



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

**Interim Report
2012**

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

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 RMB38,640,000 for the six months ended 30 June 2012, representing a slight increase of approximately 0.2% as compared with the corresponding period in 2011.
- Profit attributable to owners of the Company for the six months ended 30 June 2012 amounted to RMB12,598,000, representing a decrease of approximately 48.4% as compared with the corresponding period in 2011.
- Basic earnings per share of the Company (the "Share") for the six months ended 30 June 2012 amounted to RMB1.52 cents (2011: RMB3.25 cents).
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012.

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2012 together with the comparative unaudited figures for the corresponding period in 2011 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 30 June		Six months ended 30 June	
		2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Revenue	3	19,448	24,416	38,640	38,550
Other income	3	35	22	102	44
Employee benefit expenses		(1,740)	(709)	(3,715)	(1,304)
Administrative expenses		(12,461)	(2,941)	(15,373)	(4,329)
Finance costs	4	(17)	(382)	(54)	(392)
Profit before income tax	5	5,265	20,406	19,600	32,569
Income tax expense	6	(3,157)	(4,823)	(7,002)	(8,174)
Profit for the period attributable to the owners of the Company		2,108	15,583	12,598	24,395
Other comprehensive income attributable to the owners of the Company – Exchange differences on translating foreign operation		(81)	–	(44)	–
Total comprehensive income for the period attributable to the owners of the Company		2,027	15,583	12,554	24,395
Earnings per Share – Basic and Diluted (RMB cents)	8	0.23	2.08	1.52	3.25

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment	9	865	913
Current assets			
Loan and account receivables	10	170,888	124,435
Deposits, prepayments and other receivables		1,216	4,455
Cash and cash equivalents		173,230	87,571
		<u>345,334</u>	<u>216,461</u>
Current liabilities			
Receipt in advance, accruals and other payables		4,710	5,357
Borrowing		–	12,290
Provision for taxation		16,082	17,131
		<u>20,792</u>	<u>34,778</u>
Net current assets		<u>324,542</u>	<u>181,683</u>
Total assets less current liabilities/net assets		<u>325,407</u>	<u>182,596</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	83,145	1
Reserves		242,262	182,595
Total equity		<u>325,407</u>	<u>182,596</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Share capital	Share premium	Merger reserve	Statutory reserve	Translation reserve	Retained profits	Total
	(Unaudited) RMB'000						
At 1 January 2012	1	–	116,659	7,397	230	58,309	182,596
Issue of ordinary Shares pursuant to capitalisation issue	61,102	(61,102)	–	–	–	–	–
Issue of ordinary Shares by placing	20,367	112,021	–	–	–	–	132,388
Issue of ordinary Shares by exercising over-allotment option	1,675	9,211	–	–	–	–	10,886
Share issue expenses	–	(13,017)	–	–	–	–	(13,017)
Transactions with owners	<u>83,144</u>	<u>47,113</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>130,257</u>
Profit for the period	–	–	–	–	–	12,598	12,598
Other comprehensive income for the period	–	–	–	–	(44)	–	(44)
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(44)</u>	<u>12,598</u>	<u>12,554</u>
At 30 June 2012	<u>83,145</u>	<u>47,113</u>	<u>116,659</u>	<u>7,397</u>	<u>186</u>	<u>70,907</u>	<u>325,407</u>
At 1 January 2011	1	–	116,659	3,680	–	33,729	154,069
Dividend paid – Transactions with owners	–	–	–	–	–	(20,200)	(20,200)
Profit for the period – Total comprehensive income for the period	–	–	–	–	–	24,395	24,395
Transfer to statutory reserve	–	–	–	2,244	–	(2,244)	–
At 30 June 2011	<u>1</u>	<u>–</u>	<u>116,659</u>	<u>5,924</u>	<u>–</u>	<u>35,680</u>	<u>158,264</u>

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CONDENSED CONSOLIDATED CASH FLOWS

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
NET CASH USED IN OPERATING ACTIVITIES	<u>(32,184)</u>	<u>(19,642)</u>
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	<u>(26)</u>	<u>30,299</u>
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	<u>117,913</u>	<u>(6,303)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,703	4,354
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	87,571	36,254
EFFECT OF FOREIGN EXCHANGE RATE, NET	<u>(44)</u>	<u>—</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>173,230</u>	<u>40,608</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability 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, Cayman Islands. The Shares have been listed on GEM of the Stock Exchange since 7 May 2012.

The companies comprising the Group underwent a group restructuring exercise (the "Restructuring Exercise") to rationalise the Group's structure in preparation for the listing of the Shares on GEM of the Stock Exchange. Further details of the Restructuring Exercise are set out in the prospectus of the Company dated 20 April 2012 (the "Prospectus").

The Group is principally engaged in provision of pawn loans, entrusted loans and financial consultation services. In the opinion of the Directors, the ultimate holding company of the Company is Ding Rong Limited, a limited liability company incorporated in the British Virgin Islands ("BVI").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements has been prepared in accordance with the basis of presentation which comply with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in preparing the Accountant's Report as set out in Appendix I of the Prospectus.

All HKFRSs effective for the accounting periods commencing from 1 January 2012 and relevant to the Group, have been adopted by the Group in the preparation of the unaudited 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 recognised during the periods are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Revenue				
Interest income	13,234	15,186	24,317	19,212
Financial consultation service income	6,214	9,230	14,323	19,338
	19,448	24,416	38,640	38,550
Other income				
Bank interest income	35	21	102	35
Others	-	1	-	9
	35	22	102	44

4. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Interest charges on:				
Other loans wholly repayable within one year	17	382	54	392

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Auditor's remuneration	337	–	337	12
Depreciation of property, plant and equipment	92	7	177	12
Employee benefit expenses (including directors' remuneration)				
Salaries and wages (<i>Note</i>)	1,577	629	3,418	1,156
Pension scheme contributions – Defined contribution plans	163	80	297	148
	1,740	709	3,715	1,304
Net foreign exchange (gain)/loss	(31)	–	123	–
Operating lease charges in respect of properties	864	378	1,641	378

Note: Increase in employee benefit expenses is because the average number of staff increased from 43 to 61 for the six months ended 30 June 2011 and 2012, respectively.

6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax – PRC				
– Current period	<u>3,157</u>	<u>4,823</u>	<u>7,002</u>	<u>8,174</u>

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.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the periods.

Enterprise income tax ("EIT") arising from the PRC for the periods was calculated at 25% of the taxable income according to relevant PRC tax laws and regulations during the periods. 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

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: RMB20,200,000).

8. EARNINGS PER SHARE

The calculations of basic earnings per Share for the three months and six months ended 30 June 2012 are based on the profit attributable to owners of the Company of approximately RMB2,108,000 and RMB12,598,000 respectively (three months and six months ended 30 June 2011: RMB15,583,000 and RMB24,395,000) and the weighted average of 906,746,000 and 828,373,000 Shares in issue respectively during the three months and six months ended 30 June 2012 (three months and six months ended 30 June 2011: 750,000,000, being the number of Shares immediately prior to the listing of the Shares on the Stock Exchange as if these Shares had been issued throughout the periods). Diluted earnings per Share are same as basic earnings per share as the Company had no potential ordinary Shares during the periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group spent approximately RMB128,000 (2011: RMB26,000) on acquisition of furniture, fixture and office equipment.

10. LOAN AND ACCOUNT RECEIVABLES

For pawn loan receivables, the customers are obliged to settle the amounts according to the terms set out in relevant contracts, with an option to renew the loan granted for a period up to 180 days. For entrusted loan receivables, it represented the loans from the Group to customers through a bank in the PRC. The maturity date for each loan contract is normally not more than 90 days with a renewal option. For account receivables, it represented interest receivables from pawn loans and entrusted loans. The customers are obliged to settle the amounts according to the terms set out in relevant loan contracts and no credit period granted to customers. Based on the loan period starting date of relevant initial contracts, ageing analysis of the Group's loan and account receivables is as follows:

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
0 to 30 days	52,264	45,435
31 to 90 days	16,000	72,500
91 to 180 days	61,557	6,500
Over 180 days	41,067	–
	<u>170,888</u>	<u>124,435</u>

11. SHARE CAPITAL

	Notes	Number of Shares	HK\$'000	RMB'000
Ordinary Shares of HK\$0.1 each				
<i>Authorised:</i>				
Authorised ordinary Shares at the date of incorporation		1,000,000	100	81
Increase in authorised ordinary Shares		<u>4,999,000,000</u>	<u>499,900</u>	<u>407,271</u>
At 31 December 2011 and 30 June 2012		<u>5,000,000,000</u>	<u>500,000</u>	<u>407,352</u>
<i>Issued and fully paid:</i>				
Issue of ordinary Shares at the date of incorporation and at 31 December 2011	(i)	10,000	1	1
Issue of ordinary Shares by capitalisation issue	(ii)	749,990,000	74,999	61,102
Issue of ordinary Shares by placing	(iii)	250,000,000	25,000	20,367
Issue of ordinary Shares by exercising over-allotment option	(iv)	<u>20,555,000</u>	<u>2,056</u>	<u>1,675</u>
At 30 June 2012		<u>1,020,555,000</u>	<u>102,056</u>	<u>83,145</u>

Notes:

- (i) The Company was incorporated in the Cayman Islands on 4 May 2011 with an authorised share capital of HK\$100,000 divided into 1,000,000 ordinary Shares of par value of HK\$0.10 each. 10,000 ordinary Shares were issued and allotted upon incorporation. Pursuant to the resolutions in writing of all shareholders passed on 20 December 2011, i) the authorised share capital of the Company was increased from HK\$100,000 to HK\$500,000,000 by the creation of 4,999,000,000 new Shares and ii) conditional on the share premium account of the Company being credited as a result of the placing of the Shares, the directors were authorised to capitalise HK\$74,999,000 standing to the credit of the share premium account of the Company by applying that sum in paying up in full at par 749,990,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of the Company at the close of business on 20 December 2011 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in the Company.
- (ii) On 7 May 2012, an amount of HK\$74,999,000 was capitalised from the share premium account of the Company for paying up in full at par 749,990,000 ordinary Shares of HK\$0.1 each for allotment and issue to the person(s) whose name(s) appears on the register of members of the Company at the close of business on 20 December 2011 according to the written resolutions of all shareholders passed on 20 December 2011.
- (iii) On 7 May 2012, the Company allotted and issued 250,000,000 ordinary Shares of HK\$0.1 each upon listing of Shares on the GEM of the Stock Exchange at a price of HK\$0.65 each ("the Placing") according to the written resolutions of all shareholders passed on 20 December 2011.
- (iv) On 6 June 2012, the Company exercised the over allotment option. The Company allotted and issued 20,555,000 ordinary Shares of HK\$0.1 each at a price of HK\$0.65 each. The total number of ordinary Shares after the Placing and exercising of the over-allotment option was 1,020,555,000.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group provides integrated short-term financing services serving different needs of its customers. During the six months ended 30 June 2012, the Group derived its revenue mainly from pawn loan services, entrusted loan services and financial consultation services.

Business review

The PRC economic growth continued to slow down in the first half of 2012. While the demand for our short-term financing business still remained robust, our financial consultation business was temporarily affected by the slow down.

Financial review

Revenue

For the six months ended 30 June 2012, the Group's revenue increased by approximately 0.2% from approximately RMB38,550,000 for the corresponding period last year to approximately RMB38,640,000.

The loan and account receivables from customers were also increased from approximately RMB124,435,000 as at 31 December 2011 to approximately RMB170,888,000 as at 30 June 2012.

Pawn loan service income

For the six months ended 30 June 2012, the Group recorded revenue of approximately RMB7,939,000 from provision of pawn loan services, as compared to the revenue of approximately RMB19,193,000 for the corresponding period last year. The decrease was attributable to the fact that some customers switched to our entrusted loan service which was more convenient to them.

Entrusted loan service income

For the six months ended 30 June 2012, the Group's revenue from provision of entrusted loan services amounted to approximately RMB16,378,000 (2011: RMB19,000).

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Financial consultation service income

For the six months ended 30 June 2012, the Group's revenue from provision of financial consultation services decreased by approximately 25.9% from approximately RMB19,338,000 for the corresponding period last year to approximately RMB14,323,000.

Interest expenses

For the six months ended 30 June 2012, the Group's interest expenses decreased from approximately RMB392,000 for the corresponding period last year to approximately RMB54,000. Such decrease in interest expenses was mainly caused by decrease in external financing.

Other income

The Group's other income primarily comprised bank interest income. The Group's other income for the six months ended 30 June 2012 and 2011 were approximately RMB102,000 and RMB44,000, respectively.

Administrative expenses

The Group's administrative expenses primarily comprised of staff welfare, rental expenses, marketing and advertising expenses. The Group's administrative expenses for the six months ended 30 June 2012 and 2011 were approximately RMB15,373,000 and RMB4,329,000, respectively. The increase of approximately 255.1% in the Group's administrative expenses was mainly attributable to certain expenses including (i) listing expenses of approximately RMB7,517,000; (ii) increase of rental expenses of approximately RMB1,263,000 for office expansion; and (iii) increase of other operating costs which was in line with the business growth.

Profit for the period

The profit attributable to owners of the Company for the six months ended 30 June 2012 was approximately RMB12,598,000, representing a decrease of approximately 48.4% as compared to approximately RMB24,395,000 for the six months ended 30 June 2011.

OUTLOOK

The Directors believe that the PRC economy will maintain a stable growth. The European debt crisis continues to affect the lending market worldwide. It is anticipated that the PRC government will adjust its policies according to global and domestic economic conditions. Our financial consultation business tends to be affected by these policies. While demand for our short-term financing services remains strong, we will strengthen our risk management to safeguard the risk arising from the changing economic environment. The Group's business objective is to become one of the leading financing solution providers which provides integrated short-term financing services and financial consultation services in the PRC. The Group plans to increase the market share and enhance the market position in Guangdong Province for its business and expand its business into other regions in the PRC. The Directors are optimistic about the Group's growth prospect.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2012, the Group had bank balances and cash of approximately RMB173,230,000 (31 December 2011: approximately RMB87,571,000) and did not have bank and other loans (31 December 2011: RMB12,290,000). During the period under review, the Group did not use any financial instruments for hedging purposes. The gearing ratio representing the ratio of total borrowings to the total assets of the Group, was nil as at 30 June 2012 (31 December 2011: 5.7%).

SIGNIFICANT INVESTMENT

As at 30 June 2012, there was no significant investment held by the Group (31 December 2011: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2012.

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

Save as disclosed under "Comparison of Business Objectives with Actual Business Progress" in this report, there was no specific plan for material investments or capital assets as at 30 June 2012.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group has no significant contingent liabilities (31 December 2011: Nil).

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.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group had a total of 67 staff (31 December 2011: 52). Total staff costs (including Directors' emoluments) were approximately RMB3,715,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: approximately RMB1,304,000). 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 contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The net proceeds from the Placing and exercising of the over-allotment option were approximately HK\$144 million. The Group intends to inject or contribute approximately HK\$59.9 million of the net proceeds into member(s) of the Group for enhancing the short-term financing services to capture business opportunities in the sizable financing market from 13 April 2012 (being the latest practicable date prior to the printing of the Prospectus) the ("Latest Practicable Date") to 30 June 2012 as shown in the Prospectus. As at the date of this report, the Group does not anticipate any change to the plan. However, given the Group is still in the course of applying to the relevant government authorities for injecting the funds, as at 30 June 2012, the proceeds have not been utilised for the intended usage of the proceeds as disclosed in the Prospectus.

USE OF PROCEEDS

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from the Latest Practicable Date to 30 June 2012, the net proceeds from the placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Latest Practicable Date to 30 June 2012	Actual use of proceeds from the Latest Practicable Date to 30 June 2012
	<i>HK\$</i>	<i>HK\$</i>
Inject fundings or make contributions into member(s) of our Group	<u>59,900,000</u>	<u>—</u>

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

As at 30 June 2012, 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 ("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 Company

Name of Director	Nature of interest	Number of securities held <i>(Note 1)</i>	Approximate percentage <i>(%)</i>
Li Zhongyu	Interest of controlled corporation <i>(Notes 2 and 3)</i>	528,975,000 Shares (L)	51.83
Zheng Weijing	Interest of controlled corporation <i>(Notes 2 and 3)</i>	528,975,000 Shares (L)	51.83

Notes:

1. The letter "L" denotes the Directors' long position in the Shares.
2. These Shares were held by Silvery Dragon Limited, which was owned as to 72% by High Eminent Limited and as to 28% by Prime Origin Limited.
3. High Eminent Limited was owned as to 55% by Ding Rong Limited, a company wholly-owned by Li Zhongyu, and as to 45% by Ming Cheng Investments Limited, a company wholly-owned by Zheng Weijing.

(ii) 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 (%)
Li Zhongyu	Interest of controlled corporation (<i>Note 1</i>)	RMB71,240,000	70.53
Zheng Weijing	Interest of controlled corporation (<i>Note 1</i>)	RMB71,240,000	70.53
Peng Zuhao	Beneficial owner	RMB2,800,000	2.77

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 55% by Li Zhongyu and as to 45% by Zheng Weijing.

(iii) Interests in associated corporation – Silvery Dragon Limited

Name of Director	Nature of interest	Number of securities held	Shareholding percentage
		<i>(Note 1)</i>	<i>(%)</i>
Li Zhongyu	Interest of controlled corporation (<i>Note 2</i>)	72 shares of US\$1.00 each (L)	72.00
Zheng Weijing	Interest of controlled corporation (<i>Note 2</i>)	72 shares of US\$1.00 each (L)	72.00

Notes:

- The letter "L" denotes the Director's long position in the shares of the relevant associated corporation.
- These shares were held by High Eminent Limited, which was owned as to 55% by Ding Rong Limited, a company wholly-owned by Li Zhongyu, and as to 45% by Ming Cheng Investments Limited, a company wholly-owned by Zheng Weijing.

* For identification purposes only

Save as disclosed above, as at 30 June 2012, 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 Rule 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 2012, 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 of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Interests in the Company

Name of Shareholder	Nature of interest	Number of securities held <i>(Note 1)</i>	Approximate percentage <i>(%)</i>
Silvery Dragon Limited	Beneficial owner	528,975,000 Shares (L)	51.83
Ying Gao Limited	Beneficial owner	221,025,000 Shares (L)	21.66
High Eminent Limited	Interest of controlled corporation <i>(Note 2)</i>	528,975,000 Shares (L)	51.83
Ding Rong Limited	Interest of controlled corporation <i>(Notes 2 and 3)</i>	528,975,000 Shares (L)	51.83
Yang Qiao <i>(Note 4)</i>	Interest of spouse	528,975,000 Shares (L)	51.83
Ming Cheng Investments Limited	Interest of controlled corporation <i>(Notes 2 and 3)</i>	528,975,000 Shares (L)	51.83
Zhang Chushan <i>(Note 5)</i>	Interest of spouse	528,975,000 Shares (L)	51.83

Notes:

1. The letter "L" denotes the corporation/person's long position in the Shares.
2. These Shares were held by Silvery Dragon Limited, which was owned as to 72% by High Eminent Limited and as to 28% by Prime Origin Limited.
3. High Eminent Limited was owned as to 55% by Ding Rong Limited, a company wholly-owned by Li Zhongyu, and as to 45% by Ming Cheng Investments Limited, a company wholly-owned by Zheng Weijing.
4. Yang Qiao is the spouse of Li Zhongyu.
5. Zhang Chushan is the spouse of Zheng Weijing.

Save as disclosed above, as at 30 June 2012, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has also 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. Eligible participants of the Share Option Scheme include the Directors, non-executive officer including independent non-executive Directors, employees of the Group, customers of the Group, consultants, advisers, managers, officers or entity that provides research, development or other technological support to the Group.

No share option has been granted under the Share Option Scheme as at 30 June 2012.

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 2012.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules for the six months ended 30 June 2012.

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. 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 2012.

COMPETING INTERESTS

None of the Directors, controlling shareholders of the Company and their respective 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 such person has or may have with the Group as at 30 June 2012.

INTEREST OF COMPLIANCE ADVISER

As notified by GF Capital (Hong Kong) Limited ("GF Capital"), the Company's compliance adviser, neither GF Capital nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2012.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, internal control system and the Group's financial statements. The Audit Committee comprises a total of three members, namely, Mr. Vincent Cheng (Chairman), Mr. Ji Dong and Mr. Zhang Gongjun, all of whom are independent non-executive Directors. The Group's unaudited consolidated results for the six months ended 30 June 2012 have been reviewed by the Audit Committee. The Audit Committee 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
Li Zhongyu
Chairman

Hong Kong, 10 August 2012

As at the date of this report, the Directors are as follows:

Executive Directors:

Li Zhongyu (*Chairman*)

Zheng Weijing

Peng Zuohao

Independent Non-executive Directors:

Vincent Cheng

Ji Dong

Zhang Gongjun