



## **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)**

### **ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2013**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**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 announcement, 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 announcement 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 announcement misleading.*

## **FINANCIAL HIGHLIGHTS**

- The Group recorded a turnover of approximately RMB32.2 million for the three months ended 31 March 2013, representing an increase of approximately 67.7% as compared with corresponding period in 2012.
- Profit attributable to owners of the Company for the three months ended 31 March 2013 amounted to RMB13.1 million, representing an increase of approximately 24.8% as compared with corresponding period in 2012.
- Basic earnings per share of the Company (the “Share”) for the three months ended 31 March 2013 amounted to RMB1.28 cents (2012: RMB1.40 cents).
- The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2013.

## FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2013 together with the comparative unaudited figures for the corresponding period in 2012 as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2013</b>	2012
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>32,157</b>	19,192
Other income	3	<b>208</b>	67
Employee benefit expenses		<b>(6,020)</b>	(1,975)
Administrative expenses		<b>(9,233)</b>	(2,912)
Finance costs	4	<b>–</b>	(37)
Profit before income tax	5	<b>17,112</b>	14,335
Income tax expense	6	<b>(4,798)</b>	(3,845)
Profit for the period		<b>12,314</b>	10,490
Other comprehensive (loss)/income			
– Exchange differences on translating foreign operation		<b>(982)</b>	37
Total comprehensive income for the period		<b>11,332</b>	10,527
Profit for the period attributable to:			
Owners of the Company		<b>13,102</b>	10,490
Non-controlling interests		<b>(788)</b>	–
		<b>12,314</b>	10,490
Total comprehensive income attributable to:			
Owners of the Company		<b>12,120</b>	10,527
Non-controlling interests		<b>(788)</b>	–
		<b>11,332</b>	10,527
Earnings per share – Basic and diluted (RMB cents)	8	<b>1.28</b>	1.40

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY 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 of the Group for the three months ended 31 March 2013 have 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 applicable 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 2013 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 31 March	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Revenue		
Interest income	11,808	11,083
Financial consultation service income	20,349	8,109
	<u>32,157</u>	<u>19,192</u>
Other income		
Bank interest income	113	67
Others – other investments	95	–
	<u>208</u>	<u>67</u>

### 4. FINANCE COSTS

	Three months ended 31 March	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Interest charges on:		
Other loans wholly repayable within one year	–	37

### 5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended 31 March	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Auditor's remuneration	150	–
Depreciation of property, plant and equipment	274	85
Employee benefit expenses (including directors' remuneration)		
Salaries and wages ( <i>Note</i> )	5,604	1,841
Pension scheme contributions – Defined contribution plans	416	134
Net foreign exchange loss	37	154
Operating lease charges in respect of properties	1,801	777

*Note:* Increase in employee benefit expenses (including directors' remuneration) is primarily because the average number of staff increased from 56 to 118 for the three months ended 31 March 2012 and 2013, respectively.

## 6. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Hong Kong Profits Tax		
– Current period	2,252	–
PRC Enterprise Income Tax		
– Current period	2,546	3,845
	<u>4,798</u>	<u>3,845</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.

Hong Kong Profits Tax is calculated at 16.5% (2012: nil) on the estimated assessable profit for the period.

Enterprise income tax (“EIT”) arising from the PRC for the year was calculated at 25% (2012: 25%) of the estimated assessable profits during the year. 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 three months ended 31 March 2013 (2012: Nil).

## 8. EARNINGS PER SHARE

The calculations of basic earnings per share for the three months ended 31 March 2013 and 2012 are based on the profit attributable to owners of the Company of approximately RMB13,102,000 and RMB10,490,000 respectively and on the 1,020,555,000 shares ordinary shares issuable throughout the period ended 31 March 2013 and 750,000,000 ordinary Shares issuable (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 for the period ended 31 March 2012 and no diluted earnings per Share is presented as the Company had no potential ordinary shares during the periods.

## 9. UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity contributable to the owners of the Company							Non-	Total	
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Retained profits	Dividend proposed	controlling interests	equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Unaudited for the three months ended 31 March 2013</b>										
At 1 January 2013 (audited)	83,165	22,175	116,659	11,985	314	95,130	24,950	354,378	(165)	354,213
Profit for the period	-	-	-	-	-	13,102	-	13,102	(788)	12,314
Other comprehensive income for the period	-	-	-	-	(982)	-	-	(982)	-	(982)
Total comprehensive income for the period	-	-	-	-	(982)	13,102	-	12,120	(788)	11,332
At 31 March 2013 (unaudited)	<b>83,165</b>	<b>22,175</b>	<b>116,659</b>	<b>11,985</b>	<b>(668)</b>	<b>108,232</b>	<b>24,950</b>	<b>366,498</b>	<b>(953)</b>	<b>365,545</b>
<b>Unaudited for the three months ended 31 March 2012</b>										
At 1 January 2012 (audited)	1	-	116,659	7,397	230	58,309	-	182,596	-	182,596
Profit for the period	-	-	-	-	-	10,490	-	10,490	-	10,490
Other comprehensive income for the period	-	-	-	-	37	-	-	37	-	37
Total comprehensive income for the period	-	-	-	-	37	10,490	-	10,527	-	10,527
At 31 March 2012 (unaudited)	<b>1</b>	<b>-</b>	<b>116,659</b>	<b>7,397</b>	<b>267</b>	<b>68,799</b>	<b>-</b>	<b>193,123</b>	<b>-</b>	<b>193,123</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group offers comprehensive financing services to its customers. For the three months ended 31 March 2013, the Group derived its income mainly from financial consultancy services, entrusted loan services and provision of pawn loan services.

### **Business review**

The small and medium enterprises in the PRC do not have easy access to credit from banks; this has created the business development opportunities to the Group. Amongst the immense business opportunities, the Directors have prioritised the loan applications to optimise the resources of the Group and reduce the risks.

### **Financial review**

#### ***Revenue***

The Group's performance was satisfactory under the period under review with total revenue grew approximately 67.6% to approximately RMB32.2 million from approximately RMB19.2 million for the period ended 31 March 2012. Such increase was attributable to the strong demand in the Group's financial consultancy services and entrusted loan services.

#### ***Financial consultancy service income***

With developed experience and expertise, the Group has successfully assisted many customers in obtaining satisfactory financing services provided by the Group or other financial institutions. For the period ended 31 March 2013, the Group's revenue from provision of financial consultancy services increased by approximately 1.5 times from approximately RMB8.1 million for the period ended 31 March 2012 to approximately RMB20.3 million. We expect that this segment of business continues to grow in 2013.

#### ***Entrusted loan service income***

The revenue from provision of entrusted loan services was approximately RMB9.0 million, representing a growth of approximately 28.6% from approximately RMB7.0 million for the period ended 31 March 2012. We commenced our entrusted loan services in 2011. As there are not many companies providing entrusted loan services, we met strong demand for our entrusted loan services in 2012 and we expect stronger demand in 2013.



### ***Pawn loan service income***

For the period ended 31 March 2013, the Group recorded revenue of approximately RMB2.8 million from provision of pawn loan services, representing a decrease of approximately 30% as compared to the revenue of approximately RMB4.0 million for the period ended 31 March 2012. As pawn shops in Guangdong are expanding their business, the competition for pawn loan services is fierce. From 2012, we shifted our focus to entrusted loan services which provide more flexibility on serving our customers.

### ***Interest expenses***

The Group did not incur any interest expenses during the period ended 31 March 2013. The interest expenses of RMB37,000 incurred for the period ended 31 March 2012 were mainly the interest for the loan of HKD15 million which was repaid in May 2012.

### ***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 the periods ended 31 March 2013 and 2012 were approximately RMB9.2 million and approximately RMB2.9 million respectively. The increase of approximately 2.17 times was mainly attributed to certain expenses including (i) legal and professional fees of RMB3.4 million for listing related expenses, (ii) increase of rental expenses of approximately RMB1.0 million for office expansion, and (iii) increase of other operating costs which was in line with the business growth.

### ***Profit for the year attributable to owners of the Company***

The profit attributable to owners of the Company for the period ended 31 March 2013 was approximately RMB13.1 million, representing an increase of approximately 24.8% as compared to approximately RMB10.5 million in the corresponding period.

## **OUTLOOK**

It is expected that China economic growth will remain stable in 2013 and we expect that the demand for our services will remain strong. To capture these opportunities and the opportunities for Qianhai crossborder RMB activities, we will open more new offices in 2013. As such, we believe that both our revenue and expenses will grow at a faster pace.

## **POSITIVE PROFIT ALERT**

The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary assessment on the existing unaudited management accounts and the information currently available, the Group is expected to record a significant increase in our revenue and net profit for the six months ended 30 June 2013. The expectation of significant increase in our revenue and net profit was mainly attributable to the stronger demand of our services and that a one-off listing expense was incurred in the second quarter of 2012.

The above information is based on the preliminary assessment made by the management of the Company on the unaudited management accounts and the information currently available, and the actual interim results of the Group for the six months ended 30 June 2013 may differ from the information disclosed herein. Investors are advised to read the announcement expected to be released by the Company on or before 14 August 2013 in respect of the unaudited results for the period ended 30 June 2013.

## **ADVANCE TO AN ENTITY**

Pursuant to Rule 17.15 of the GEM Listing Rules, a general disclosure obligation arises where an advance to an entity from the Company exceeds 8% of the total assets of the Company. As at 31 March 2013, the Company's total assets were approximately RMB396.7 million. Pursuant to Rule 17.22 of the GEM Listing Rules, details of advances as defined under Rule 17.15 of the GEM Listing Rules which remained outstanding as at 31 March 2013 were as follow:

### **1 Entrusted loan agreement dated 24 July 2012 (the “Entrusted Loan Agreement A”) and loan extension agreement dated 31 January 2013**

On 24 July 2012, Flying Investment, an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement A with 河源市鴻大投資集團有限公司 (Heyuan Hongda Investment Group Company Limited\*) (the “Borrower A”) and 廣東南粵銀行股份有限公司深圳分行 (Shenzhen Branch of Guangdong Nanyue Bank\*) as the lending agent (the “Lending Agent A”), pursuant to which, Flying Investment had agreed to entrust a fund in the amount of RMB40 million (the “Entrusted Fund A”) to the Lending Agent A, for on-lending to Borrower A for a term of six months subject to and upon the terms and conditions therein. On 31 January 2013, Flying Investment entered into a loan extension agreement with the Borrower A, the Lending Agent A and certain guarantors, to further extend the loan to 2 April 2013. Borrower A's principal business activities include, among others, real estate development, agriculture, mining and financial investment. The Lending Agent A is a PRC commercial bank. The principal terms of Entrusted Loan Agreement A are set out below:

#### ***Loan amount:***

RMB40 million.

#### ***Interest:***

Interest rate on the loan amount was 1.8% per month.

#### ***Consultation fee:***

Sunny Sino, an indirect wholly-owned subsidiary of the Company, entered into a consultation service agreement with the Borrower A pursuant to which Sunny Sino charged the Borrower A a consultation fee of 1.7% per month for assisting the Borrower A in extending the Entrusted Fund A.

***Term of the loan:***

To be repaid on or before 2 April 2013.

***Security:***

The loan was secured by unlisted shares of (i) a subsidiary of the Borrower A which was owned as to 98% by the Borrower A and as to 2% by a relative of the ultimate beneficial owner of the Borrower A, and (ii) a PRC company in which the Borrower A owned 10% equity interest, for the obligations of the Borrower A under the Entrusted Loan Agreement A. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the security was not charged to any other parties other than being charged to Flying Investment.

If the price of the security falls to certain extent that the Company considers that the security does not provide adequate collateralisation of the loan, Flying Investment has the right to demand the Borrower A and/or the relative of the ultimate beneficial owner of the Borrower A to provide additional collateral or to demand early repayment to minimise the risk of default.

***Guarantees:***

Corporate guarantees were provided by a wholly owned subsidiary of the Borrower A and a company which was under the common control of the ultimate beneficial owner of the Borrower A. In addition, a personal guarantee was given by the ultimate beneficial owner of the Borrower A in favour of the Lending Agent A to secure the obligation of the Borrower A under the loan extension agreement.

For further details, please refer to the announcement of the Company dated 31 January 2013.

**2 Entrusted loan agreement dated 22 October 2012 (the “Entrusted Loan Agreement B”)**

On 22 October 2012, Flying Investment, an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement with 佛山市順德區鉦洋鋼鐵貿易有限公司 (Foshan City Shunde District Zhengyang Steel Trading Company Limited\*) (the “Borrower B”) and Bank of China (the “Lending Agent B”), pursuant to which, Flying Investment had agreed to entrust a fund in the amount of RMB30 million (the “Entrusted Fund B”) to the Lending Agent B, for on-lending to the Borrower B for a term of six months subject to and upon the terms and conditions therein. Borrower B’s principal business activities include, among others, domestic commercial and material supply and marketing industry. The Lending Agent B is a PRC commercial bank. The principal terms of the Entrusted Loan Agreement B are set out below:

***Loan amount:***

RMB30 million.

***Interest:***

Interest rate on the loan amount was 1.8% per month.

***Consultation fee:***

Sunny Sino, an indirect wholly-owned subsidiary of the Company, entered into a consultation service agreement with the Borrower B pursuant to which Sunny Sino charged the Borrower B a consultation fee at 2.2% per month for assisting the Borrower B in securing the loan through the Entrusted Fund B on the Effective Date.

***Term of the loan:***

Six months from the effective date of the Entrusted Loan Agreement B.

***Security:***

The loan was secured by the 1st floor of a commercial real estate property located in Yueyang, the PRC, for the obligations of the Borrower B under the Entrusted Loan Agreement B. The property is owned by a PRC company which has business relationship with the Borrower B. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the security is not charged to any other parties other than being charged to the Lending Agent B.

If the price of the security falls to certain extent that the Company considers that the security does not provide adequate collateralisation of the loan, the Lending Agent B has the right to demand the pledgor to provide additional collateral or to demand early repayment to minimise the risk of default.

***Guarantees:***

Corporate guarantee was provided in favour of the Lending Agent B by a PRC company of which the Borrower B has business relationship with, and the respective ultimate beneficial owners of the Borrower B and the PRC company are acquainted with each other. In addition, a personal guarantee was given by the ultimate beneficial owner of the corporate guarantor in favour of Flying Investment to secure the obligation of the Borrower B under the Entrusted Loan Agreement B.

For further details, please refer to the announcement of the Company dated 22 October 2012.

### **3 Entrusted loan agreement dated 24 January 2013 (the “Entrusted Loan Agreement C”)**

On 24 January 2013, Flying Investment, an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement C with 寧波市強人置業發展有限公司 (Ningbo City Qiangren Estate Development Company Limited\*) (the “Borrower C”) and Bank of China (the “Lending Agent C”), pursuant to which, Flying Investment had agreed to entrust a fund in the amount of RMB50 million (the “Entrusted Fund C”) to the Lending Agent C, for on-lending to the Borrower C for a term of six months subject to and upon the terms and conditions therein. Borrower C’s principal business activities include, among others, property development in the PRC. The Lending Agent C is a PRC commercial bank. The principal terms of the Entrusted Loan Agreement C are set out below:

***Loan amount:***

RMB50 million.

***Interest:***

Interest rate on the loan amount was 1.8% per month.

***Consultation fee:***

Sunny Sino, an indirect wholly-owned subsidiary of the Company, entered into a consultation service agreement with the Borrower C pursuant to which Sunny Sino charged the Borrower C a consultation fee at 1.7% per month for assisting the Borrower C in securing the loan through the Entrusted Fund C on the Effective Date.

***Term of the loan:***

Six months from the date withdrawing the Entrusted Fund C according to the terms of the Entrusted Loan Agreement C.

***Security:***

The loan was secured by a real estate property located in Jiangxi Province, the PRC, for the obligations of the Borrower C under the Entrusted Loan Agreement C. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the security is not charged to any other parties other than being charged to the Lending Agent C.

If the price of the security falls to certain extent that the Company considers that the security does not provide adequate collateralisation of the loan, the Lending Agent C has the right to demand the pledgor to provide additional collateral or to demand early repayment to minimise the risk of default.

### **Guarantees:**

Corporate guarantee was provided in favour of Flying Investment by a PRC company (independent to both of the Company and connected persons of the Company) engaging in provision of financial guarantee services. In addition, a personal guarantee was given by the legal representative of the Borrower C in favour of the Lending Agent C to secure the obligation of the Borrower C.

For further details, please refer to the announcement of the Company dated 24 January 2013.

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 March 2013, 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 (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 Company**

Name of Director	Number of Shares held			Approximate percentage (%)
	Beneficial Interest	Interest of controlled corporation	Total	
Li Zhongyu	32,490,675 (L)	528,975,000 (L) (Notes 2 and 3)	561,465,675 (L)	55.02
Zheng Weijing	24,180,135 (L)	528,975,000 (L) (Notes 2 and 3)	553,155,135 (L)	54.20
Peng Zuohao	23,494,957 (L)	–	23,494,957 (L)	2.30

#### *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\*) (“Guangdong Huijin”)**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Equity interest</b>	<b>Approximate percentage of equity interest (%)</b>
Li Zhongyu	Interest of controlled corporation (Note 1)	RMB71,240,000	70.53
Zheng Weijing	Interest of controlled corporation (Note 1)	RMB71,240,000	70.53
Peng Zuohao	Beneficial owner	RMB2,800,000	2.77

*Note:*

1. 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**

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

*Notes:*

1. The letter “L” denotes the Director’s long position in the shares of the relevant associated cooperation.
2. 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.

Save as disclosed above, as at 31 March 2013, 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 31 March 2013, 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 Shares held (Note 1)	Approximate percentage (%)
Silvery Dragon Limited	Beneficial owner	528,975,000 Shares (L)	51.83
High Eminent Limited	Interest of controlled corporation (Note 2)	528,975,000 Shares (L)	51.83
Ding Rong Limited	Interest of controlled corporation (Notes 2 and 3)	528,975,000 Shares (L)	51.83
Yang Qiao (Note 4)	Interest of spouse	561,465,675 Shares (L)	55.02
Ming Cheng Investments Limited	Interest of controlled corporation (Notes 2 and 3)	528,975,000 Shares (L)	51.83
Zhang Chushan (Note 5)	Interest of spouse	553,155,135 Shares (L)	54.20

#### Notes:

- The letter "L" denotes the corporation/person's long position in the Shares.
- 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.
- 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.
- Yang Qiao is the spouse of Li Zhongyu.
- Zhang Chushan is the spouse of Zheng Weijing.

Save as disclosed above, as at 31 March 2013, 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 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 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 of her technological support to the Group.

No share option has been granted under the Share Option Scheme as at 31 March 2013.

## **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 three months ended 31 March 2013.

## **CORPORATE GOVERNANCE**

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules for the three months ended 31 March 2013.

## **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 three months ended 31 March 2013.

## **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 any person may have with the Group as at 31 March 2013.

## **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 31 March 2013.

## AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises a total of three members, namely, Mr. Vincent Cheng (Chairman), Mr. Lu Quanzhang and Mr. Zhang Gongjun, all of whom are independent non-executive Directors. The Group’s unaudited consolidated results for the three months ended 31 March 2013 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**  
**Li Zhongyu**  
*Chairman*

Hong Kong, 9 May 2013

As at the date of this announcement, the directors of the Company are as follows:

*Executive Directors:*

Mr. Li Zhongyu (*Chairman*)

Mr. Zheng Weijing (*Vice-chairman*)

Mr. Peng Zuohao (*Chief Executive Officer*)

*Independent Non-executive Directors:*

Mr. Vincent Cheng

Mr. Lu Quanzhang

Mr. Zhang Gongjun

*This announcement will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication and on the website of the Company ([www.flyingfinancial.hk](http://www.flyingfinancial.hk)).*

\* *For identification purpose only*