

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

China Minsheng Financial Holding Corporation Limited

中國民生金融控股有限公司

(Formerly known as China Seven Star Holdings Limited 中國七星控股有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Board (the “Board”) of Directors (the “Directors”) of China Minsheng Financial Holding Corporation Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (hereinafter together referred as the “Group”) for the year ended 31 December 2015 together with the comparative figures of the corresponding year in 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Turnover	5	201,091	68,086
Cost of sales and services		(199,256)	(67,238)
Gross profit		1,835	848
Other income	6	910	3,325
Administrative expenses		(32,229)	(36,354)
Other operating expenses		(15,041)	(11,117)
Loss before tax		(44,525)	(43,298)
Income tax (expense)/credit	8	(80)	2,175
Loss for the year	9	(44,605)	(41,123)
Attributable to:			
Owners of the Company		(28,580)	(30,144)
Non-controlling interests		(16,025)	(10,979)
		(44,605)	(41,123)
Loss per share	10		
— Basic		HK(0.72) cent	HK (1.34) cent
— Diluted		N/A	N/A

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Loss for the year	<u>(44,605)</u>	<u>(41,123)</u>
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>836</u>	<u>13</u>
Other comprehensive income for the year, net of tax	<u>836</u>	<u>13</u>
Total comprehensive income for the year	<u><u>(43,769)</u></u>	<u><u>(41,110)</u></u>
Attributable to:		
Owners of the Company	<u>(39,050)</u>	<u>(36,101)</u>
Non-controlling interests	<u>(4,719)</u>	<u>(5,009)</u>
	<u><u>(43,769)</u></u>	<u><u>(41,110)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Fixed assets		1,954	933
Goodwill		15,871	–
Other intangible assets		500	–
Deposits		1,048	–
Available-for-sale financial assets		199	208
		19,572	1,141
Current assets			
Trade receivables	11	18	–
Other receivables, prepayments and deposits		2,486	9,173
Pledged bank deposits		299	312
Bank and cash balances		5,062,465	29,567
		5,065,268	39,052
Current liabilities			
Trade payables	12	18,966	20,603
Other payables and accruals		26,110	15,637
Current tax liabilities		115	125
		45,191	36,365
Net current assets		5,020,077	2,687
NET ASSETS		5,039,649	3,828
Capital and reserves			
Share capital	14	5,666,290	574,117
Other reserves		774,728	797,895
Accumulated losses		(1,147,827)	(1,119,361)
Equity attributable to owners of the Company		5,293,191	252,651
Non-controlling interests		(253,542)	(248,823)
TOTAL EQUITY		5,039,649	3,828

Notes:

1. STATUTORY FINANCIAL STATEMENTS

The financial information set out in this results announcement does not constitute the Group's statutory consolidated financial statements for the year ended 31 December 2015 but is derived from those statutory financial statements. The consolidated financial statements of the Group for the year ended 31 December 2015 will be available from the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in due course. The auditor has expressed an unqualified opinion on those financial statements in their report dated 30 March 2016.

2. GENERAL INFORMATION

The Company 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 Company's shares are listed on the Main Board of the Stock Exchange.

The Company is an investment holding company. The principal activities of its principal subsidiaries are provision of securities brokerage and asset management services in Hong Kong, trading of chemical materials, and provision of insurance agency, real estate consultancy and solar power services in the People's Republic of China (the "PRC").

In the opinion of the directors of the Company, CMI Financial Holding Company Limited, a company incorporated in Hong Kong, is the immediate parent; China Minsheng Investment Corporation Limited, a company incorporated in the PRC, is the ultimate parent.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the requirements of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Group's accounting policies.

These financial statements have been prepared under the historical cost convention.

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. The adoption of the new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior years.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The Directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective that are relevant to the Group

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) Amendments to the Listing Rules

The Stock Exchange in April 2015 released revised Appendix 16 of the Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

5. TURNOVER

An analysis of the Group’s turnover for the year is as follows:

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Trading of chemical materials	192,358	57,732
Insurance agency service income	8,701	10,354
Commission for securities brokerage	32	–
	<u>201,091</u>	<u>68,086</u>

6. OTHER INCOME

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Interest income on bank deposits	546	607
Gain on disposals of fixed assets	83	–
Rental income	–	801
PRC tax subsidy	182	314
Write back of other payables and accruals	–	1,551
Sundry income	99	52
	<u>910</u>	<u>3,325</u>

7. SEGMENT INFORMATION

The Group has five (2014: three) reportable segments as follows:

Trading of chemical materials	—	trading of chemical materials in the PRC
Insurance agency	—	provision of insurance agency services in the PRC
Securities brokerage	—	provision of securities brokerage services in Hong Kong
Real estate	—	provision of real estate consultancy services in the PRC
Solar power	—	provision of solar power services in the PRC

In the current year, as the PRC retail and distribution business did not meet the definition of an operating segment in accordance with HKFRS 8 “Operating Segment”, its information is not presented.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

The Group’s other operating segment includes the asset management service business. This segment does not meet any of the quantitative thresholds for determining reportable segments. The information of this operating segment is included in the ‘other’ column.

Segment profits or losses do not include corporate income, equity-settled share-based payments and corporate expenses.

Segment assets and liabilities of the Group are not reported to the Group’s chief operating decision makers regularly. As a result, reportable segment assets and liabilities have not been presented.

Information about reportable segment profit or loss:

	Trading of chemical materials <i>HK\$’000</i>	Insurance agency <i>HK\$’000</i>	Securities brokerage <i>HK\$’000</i>	Real estate <i>HK\$’000</i>	Solar power <i>HK\$’000</i>	Other <i>HK\$’000</i>	Total <i>HK\$’000</i>
Year ended 31 December 2015							
Revenue from external customers	<u>192,358</u>	<u>8,701</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,091</u>
Segment profit/(loss)	<u>1,777</u>	<u>(5,061)</u>	<u>(2,050)</u>	<u>(7,902)</u>	<u>(5,668)</u>	<u>(1,271)</u>	<u>(20,175)</u>
Interest revenue	-	6	1	-	-	-	7
Depreciation and amortisation	-	-	67	-	19	44	130
Bad debts/impairment charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,880</u>	<u>-</u>	<u>90</u>	<u>7,970</u>

	PRC retail and distribution <i>HK\$'000</i>	Trading of chemical materials <i>HK\$'000</i>	Insurance agency <i>HK\$'000</i>	Other <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2014					
Revenue from external customers	<u>–</u>	<u>57,732</u>	<u>10,354</u>	<u>–</u>	<u>68,086</u>
Segment profit/(loss)	<u>(11,881)</u>	<u>556</u>	<u>(7)</u>	<u>–</u>	<u>(11,332)</u>
Interest revenue	63	–	8	–	71
Depreciation and amortisation	4	–	70	–	74
Bad debts/impairment charges	1,534	–	1	–	1,535
Fixed assets written off	12	–	–	–	12
Inventories written off	<u>7,185</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,185</u>

Reconciliations of reportable segment revenue and profit or loss:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Total revenue of reportable segments	<u>201,091</u>	<u>68,086</u>
Profit or loss		
Total profit or loss of reportable segments	(20,175)	(11,332)
Unallocated corporate income	721	2,888
Equity-settled share-based payments	–	(12,583)
Unallocated corporate expenses	<u>(25,071)</u>	<u>(22,271)</u>
Consolidated loss before tax	<u>(44,525)</u>	<u>(43,298)</u>

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	32	–	18,627	10
The PRC except Hong Kong	<u>201,059</u>	<u>68,086</u>	<u>746</u>	<u>923</u>
Consolidated total	<u>201,091</u>	<u>68,086</u>	<u>19,373</u>	<u>933</u>

Revenue from major customers:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trading of chemical materials segment		
Customer a	192,358	–
Customer b	–	47,010
Customer c	–	10,722
	<u> </u>	<u> </u>

8. INCOME TAX EXPENSE/(CREDIT)

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax — the PRC		
Provision for the year	–	108
Under/(Over provision) in prior years	80	(2,283)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	80	(2,175)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits in Hong Kong for the year (2014: HK\$Nil).

The provision for PRC Enterprise Income Tax has been provided at the statutory tax rate of 25% (2014: 25%) on the assessable profits of the Company's PRC subsidiaries.

No provision for deferred taxation had been made for both years ended 31 December 2015 and 2014 as the tax effect of all temporary difference is not material.

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Allowance for other receivables (included in other operating expenses)	–	457
Allowance for trade receivables (included in other operating expenses)	–	1,173
Amortisation of insurance agency licence (included in other operating expenses)	–	70
Auditor's remuneration	1,300	1,500
Cost of inventories sold	190,564	57,169
Depreciation	436	1,043
Equity-settled share-based payments	–	12,583
Exchange differences, net	43	233
Fixed assets written off	–	18
Gain on disposals of fixed assets	(83)	–
Inventories written off	–	7,185
Impairment loss on fixed assets	–	461
Impairment loss on prepayments and deposits (included in other operating expenses)	7,970	367
Operating lease charges — Land and buildings	3,872	3,103
Penalty	5,113	–
Staff costs (including directors' emoluments)	15,440	17,306
	<u> </u>	<u> </u>

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$28,580,000 (2014: HK\$30,144,000) and the weighted average number of ordinary shares of 3,945,489,000 (2014: 2,243,235,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2015 and 2014.

11. TRADE RECEIVABLES

The general credit term of insurance agency services is normally 30 days. For trading of chemical materials, the Group requires customers to pay in advance. For securities brokerage, the receivables are settled from cash clients and clearing house two business days after trade day.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–90 days	<u>18</u>	<u>–</u>

12. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers but certain suppliers would require the Group to pay in advance.

The aging analysis of trade payables, based on date of receipt of goods and services, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–90 days	101	781
91–180 days	–	68
181–365 days	7	61
Over 365 days	<u>18,858</u>	<u>19,693</u>
	<u>18,966</u>	<u>20,603</u>

13. ACQUISITION OF SUBSIDIARIES

In September 2015, the Group acquired 100% of the issued share capital of CM Securities (Hongkong) Company Limited (Formerly known as YGD Securities (HK) Limited) (“CMS”) and CM Asset Management (Hongkong) Company Limited (Formerly known as Yuan Asset Management Limited) (“CMAM”) for a total consideration of approximately HK\$22,656,000 and HK\$6,130,000 respectively. CMS and CMAM were engaged in provision of securities brokerage services and provision of securities advisory and asset management services during the year respectively. The acquisitions are for the purpose of the Group’s strategic move to expand into the financial services sector and related businesses.

The fair value of the identifiable assets and liabilities of CMS and CMAM acquired as at the date of acquisition are as follows:

Net assets acquired:	CMS HK\$'000	CMAM HK\$'000	Total HK\$'000
Fixed assets	1,102	214	1,316
Intangible assets	500	–	500
Prepayments and deposits	505	784	1,289
Bank and cash balances	10,046	101	10,147
Other payables and accruals	(289)	(48)	(337)
	<u>11,864</u>	<u>1,051</u>	<u>12,915</u>
Goodwill	10,792	5,079	15,871
	<u>22,656</u>	<u>6,130</u>	<u>28,786</u>
Satisfied by:			
Cash	<u>22,656</u>	<u>6,130</u>	<u>28,786</u>
Net cash outflow arising on acquisition:			
Cash consideration paid			28,786
Cash and cash equivalents acquired			<u>(10,147)</u>
			<u>(18,639)</u>

14. SHARE CAPITAL

	<i>Note</i>	2015		2014	
		Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Ordinary shares, issued and fully paid:					
At 1 January		2,308,331	574,117	2,198,331	21,983
Transition to no-par value regime on 3 March 2014		–	–	–	533,936
Issue of shares on placement and subscription	(a)	26,399,360	5,042,258	110,000	18,198
Issue of shares under share option scheme	(b)	219,600	49,915	–	–
At 31 December		<u>28,927,291</u>	<u>5,666,290</u>	<u>2,308,331</u>	<u>574,117</u>

- (a) On 22 April 2015, the Company, Group First Limited (“Group First”, a substantial shareholder of the Company before share subscription mentioned below) and a placing agent entered into a placing and subscription agreement, pursuant to which Group First agreed to place and the placing agent agreed to procure not less than six placees to purchase 83,360,000 shares at a placing price of HK\$0.6 per share from Group First, and Group First agreed to subscribe new shares equivalent to the number of placing shares of 83,360,000 shares at a subscription price equivalent to the placing price of HK\$0.6 per share from the Company. The placing and subscription was completed on 5 May 2015, and net proceeds of approximately HK\$48,706,000 were credited to the Company’s share capital.

On 18 June 2015, the Company entered into share subscription agreement with CMI Financial Holding Corporation (“CMI”) and other investors, pursuant to which the Company has conditionally agreed to allot and issue 26,316,000,000 shares to CMI and other investors at a subscription price of HK\$0.19 per share. On 11 December 2015, 26,316,000,000 shares were allotted and issued upon completion of share subscription, and net proceeds of approximately HK\$4,993,552,000 were credited to the Company’s share capital.

- (b) During the year ended 31 December 2015, 219,600,000 shares of the Company were issued under share option scheme. Upon exercise of share options, net proceeds of approximately HK\$37,332,000 were credited to the Company’s share capital and the fair value of the options on the date of grant were transferred from the Company’s share-based payments reserve to the Company’s share capital. During the year ended 31 December 2015, approximately HK\$12,583,000 was credited to the Company’s share capital.

15. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGY AND OUTLOOK

The coming one to two years will be an essential period for the Group to establish its business model, and also a period full of opportunities.

The high-speed economic growth of China entered the “new normal” period with a gradual slowdown to a medium-to-high growing pace. The latest 13th Five-Year Plan is crucial to the economic restructuring of China, which is the main factor affecting the buffering of economic downturn and the potential of economic growth. In face of various uncertainties, there will be certain volatility in the financial investment market, which as a result will, to a certain extent, pose uncertainties to the Group’s operations.

In addition, the increased uncertainties associated with the global economy and the expected adjustments to long-term interest rates will together affect the quality of financial assets, in turn causing pressure on the yields of financial products.

Taking into account the challenging national and international macro-economic environment as a whole, the Group is well-prepared for capturing any future opportunities in a timely manner. In 2015, by adhering to its conservative and prudent approach, the Group successfully streamlined both its assets and investments and consolidated its business foundation, so as to capitalize on the future opportunities.

Furthermore, the Group will focus on its core financial business by placing importance on the development of regulated activities under the Securities and Futures Ordinance (the “SFO”), in order to lay a solid foundation for the Group’s business and bring in primary income with reasonable growths.

Leveraging on its considerable proceeds from the share subscription completed in December 2015, the Group possesses sufficient funds to carry out merger and acquisitions of suitable assets when prices of assets fall back to a reasonable level. The Group plans to evaluate and acquire companies with current profitability or high-tech businesses within the financial sector in the future, in turn bringing mature experience, technology and profit to the Group, and at the same time gradually founding a strategic layout for the growth of the Group’s operations and returns in the future.

MARKET REVIEW

In 2015, China’s economic growth continuously slowed down with the GDP growth of 6.9% for the first three quarters, which is the record low after the financial turmoil. The three main elements for the economic growth of China, namely export, investment in fixed assets and consumption, lacked growing momentum to meet the growth target set by the government. Meanwhile, in light of the uncertainties arising from the retreat on easing policy for US dollars, subsisting unstable environment in Eurozone and geopolitical conflicts, the global economy is still exposed to considerable risks.

The slowdown in economic growth is somehow an essential stage in economic restructuring, and the economic cycle is still within a reasonable range. Since Renminbi was officially included in the currency basket by the International Monetary Fund (IMF) at the end of last year, and the Chinese government strived to ensure its planned economic growth reaches the expected level, China's economic trend in the coming year is still promising. Moreover, the Chinese government's supportive and encouraging policies for new economy industries will facilitate the Group in exploring any development opportunities in the relatively volatile market.

BUSINESS REVIEW

China Minsheng Investment Corporation Limited (中國民生投資股份有限公司) (“CM Investment”) group has become the controlling shareholder of the Company after the completion of its acquisition of equity interest in China Seven Star Holdings Limited in December 2015. Subsequently, China Seven Star Holdings Limited was officially renamed as China Minsheng Financial Holding Corporation Limited.

With a view to attracting new investors to form a broader shareholder base of the Company, on 5 October 2015, the Company officially changed its board lot size from 40,000 shares to 10,000 shares to enhance the liquidity of its shares in the market.

Amongst the businesses of the Group, only the chemical materials business contributed a profit of approximately HK\$1,777,000 to the Group as at 31 December 2015. Given the fierce competition faced by its original businesses in China's markets, the Group will adopt appropriate strategies such as downsizing businesses with unsatisfactory profitability and undertaking regular reviews and adjustments.

On the other hand, in light of the opportunities emerging in the interconnectivity of stock markets and financial products in China and Hong Kong, coupled with the possible increase in companies listed in Hong Kong due to the suspension of IPO market in China, the Board believes that the prospects of the financial services industry and the relevant business are optimistic, and view them as the core business of the Group in the future. The Group plans to actively identify opportunities to expand its core business in the year.

In this regard, the Group entered into the acquisitions of the entire equity interests in both YGD Securities (HK) Limited and Yuan Asset Management Limited during the year. The total consideration for the acquisition of the entire equity interests in YGD Securities (HK) Limited was HK\$22,656,000. YGD Securities (HK) Limited is licensed to carry out type 1 regulated activity (dealing in securities) under the SFO. It has trading rights on the Stock Exchange and is a participant to the Central Clearing and Settlement System (CCASS) of the Stock Exchange. On the other front, the total consideration for the acquisition of the entire equity interests in Yuan Asset Management Limited was HK\$6,130,000 (cash of HK\$5,300,000 and expenses reimbursement of HK\$830,000). Yuan Asset Management Limited is licensed to carry out type 4 regulated activity (advising on securities) and type 9 regulated activity (asset management) under the SFO. Following completion of the two aforesaid acquisitions, the two indirect wholly-owned subsidiaries were renamed as CM Securities (Hongkong) Company Limited and CM Asset Management (Hongkong) Company Limited, respectively.

The Group plans to use both CM Securities (Hongkong) Company Limited and CM Asset Management (Hongkong) Company Limited as its platforms for financial services and related businesses with the intention to gradually develop the Group into a sized comprehensive financial services platform that offers services including trading of securities, securities margin financing, asset management, strategic investment and corporate finance.

In an effort to accelerate the pace of tapping into the financial sector, the Board believes that the introduction of prominent and reputable strategic investors will enhance the Group's professional experience and develop the pipeline of business opportunities in the financial services sector. As such, the Group introduced CM Investment, its group and other strategic investors by entering into share subscription agreement and deeds of accession. Such agreement and deeds of accession were completed in December 2015. Upon the share subscription, there were 28,905,331,250 shares of the Company in issue, of which 20,418,000,000 shares in aggregate were held by the CM Investment, the controlling shareholder of the Group. The Group believes that, a strong shareholder base will effectively promote clients' confidence in the Group and broaden its customer base, in turn creating more business opportunities with the support from the shareholders.

Sales results and performance review

For the year ended 31 December 2015, the Group's audited consolidated turnover was approximately HK\$201,091,000, which represents an increase of approximately 195.35% from the same period of last year, mainly attributable from the trading of chemical materials.

The breakdown of the Group's turnover recognised in the audited consolidated statement of profit or loss was as follows:

For the year ended 31 December 2015, in HK\$'000

	2015	2014	Change
Insurance agency service income	8,701	10,354	-15.96%
Trading of chemical materials	192,358	57,732	+233.19%
Commission for securities brokerage	32	-	N/A
	<hr/>	<hr/>	
Turnover	<u>201,091</u>	<u>68,086</u>	+195.35%

The Group recorded a gross profit of approximately HK\$1,835,000 and a gross profit margin of 0.9%, which is lower than the 1.2% of the same period last year. The gross profit was mainly generated from the trading of chemical materials.

The Group recorded a loss attributable to owners of the Company of approximately HK\$28,580,000 for the year ended 31 December 2015 which decreased by 5.2% as compared with the loss attributable to owners of the Company of approximately HK\$30,144,000 for the year ended 31 December 2014.

On financial position and cash flows, as at and for the year ended 31 December 2015, the Group's total assets were approximately HK\$5,084,840,000 (2014: approximately HK\$40,193,000), an increase of 12,551.1% when compared with 2014. Net cash (outflows)/inflows from operating activities, investing activities and financing activities were approximately HK\$(28,562,000), HK\$(18,176,000) and HK\$5,079,590,000 respectively (2014: approximately HK\$(34,729,000), HK\$5,083,000 and HK\$18,198,000). Capital expenditure was approximately HK\$18,863,000 for the year (2014: nil). Depreciation and amortization for tangible and intangible assets were approximately HK\$436,000 (2014: approximately HK\$1,113,000). As at 31 December 2015, the Group's total cash (including pledged bank deposits) was approximately HK\$5,062,764,000 (2014: approximately HK\$29,879,000).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2015, the Group's financial assets (excluding receivables and deposits) amounted to approximately HK\$5,062,963,000 (2014: approximately HK\$30,087,000), of which approximately HK\$5,062,465,000 (2014: approximately HK\$29,567,000) were liquid cash deposits.

The Directors are of the opinion that there are sufficient cash resources for the Group to meet its financial obligation and business requirements.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND RELATED HEDGING

The Directors considered that the Group has minimal exposure to foreign currency risk as some of its business transactions and assets and liabilities are denominated in foreign currencies other than its functional currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

STAFF AND REMUNERATION POLICY

The Group had 59 employees (including Directors) as at 31 December 2015 (2014: 36). The Group recruits and promotes individuals based on their performance and development potential in the positions held. Remuneration package is determined with reference to an employee's performance and the prevailing salary levels in the market.

GEARING RATIO

As at 31 December 2015, the Group had total assets of approximately HK\$5,084,840,000 (2014: approximately HK\$40,193,000) and the gearing ratio (calculated on the basis of the Group's total bank and other borrowings, over the equity attributable to owners of the Company) was Nil as at 31 December 2015 (2014: Nil).

CAPITAL STRUCTURE

On 22 April 2015, the Company, Group First and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which Group First agreed to place and the Placing Agent agreed to procure not less than six placees to purchase 83,360,000 shares at a placing price of HK\$0.60 per share from Group First, and Group First agreed to subscribe new shares equivalent to the number of placing shares of 83,360,000 shares at a subscription price equivalent to the placing price of HK\$0.60 per share from the Company. The Placing and Subscription was completed on 5 May 2015, and net proceeds of approximately HK\$48,706,000 were credited to the Company's share capital.

Pursuant to a subscription agreement dated 18 June 2015 and the Company conditionally agreed to allot and issue 20,418,000,000 subscription shares to CM Investment Group and 5,898,000,000 subscription shares to other investors (by way of deeds of accession) at a subscription price of HK\$0.19 per share. The net price of the subscription share after deduction of relevant expenses (including but not limited to the professional fees and disbursements) is approximately HK\$0.1898 per share.

The subscription was completed on 11 December 2015, and net proceeds of approximately HK\$4,993,552,000 were received.

During May to December 2015, the aggregate 219,600,000 share options granted in 2014 were exercised and net proceeds of approximately HK\$37,332,000 were credited to the Company's share capital. Besides the related share based payment reserves of approximately HK\$12,583,000 was transferred to the Company's share capital.

Save as disclosed above, there were no other changes in the capital structure of the Company during the year ended 31 December 2015.

CHARGES ON GROUP'S ASSETS

As at 31 December 2015, apart from a deposit pledged to a bank of approximately HK\$299,000 (2014: approximately HK\$312,000) as security for a corporate card with credit limit of approximately HK\$239,000 (2014: approximately HK\$250,000) granted to a non-executive director (2014: executive director) of the Group, there were no other charges on the Group's assets.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2015.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2015.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Pursuant to a sales and purchase agreement dated 14 June 2015, the Company acquired 100% equity interest of YGD Securities (HK) Limited from YGD Finance Holdings Limited through its wholly-owned subsidiary, China Seven Star Real Estate Operation Management Limited at a total consideration of HK\$22,656,000. The acquisition was completed on 29 September 2015.

Pursuant to an equity transfer agreement dated 15 June 2015, the Company acquired 100% equity interest of Yuan Asset Management Limited from Mr. Yen Jong Ling through its wholly-owned subsidiary, China Seven Star Asset Management Limited at a total consideration of HK\$6,130,000 (cash of HK\$5,300,000 and expenses reimbursement of HK\$830,000). The acquisition was completed on 29 September 2015.

Following completion of the two acquisitions, YGD Securities (HK) Limited and Yuan Asset Management Limited become indirect wholly owned subsidiaries of the Company and have been subsequently renamed as CM Securities (Hongkong) Company Limited and CM Asset Management (Hongkong) Company Limited respectively.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

Throughout the year ended 31 December 2015, 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, E.1.2 and A.6.7 which are explained below.

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. 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.

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 year ended 31 December 2015, the annual general meeting held on 5

June 2015, the whole Board of Directors and auditor of the Company have attended the meeting to answer questions of the Shareholders except that Mr. Tu Baogui, Mr. Lyu Wei and Mr. Ling Yu Zhang could not attend the annual general meeting due to other business engagement but they have appointed the other attending Directors as their representative at the meeting to answer questions of the shareholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 year ended 31 December 2015.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The Audit Committee currently comprises Mr. Chen Johnny (Chairman), Mr. Ni Xinguang and Mr. Lyu Wei. The Audit Committee has reviewed and discussed with the management and the external auditors financial reporting matters including the annual results for the year ended 31 December 2015.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2016 annual general meeting of the Company (the "2016 AGM") will be held on Thursday, 16 June 2016 and the Notice of the 2016 AGM will be published and despatched to shareholders in accordance with the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders, who are entitled to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Monday, 13 June 2016 to Thursday, 16 June 2016, both days inclusive. During the aforementioned period, no request for the transfer of shares will be accepted. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 10 June 2016 in order to qualify for attending and voting at the 2016 AGM.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the Reporting Period and up to the date of this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

The annual report of the Company for the year ended 31 December 2015 will be dispatched to shareholders and be published on the aforementioned websites in due course.

On behalf of the Board
China Minsheng Financial Holding Corporation Limited
Zhang Sheng
Chairman

Hong Kong, 30 March 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; and (2) Mr. Zhang Sheng and Mr. Ni Xinguang as non-executive directors of the Company; and (3) Mr. Chen Johnny, Mr. Beczak Thaddeus Thomas, Mr. Lyu Wei and Mr. Ling Yu Zhang as independent non-executive directors of the Company.