



Flying Financial Service Holdings Limited
匯聯金融服務控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8030

2017
INTERIM REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors (the “Directors”) of Flying Financial Service Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively the “Group”) recorded a turnover of approximately RMB190,342,000 for the six months ended 30 June 2017, representing an increase of approximately 31.6% as compared to approximately RMB144,641,000 for the corresponding period in 2016.
- Profit attributable to owners of the Company for the six months ended 30 June 2017 amounted to approximately RMB75,747,000, representing an increase of approximately 31.0% as compared to approximately RMB57,808,000 for the corresponding period in 2016.
- Basic earnings per share of the Company (the “Share”) for the six months ended 30 June 2017 amounted to RMB4.37 cents (2016: RMB3.72 cents).
- The board of Directors (the “Board”) has resolved to declare an interim dividend of HK\$0.01 per Share for the six months ended 30 June 2017 (2016: HK\$0.01 per Share).

UNAUDITED INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Three months ended 30 June		Six months ended 30 June	
		2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue	3	109,344	86,833	190,342	144,641
Other income	3	1,213	4,598	1,753	5,297
Employee benefit expenses		(15,186)	(10,188)	(30,387)	(21,491)
Administrative expenses		(24,133)	(15,988)	(42,806)	(31,834)
Equity-settled share-based payments		(2,532)	(7,015)	(5,625)	(15,633)
Share of result of joint ventures		178	(157)	648	(157)
Finance costs	4	(4,168)	–	(8,275)	–
Profit before income tax expense	5	64,716	58,083	105,650	80,823
Income tax expense	6	(20,950)	(16,149)	(34,405)	(17,754)
Profit for the period		43,766	41,934	71,245	63,069
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
– Exchange differences on translating foreign operation		750	(2,793)	470	(2,854)
Total comprehensive income for the period		44,516	39,141	71,715	60,215
Profit/(loss) for the period attributable to:					
Owners of the Company		47,642	37,577	75,747	57,808
Non-controlling interests		(3,876)	4,357	(4,502)	5,261
		43,766	41,934	71,245	63,069
Total comprehensive income for the period attributable to:					
Owners of the Company		48,392	34,784	76,217	54,954
Non-controlling interests		(3,876)	4,357	(4,502)	5,261
		44,516	39,141	71,715	60,215
Earnings per Share					
– Basic and diluted (RMB cents)	8	2.75	2.40	4.37	3.72

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	5,305	6,283
Investment properties		44,491	44,491
Goodwill	10	48,316	48,316
Intangible assets	10	27,239	28,890
Interests in joint ventures		277	19,339
Held-to-maturity investment	11	6,144	12,245
Available-for-sale investments	12	562,991	459,028
Loans and accounts receivables	13	29,756	40,020
		724,519	658,612
Current assets			
Held-to-maturity investment	11	5,396	5,086
Loans and accounts receivables	13	203,082	217,625
Deposits paid, prepayments and other receivables		49,125	49,277
Amount due from a shareholder		–	3,787
Amount due from a non-controlling interest		1	1
Amounts due from joint ventures		11,400	11,421
Tax recoverable		8,318	7,671
Cash and cash equivalents		76,679	34,689
		354,001	329,557
Current liabilities			
Receipts in advance, accruals and other payables		65,183	41,408
Dividend payable		2,502	149
Amount due to a shareholder		4,164	–
Bank borrowing		2,154	2,693
Convertible bonds		89,665	87,807
Current tax liabilities		44,625	46,859
		208,293	178,916
Net current assets		145,708	150,641

		As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
	<i>Notes</i>		
Non-current liability			
Receipts in advance, accruals and other payables		12,202	11,672
Bank borrowing		17,591	18,668
Deferred tax liability		6,810	7,222
		<u>36,603</u>	<u>37,562</u>
NET ASSETS		<u>833,624</u>	<u>771,691</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	142,004	142,004
Reserves		640,976	574,216
Proposed dividend	7	15,027	15,352
		<u>798,007</u>	<u>731,572</u>
Non-controlling interests		<u>35,617</u>	<u>40,119</u>
TOTAL EQUITY		<u>833,624</u>	<u>771,691</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital (Unaudited) RMB'000	Share premium (Unaudited) RMB'000	Merger reserve (Unaudited) RMB'000	Statutory reserve (Unaudited) RMB'000	Exchange reserve (Unaudited) RMB'000	Share option reserve (Unaudited) RMB'000	Convertible bonds equity reserve (Unaudited) RMB'000	Retained earnings (Unaudited) RMB'000	Proposed dividend (Unaudited) RMB'000	Total (Unaudited) RMB'000		
At 1 January 2017	142,004	262,193	116,659	29,031	2,695	21,687	5,316	136,635	15,352	731,572	40,119	771,691
Profit for the period	-	-	-	-	-	-	-	75,747	-	75,747	(4,502)	71,245
Other comprehensive income for the period	-	-	-	-	470	-	-	-	-	470	-	470
Total comprehensive income for the period	-	-	-	-	470	-	-	75,747	-	76,217	(4,502)	71,715
Proposed interim dividend	-	(15,027)	-	-	-	-	-	-	15,027	-	-	-
Equity-settled share-based transactions	-	-	-	-	-	5,536	-	-	-	5,536	-	5,536
2016 final dividend paid	-	34	-	-	-	-	-	-	(15,352)	(15,318)	-	(15,318)
At 30 June 2017	<u>142,004</u>	<u>247,200</u>	<u>116,659</u>	<u>29,031</u>	<u>3,165</u>	<u>27,223</u>	<u>5,316</u>	<u>212,382</u>	<u>15,027</u>	<u>798,007</u>	<u>35,617</u>	<u>833,624</u>
At 1 January 2016	124,827	147,160	116,659	19,217	(1,277)	1,445	-	43,914	-	451,945	38,008	489,953
Profit for the period	-	-	-	-	-	-	-	57,808	-	57,808	5,261	63,069
Other comprehensive income for the period	-	-	-	-	(2,854)	-	-	-	-	(2,854)	-	(2,854)
Total comprehensive income for the period	-	-	-	-	(2,854)	-	-	57,808	-	54,954	5,261	60,215
Proposed interim dividend	-	(14,826)	-	-	-	-	-	-	14,826	-	-	-
Subscription of new shares	17,126	144,712	-	-	-	-	-	-	-	161,838	-	161,838
Share issue costs	-	(188)	-	-	-	-	-	-	-	(188)	-	(188)
Exercise of share options	51	748	-	-	-	(262)	-	-	-	537	-	537
Equity-settled share-based transactions	-	-	-	-	-	15,806	-	-	-	15,806	-	15,806
At 30 June 2016	<u>142,004</u>	<u>277,606</u>	<u>116,659</u>	<u>19,217</u>	<u>(4,131)</u>	<u>16,989</u>	<u>-</u>	<u>101,722</u>	<u>14,826</u>	<u>684,892</u>	<u>43,269</u>	<u>728,161</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Net cash generated from operating activities	<u>132,910</u>	<u>41,031</u>
Net cash used in investing activities	<u>(69,561)</u>	<u>(163,831)</u>
Net cash (used in)/generated from financing activities	<u>(18,027)</u>	<u>164,655</u>
Net increase in cash and cash equivalents	45,322	41,855
Cash and cash equivalents at beginning of the period	34,689	154,507
Effect of foreign exchange rate, net	<u>(3,332)</u>	<u>(3,921)</u>
Cash and cash equivalents at the end of the period	<u>76,679</u>	<u>192,441</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 4 May 2011. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The principal place of business of the Company is located at Room 801A and 807B, 8/F., Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares (the "Shares") have been listed on GEM of the Stock Exchange since 7 May 2012.

The Group, comprising the Company and its subsidiaries, currently engages in investment in property development projects, operation of financial services platform, provision of entrusted loan, pawn loan and other loan services, financial consultation services, and finance lease and factoring services mainly in the People's Republic of China ("PRC" or "China").

In the opinion of the Directors, the immediate and ultimate holding company of the Company is Ming Cheng Investments Limited, a limited liability company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRSs"), which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies used in the preparation of the Group's unaudited condensed consolidated results are consistent with those adopted in the Group's audited financial statements for the year ended 31 December 2016.

All HKFRSs effective for the accounting periods commencing from 1 January 2016 and relevant to the Group, have been adopted by the Group in the preparation of the Group's unaudited condensed consolidated results. The adoption of these 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 period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

All significant transactions and balances among the companies comprising the Group have been eliminated on consolidation.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the income from its principal activities. Revenue and other income for the three months and six months ended 30 June 2017 are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue				
Financial consultation services income	12,241	46,821	47,950	53,822
Investment income from investments in property development projects through limited partnerships	88,929	26,076	121,929	70,176
Factoring loan services income	1,493	2,316	3,638	4,358
Platform services income	5,196	11,437	14,310	16,076
Interest income	928	183	1,332	209
Finance lease services income	557	–	1,183	–
	<u>109,344</u>	<u>86,833</u>	<u>190,342</u>	<u>144,641</u>
Other income				
Bank interest income	34	208	70	315
Investment income	338	477	795	1,069
Exchange gains	–	3,871	–	3,871
Gain on deemed disposal of a joint venture	253	–	253	–
Others	588	42	635	42
	<u>1,213</u>	<u>4,598</u>	<u>1,753</u>	<u>5,297</u>

4. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interest on convertible bonds	3,892	–	7,718	–
Interest on bank borrowing	276	–	557	–
	<u>4,168</u>	<u>–</u>	<u>8,275</u>	<u>–</u>

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Auditor's remuneration	407	910	707	1,050
Depreciation of property, plant and equipment	453	607	1,144	1,499
Amortisation of intangible assets	826	826	1,651	1,651
Employee benefit expenses (including Directors' remuneration)				
Salaries and wages	12,871	8,552	26,006	18,390
Pension scheme contributions – Defined contribution plans	2,315	1,636	4,381	3,101
	<u>15,186</u>	<u>10,188</u>	<u>30,387</u>	<u>21,491</u>
Equity-settled share-based payment expense	2,532	7,015	5,625	15,633
Operating lease charges in respect of properties	1,718	1,682	3,498	3,432

6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
PRC Enterprise Income Tax				
– Current period	21,706	17,278	35,367	19,089
– Over-provision in the prior year	(549)	(922)	(549)	(922)
Hong Kong Profits Tax				
– Current period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	21,157	16,356	34,818	18,167
Deferred tax	<u>(207)</u>	<u>(207)</u>	<u>(413)</u>	<u>(413)</u>
	20,950	16,149	34,405	17,754

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits during the six months ended 30 June 2017 (2016: nil).

Enterprise Income Tax ("EIT") arising from the PRC for the period was calculated at 25% (2016: 25%) of the estimated assessable profits during the period. According to the EIT law, the taxable income of an enterprise shall be the total revenue of such enterprise, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated losses.

7. DIVIDENDS

Dividend attributable to the interim period

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interim dividend		
– HK\$0.01 (2016: HK\$0.01) per Share	15,027	14,826

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2017 is based on the profit attributable to owners of the Company of approximately RMB75,747,000 (2016: approximately RMB57,808,000) and the weighted average number of approximately 1,731,433,000 (2016: approximately 1,552,962,000) ordinary shares during the six months ended 30 June 2017.

(b) Diluted earnings per share

The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. For the purposes of calculation of the diluted earnings per share, the convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

The actual computation of diluted earnings per share has not taken into account the conversion of the Company's outstanding convertible bonds since to do so would result in an increase in earnings per share. The diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2017 and 2016 as the shares issuable in respect of the outstanding share options have an anti-dilutive effect on the basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group spent approximately RMB166,000 (2016: approximately RMB1,215,000) on acquisition of furniture, fixture and office equipment.

10. GOODWILL AND INTANGIBLE ASSETS

As at 30 June 2017, the carrying amount of goodwill and intangible assets (customers relationship) were approximately RMB48,316,000 and RMB27,239,000, respectively (2016: approximately RMB48,316,000 and RMB28,890,000, respectively).

11. HELD-TO-MATURITY INVESTMENT

As at 30 June 2017, the Group had a held-to-maturity investment which bore fixed interest rate of 7.92% (2016: 7.92%) per annum and had maturity up to two years (2016: three years).

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Unlisted equity securities, at cost (note a)	522,963	419,000
Unlisted debts securities, at fair value (note b)	40,028	40,028
	<u>562,991</u>	<u>459,028</u>

Notes:

- (a) The Group invested an aggregate amount of RMB473,000,000 (2016: RMB419,000,000) in certain limited partnerships in the PRC and acted as a limited partner as at 30 June 2017. These limited partnerships are engaged in property development projects in the PRC.

During the six months ended 30 June 2017, the Group's joint venture, 中州匯聯互聯網金融服務(深圳)有限公司 (Zhongzhou Huilian Internet Financial Services (Shenzhen) Limited*) ("Zhongzhou Huilian"), invited certain investors to invest in Zhongzhou Huilian. The registered capital of Zhongzhou Huilian increased to RMB1,000,000,000 from RMB50,000,000 during the six months ended 30 June 2017, out of which RMB30,000,000 had been further injected by the Group (the "Capital Injection"). After the Capital Injection, the Group's equity interest in Zhongzhou Huilian reduced from 40% to 5%. The Group reclassified its investment in Zhongzhou Huilian of approximately RMB49,963,000 as available-for-sale investment and recognised gain on deemed disposal of a joint venture of approximately RMB253,000 for the six months ended 30 June 2017. After the Capital Injection, Zhongzhou Huilian changed its name to 河南省中原小額貸款有限公司 (Henan Province Zhongyuan Small Credit Co. Ltd.*).

- (b) It represented 10.5% of the entire units of assets-backed securities which is secured by a loan receivable held by a trust company in the PRC.

* For identification purposes only

13. LOANS AND ACCOUNTS RECEIVABLES

Loans and accounts receivables of the Group comprised pawn loan receivables, entrusted loan receivables, financial consultation services income receivables, investment income receivables, platform services income receivables, finance lease receivables, factoring loan receivables and other loan receivables.

Pawn loan receivables represent the short-term loans arranged in the PRC. Customers are obliged to settle the amounts according to the terms set out in the relevant contracts, with the option to renew the loans granted for a period up to 183 days. Interest rates offered are based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends.

Entrusted loan receivables represent loans to borrowers through certain banks or other financial institutions in the PRC. In an entrusted loan arrangement, the Group enters into a loan agreement with the borrower and a bank or a financial institution. The borrower repays the loan to the bank or the financial institution and then the bank or the financial institution returns the principal and accrued interests to the Group. While the bank or the financial institution exercises supervision over the arrangement and receives repayment from the borrower, the bank or the financial institution does not assume any risk of default by the borrower.

For financial consultation services income receivables, there is no credit period and customers are obliged to settle the amounts according to the terms set out in the relevant contracts.

Investment income receivables represent income from the investments in limited partnerships. The receivables are settled subject to the arrangement of the relevant limited partnership which is normally settled in 3 months after the approval of the investment income in the board meeting of the limited partnership.

Platform services income receivables represent service income charged to the platform users who are obligated to pay service fees to the Group. There is no credit period and customers are obliged to settle the amount according to the terms set out in the relevant contracts.

For finance lease receivables, borrowers are obligated to settle the amounts according to the terms set out in the relevant contracts and must acquire the leased assets at the end of the lease period. The lease periods ranged from 2 to 3 years.

Factoring loan receivables represent the amount of the loans to borrowers that the Group holds certain accounts receivables of the borrowers as collaterals.

Other loan receivables represent loans to borrowers including individuals and entities at fixed interest rate with loan periods of 1 to 10 years.

Based on the due dates, the ageing analysis of the Group's loans and accounts receivables that were not impaired is as follows:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Audited) RMB'000
Neither past due nor impaired	219,990	233,306
0 to 30 days	2,097	1,440
31 to 90 days	9,858	13,820
91 to 180 days	413	4,563
Over 180 days	480	4,516
	232,838	257,645
Less: Non-current portion	29,756	40,020
Current portion	203,082	217,625

14. SHARE CAPITAL

	Number of ordinary Shares '000	RMB'000
<i>Authorised:</i>		
Ordinary Shares of HK\$0.1 each		
At 31 December 2016 and 30 June 2017	5,000,000	407,450
<i>Issued and fully paid:</i>		
Ordinary Shares of HK\$0.1 each		
As at 1 January 2016	1,530,833	124,827
Issue of Shares under subscription (note)	200,000	17,126
Issue of Shares upon exercise of share options	600	51
As at 31 December 2016 and 1 January 2017	1,731,433	142,004
As at 30 June 2017	1,731,433	142,004

Note:

During the year ended 31 December 2016, the Company entered into subscription agreements with certain independent investors (the "Investors") pursuant to which the Investors have conditionally agreed to subscribe for 200,000,000 new Shares at the subscription price of HK\$0.945 each. Completion of the subscriptions took place on 10 June 2016 with the net proceeds and transaction costs of approximately HK\$188,800,000 (equivalent to approximately RMB161,838,000) and HK\$200,000 (equivalent to approximately RMB188,000), respectively. The premium received was credited to the share premium account of the Company. The new Shares issued under the subscription ranked pari passu in all respects with the then existing Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in investment in property development projects, operation of financial services platforms, provision of entrusted loan, pawn loan and other loan services, financial consultation services, and finance lease and factoring services mainly in the PRC.

Investments in property development projects

As at 30 June 2017, the Group had invested in fifteen (31 December 2016: thirteen) property development projects in, among others, Dongguan, Shenzhen, Fujian, Xiangyang and Wuhan in the PRC. As at 30 June 2017, the Group had invested in property development projects which were classified as available-for-sale investments with an aggregate investment amount of approximately RMB473.0 million (31 December 2016: approximately RMB419.0 million).

During the six months ended 30 June 2017, the Group generated investment income and relevant financial consultation services income from the property development projects of approximately RMB121.9 million and RMB16.4 million, respectively (2016: approximately RMB70.2 million and RMB43.8 million, respectively).

Financial services platforms

There are three major channels under “匯聯易家” (www.hlej.com), financial services platforms website of the Group for the PRC real estate industry: (1) “匯有房”, a channel for professional services in property finance; (2) “匯生活”, a channel for professional services in community finance; and (3) “匯理財”, a channel for professional services in financial management.

Among others, “匯理財” is the most active financial services platform of the Group during the six months ended 30 June 2017. The number of registered members of “匯理財” was approximately 777,000 as at 30 June 2017, out of which approximately 199,000 registered members joined the platform during the six months ended 30 June 2017. The transaction amount of “匯理財” achieved RMB1.9 billion for the six months ended 30 June 2017 (2016: RMB945.6 million).

During the six months ended 30 June 2017, the Group generated platform services income and relevant financial consultation services income from the financial services platforms of approximately RMB14.3 million and RMB3.3 million, respectively (2016: approximately RMB16.1 million and RMB8.7 million, respectively).

Financial review

Revenue

For the six months ended 30 June 2017, the Group's revenue increased by approximately 31.6% from approximately RMB144.6 million for the six months ended 30 June 2016 to approximately RMB190.3 million. The increase in the revenue was mainly due to the contributions of investment income from the property development projects through limited partnerships.

Investment in property development projects

For the six months ended 30 June 2017, the Group generated revenue from investment income from the property development projects of approximately RMB121.9 million (2016: approximately RMB70.2 million).

Operation of financial services platform

For the six months ended 30 June 2017, the Group generated revenue from platform services of approximately RMB14.3 million (2016: approximately RMB16.1 million) from the financial services platforms.

Financial consultation services income

For the six months ended 30 June 2017, the Group's revenue from the provision of financial consultation services decreased by approximately 10.9% from approximately RMB53.8 million for the corresponding period in 2016 to approximately RMB48.0 million. Decrease in financial consultation services income was mainly due to decrease in the number of additional property development projects for the six months ended 30 June 2017, i.e. two additional property development projects as compared to five additional property development projects for the corresponding period in 2016.

Finance lease and factoring services

For the six months ended 30 June 2017, the Group's revenue from the provision of finance lease and factoring services increased by approximately 10.6% from approximately RMB4.4 million for the corresponding period in 2016 to approximately RMB4.8 million. The increment was mainly attributable to the finance lease services income during the period under review.

Finance costs

For the six months ended 30 June 2017, the Group incurred finance costs on convertible bonds and bank borrowing of approximately RMB8.3 million (2016: nil).

Other income

The Group's other income primarily comprised gain on deemed disposal of a joint venture, bank interest income and investment income.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and marketing and advertising expenses. The Group's administrative and other operating expenses for each of the six months ended 30 June 2017 and 30 June 2016 were approximately RMB73.2 million and approximately RMB53.3 million, respectively. The increase of approximately 37.3% was mainly attributable to (i) increase of salaries and number of the staff and (ii) increase of marketing and advertising expenses of the financial services platform during the six months ended 30 June 2017.

Profit for the period attributable to owners of the Company

Profit attributable to owners of the Company for the six months ended 30 June 2017 was approximately RMB75.7 million as compared to profit attributable to owners of the Company for the six months ended 30 June 2016 of approximately RMB57.8 million. The increase of approximately 31.0% was mainly due to income contributions from the investment in property development projects.

BUSINESS OUTLOOK

The Group sees challenges and opportunities in 2017. As the PRC government launched a number of policies on cooling down property market, controlling exchange, tightening capital and increasing interest rate in 2017, the Group may put more resources and effort to explore opportunities amid challenges, with an aim to achieving success in stability. Meanwhile, as Internet economy has become more important in the structural reform of China's economy, the Group is confident in the industry outlook and its performance in 2017. In particular, the Group will adhere to the following:

Focusing on consumer finance services

- Establishing consumer finance and technology platform to principally elevate the value of the Group's consumer credit business.
- Developing mortgage services to overseas property buyers with domestic property developer by fully taking advantage of the synergies created by the Group, Country Garden, a leading property developer and cooperation partner of the Group, and foreign buyers, providing the property buyers with the services they required.

Focusing on assets management development

- Jointly developing quality property projects in Shenzhen and Wuhan in the PRC with Country Garden.

Focusing on development of finance lease business

- Developing construction machinery leasing business.
- Developing leasing and factoring business for large-scale property developers with sales of over RMB10 billion.

PAYMENT OF DIVIDENDS

Encouraging results were achieved by virtue of the efforts spent by the management and the Group's staff during the first half of 2017. To share the fruits of the Company's development with its shareholders, the Board resolved to declare and pay to the shareholders of the Company an interim dividend of HK\$0.01 per Share for the six months ended 30 June 2017. On the basis that the Group's future results shall enjoy steady growth, it is hoped that the Company can continue to distribute returns to shareholders who support the Company continuously by way of payment of dividends.

The Group has faith in every employee and expects surprising results through their devotion and progress.

STRATEGIC COOPERATION AGREEMENT WITH BANK OF SHANGHAI SHENZHEN BRANCH

During the reporting period, the Company and 上海銀行股份有限公司深圳分行 (Shenzhen Branch of the Bank of Shanghai*) ("Bank of Shanghai") entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") pursuant to which the parties shall cooperate to form a strategic alliance in developing various financial services for a term of three years.

Pursuant to the Strategic Cooperation Agreement, Bank of Shanghai shall treat the Company as its strategic cooperation partner at branch level and shall (i) establish a team of personnel for the Company comprising professional customer managers, product managers, personalised VIP customer managers, specialists in operation of clearing and information technology; (ii) make use of its resources and advantages to develop associated financial products for the Company in accordance with its customised demand; and (iii) formulate customised financial service plan for the Company to support its development. The Company shall select Bank of Shanghai as its major cooperating bank and shall engage Bank of Shanghai, on a preferential basis, as a cooperation partner on the basis that the terms offered by Bank of Shanghai shall be no less favourable than those offered by the others being considered by the Company.

* For identification purposes only

The cooperation between the Company and Bank of Shanghai covers areas on financing of online spending, online financial management services, online payment, joint sales and marketing, clearing and settlement services, grant of syndicate credits and other related financial services. The parties to the Strategic Cooperation Agreement shall negotiate and enter into further definitive agreement (the “Definitive Agreement”) to govern the details of the cooperation. The Strategic Cooperation Agreement was intended to record the cooperation framework between the parties and to serve as a platform for further negotiations of the Definitive Agreement.

The Directors believe that entering into the Strategic Cooperation Agreement with Bank of Shanghai represents an opportunity to the Group to expand its financial service offerings for its online financial service platforms. Through its cooperation with Bank of Shanghai, which is a well-established financial institution in the PRC with strong financial resources, the Group expects that the demand for its financial products and/or services would increase, which might bring returns to the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group had bank balances and cash of approximately RMB76.7 million (31 December 2016: approximately RMB34.7 million). During the period under review, the Group did not use any financial instruments for hedging purposes. As at 30 June 2017, the Group’s borrowings were approximately RMB109.4 million (31 December 2016: approximately RMB109.2 million). The gearing ratio representing the ratio of total borrowings to total assets of the Group was approximately 10.1% as at 30 June 2017 (31 December 2016: approximately 11.0%). In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligation in full as they fall due in the foreseeable future.

CAPITAL STRUCTURE

As at 30 June 2017, the Group had equity attributable to owners of the Company of approximately RMB798,007,000 (31 December 2016: approximately RMB731,572,000).

SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2017, the Group invested in an aggregate of RMB70 million in certain limited partnerships. The limited partnerships engage in property development projects in the PRC.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2017, the Group's joint venture, Zhongzhou Huilian, invited certain investors to invest in Zhongzhou Huilian. The registered capital of Zhongzhou Huilian increased to RMB1,000,000,000 from RMB50,000,000 during the six months ended 30 June 2017 as a result of the Capital Injection from investors and the Group. After the Capital Injection, the Group's equity interest in Zhongzhou Huilian reduced from 40% to 5%. The Group reclassified its investment in Zhongzhou Huilian of approximately RMB49,963,000 as available-for-sale investment and recognised gain on deemed disposal of a joint venture of approximately RMB253,000 for the six months ended 30 June 2017. After the Capital Injection, Zhongzhou Huilian changed its name to 河南省中原小額貸款有限公司 (Henan Province Zhongyuan Small Credit Co. Ltd. *).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

There was no specific plan for material investments or capital assets as at 30 June 2017.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no significant contingent liabilities (31 December 2016: nil).

CHARGES ON GROUP ASSETS

As at 30 June 2017, investment properties of the Group with an aggregate carrying amount of approximately RMB44.5 million were pledged for bank facilities (31 December 2016: approximately RMB44.5 million).

FOREIGN EXCHANGE EXPOSURE

The Group is mainly exposed to the fluctuation of Hong Kong dollars against Renminbi as its certain bank balances are denominated in Hong Kong dollars which is not the functional currency of the Group. The Group has not made any arrangement to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the foreign exchange exposure and will consider utilising applicable derivatives to hedge out the exchange risk when necessary.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its customers. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

* For identification purposes only

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEMES

As at 30 June 2017, the Group had a total of 400 staff (31 December 2016: 387). Total staff costs (including Directors' emoluments) were approximately RMB30.4 million for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately RMB21.5 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include a share option scheme, contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

The emoluments of the Directors are reviewed by the remuneration committee of the Company, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group, the Group's operating results and comparable market statistics.

To encourage employee development, the Group provides trainings, including customised training courses, to help equip different level of employees with the knowledge and relevant professional skills. New employees are provided with on-board orientation training to help them familiarise themselves with the Group's culture, structure and work requirements. Moreover, technical training is provided for frontline staff which aims to enrich their knowledge related to the Group's business and services. For the management, leadership training programme is provided to help them develop leadership and decision making skills. The Group has provided anti-money laundering training to the staff in accordance with the PRC laws, which focuses on, among other things, the methods and the importance of identifying clients' identities and their sources of funding.

The Group annually evaluates the training needs of its employees to ensure that employees are offered with suitable and appropriate training according to their job nature and position.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Shares

Name of Director	Number of Shares held <i>(Note 1)</i>			Total	Approximate percentage of shareholding in the Company (%)
	Beneficial interest	Interest of spouse	Interest of controlled corporation		
Mr. Zheng Weijing	40,630,202	-	367,739,567 <i>(Note 2)</i>	408,369,769	23.59

Notes:

- These represent the Director's long position in the Shares.
- These Shares are held in the name of Ming Cheng Investments Limited, a company wholly owned by Mr. Zheng Weijing.

(ii) Interests in the underlying Shares

Name of Director	Capacity/ Nature of interest	Number of underlying Shares		Approximate percentage of shareholding in the Company (%)
		Long position (Note 1)	Short position (Note 2)	
Mr. Zheng Weijing	Beneficial owner	1,000,000	–	0.06
	Interest in controlled corporation	–	20,000,000	1.16
Mr. Zhang Gongjun	Beneficial owner	8,000,000	–	0.46
Ms. Guo Chanjiao	Beneficial owner	8,000,000	–	0.46
Mr. Vincent Cheng	Beneficial owner	500,000	–	0.03
Mr. Leung Po Hon	Beneficial owner	500,000	–	0.03
Dr. Miao Bo	Beneficial owner	500,000	–	0.03

Notes:

- Being unlisted physically settled share options to acquire ordinary Shares, further details of which are set out in the section headed "Share Option Scheme" below.
- This short position in unlisted physically settled options is held by Ming Cheng Investments Limited, a company wholly-owned by Mr. Zheng Weijing.

(iii) Interests in associated corporation – 廣東匯金典當股份有限公司 (Guangdong Huijin Pawn Stock Company Limited*)

Name of Director	Nature of interest	Equity interest	Approximate percentage of equity interest (%)
Mr. Zheng Weijing	Interest of controlled corporation (Note)	RMB71,240,000	70.53

Note: Such registered capital was contributed by 匯聯資產管理有限公司 (Huilian Assets Management Company Limited*) ("Huilian Assets Management"). 深圳市智匯投資諮詢有限公司 (Shenzhen Zhihui Investment Consulting Company Limited*) ("Shenzhen Zhihui") was interested in 72% of the entire equity interest of Huilian Assets Management. Shenzhen Zhihui was owned as to 45% by Mr. Zheng Weijing.

* For identification purposes only

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 June 2017, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

(i) Interests in the Shares

Name of Shareholder	Number of Shares held (Note 1)					Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Security interest	Interest of controlled corporation	Total	
Ming Cheng Investments Limited	367,739,567 (Note 2)	-	-	-	367,739,567	21.24
Ms. Zhang Chushan	-	409,369,769 (Note 3)	-	-	409,369,769	23.64
Sino-Africa Resources Holdings Limited	255,676,042 (Note 4)	-	-	-	255,676,042	14.77
Peace Bloom Limited	145,429,087 (Note 5)	-	-	-	145,429,087	8.40
Upsoar Limited	155,518,650 (Note 6)	-	-	-	155,518,650	8.99
Mr. Huang Xiguang	-	-	-	255,676,042 (Note 4)	255,676,042	14.77

Name of Shareholder	Number of Shares held (Note 1)					Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Security interest	Interest of controlled corporation	Total	
Mr. Hu Jinxi	22,200,000	-	-	145,429,087 (Note 5)	167,629,087	9.68
Ms. Fu Shanping	-	-	-	155,518,650 (Note 6)	155,518,650	8.99
GF Investments (Hong Kong) Company Limited (Note 7)	20,000,000	-	399,649,769	-	419,649,769	24.24
GF Holdings (Hong Kong) Corporation Limited (Note 7)	-	-	-	419,649,769	419,649,769	24.24
GF Securities Co., Ltd. (Note 7)	-	-	-	419,649,769	419,649,769	24.24

Notes:

- These represent the corporation's/person's long position in the Shares.
- Ming Cheng Investments Limited is a company wholly-owned by Mr. Zheng Weijing.
- Ms. Zhang Chushan is the spouse of Mr. Zheng Weijing. By virtue of the provisions of Part XV of the SFO, Ms. Zhang Chushan is deemed to be interested in all the interests in which Mr. Zheng Weijing is interested or deemed to be interested in.
- Sino-Africa Resources Holdings Limited is a company wholly-owned by Mr. Huang Xiguang.
- Peace Bloom Limited is a company wholly-owned by Mr. Hu Jinxi.
- Upsoar Limited is a company wholly-owned by Ms. Fu Shanping.
- Based on the notices of disclosure of interests filed by each of GF Investments (Hong Kong) Company Limited ("GF Investments"), GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. on 29 September 2016, these long positions in the Shares are held by GF Investments which is directly wholly-owned by GF Holdings (Hong Kong) Corporation Limited, which in turn is wholly-owned by GF Securities Co., Ltd. Under the SFO, GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. are deemed to be interested in these long positions in the Shares held by GF Investments.

(ii) Interests in the underlying Shares

Name of Shareholder	Capacity/ Nature of interest	Number of underlying Shares		Approximate percentage of shareholding in the Company (%)
		Long position	Short position	
Ming Cheng Investments Limited	Beneficial owner	–	20,000,000 (Note 1)	1.16
Ms. Zhang Chushan	Interest of spouse	–	20,000,000 (Note 2)	1.16
Central China International Investment Company Limited (Note 3)	Beneficial interest	99,009,900	–	5.72
Central China International Financial Holdings Company Limited (Note 3)	Interest of controlled corporation	99,009,900	–	5.72
Central China Securities Co., Ltd. (Note 3)	Interest of controlled corporation	99,009,900	–	5.72

Notes:

1. Being short position in unlisted physically settled options. Ming Cheng Investments Limited is a company wholly-owned by Mr. Zheng Weijiang.
2. Ms. Zhang Chushan is the spouse of Mr. Zheng Weijiang. By virtue of the provisions of Part XV of the SFO, Ms. Zhang Chushan is deemed to be interested in all the interests or short positions in which Mr. Zheng Weijiang is interested or deemed to be interested in.
3. Based on the notices of disclosure of interests filed by each of Central China International Investment Company Limited, Central China International Financial Holdings Company Limited and Central China Securities Co., Ltd. on 29 July 2016, these long positions in unlisted cash settled derivatives are held by Central China International Investment Company Limited which is directly wholly-owned by Central China International Financial Holdings Company Limited, which in turn is wholly-owned by Central China Securities Co., Ltd. Under the SFO, Central China International Financial Holdings Company Limited and Central China Securities Co., Ltd. are deemed to be interested in these long positions in the underlying Shares held by Central China International Investment Company Limited.

Save as disclosed above, as at 30 June 2017, there was no person who had any interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to the written resolution of the shareholders of the Company on 20 December 2011 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Details of the Share Option Scheme are as follows:

1. Purpose of the Share Option Scheme As incentive or rewards to eligible participants for their contribution to the Group.
2. Eligible participants of the Share Option Scheme Any eligible employee (whether full-time or part-time, including any executive Director), any non-executive Director, any shareholder, any supplier and any customer of the Company or any of its subsidiaries or any entity in which any member of the Group holds any equity interest, and any other party having contribution to the development of the Group.
3. Total number of Shares available for issue under the Share Option Scheme and percentage to the issued share capital as at the date of this report 153,083,250 shares (approximately 8.84% of the total issued share capital as at the date of this report).
4. Maximum entitlement of each participant under the Share Option Scheme Not exceeding 1% of the issued share capital of the Company for the time being in any 12-month period. Any further grant of options in excess of such limit must be separately approved by the Company's shareholders in general meeting.
5. The period within which the Shares must be taken up under an option A period (which may not expire later than 10 years from the date of offer of that option) to be determined and notified by the Directors to the grantee thereof.

- | | |
|--|--|
| 6. The minimum period for which an option must be held before it can be exercised | Unless otherwise determined by the Directors, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised. |
| 7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made | A remittance in favour of the Company of HK\$1.00 on or before the date of acceptance (which may not be later than 21 days from the date of offer). |
| 8. The basis of determining the exercise price | Being determined by the Directors and being not less than the highest of: <ul style="list-style-type: none"> a. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer; b. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and c. the nominal value of the Shares. |
| 9. The remaining life of the Share Option Scheme | The Scheme is valid and effective for a period of 10 years commencing on 20 December 2011 (being the date of adoption of the Share Option Scheme). |

On 17 December 2015, options to subscribe for an aggregate of 76,000,000 shares of the Company have been granted by the Company to the existing Directors, employees and advisors of the Group under the Share Option Scheme; 30% of share options have an exercise period from 1 June 2016 to 19 December 2021 ("Share Option 1"); 30% of share options have an exercise period from 1 June 2017 to 19 December 2021 ("Share Option 2"); and the remaining share options have an exercise period from 1 June 2018 to 19 December 2021 ("Share Option 3"). All share options are subject to the fulfillment of relevant profit targets by the Company, as set out below, and share options shall not be vested if any of the profit targets is failed to be met.

Details of the specific categories of options are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK\$	Vesting conditions
Share Option 1	17 December 2015	31 May 2016	1 June 2016 to 19 December 2021	1.046	<p>Profit after income tax (but before share-based payment expenses) according to the audited consolidated financial statement of the Company for the year ended 31 December 2015:</p> <ul style="list-style-type: none"> - Equal to or more than RMB35 million, 100% of Share Option 1 shall be vested; - Equal to or more than RMB25 million but less than RMB35 million, 50% of Share Option 1 shall be vested; and - Less than RMB25 million, no Share Option 1 shall be vested.
Share Option 2	17 December 2015	31 May 2017	1 June 2017 to 19 December 2021	1.046	<p>Profit after income tax (but before share-based payment expenses) according to the audited consolidated financial statement of the Company for the year ended 31 December 2016:</p> <ul style="list-style-type: none"> - Equal to or more than RMB65 million, 100% of Share Option 2 shall be vested; - Equal to or more than RMB50 million but less than RMB65 million, 50% of Share Option 2 shall be vested; and - Less than RMB50 million, no Share Option 2 shall be vested.

Date of grant	Vesting date	Exercise period	Exercise price HK\$	Vesting conditions
Share Option 3	17 December 2015	31 May 2018	1 June 2018 to 19 December 2021	<p data-bbox="751 284 1014 438">1.046 Profit after income tax (but before share-based payment expenses) according to the audited consolidated financial statement of the Company for the year ended 31 December 2017:</p> <ul style="list-style-type: none"> <li data-bbox="768 475 1003 566">– Equal to or more than RMB100 million, 100% of Share Option 3 shall be vested; <li data-bbox="768 603 1025 726">– Equal to or more than RMB80 million but less than RMB100 million, 50% of Share Option 3 shall be vested; and <li data-bbox="768 762 1014 823">– Less than RMB80 million, no Share Option 3 shall be vested.

On 31 May 2017, options to subscribe for an aggregate of 19,350,000 Shares of Share Option 2 have been vested to the grantees of the options.

As at 30 June 2017, options entitling the holders thereof to subscribe for 63,900,000 Shares, representing in aggregate approximately 3.7% of the Company's issued share capital, remained outstanding.

Details of the share options granted under the Share Option Scheme for the six months ended 30 June 2017 were as follows:

Name	Date of grant	Number of share options				Outstanding as at 30 June 2017
		Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Forfeited during the period	
Executive Directors						
Mr. Zheng Weijing	17 December 2015	1,000,000	-	-	-	1,000,000
Mr. Zhang Gongjun	17 December 2015	8,000,000	-	-	-	8,000,000
Ms. Guo Chanjiao	17 December 2015	8,000,000	-	-	-	8,000,000
Independent non-executive Directors						
Mr. Vincent Cheng	17 December 2015	500,000	-	-	-	500,000
Mr. Leung Po Hon	17 December 2015	500,000	-	-	-	500,000
Dr. Miao Bo	17 December 2015	500,000	-	-	-	500,000
Sub-total		18,500,000	-	-	-	18,500,000
Employees in aggregate	17 December 2015	39,400,000	-	-	-	39,400,000
Advisors in aggregate	17 December 2015	6,000,000	-	-	-	6,000,000
Total		63,900,000	-	-	-	63,900,000

No share options were cancelled or lapsed during the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.01 per Share for the six months ended 30 June 2017 (2016: HK\$0.01). The interim dividend is expected to be paid on or about Friday, 29 September 2017 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 15 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 12 September 2017 to Friday, 15 September 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the interim dividend for the six months ended 30 June 2017, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 11 September 2017.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules, except for the deviation from the code provision of A.2.1 of the Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zheng Weijing acts as both the chairman and the chief executive officer of the Company. As of the date of this report, the roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Zheng Weijing. The Company is in the process of identifying a suitable person to act as the chief executive officer and shall make the announcement as and when appropriate. Since the Directors meet regularly to consider major matters affecting the operations of the Company, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Company to make and implement decisions promptly and efficiently.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 30 June 2017.

COMPETING INTERESTS

None of the Directors, controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the business of the Group or any other conflicts of interest which any person may have with the Group as at 30 June 2017.

CHANGES IN DIRECTOR'S INFORMATION

Changes in Director's information since the date of the 2016 annual report of the Company are set out below:

Mr. Zheng Weijing, the Chairman and Chief Executive Officer of the Company, has completed his study and obtained a certificate of Executive Master of Business Administration of Peking University in June 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises a total of three members, namely, Mr. Vincent Cheng (Chairman), Mr. Leung Po Hon and Dr. Miao Bo, all of whom are independent non-executive Directors. The Group's unaudited condensed consolidated results, results announcement and half-year report for the six months ended 30 June 2017 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Flying Financial Service Holdings Limited
Zheng Weijing
Chairman and Chief Executive Officer

Hong Kong, 14 August 2017

As at the date of this report, the executive Directors are Mr. Zheng Weijing (Chairman and Chief Executive Officer), Mr. Zhang Gongjun and Ms. Guo Chanjiao; and the independent non-executive Directors are Mr. Vincent Cheng, Mr. Leung Po Hon and Dr. Miao Bo.

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