40</b>	0.04

The notes on pages 27 to 46 form an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
<b>Profit for the period</b>	112,310	8,888
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change on fair value on available-for-sale financial assets, net of tax	126,336	8,113
Currency translation differences	6,014	(262)
<b>Other comprehensive income for the period, net of tax</b>	132,350	7,851
<b>Total comprehensive income for the period</b>	244,660	16,739
<b>Total comprehensive income for the period attributable to:</b>		
— Owners of the Company	253,066	14,993
— Non-controlling interests	(8,406)	1,746
	244,660	16,739

The notes on pages 27 to 46 form an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2017

	Note	30 June 2017 HK\$'000	31 December 2016 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	7,841	9,493
Goodwill	14	16,409	16,409
Other intangible assets		500	500
Investments in associates	15	163,048	123,207
Rental and other deposits		353	367
Financial assets designated at fair value through profit or loss	16	1,426,870	256,295
Available-for-sale financial assets	17	945,122	865,455
<b>Total non-current assets</b>		<b>2,560,143</b>	<b>1,271,726</b>
<b>Current assets</b>			
Margin receivables and other trade receivables		394,098	106,944
Available-for-sale financial assets	17	648,906	599,151
Financial assets designated at fair value through profit or loss	16	38,700	100,417
Derivative financial instruments	21	28,735	32,183
Loan and interest receivables	18	1,081,139	1,230,939
Deferred tax assets	20	4,747	8,045
Other receivables, prepayments and deposits		26,454	68,248
Pledged bank deposits		302	282
Margin accounts with financial institutions		49,117	212,814
Deposits with brokers		480,652	854,819
Cash and bank balances		1,207,895	1,428,308
<b>Total current assets</b>		<b>3,960,745</b>	<b>4,642,150</b>
<b>Total assets</b>		<b>6,520,888</b>	<b>5,913,876</b>

		<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	5,667,546	5,667,546
Other reserves		848,704	704,603
Accumulated losses		(995,868)	(1,110,894)
		<b>5,520,382</b>	<b>5,261,255</b>
Non-controlling interests		<b>(252,917)</b>	<b>(244,511)</b>
<b>Total equity</b>		<b>5,267,465</b>	<b>5,016,744</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Note payable		349,200	349,200
Derivative financial instruments	21	14,292	–
Deferred tax liabilities	20	–	353
<b>Total non-current liabilities</b>		<b>363,492</b>	<b>349,553</b>
<b>Current liabilities</b>			
Loan and interest payables		496,636	393,508
Bank borrowings		200,374	–
Trade payables		17,146	16,759
Margin payables		47,145	46,538
Accruals and other payables		98,903	76,674
Derivative financial instruments	21	4,082	–
Current tax liabilities		23,465	14,100
Deferred tax liabilities	20	2,180	–
<b>Total current liabilities</b>		<b>889,931</b>	<b>547,579</b>
<b>Total liabilities</b>		<b>1,253,423</b>	<b>897,132</b>
<b>Total equity and liabilities</b>		<b>6,520,888</b>	<b>5,913,876</b>

The notes on pages 27 to 46 form an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Attributable to owners of the Company									
	Share capital	Share-based	Special	Foreign	Statutory	Investment	Accumulated	Total	Non-controlling	Total equity
		payments	capital	currency	surplus	revaluation				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>At 1 January 2017</b>	5,667,546	6,389	726,699	20,075	5,862	(54,422)	(1,110,894)	5,261,255	(244,511)	5,016,744
<b>Comprehensive income</b>										
Profit for the period	-	-	-	-	-	-	115,026	115,026	(2,716)	112,310
<b>Other comprehensive income</b>										
Available-for-sale financial assets (net of tax):										
— Change in fair value	-	-	-	-	-	196,395	-	196,395	-	196,395
— Transferred to profit or loss upon disposal	-	-	-	-	-	(76,709)	-	(76,709)	-	(76,709)
— Impairment losses	-	-	-	-	-	6,650	-	6,650	-	6,650
Currency translation difference	-	-	-	11,704	-	-	-	11,704	(5,690)	6,014
<b>Total comprehensive income for period ended 30 June 2017</b>	-	-	-	11,704	-	126,336	115,026	253,066	(8,406)	244,660
<b>Total transactions with owners, recognised directly in equity</b>										
Recognition of share-based payments	-	6,061	-	-	-	-	-	6,061	-	6,061
<b>At 30 June 2017</b>	5,667,546	12,450	726,699	31,779	5,862	71,914	(995,868)	5,520,382	(252,917)	5,267,465



FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Attributable to owners of the Company										
	Share-based payments		Special capital reserve	Foreign currency translation		Statutory surplus reserve	Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	Share capital	reserve		reserve	reserve						
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balance at 1 January 2016</b>	5,666,290	556	726,699	41,611	5,862	-	(1,147,827)	5,293,191	(253,542)	5,039,649	
<b>Comprehensive income</b>											
Profit for the period	-	-	-	-	-	-	12,288	12,288	(3,400)	8,888	
<b>Other comprehensive income</b>											
Available-for-sale financial assets (net of tax):											
— Change in fair value	-	-	-	-	-	11,396	-	11,396	-	11,396	
— Transferred to profit or loss upon disposal	-	-	-	-	-	(3,283)	-	(3,283)	-	(3,283)	
Currency translation differences	-	-	-	(5,408)	-	-	-	(5,408)	5,146	(262)	
<b>Total comprehensive income for the period ended 30 June 2016</b>	-	-	-	(5,408)	-	8,113	12,288	14,993	1,746	16,739	
<b>Total transactions with owners, recognised directly in equity</b>											
Recognition of share-based payments	-	1,211	-	-	-	-	-	1,211	-	1,211	
<b>Balance at 30 June 2016</b>	5,666,290	1,767	726,699	36,203	5,862	8,113	(1,135,539)	5,309,395	(251,796)	5,057,599	

The notes on pages 27 to 46 form an integral part of these condensed consolidated financial statements.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
<b>Cash flows used in operating activities</b>	<b>337,406</b>	(2,032,074)
Purchases of available-for-sale financial assets	(939,513)	(618,112)
Purchases of financial assets at fair value through profit or loss	(1,138,500)	(240,000)
Proceeds from disposals of available-for-sale financial assets	1,088,347	169,013
Proceeds from disposals of financial assets at fair value through profit or loss	101,468	–
Proceeds from disposals of derivative financial instruments	4,141	5,753
Dividend received	4,256	–
Bank and other interest received	86,699	32,888
Interest paid	(19,213)	–
Income tax paid	(1,475)	(278)
<b>Net cash flows used in operating activities</b>	<b>(476,384)</b>	(2,682,810)
<b>Cash flows used in investing activities</b>		
Increase in investment in associates	(42,000)	(122,960)
Purchases of property, plant and equipment	(222)	(1,794)
Proceeds on disposal of property, plant and equipment	–	77
<b>Net cash flows used in investing activities</b>	<b>(42,222)</b>	(124,677)
<b>Cash flows from financing activities</b>		
Proceeds from loan payables	89,861	–
Proceeds from bank borrowing	200,000	–
<b>Net cash flows from financing activities</b>	<b>289,861</b>	–

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
<b>Net decrease in cash and cash equivalents</b>	(228,745)	(2,807,487)
Cash and cash equivalents at the beginning of the period	1,428,308	5,062,465
Exchange gains/(losses) on cash and cash equivalents	8,332	(863)
<b>Cash and cash equivalents at end of the period</b>	<b>1,207,895</b>	<b>2,254,115</b>
<b>Analysis of the balances of cash and cash equivalents:</b>		
<b>Cash and bank balances</b>	<b>1,207,895</b>	<b>2,254,115</b>

The notes on pages 27 to 46 form an integral part of these condensed consolidated financial statements.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### 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 23 August 2017.

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 and trading.

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 2016 that is included in the condensed consolidated financial statements for the six months ended 30 June 2017 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 2016 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).

### 2 Basis of preparation

This condensed consolidated financial statements for the six months ended 30 June 2017 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 2016, 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 2016, as described in those annual consolidated financial statements except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

#### 3.1 *New accounting policies effective from 1 January 2017*

Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

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

##### *HKFRS 9 Financial instruments*

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- A FVOCI election is available for the majority of the Group's investments in equity instruments.
- Equity investments currently measured at fair value through profit or loss (FVPL) will likely continue to be measured on the same basis under HKFRS 9.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

Since the Group does not apply hedge accounting, the Group does not expect the standard has any impact in this regard.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.



### 3 Accounting policies (Continued)

#### 3.2 Impact of standards issued but not yet applied by the entity (Continued)

##### *HKFRS 9 Financial instruments (Continued)*

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

##### *HKFRS 15 Revenue from contracts with customers*

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

Management has identified the following areas that are likely to be affected:

- revenue from service — the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue, and
- accounting for costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next six months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

### 3 Accounting policies (Continued)

#### 3.2 Impact of standards issued but not yet applied by the entity (Continued)

##### *HKFRS 16 Leases*

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$3,011,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

### 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 2016.



## 5 Financial risk management and financial instruments

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no material changes in the risk management policies since year end.

### 5.2 Liquidity risk

Compared to year ended 31 December 2016, the contractual undiscounted cash out flows for financial liabilities in the Group is as follows:

#### As at 30 June 2017

	On demand or less than 1 year HK'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Note payable	-	-	349,200	-	349,200
Loan and interest payables	524,033	25,413	61,409	-	610,855
Bank borrowings	203,073	-	-	-	203,073
Trade payables	17,146	-	-	-	17,146
Margin payables	47,145	-	-	-	47,145
Derivative financial instruments	4,082	14,292	-	-	18,374
Other payables	20,213	-	-	-	20,213
	<b>815,692</b>	<b>39,705</b>	<b>410,609</b>	<b>-</b>	<b>1,266,006</b>

#### As at 31 December 2016

	On demand or less than 1 year HK'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Note payable	-	-	349,200	-	349,200
Loan and interest payables	436,620	25,173	73,452	-	535,245
Trade payables	16,759	-	-	-	16,759
Margin payables	46,538	-	-	-	46,538
Other payables	6,817	-	-	-	6,817
	<b>506,734</b>	<b>25,173</b>	<b>422,652</b>	<b>-</b>	<b>954,559</b>



## 5 Financial risk management and financial instruments (Continued)

### 5.3 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 2017.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
<b>Financial assets designated at fair value through profit or loss</b>				
— Listed equity investment	38,700	—	—	38,700
— Unlisted investment funds	—	1,315,993	—	1,315,993
— Convertible bond	—	110,877	—	110,877
<b>Available-for-sale financial assets</b>				
— Listed equity investments	699,291	—	—	699,291
— Unlisted bond	—	15,561	—	15,561
— Unlisted equity investments	—	—	52,040	52,040
— Unlisted investment funds	—	199,720	627,416	827,136
<b>Derivative financial assets</b>				
— Written put option	—	25,089	—	25,089
— Equity swap	—	3,530	—	3,530
— Index futures	—	116	—	116
<b>Total</b>	<b>737,991</b>	<b>1,670,886</b>	<b>679,456</b>	<b>3,088,333</b>
<b>Liabilities</b>				
<b>Derivative financial instruments</b>				
— Foreign exchange forward contracts	—	(3,321)	—	(3,321)
— Equity swap	—	(761)	—	(761)
— Total return swap	—	(14,292)	—	(14,292)
<b>Total</b>	<b>—</b>	<b>(18,374)</b>	<b>—</b>	<b>(18,374)</b>

## 5 Financial risk management and financial instruments (Continued)

### 5.3 Fair value of financial assets and liabilities (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2016.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
<b>Financial assets designated at fair value through profit or loss</b>				
— Unlisted investment funds	—	356,712	—	356,712
<b>Available-for-sale financial assets</b>				
— Listed equity investments	661,005	—	—	661,005
— Unlisted equity investments	—	—	50,495	50,495
— Unlisted investment funds	—	196,010	557,096	753,106
<b>Derivative financial assets</b>				
— Foreign exchange forward contracts	—	13,744	—	13,744
— Written put option	—	18,439	—	18,439
<b>Total</b>	<b>661,005</b>	<b>584,905</b>	<b>607,591</b>	<b>1,853,501</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets designated at fair value through profit or loss or available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

## 5 Financial risk management and financial instruments (Continued)

### 5.3 Fair value of financial assets and liabilities (Continued)

Unlisted investment funds classified as level 2 is mainly because they are open-ended investment fund and their underlying investments are listed equity investments.

There have been no significant transfers between level 1, level 2 and level 3 for the period ended 30 June 2017 and 31 December 2016.

### 5.4 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:

- Margin receivables and other trade receivables
- Loan and interest receivables
- Deposits with brokers
- Margin accounts with financial institution
- Cash and bank balances
- Trade payables
- Margin payables
- Pledged bank deposits
- Other receivables
- Other payables

## 6 Segment information

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"), securities brokerage services ("Securities brokerage"), investment holding ("Investment holding"), investment banking ("Investment banking"), insurance agency services ("Insurance agency"), 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.

Due to continuing business transformation in 2016, the management has continued to revisit the operating segments to be presented to the CODM subsequent to period ended 30 June 2016. Consequently, there was a change in operating segments subsequent to period ended 30 June 2016. The presentation of segment information for the current period follows those in the year ended 31 December 2016 and there has been no further change in the current period. The table of segment information below for the period ended 30 June 2016 has been restated to conform with current period's presentation.



## 6 Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2017 and 2016 is as follows:

### 30 June 2017

	Asset management HK\$'000	Securities brokerage HK\$'000	Investment holding HK\$'000	Investment banking HK\$'000	Insurance agency HK\$'000	Trading of chemical materials HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	19,366	25,255	192,475	2,740	4	31	3,069	242,940
Segment profit/(loss) before income tax	14,163	6,701	163,035	(13,688)	(21)	(5,941)	(42,460)	121,789
Other segment information:								
Interest income	395	22,667	50,271	1,240	-	32	3,068	77,673
Depreciation and amortisation	231	325	-	-	-	284	1,063	1,903

### 30 June 2016

	Asset Management HK\$'000	Securities brokerage HK\$'000	Investment holding HK\$'000	Investment banking HK\$'000	Insurance agency HK\$'000	Trading of chemical materials HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	-	5,427	49,951	-	379	-	3,091	58,848
Segment profit/(loss) before income tax	(3,571)	850	41,982	-	(173)	-	(27,673)	11,415
Other segment information:								
Interest income	-	7	12,508	-	306	-	2,783	15,604
Depreciation and amortisation	34	139	-	-	261	-	11	445

## 7 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) and at the rates of income tax prevailing in the countries in which the Group operates respectively.

The PRC Enterprise Income Tax rate is 25% (2016: 25%).

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Hong Kong Profits Tax		
— charge for the period	10,840	2,527
Deferred income tax		
— credit for the period	(1,361)	—
	<b>9,479</b>	<b>2,527</b>

## 8 Interest income

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Interest income from money lending business	64,753	12,508
Interest income from bank deposits	3,807	3,091
Interest income from margin lending business	9,113	5
	<b>77,673</b>	<b>15,604</b>



## 9 Commission and fee income

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Advisory fee income	963	–
Commission income from securities brokerage	1,991	5,422
Fee income earned from asset management	8,456	–
Insurance agency service income	4	379
Loan arrangement fee income	14,160	4,150
Underwriting fee income	1,500	–
	<b>27,074</b>	<b>9,951</b>

## 10 Net investment income

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Dividend income	9,622	–
Gain on disposal of available-for-sale financial assets	76,709	3,283
Net gain on financial assets designated at fair value through profit or loss	71,826	30,010
Net loss on derivative financial instruments	(19,964)	–
	<b>138,193</b>	<b>33,293</b>

## 11 Dividends

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## 12 Earnings per share

### *Basic earning per share*

The calculation of basic earning per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$115,026,000 (2016: HK\$12,288,000) and the weighted average number of ordinary shares of 28,928,719,000 (2016: 28,927,291,000) in issue during the period.

### *Diluted earnings per share*

The effect of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2017. Diluted earnings per share is presented as the Company as follows:

	Six months ended 30 June	
	2017	2016
<b>Earnings</b>		
Profit for the period attributable to owners of the Company (HK\$'000)	115,026	12,288
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue (in thousands)	28,928,719	28,927,291
Effect of dilutive potential ordinary shares (in thousands):		
— Share options (Note a) (in thousands)	—	1,428
	28,928,719	28,928,719
Diluted earnings per share (HK cents per share)	0.40	0.04

- (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\$222,000 (six months ended 30 June 2016: HK\$1,794,000) on additions to and HK\$Nil (six months ended 30 June 2016: HK\$77,000) 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:

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Securities brokerage: CM Securities (Hongkong) Company Limited ("CMS")	<b>10,792</b>	10,792
Asset management: CM Asset Management (Hongkong) Company Limited ("CMAM")	<b>5,079</b>	5,079
Insurance brokerage: Jiangyang International Asset Management Limited	<b>538</b>	538
	<b>16,409</b>	16,409



#### 14 Goodwill (Continued)

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, revenue growth rate and expenses growth rate, and long term growth rate 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. Revenue and expenses growth rate are based on past practices and expectations on market development.

For each of the CGUs with significant amount of goodwill, the key assumptions used in the value-in-use calculations in 30 June 2017 and 31 December 2016 are as follows.

	30 June 2017		31 December 2016	
	Securities brokerage	Asset management	Securities brokerage	Asset management
% of revenue growth rate	20%	15%	20%	15%
% of expenses growth rate	20%	20%	20%	20%
Long term growth rate	2.5%	2.5%	2.5%	2.5%
Pre-tax discount rate	21%	24%	21%	24%

No impairment is provided during the period (2016: Nil).

#### 15 Investment in associates

Set out below are the associates of the Group as at 30 June 2017 which, in the opinion of the directors, are material to the Group.

Name of entity	Place of business	Country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Grand Flight Holding Company Limited	PRC	Cayman Islands	30	Note 1	Equity
Grand Flight Hooyoung Investment L.P.	PRC	Cayman Islands	30	Note 2	Equity

Note 1: Grand Flight Holding Company Limited is a company registered in Cayman Islands.

Note 2: Grand Flight Hooyoung Investment L.P. is an investment fund registered in Cayman Islands.

## 15 Investment in associates (Continued)

The total cash considerations for the investment was US\$21,547,000 (approximately HK\$168,467,000). There is no quoted market price available for both associates.

	<b>30 June 2017 HK\$'000</b>	31 December 2016 HK\$'000
Investment in associates	<b>163,048</b>	123,207

The following table shows information of the associates of the Group.

	<b>Grand Flight Holding Company Limited 30 June 2017 HK\$'000</b>	<b>Grand Flight Hooyoung Investment L.P. 30 June 2017 HK\$'000</b>
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### At 30 June:

Current assets	4,476	542,257
Current liabilities	(3,239)	–
Net current assets	<u>1,237</u>	<u>542,257</u>

### Period ended 30 June:

Revenue	7,727	–
Profit/(loss)	517	(7,715)
Total comprehensive income/(loss)	<u>517</u>	<u>(7,715)</u>

Opening net assets 1 January	721	409,740
Increase in equity interest	–	140,000
Profit/(loss) for the period	517	(7,715)
Currency translation difference	(1)	232

Closing net assets	<u>1,237</u>	<u>542,257</u>
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Interest in associates (30%)	<u>371</u>	<u>162,677</u>
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## 16 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the following:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Financial assets designated at fair value through profit or loss		
Unlisted investment fund	1,315,993	256,295
Unlisted bond fund	–	100,417
Convertible bond	110,877	–
Listed equity investment	38,700	–
	<b>1,465,570</b>	<b>356,712</b>

## 17 Available-for-sale financial assets

Available-for-sale financial assets include the following:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Unlisted equity investments	52,040	50,495
Listed equity investments	699,291	661,005
Unlisted bond	15,561	–
Investment in unlisted funds	827,136	753,106
	<b>1,594,028</b>	<b>1,464,606</b>

## 18 Loan receivables

As at 30 June 2017, these loans receivable bear interest at fixed rate ranged from 8.5% to 10% per annum (31 December 2016: 7.3% to 30%). Interest income derived from loan receivables was recognised and presented under "Interest income from money lending business" (Note 8). The carrying value of the loan receivables approximate to their fair values. As at 30 June 2017, the loan receivables are not impaired.



## 19 Share capital

### Ordinary shares, issued and fully paid:

	Number of shares '000	Share capital HK\$'000
<b>At 1 January 2016</b>	28,927,291	5,666,290
Proceeds from shares issued		
— employee share option scheme (Note (a))	1,428	1,256
<b>At 31 December 2016, 1 January 2017 and 30 June 2017</b>	28,928,719	5,667,546

- (a) During the year ended 31 December 2016, 1,428,000 shares of the Company were issued under share option scheme, as follows:

Issue date	Exercise price HK\$	Number of shares '000	Net proceeds HK\$'000
1 August 2016	0.49	1,428	700
		1,428	700

Upon exercise of share options, the fair value of the options on the date of grant are transferred from the Company's share-based payments reserve to the Company's share capital. During the year ended 31 December 2016, approximately HK\$1,256,000 was credited to the Company's share capital.

## 20 Deferred tax assets/liabilities

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of the reporting period.

The following is the analysis of the deferred tax balances for financial reporting purpose.

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
<b>Deferred tax assets</b>		
— Net fair value losses	—	4,659
— Tax losses	4,747	3,386
	4,747	8,045
<b>Deferred tax liabilities</b>		
— Net fair value gain	2,180	353

## 21 Derivative financial instruments

Derivative financial instruments include the following:

	30 June 2017		31 December 2016	
	Notional amount HK\$'000	Fair value HK\$'000	Notional amount HK\$'000	Fair value HK\$'000
<b>Assets</b>				
Foreign exchange forward contracts	—	—	270,600	13,744
Written put options	43,831	25,089	43,831	18,439
Equity swap	(17,346)	3,530	—	—
Index futures	(31,236)	116	—	—
<b>Liabilities</b>				
Foreign exchange forward contracts	270,600	(3,321)	—	—
Equity swap	(11,662)	(761)	—	—
Total return swap	100,000	(14,292)	—	—

## 22 Related party transactions

- (a) In addition to those related party transactions disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Commission income (Note i)	1,281	5,410
Interest income (Note ii)	110	–

Note i: During the period ended 30 June 2017, the Group received commission fees income from immediately holding company and fellow subsidiaries. Commission fee income is determined with reference to the market rate offered to other third party clients.

Note ii: During the period ended 30 June 2017, the Group lent unsecured loans to a related party of the Company and received interest income at an interest rate of 7.3% p.a. The loan is repaid on 3 January 2017.

- (b) During the period ended 30 June 2017, the Group has shared an office space in Hong Kong from a related party with zero consideration. As at 30 June 2017, no operating lease agreement has been signed between the Group and the related party.
- (c) Key management compensation amounted to approximately HK\$25,188,000 for the six months ended 30 June 2017 (30 June 2016: HK\$8,737,000). See below:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Salaries and other short-term benefits	8,920	7,526
Share-based payments	6,061	1,211
Other termination benefits (Note i)	10,207	–
	25,188	8,737

Note i: The amount represented the majority of the total other termination benefits of HK\$11,829,000 as disclosed on the face of condensed consolidated statement of profit or loss.

### **23 Litigation**

During the year ended 31 December 2015, five suppliers (the "Plaintiffs") filed petitions to the courts in Shanghai against a subsidiary of the Company for settlement of trade debts of approximately RMB8,431,000 (equivalent to approximately HK\$10,016,000) in aggregate. All hearings (including appeals) had been held and the verdicts were in favor of the Plaintiffs.

As the claims of RMB8,431,000 have been fully recognised in these condensed consolidated financial statements, the directors do not expect further material commitment on these litigations.

### **24 Contingent liabilities**

There are no contingent liabilities relating to the Group as at 30 June 2017 (at 31 December 2016: Nil).

### **25 Comparative figures**

As discussed in note 6, the Group had revisited the operating segments and business model in the second half of 2016.

As a result, the comparative figures for the cash flows included in condensed consolidated statement of cash flows have been restated to conform with the current period's presentation.



## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



羅兵咸永道

### TO THE BOARD OF DIRECTORS OF CHINA MINSHENG FINANCIAL HOLDING CORPORATION LIMITED

*(incorporated in Hong Kong with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 19 to 47, which comprises the condensed consolidated statement of financial position of China Minsheng Financial Holding Corporation Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## SCOPE OF REVIEW

We conducted our review 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. A review of condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 23 August 2017

