



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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

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.

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

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 Company and its subsidiaries (collectively the “Group”) recorded a turnover of approximately RMB221,409,000 for the nine months ended 30 September 2016, representing an increase of approximately 393.4% as compared with the corresponding period in 2015.
- Profit attributable to owners of the Company for the nine months ended 30 September 2016 amounted to approximately RMB90,060,000, representing an increase of approximately 278.3% as compared to approximately RMB23,808,000 for the corresponding period in 2015.
- Basic earnings per share of the Company (the “Share”) for the nine months ended 30 September 2016 amounted to approximately RMB5.58 cents (2015: RMB2.33 cents).
- The board of Directors (the “Board”) does not declare the payment of dividend for the three months ended 30 September 2016.

THIRD QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2016 together with the comparative unaudited figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2016

| | | Three months ended 30 September | | Nine months ended 30 September | |
|---|-------|------------------------------------|---------------|-----------------------------------|---------------|
| | | 2016 | 2015 | 2016 | 2015 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | Notes | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | 3 | 76,768 | 15,255 | 221,409 | 44,872 |
| Other income | 3 | 1,391 | 12,857 | 6,688 | 17,301 |
| Employee benefit expenses | | (11,670) | (6,592) | (33,161) | (16,008) |
| Administrative expenses | | (20,642) | (6,510) | (52,476) | (17,366) |
| Equity-settled share-based payments | | (2,986) | – | (18,619) | – |
| Share of result of a joint venture | | (73) | – | (230) | – |
| Finance costs | 4 | (2,645) | (1,201) | (2,645) | (5,566) |
| Profit before income tax expense | 5 | 40,143 | 13,809 | 120,966 | 23,233 |
| Income tax expense | 6 | (9,624) | – | (27,378) | (144) |
| Profit for the period | | 30,519 | 13,809 | 93,588 | 23,089 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| – Exchange differences on translating foreign operation | | 612 | (1,547) | (2,242) | (2,054) |
| Total comprehensive income for the period | | 31,131 | 12,262 | 91,346 | 21,035 |
| Profit/(loss) for the period attributable to: | | | | | |
| Owners of the Company | | 32,252 | 13,888 | 90,060 | 23,808 |
| Non-controlling interests | | (1,733) | (79) | 3,528 | (719) |
| | | 30,519 | 13,809 | 93,588 | 23,089 |
| Total comprehensive income for the period attributable to: | | | | | |
| Owners of the Company | | 32,864 | 12,341 | 87,818 | 21,754 |
| Non-controlling interests | | (1,733) | (79) | 3,528 | (719) |
| | | 31,131 | 12,262 | 91,346 | 21,035 |
| Earnings per Share | | | | | |
| – Basic and diluted (RMB cents) | 8 | 1.86 | 1.36 | 5.58 | 2.33 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY 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 have been listed on the 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 financial consultation services, finance lease services and entrusted loan and pawn loan services in the People's Republic of China ("PRC").

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 applicable disclosure requirements set out in the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRSs"), which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

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 2015.

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 nine months ended 30 September 2016 are as follows:

| | Three months ended 30 September 2016 (Unaudited) RMB'000 | | Nine months ended 30 September 2016 (Unaudited) RMB'000 | |
|--|--|--------------------------------|---|--------------------------------|
| | | 2015 (Unaudited) RMB'000 | | 2015 (Unaudited) RMB'000 |
| Revenue | | | | |
| Financial consultation service income | 27,306 | 14,620 | 81,128 | 42,850 |
| Investment income from investments in property development projects through limited partnerships | 42,785 | – | 112,961 | – |
| Platform service income | 4,552 | – | 20,628 | – |
| Interest income | 2,125 | 635 | 6,692 | 2,022 |
| | <u>76,768</u> | <u>15,255</u> | <u>221,409</u> | <u>44,872</u> |
| Other income | | | | |
| Bank interest income | 324 | 11 | 639 | 184 |
| Investment income | 492 | 11,406 | 1,561 | 15,776 |
| Exchange gains | 64 | 1,340 | 3,935 | 1,340 |
| Others | 511 | 100 | 553 | 1 |
| | <u>1,391</u> | <u>12,857</u> | <u>6,688</u> | <u>17,301</u> |

4. FINANCE COSTS

| | Three months ended 30 September 2016 (Unaudited) RMB'000 | | Nine months ended 30 September 2016 (Unaudited) RMB'000 | |
|---|--|--------------------------------|---|--------------------------------|
| | | 2015 (Unaudited) RMB'000 | | 2015 (Unaudited) RMB'000 |
| Interest charges on financial liabilities carried at amortised cost | | | | |
| Convertible bonds | 2,645 | – | 2,645 | – |
| Corporate bonds | – | 1,201 | – | 5,566 |
| | <u>2,645</u> | <u>1,201</u> | <u>2,645</u> | <u>5,566</u> |

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|-------------|-----------------------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Auditor's remuneration | – | – | 1,050 | 564 |
| Depreciation of property, plant and equipment | 614 | 313 | 2,113 | 787 |
| Amortisation of intangible assets | 825 | – | 2,476 | – |
| Employee benefit expenses (including Directors' remuneration) | | | | |
| Salaries and wages | 9,824 | 5,732 | 28,214 | 13,784 |
| Pension scheme contributions | | | | |
| – Defined contribution plans | 1,846 | 860 | 4,947 | 2,224 |
| | 11,670 | 6,592 | 33,161 | 16,008 |
| Equity-settled share-based payment expense | 2,986 | – | 18,619 | – |
| Operating lease charges in respect of properties | 1,796 | 1,527 | 5,228 | 4,935 |

6. INCOME TAX EXPENSE

| | Three months ended 30 September | | Nine months ended 30 September | |
|------------------------------------|------------------------------------|-------------|-----------------------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Hong Kong Profits Tax | | | | |
| – Current period | – | – | – | – |
| PRC Enterprise Income Tax | | | | |
| – Current period | 9,830 | – | 28,919 | 144 |
| – Over-provision in the prior year | – | – | (922) | – |
| | 9,830 | – | 27,997 | 144 |
| Deferred Tax | (206) | – | (619) | – |
| | 9,624 | – | 27,378 | 144 |

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% (2015: 16.5%) on the estimated assessable profit for the period.

Enterprise income tax ("EIT") arising from the PRC for the period was calculated at 25.0% (2015: 25.0%) 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. DIVIDEND

The Board does not declare the payment of dividend for the three months ended 30 September 2016 (2015: Nil).

On 12 August 2016, the Board had resolved to declare an interim dividend of HK\$0.01 per Share for the six months ended 30 June 2016. The interim dividend was paid to shareholders of the Company on 5 September 2016.

8. EARNINGS PER SHARE

The calculations of basic earnings per Share for the nine months ended 30 September 2016 is based on the profit attributable to owners of the Company of approximately RMB90,060,000 (nine months ended 30 September 2015: approximately RMB23,808,000) and on the weighted average number of approximately 1,613,106,000 Shares issuable throughout the nine months ended 30 September 2016 (2015: 1,020,555,000 Shares). Diluted earnings per Share are same as basic earnings per Share as there were no potential Shares during the periods.

9. UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | | | | Non-controlling interests | Total |
|--|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------------------|------------------------|------------------------|---------------------------|------------------------|
| | Share capital | Proposed dividend | Share premium | Merger reserve | Statutory reserve | Exchange reserve | Share option reserve | Convertible bonds equity reserve | Retained earnings | Total | | |
| | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 | (Unaudited) RMB'000 |
| 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 | - | - | - | - | - | - | - | - | 90,060 | 90,060 | 3,528 | 93,588 |
| Other comprehensive income for the period | - | - | - | - | - | (2,242) | - | - | - | (2,242) | - | (2,242) |
| Total comprehensive income for the period | - | - | - | - | - | (2,242) | - | - | 90,060 | 87,818 | 3,528 | 91,346 |
| 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 |
| Issue of convertible bonds | - | - | - | - | - | - | - | 5,316 | - | 5,316 | - | 5,316 |
| Equity-settled share-based transactions | - | - | - | - | - | - | 18,653 | - | - | 18,653 | - | 18,653 |
| Interim dividend paid | - | (14,826) | (61) | - | - | - | - | - | - | (14,887) | - | (14,887) |
| At 30 September 2016 | 142,004 | - | 277,545 | 116,659 | 19,217 | (3,519) | 19,836 | 5,316 | 133,974 | 711,032 | 41,536 | 752,568 |
| At 1 January 2015 | 83,165 | - | 22,175 | 116,659 | 12,424 | 199 | - | - | 18,025 | 252,647 | (11,491) | 241,156 |
| Profit/(loss) for the period | - | - | - | - | - | - | - | - | 23,808 | 23,808 | (719) | 23,089 |
| Other comprehensive income for the period | - | - | - | - | - | (2,054) | - | - | - | (2,054) | - | (2,054) |
| Total comprehensive income for the period | - | - | - | - | - | (2,054) | - | - | 23,808 | 21,754 | (719) | 21,035 |
| Additional interests in subsidiaries acquired by the Group | - | - | - | - | - | - | - | - | (10,531) | (10,531) | 12,113 | 1,582 |
| Arising from acquisition of subsidiaries | - | - | - | - | - | - | - | - | - | - | 32,513 | 32,513 |
| At 30 September 2015 | 83,165 | - | 22,175 | 116,659 | 12,424 | (1,855) | - | - | 31,302 | 263,870 | 32,416 | 296,286 |

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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

The Group commenced its business of investment in property development projects during the year ended 31 December 2015. As at 30 September 2016, the Group had invested in eleven property development projects in, among others, Dongguan, Shenzhen and Fujian, the PRC. Some of the property development projects had brought considerable returns to the Group for the nine months period ended 30 September 2016.

On 30 September 2015, the Company completed its acquisition of 51% indirect interest in 深圳市融鑫電子商務有限公司 (Shenzhen Yongxin Electric Commerce Company Limited*), a project company operating a financial service platform, "匯理財". Additionally, "匯聯易家" (www.hlej.com), a financial service platform website for the PRC real estate industry, officially commenced operations on 29 December 2015. There are three major channels under "匯聯易家": (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.

Financial review

Revenue

For the nine months period ended 30 September 2016, the Group's revenue increased by approximately 393.4% from approximately RMB44.9 million for the corresponding period ended 30 September 2015 to approximately RMB221.4 million. The increase in the revenue was mainly due to increase in income from the Group's investments in property development projects, operation of financial services platforms and increase in financial consultation service income.

Investment in property development projects

For the nine months period ended 30 September 2016, the Group generated revenue from investment income from the property development projects of approximately RMB113.0 million (2015: RMB10.0 million classified in other income).

Operation of financial services platforms

For the nine months period ended 30 September 2016, the Group generated revenue of approximately RMB20.6 million (2015: Nil) from platform services provided by the financial services platforms.

Financial consultation service income

For the nine months period ended 30 September 2016, the Group's revenue from provision of financial consultation services increased by approximately 89.3% from RMB42.9 million for the corresponding period in 2015 to approximately RMB81.1 million. The Group's financial consultation service income for the nine months period ended 30 September 2016 mainly related to the property development projects and financial services platforms.

Finance costs

For the nine months period ended 30 September 2016, the Group's finance costs decreased by approximately 52.5% from approximately RMB5.6 million for the corresponding period in 2015 to approximately RMB2.6 million.

Other income

The Group's other income primarily comprised bank interest income, investment income and exchange gains.

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 nine months periods ended 30 September 2016 and 30 September 2015 were approximately RMB85.6 million and approximately RMB33.4 million, respectively, representing an increase of approximately 156.6% which was mainly attributed to (i) increase of salaries and number of staff and (ii) increase of marketing and advertising expenses for the financial services platforms during the nine months period ended 30 September 2016.

Profit for the period attributable to owners of the Company

Profit attributable to owners of the Company for the nine months period ended 30 September 2016 was approximately RMB90.1 million as compared to profit attributable to owners of the Company of approximately RMB23.8 million for the nine months period ended 30 September 2015, representing an increase of approximately 278.3%, mainly due to increase in income from the Group's investments in property development projects, operation of financial services platforms and financial consultation services.

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 2016. To share the fruits of the Company's development with its shareholders, on 12 August 2016, the Board resolved to declare and pay to the shareholders of the Company an interim dividend of HK\$1 cent per Share for the six months ended 30 June 2016. The interim dividend was paid to the shareholders of the Company on 5 September 2016.

The Board does not declare the payment of dividend for the three months ended 30 September 2016.

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.

BUSINESS OUTLOOK

About financial service for the industry chain of real estate

Financial services are required in almost every aspect of the industry chain of real estate business, from financing land auction, construction and sales of properties for real estate developers, to purchase of properties by buyers followed by interior properties construction work, expense on necessities in the community and further investment demands. Both real estate developers and property buyers can use various real estate financial services designed and provided by the Group to unlock the bottlenecks along the industry chain, which provide more opportunities for the Group's future development.

About regional investment

Following cooperation with Country Garden Holdings Company Limited ("Country Garden") of the investment in a property development project in Bantian, Shenzhen, the PRC in 2015, the Group will continue to cooperate with Country Garden to invest in property development projects focusing on Shenzhen and its surrounding region, Dongguan and Wuhan, the PRC in 2016.

About Internet finance

The Group maintains its effort in the research and development of Internet finance, prepares shareholding investment strategies and applies for relevant certificates and licenses of Internet finance independently. The Group has striven to establish a financial services chain emphasizing the real estate industry and connecting most business types and product modes of the industry.

About partners

The Group is looking for strategic partners in a cooperative and win-win manner aiming to expand its market collectively. Based on the current cooperation channels and partners, the Group is looking forward to opportunities to cooperate with other leading-edged enterprises and actively exploring appropriate cooperation modes with different parties including real estate developers, fiduciary institutions, securities institutions, futures institutions, fund institutions and banks in order to develop the marketing channels and realize appropriate configuration of resources.

About sustainable development

The Group insists its active and stable sustainable development strategy. With constant exploration and innovation, the Group manages to positively respond to the governmental policies and changes of market environment and establish a comprehensive internal control system for appropriate risk prevention and healthy development.

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

COOPERATION AGREEMENT WITH COUNTRY GARDEN IN RELATION TO *FOREST CITY*

After the reporting period, 前海匯聯金融服務(深圳)有限公司 (Qianhai Flying Financial PRC Service (Shenzhen) Limited*)(“Qianhai Flying Financial”), a wholly-owned subsidiary of the Company, and 佛山市碧桂園投資服務諮詢有限公司 (Foshan Country Garden Investment Service Advisory Co., Ltd.)* (“Foshan Country Garden”), a wholly-owned subsidiary of Country Garden, entered into a cooperation agreement (the “Cooperation Agreement”), pursuant to which Qianhai Flying Financial will provide associated financial services to property purchasers who are obtaining financing to invest in *Forest City*.

Located in the common border of Singapore and Malaysia, *Forest City* is a development project of Country Garden spanning nearly 20 square kilometers under planning and expecting to take 20 years to complete. As stated in the press conference on 2016 interim results by the management of Country Garden on 18 August 2016, the accumulated sales amount of *Forest City* for the period from 6 March 2016 to the date of the results publication was over RMB10 billion.

As at the date of this announcement, the Group has generated service income of approximately RMB29 million from provision of associated financial services to property purchasers of *Forest City*, who had obtained investment financing amounted to RMB380 million.

The Directors believe that the entering into of the Cooperation Agreement with Foshan Country Garden will enable the Group to expand its financial services as well as income base taking into account the sizeable development of *Forest City*. With 20 years of expected development of *Forest City*, the Group will be able to develop a sustainable financial service business. In addition, the cooperation with Foshan Country Garden, a leading enterprise in the real estate industry, will elevate the brand effect of the Group in the Greater China Region and build up an extensive network of customers with well-established relationship, laying the Group a concrete foundation for sustainable development of its real estate related financial service business in the region. The Directors believe that the cooperation with Foshan Country Garden is in line with the long-term strategic plan of the Group, delivering long-term and solid returns to the Company's shareholders.

ISSUE OF CONVERTIBLE BONDS

On 14 July 2016, the Company entered into a subscription agreement (the "Convertible Bonds Subscription Agreement") with Central China International Company Limited (the "Convertible Bonds Subscriber"), pursuant to which the Convertible Bonds Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, 7% convertible bonds due 2018 (the "Convertible Bonds") in the aggregate principal amount of HK\$100,000,000 at 100% of the principal amount of the Convertible Bonds convertible into 99,009,900 Shares at an initial conversion price of HK\$1.01 per Share. Mr. Zheng Weijing joined as a party to the Convertible Bonds Subscription Agreement as guarantor to guarantee the performance of the obligations of the Company pursuant to the Convertible Bonds Subscription Agreement. On 27 July 2016, the Convertible Bonds were issued by the Company to the Convertible Bonds Subscriber. Further details of the Convertible Bonds subscription are set out in the Company's announcements dated 14 July 2016 and 27 July 2016.

CAPITAL STRUCTURE

On 13 May 2016, the Company entered into shares subscription agreements (the "Shares Subscription Agreements") with certain independent third parties, pursuant to which the independent third parties have agreed to subscribe for, and the Company has agreed to allot and issue, a total of 200,000,000 new Shares at the subscription price of HK\$0.945 per Share (the "Share Subscriptions"). On 10 June 2016, completion of the Share Subscriptions took place. Further details of the above are set out in the Company's announcements dated 13 May 2016 and 10 June 2016.

The net proceeds from the Share Subscriptions after deducting the related expenses in connection with the Share Subscriptions of approximately HK\$188.8 million, equivalent to approximately RMB161.6 million, were intended to be used for investments in potential property development projects and general working capital of the Group. As at the date of this announcement, the entire net proceeds had been fully utilised in the investments of property development projects and general working capital of the Group.

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

As at 30 September 2016, 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 (Note 1) | | | | Approximate percentage of shareholding in the Company (%) |
|-------------------|--------------------------------|--------------------|------------------------------------|-------------|---|
| | Beneficial interest | Interest of spouse | Interest of controlled corporation | Total | |
| Mr. Zheng Weijing | 40,630,202 | – | 367,739,567 (Note 2) | 408,369,769 | 23.59 |

Notes:

1. These represent the Directors' long position in the Shares.
2. 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:

1. Being unlisted physically settled share options to acquire ordinary shares of the Company, further details of which are set out in the section headed “Share Option Scheme” below.
2. 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*) (“Guangdong Huijin”)

| Name of Director | Nature of interest | Equity interest (Long position) | 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.

Save as disclosed above, as at 30 September 2016, 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 September 2016, 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) | | | | Total | Approximate percentage (%) |
|--|--------------------------------|-------------------------|-------------------|------------------------------------|-------------|----------------------------|
| | Beneficial Interest | Interest of spouse | Security interest | Interest of controlled corporation | | |
| 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 |
| Mr. Hu Jinxi | 22,200,000 | – | – | 145,429,087 (Note 5) | 167,629,087 | 9.68 |

| Name of Shareholder | Number of Shares held (Note 1) | | | | | Approximate percentage (%) |
|--|--------------------------------|--------------------|-------------------|------------------------------------|-------------|----------------------------|
| | Beneficial Interest | Interest of spouse | Security interest | Interest of controlled corporation | Total | |
| 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:

1. These represent the corporation's/person's long position in the Shares.
2. Ming Cheng Investments Limited is a company wholly-owned by Mr. Zheng Weijing.
3. 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.
4. Sino-Africa Resources Holdings Limited is a company wholly-owned by Mr. Huang Xiguang.
5. Peace Bloom Limited is a company wholly-owned by Mr. Hu Jinxi.
6. Upsoar Limited is a company wholly-owned by Ms. Fu Shanping.
7. 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 Weijing.
2. 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.
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 September 2016, 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.

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 other technological support to the Group.

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 meet.

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 | 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: <ul style="list-style-type: none"> – Equal to or more than RMB100 million, 100% of Share Option 3 shall be vested; – Equal to or more than RMB80 million but less than RMB100 million, 50% of Share Option 3 shall be vested; and – Less than RMB80 million, no Share Option 3 shall be vested. |

On 31 May 2016, options to subscribe for an aggregate of 22,800,000 Shares, being 100% of Share Option 1, have been vested to the grantees of the options.

As at 30 September 2016, the total number of securities available for issue under the Share Option Scheme pursuant to its terms was 70,400,000 Shares, representing in aggregate approximately 4.1% of the Company's issued share capital.

Details of movements of the share options granted under the Share Option Scheme for the nine months ended 30 September 2016 were as follows:

| Name | Date of grant | Number of share options | | | | Outstanding as at 30 September 2016 |
|--|------------------|---|------------------------------|-----------------------------------|-----------------------------------|--|
| | | Outstanding as at 1 January 2016 | Granted during the period | Exercised during the period | Cancelled 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 | 51,500,000 | – | (600,000) | (5,000,000) | 45,900,000 |
| Advisors in aggregate | 17 December 2015 | 6,000,000 | – | – | – | 6,000,000 |
| Total | | 76,000,000 | – | (600,000) | (5,000,000) | 70,400,000 |

For the 600,000 share options exercise during the period, the weighted average closing price of the Shares immediately before the date of which such options were exercised is HK\$1.097.

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 nine months ended 30 September 2016.

CORPORATE GOVERNANCE

The Board is of the view that during the nine months ended 30 September 2016, 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 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 of the Company 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. During the period under review and as at the date of this announcement, the roles of the chairman and the chief executive officer of the Company were not and are not separate and both were and are performed by Mr. Zheng Weijing. The Company is in the process of identifying a suitable person to act as the chief executive officer of the Company 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 nine months ended 30 September 2016.

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 during the nine months ended 30 September 2016.

CHANGES IN DIRECTORS' INFORMATION

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

Mr. Leung Po Hon, an independent non-executive Director, has retired as an independent non-executive director of Success Dragon International Holdings Limited, shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1182), with effect from 29 August 2016.

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 quarterly report for the nine months ended 30 September 2016 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

Hong Kong, 10 November 2016

As at the date of this announcement, 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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company (www.flyingfinancial.hk).