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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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 purpose 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

	2014 *RMB'000*	2013 *RMB'000*	**Changes**
OPERATING RESULTS			
Revenue	**32,053**	107,980	-70.32%
(Loss)/profit for the year attributable to owners of the Company	**(86,363)**	9,697	-990.62%
Basic (loss)/earnings per share	**RMB(8.46) cent**	RMB0.95 cent	-990.53%
Dividend for the year per share	**HK0.00 cent**	HK0.00 cent	N/A
FINANCIAL POSITION			
Total assets	**330,395**	467,761	-29.37%
Bank balances and cash	**67,530**	125,794	-46.32%
Net assets	**241,156**	336,447	-28.32%

ANNUAL RESULTS

The board of Directors (the "Board") announces the annual audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 together with the comparative figures for the corresponding year in 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	5	**32,053**	107,980
Other (loss) or income	6	**(55,121)**	(26,013)
Employee benefit expenses		**(18,941)**	(19,544)
Administrative expenses		**(34,257)**	(39,754)
Finance costs	7	**(13,327)**	(6,593)
(Loss)/profit before income tax expense	8	**(89,593)**	16,076
Income tax expense	9	**(5,308)**	(9,168)
(Loss)/profit for the year		**(94,901)**	6,908
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operation		**(390)**	275
– Change in fair value of available-for-sale investment		**–**	(4,629)
– Reclassified to profit or loss for impairment loss on available-for-sale investment		**–**	4,629
Total comprehensive income for the year		**(95,291)**	7,183
(Loss)/profit for the year attributable to:			
Owners of the Company		**(86,363)**	9,697
Non-controlling interests		**(8,538)**	(2,789)
		(94,901)	6,908
Total comprehensive income for the year attributable to:			
Owners of the Company		**(86,753)**	9,972
Non-controlling interests		**(8,538)**	(2,789)
		(95,291)	7,183
(Loss)/earnings per share – Basic and diluted (RMB cents)	10	**(8.46)**	0.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,641**	5,886
Held-to-maturity investments	*11*	**20,957**	21,999
Available-for-sale investments	*12*	**–**	10,000
Deposit paid		**–**	78,310
Loan and accounts receivables	*14*	**9,671**	–
		35,269	116,195
Current assets			
Held-to-maturity investments	*11*	**2,000**	2,000
Available-for-sale investments	*12*	**22,000**	96,371
Loan and accounts receivables	*14*	**58,979**	119,253
Deposits paid, prepayments and other receivables		**96,654**	8,148
Amount due from a shareholder		**24**	–
Amount due from non-controlling interest		**1**	–
Cash and cash equivalents		**67,530**	125,794
		247,188	351,566
Non-current assets classified as held for sale	*13*	**47,938**	–
		295,126	351,566
Current liabilities			
Receipt in advance, accruals and other payables		**5,004**	8,772
Amounts due to non-controlling interests		**1,539**	1,791
Dividend payable		**35**	35
Financial liabilities at fair value through profit or loss		**–**	5,000
Current tax liabilities		**14,329**	21,616
Corporate bonds payable	*15*	**68,332**	–
		89,239	37,214
Net current assets		**205,887**	314,352
Total assets less current liabilities		**241,156**	430,547
Non-current liabilities			
Corporate bonds payable	*15*	**–**	94,078
Deferred tax liabilities		**–**	22
		–	94,100
NET ASSETS		**241,156**	336,447
EQUITY			
Equity attributable to owners of the Company			
Share capital		**83,165**	83,165
Reserves		**169,482**	256,235
		252,647	339,400
Non-controlling interests		**(11,491)**	(2,953)
TOTAL EQUITY		**241,156**	336,447

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	**Share premium**	**Merger reserve**	**Statutory reserve**	**Exchange reserve**	**Available-for-sale reserve investment valuation**	**Retained earnings**	**Dividend proposed**	**Total**		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2013	83,165	22,175	116,659	11,985	314	–	95,130	24,950	354,378	(165)	354,213
Profit/(loss) for the year	–	–	–	–	–	–	9,697	–	9,697	(2,789)	6,908
Exchange differences on translating foreign operation	–	–	–	–	275	–	–	–	275	–	275
Change in fair value of available-for-sale investment (note 6(a)(iii))	–	–	–	–	–	(4,629)	–	–	(4,629)	–	(4,629)
Reclassified to profit or loss for impairment loss on available-for-sale investment	–	–	–	–	–	4,629	–	–	4,629	–	4,629
Total comprehensive income for the year	–	–	–	–	275	–	9,697	–	9,972	(2,789)	7,183
2012 Dividend paid	–	–	–	–	–	–	–	(24,950)	(24,950)	–	(24,950)
Capital contribution by non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	1	1
Transfer to statutory reserve	–	–	–	46	–	–	(46)	–	–	–	–
Balance at 31 December 2013 and 1 January 2014	83,165	22,175	116,659	12,031	589	–	104,781	–	339,400	(2,953)	336,447
Loss for the year	–	–	–	–	–	–	(86,363)	–	(86,363)	(8,538)	(94,901)
Exchange differences on translating foreign operation	–	–	–	–	(390)	–	–	–	(390)	–	(390)
Total comprehensive income for the year	–	–	–	–	(390)	–	(86,363)	–	(86,753)	(8,538)	(95,291)
Transfer to statutory reserve	–	–	–	393	–	–	(393)	–	–	–	–
Balance at 31 December 2014	83,165	22,175	116,659	12,424	199	–	18,025	–	252,647	(11,491)	241,156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2014

1. GENERAL

Flying Financial Service Holdings Limited (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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 7 May 2012.

The Group, comprising the Company and its subsidiaries, currently engages in provision of pawn loans, entrusted loans, finance lease services, other loans and financial consultancy services. The Company acts as an investment holding company.

In the opinion of the directors of the Company ("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 ("BVI").

2. BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Hong Kong Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial assets and liabilities which are measured at fair value and non-current assets classified as held for sale which are measured at the lower of carrying value and fair value less costs of disposal.

(c) Functional and presentation currency

The functional currency of the Company is Hong Kong Dollar ("HK$"). The consolidated financial statements are presented in Renminbi ("RMB") since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities

The adoption of the amendments to HKAS 32 has no impact on these financial statements as the Group does not have any offsetting arrangements.

The adoption of the amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) has no impact on these financial statements as the Company is not an investment entity.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments provide additional guidance to assist the entities in applying judgment when meeting the presentation and disclosure requirements. These amendments do not affect recognition and measurement. They should not result in reassessment of the judgments about presentation and disclosure made in periods prior to the application of these amendments.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new and revised HKFRSs on the financial statements of the Group in the initial application but is not yet in a position to state whether they will have a material impact on the results and the financial position of the Group.

(c) **New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements**

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The Directors consider that there will be no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decision.

The Group has two reportable segments. The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Pawn loan services – short-term small loan offer;
- Financial consultancy, entrusted loan and finance lease services – short-term large loan offer, short-term lease services and consultation services to borrower and financial institutions.

Segment information about reportable segments:

	Pawn loan services *RMB'000*	**Financial consultancy, entrusted loan and finance lease services** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2014			
Revenue from external customers	**213**	**31,840**	**32,053**
Reportable segment loss	**(4,099)**	**(29,490)**	**(33,589)**
Other income or (loss)	**140**	**(22,244)**	**(22,104)**
Finance costs	**–**	**–**	**–**
Depreciation	**451**	**1,274**	**1,725**
Income tax expense	**–**	**5,330**	**5,330**
Additions to non-current assets	**119**	**1,433**	**1,552**
As at 31 December 2014			
Reportable segment assets	**7,747**	**162,311**	**170,058**
Reportable segment liabilities	**102**	**4,551**	**4,653**

	Pawn loan services RMB'000	Financial consultancy, entrusted loan and finance lease services RMB'000	Total RMB'000
For the year ended 31 December 2013			
Revenue from external customers	4,604	103,376	107,980
Reportable segment (loss)/profit *(note)*	(2,964)	53,838	50,874
Other income or (loss) *(note)*	86	(9,370)	(9,284)
Finance costs	–	–	–
Depreciation	655	462	1,117
Income tax (credit)/expense	(1,176)	10,322	9,146
Additions to non-current assets	3,206	1,128	4,334
As at 31 December 2013			
Reportable segment assets	5,320	207,738	213,058
Reportable segment liabilities	301	13,395	13,696

	2014 *RMB'000*	2013 *RMB'000*
Revenue		
Revenue from external customers	**32,053**	107,980
Profit before income tax expense		
Reportable segment (loss)/profit *(note)*	**(33,589)**	50,874
Fair value change of financial liabilities at fair value through profit or loss *(note)*	**5,000**	(5,000)
Investment income *(note)*	**3,849**	691
Impairment loss on available-for-sale investment *(note)*	**–**	(4,629)
Loss on disposal/dissolution of available-for-sale investments	**(42,666)**	–
Impairment loss on deposit paid *(note)*	**–**	(7,890)
Depreciation *(note)*	**(196)**	(246)
Finance costs	**(13,327)**	(6,593)
Unallocated corporate expenses *(note)*	**(8,664)**	(11,131)
Consolidated (loss)/profit before income tax expense	**(89,593)**	16,076

	2014	2013
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**170,058**	213,058
Held-to-maturity investments	**22,957**	23,999
Available-for-sale investments	**22,000**	106,371
Deposit paid *(note)*	**63,309**	78,310
Non-current assets classified as held for sale	**47,938**	–
Unallocated corporate assets *(note)*	**4,133**	46,023
Consolidated total assets	**330,395**	467,761
Liabilities		
Reportable segment liabilities	**4,653**	13,696
Current tax liabilities	**14,329**	21,616
Deferred tax liabilities	**–**	22
Corporate bonds payable *(note)*	**68,332**	94,078
Unallocated corporate liabilities *(note)*	**1,925**	1,902
Consolidated total liabilities	**89,239**	131,314

Note: Certain financial information in 2013 has been restated to conform with the presentation in 2014.

The geographical location of customers is based on the location at which the services were provided. The total revenue from external customers is mainly sourced from Hong Kong and the People's Republic of China (the "PRC").

	Revenue from external customers 2014	**Revenue from external customers** 2013
	RMB'000	*RMB'000*
Hong Kong (place of domicile)	**14,112**	67,095
The PRC	**17,941**	40,762
Macau	**–**	123
	32,053	107,980

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue:

	2014	2013
	RMB'000	*RMB'000*
Customer A	**9,464**	14,301
Customer B	**–**	13,931
Customer C	**7,346**	–

5. REVENUE

Revenue, which is also the Group's turnover, represents the income from its principal activities. Revenue recognised during the year are as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest income	**7,573**	27,406
Consultancy service income	**24,045**	80,574
Finance lease service income	**435**	–
	32,053	107,980

6. OTHER (LOSS) OR INCOME

		2014	2013
	Notes	***RMB'000***	*RMB'000*
Bank interest income		**351**	513
Fair value change of financial liabilities at fair value through profit or loss		**5,000**	(5,000)
Investment income		**3,849**	691
Impairment loss on available-for-sale investment	*(a)(iii)*	**–**	(4,629)
Loss on disposal/dissolution of available-for-sale investments	*(a)*	**(42,666)**	–
Impairment loss on deposit paid	*(b)*	**–**	(7,890)
Bad debts written off	*14*	**(21,778)**	–
Provision for impairment of accounts receivable	*14*	**–**	(9,695)
Other receivables and deposit written off		**–**	(5)
Loss on disposal of property, plant and equipment		**(881)**	–
Other expense		**(20)**	–
Other income		**1,024**	2
		(55,121)	(26,013)

(a) The loss is in respect of certain available-for-sale investments acquired in prior years and disposed of or whose terms expired during the year.

(i) One of the limited partnerships the Group invested during the year ended 31 December 2013 with an investment cost of RMB500,000 disposed of its major underlying assets during the year ended 31 December 2014. This limited partnership had significant net liabilities as it made losses on its investments and incurred daily operation costs in the normal course of business. Under the partnership agreement, the Group had the obligation to bear the liabilities of the limited partnership. As a result, the Group had to contribute RMB20,274,000 to settle the liabilities of the limited partnership. Accordingly, a loss on dissolution of RMB20,774,000 (being the investment cost of RMB500,000 and the additional contribution of RMB20,274,000) was recognised in profit or loss during the year. The limited partnership is currently in the process of deregistration.

(ii) During the year ended 31 December 2014, the Group suffered a loss on available-for-sale investment of RMB18,021,000 as further described in note 12(a).

(iii) During the year ended 31 December 2013, the Group acquired an interest in a trust at a consideration of RMB7,500,000. Income from the trust after payments of guaranteed return to other category of trust holders and direct expenses of the trust would accrue to the Group. Since there was a significant decline in fair value of the trust, the Group recognised a fair value loss of RMB4,629,000 in other comprehensive income which was reclassified to profit or loss during the year ended 31 December 2013. The balance of the investment cost of RMB2,871,000 was written off to profit or loss during year ended 31 December 2014 following the expiration of trust on 24 May 2014.

In additional to losing its entire investment, the Group also had to bear additional losses of the trust of RMB9,513,000. As at 31 December 2014, the Group included this amount in other receivables as a company in which one of the directors was a former director of the Company has guaranteed losses of the Group in excess of the consideration paid. The amount was settled in full in January 2015.

(iv) During the year ended 31 December 2013, the Group invested in a trust at a consideration of RMB10,000,000. The trust was incorporation in the PRC with expected return of 10.9% per annum for two years. The investment was sold to an independent third party during the year ended 31 December 2014, resulting in a loss on disposal of RMB1,000,000.

(b) During the year ended 31 December 2013, the Group entered into an agreement to acquire the entire equity interests in certain companies of a group at a consideration of HK$20,410,000 and paid a deposit of HK$10,000,000 (equivalent to approximately RMB7,890,000) to the vendor. However, the Group decided not to proceed with the acquisition and considered that the deposit paid to be irrecoverable. Therefore, a full impairment of the deposit paid was recognised in the profit or loss for the year ended 31 December 2013. In the opinion of the Directors, taking account of the opinion of the legal adviser, no further provision is considered necessary for not completing acquisition.

7. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest charged on financial liabilities carried at amortised cost		
Corporate bonds *(note 15)*	**13,327**	6,593

8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/profit before income tax expense is arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**1,921**	1,363
Other receivables and deposit written off	**530**	5
Employee benefit expenses (including Directors' remuneration)		
Salaries and wages	**16,675**	17,392
Pension scheme contributions – Defined contribution plans	**2,266**	2,152
	18,941	19,544
Operating lease charges in respect of properties	**10,764**	9,843

9. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Hong Kong Profits Tax		
– Current year	**1,888**	8,386
PRC Enterprise Income Tax		
– Current year	**725**	1,737
– Under/(over)-provision in respect of prior years	**2,717**	(1,091)
	5,330	9,032
Deferred tax	**(22)**	136
	5,308	9,168

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% (2013: 16.5%) on the estimated assessable profit for the year.

Enterprise income tax ("EIT") arising from the PRC for the year was calculated at 25% (2013: 25%) of the estimated assessable profits of subsidiaries operating in the PRC 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.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculations of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately RMB86,363,000 (2013: profit of RMB9,697,000) and the weighted average number of 1,020,555,000 (2013: 1,020,555,000) ordinary shares during the year.

(b) Diluted (loss)/earnings per share

There were no potential ordinary shares in issue for the years ended 31 December 2014 and 2013. Accordingly, the diluted (loss)/earnings per share presented is the same as basic (loss)/earnings per share for both years.

11. HELD-TO-MATURITY INVESTMENTS

	2014	2013
	RMB'000	*RMB'000*
Held-to-maturity investments	**22,957**	23,999
Less: Non-current portion	**(20,957)**	(21,999)
Current portion	**2,000**	2,000

At 31 December 2014, the Group had certain held-to-maturity investments which bore fixed interest rates ranging from 7.92% to 11% (2013: 7.92% to 11%) per annum and had maturities ranging from one to five years (2013: one to six years).

12. AVAILABLE-FOR-SALE INVESTMENTS

	2014	2013
	RMB'000	*RMB'000*
Unlisted debt securities, at fair value	**22,000**	106,371
Less: Non-current portion	**–**	(10,000)
Current portion	**22,000**	96,371

Available-for-sale investments, which are debt securities and stated at fair value, as at 31 December 2014 and 2013 mainly consisted of the followings:

(a) investment of approximately RMB22,000,000 (2013: RMB90,000,000) in an income receivable right on a limited partnership which was incorporated in the PRC for 36 months (2013: 12 months). The main activity of the limited partnership was investment in obtaining income receivable rights on three other limited partnerships. These underlying partnerships are principally engaged in entrusted loan business in the PRC. As futher described below, the Directors assessed that the settlement of the available-for-sale investment will be completed within one year and therefore have classified the available-for-sale investment as a current asset as at 31 December 2014.

In assessing the returns on the investment, the Directors assessed the expected income from the loans in the underlying partnerships. The underlying partnerships granted the entrusted loan of RMB68 million and RMB22 million to two independent third parties respectively during the year ended 31 December 2013. Details of these loans are set out below:

(i) Entrusted loan of RMB68 million

During the year ended 31 December 2013, notwithstanding that the collaterals ("Collaterals") to a bank of certain entrusted loans amount to RMB90 million grant to an independent third party (the "Borrower") (comprising entrusted loan of RMB71 million granted by the underlying partnerships (out of which RMB68 million was contributed by the Group through the underlying partnerships and RMB3 million was contributed by some minority investors) and entrusted loan of RMB19 million granted by the Group directly as included in the entrusted loan receivables in note 14), was filed to the relevant PRC authorities, the relevant PRC authorities issued a notice revoking such filing because the original filing contained information which was not correct. Based on the notice, the Collaterals had been sold prior to the filing of such pledge.

As a result, the Group applied to the PRC court to seal up certain other properties of the Borrower for a period of approximately 2 years. The seal up was confirmed by the PRC court during the year ended 31 December 2013. As the value of the securities obtained exceeded the value of the entrusted loan, the Group concluded that the entrusted loans granted by the underlying partnerships and directly by the Group were full recoverable as at 31 December 2013.

After the seal up, the local government participated in assisting settlements of the affected parties under this event. According to the minutes from the local government, a debt restructuring exercise was conducted in early 2014 such that the estimated proceeds from the exercise will be used to settle the principal loan amounts outstanding to 4 financial institutions, including the bank entrusted by the underlying partnerships and the Group.

In September 2014, with the assistance from the local government, the Group and the underlying partnerships entered into a settlement agreement with the Borrower pursuant to which (1) the Borrower agreed to settle entrusted loans amounted to RMB71 million granted by the underlying partnerships and entrusted loan amounted to RMB19 million granted directly by the Group in form of cash of RMB15,000,000 and properties with fair value of RMB73,751,000 based on a valuation performed by a PRC valuer appointed by the local government; and (2) the Group and the underlying partnerships agreed to release all seal up on the above-mentioned properties of the Borrower. Subsequently, the Group and the underlying partnerships entered into a supplementary agreement in which the beneficial interests of each party in respect of the cash and properties settlement are clarified, with the Group directly entitled to a substantial portion of the beneficial interests. The cash and properties settlement is therefore accounted for as realisation of the available-for-sale investment mentioned in this sub-note (i.e. note 12(a)(i)). In the opinion of the Directors, since the Group has control over the disposition of the properties and is entitled to a substantial portion of the proceeds from the sale of the properties, the Group shall recognise the properties as assets and the settlement accruing to minority investors as liabilities.

The Group has appointed an independent valuer to perform the valuation on the properties and the fair value of the properties based on which is approximately RMB47,940,000, net of estimated cost of disposal. This amount has been allocated as to RMB37,818,000 attributed to the entrusted loan of RMB71 million granted by the underlying partnerships (out of which RMB36,220,000 is attributed to the RMB68 million contributed by the Group through the underlying partnerships and RMB1,598,000 is attributed to the RMB3 million contributed by the minority investors) and RMB10,120,000 attributed to the entrusted loan of RMB19 million granted by the Group directly as included in the entrusted loan receivables in note 14. The cash settlement of RMB15,000,000 was subsequently received in January 2015.

As the aggregate of the fair value of the cash and properties for settlement is RMB23,734,000 below the carrying value of the entrusted loans granted by the underlying partnerships and by the Group, a loss of RMB18,021,000 is allocated to the available-for-sale investment and recognised in profit and loss, and a loss of RMB5,713,000 is allocated to entrusted loan receivable granted directly by the Group which has been written off as bad debt during the year ended 31 December 2014.

(ii) Entrusted loan of RMB22 million

During the year ended 31 December 2013, an entrusted loan amounted to RMB27 million was granted by one of the underlying partnerships to an independent third party out of which RMB22 million was contributed by the Group through the underlying partnership. The underlying partnership held a collateral on the entrusted loan in form of property as at 31 December 2013.

During the year ended 31 December 2014, the ownership of the entrusted loan was transferred to an independent third party, and the principal was fully received by the underlying partnership together with the interest income. The Directors expect the Group shall receive the settlement in full in 2015.

(b) During the year ended 31 December 2013, the Group invested in a private placement bond, trusts and limited partnerships at an accumulated investment cost of RMB16,371,000. These investments were redeemed, disposed of, or realised on expiration or dissolution during the year ended 31 December 2014. The loss on the available-for-sale investments arising from the above events is disclosed in note 6(a)(i), (iii) and (iv).

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As further described in note 12(a)(i), the Group obtained certain properties through realisation of available-for-sale investment. The properties were classified as non-current assets held for sale as the Group intended to dispose of them within 12 months from end of the reporting period was carried at fair value less costs of disposal as at 31 December 2014.

14. LOAN AND ACCOUNTS RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Pawn loan receivables, net	**2,930**	–
Entrusted loan receivables, net	**12,838**	118,695
Consultancy fee receivables, net	**12,218**	9,527
Interest receivables, net	**1,664**	726
Finance lease receivable	**19,000**	–
Other loan receivable	**20,000**	–
	68,650	128,948
Less: Impairment loss	**–**	(9,695)
Loan and accounts receivables, net	**68,650**	119,253
Less: Entrusted loan receivables, non-current portion	**(9,671)**	–
Current portion	**58,979**	119,253

For pawn loan receivables, 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 183 days. Interest rates offered are based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The pawn loan receivables charged interests at effective interest rates ranging from 1.5% to 2.86% (2013: 2.8% to 3.0%) per month as at 31 December 2014 and the maturity date for each loan contract is not more than 183 days.

Entrusted loan receivables represent loans to customers through certain banks in the PRC. In an entrusted loan arrangement, the Group entered into a loan agreement with the customer and bank. The customer repaid the loan to the bank and then the bank returned the principal and accrued interests to the Group. While the bank exercises supervision over and receives repayment from the borrower, the bank does not assume any risk of default by the borrower. The effective interest payable on entrusted loan receivables ranged from 0.48% to 1.8% (2013: ranged from 1.80% to 1.86%) per month as at 31 December 2014. In particular, during the year ended 31 December 2014, the Group granted four entrusted loans of approximately RMB9,671,000 to the borrowers. An independent party guaranteed these entrusted loans with a maturity date of five years.

During the year ended 31 December 2013, the Group granted an entrusted loan of approximately RMB19,000,000 to the Borrower as disclosed in note 12(a)(i). Based on the allocation agreement pursuant to the settlement agreement entered into as disclosed in note 12(a)(i), the aggregate of the fair value of cash and properties allocated to the entrusted loan only amounted to RMB13,287,000 which represents the recoverable amount of the entrusted loan. The recoverable amount is recorded as non-current assets classified as held for sale of RMB10,120,000 (value of the properties attributed to the entrusted loan) and RMB3,167,000 as loan and accounts receivables. The shortfall of RMB5,713,000 was written off as a bad debt during the year ended 31 December 2014.

The collateral of the entrusted loan of RMB19,000,000 was revoked by the relevant PRC authorities during the year ended 31 December 2013 as disclosed in note 12(a)(i), and under the settlement agreement entered into in September 2014, the Group has control over the disposition of the properties of the settlement of this entrusted loan and the entrusted loan of RMB71 million referred to in note 12(a)(i). Accordingly, the Group did not hold any property as collaterals as at 31 December 2014 and 2013 and no properties were included in the summary of collateral as shown in the table below.

For consultancy fee receivables, customers are obliged to settle the amounts according to the terms set out in relevant contracts and with no credit period. During the year ended 31 December 2013, the Group provided certain consultancy services to the Borrower referred to in note 12(a)(i) which resulted in a consultancy fee receivable of approximately RMB9,695,000. After considering the position as disclosed in note 12(a), a full provision on the impairment loss was made during the year ended 31 December 2013.

For interest receivables, customers are obliged to settle the amounts according to the terms set out in relevant loan contracts and with no credit period.

For finance lease receivable, customers are obligated to settle the amounts according to the terms set out in relevant contracts and must acquire the leased assets at the end of the lease period. The interest rate was 11% per annum as at 31 December 2014 and the lease period is 12 months. No credit period was granted to customers.

Other loan receivable represents the ownership of an entrusted loan of RMB20,000,000 the Group acquired during the year. The entrusted loan is secured by the collateral in the form of a property.

Based on the loan starting date as stated in the relevant contracts, ageing analysis of the Group's loan and accounts receivables as of each reporting date is as follows:

	2014	2013
	RMB'000	*RMB'000*
0 to 30 days	**7,931**	67,429
31 to 90 days	**23,763**	–
91 to 180 days	**–**	–
Over 180 days	**36,956**	51,824
	68,650	119,253

Ageing analysis of the Group's loan and accounts receivables that were not impaired is as follow:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**39,381**	119,253
0 to 30 days past due	**–**	–
31 to 90 days past due	**–**	–
91 to 180 days past due	**21,782**	–
Over 180 days past due	**7,487**	–
	68,650	119,253

The Group's loan and accounts receivables relate to a large number of diversified customers and there is no significant concentration of credit risk. Impairment losses in respect of loan and accounts receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loan and accounts receivables directly. Based on this assessment, impairment loss of nil (2013: RMB9,695,000) has been determined as individually impaired. The movement in the allowance for impairment of loan and accounts receivables is as follows:

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**9,695**	–
Impairment loss recognised	**–**	9,695
Bad debts written off	**(9,695)**	–
At 31 December	**–**	9,695

Bad debts of RMB21,778,000 were charged to profit or loss during the year ended 31 December 2014 (2013: nil) for loan and accounts receivables which comprised RMB15,940,000 caused by the bankruptcy of a borrower. Bad debts of RMB5,713,000 in respect of the entrusted loan RMB19,000,000 as described in note 12(a) and the corresponding interest thereon of RMB125,000.

The Group holds collaterals over the loan and accounts receivables and the bank holds certain collaterals over the entrusted loan receivables on behalf of the Group. At the end of each reporting date, the fair value of the pledged assets whereby the Group is permitted to sell or repledge in the absence of the default by the owners of the collaterals in respect of all loan and accounts receivables is as follows:

	2014	2013
	RMB'000	*RMB'000*
Equities	**4,900**	405,925
Properties (including construction in progress)	**–**	167,750
At 31 December	**4,900**	573,675

As at 31 December 2014, finance lease receivables in respect of certain machinery are effectively secured by the underlying assets as the rights to the machinery will revert to the Group in the event of default.

15. CORPORATE BONDS PAYABLE

	As at 31 December
	RMB'000
Balance as at 1 January 2013:	**–**
Issue of corporate bonds	**93,500**
Imputed interest expenses	**6,593**
Finance costs paid	**(5,178)**
Exchange alignment	**(837)**
Balance as at 31 December 2013 and 1 January 2014	**94,078**
Redemption on 30 September 2014	**(30,000)**
Imputed interest expenses	**13,327**
Finance costs paid	**(9,706)**
Exchange alignment	**633**
Balance as at 31 December 2014	**68,332**

The Company issued RMB100,000,000 corporate bonds in two tranches on 28 May 2013 and 12 August 2013, which bore interest at the rate of 10.5% per annum payable semi-annually in arrears on 30 June and 31 December in each year. The maturity date will be the date falling on the 24 months of the date of issue. The corporate bonds contain a liability component and do not have any early redemption option elements and equity component. The net proceed from the issue of the corporate bonds after discount and total direct transaction costs of RMB6,500,000 was approximately RMB93,500,000.

On 10 September 2014, the Company announced to partially redeem the principal amount of RMB30,000,000 of the corporate bonds at the redemption price equal to 100%of the outstanding principal amount thereof plus accrued and unpaid interest as of the date on which the corporate bonds are redeemed by giving notice. The partial redemption was completed on 30 September 2014.

The corporate bonds payable is measured at amortised cost using effective interest rate of 14.48% (2013: 14.35%) per annum at the end of reporting period and imputed interest expenses of RMB13,327,000 was incurred in the current year (2013: RMB6,593,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group provides integrated short-term financing services serving different needs of its customers. For the year ended 31 December 2014, the turnover was mainly derived from financial consultation services and the entrusted loan services.

Financial Review

Revenue

For the year ended 31 December 2014, the Group's revenue decreased by approximately 70.3% from approximately RMB108.0 million for the corresponding period in 2013 to approximately RMB32.1 million for the year ended 31 December 2014. The decrease in the revenue was mainly due to the decrease of number of new contracts entered into for the financial consultation services and entrusted loan services of the Group.

Financial consultation services income

For the year ended 31 December 2014, the Group's revenue from provision of financial consultation services decreased by approximately 70.0% from approximately RMB80.1 million for the corresponding period in 2013 to approximately RMB24.0 million.

Entrusted loan services income

For the year ended 31 December 2014, the Group's revenue from provision of entrusted loan services decreased by approximately 67.8% from approximately RMB23.3 million for the corresponding period in 2013 to approximately RMB7.5 million.

Pawn loan services income

For the year ended 31 December 2014, the Group's revenue from provision of pawn loan services decreased by approximately 95.6% from approximately RMB4.5 million for the corresponding period in 2013 to approximately RMB0.2 million. As pawn shops in Guangdong are expanding their business, the competition for pawn loan services is fierce. The Group shifted its focus to entrusted loan services which provide more flexibility on serving its customers since 2013.

Finance costs

For the year ended 31 December 2014, the Group's interest expenses increased by approximately 101.5% from approximately RMB6.6 million for the corresponding period in 2013 to approximately RMB13.3 million. Such increase in interest expenses was mainly attributable to the interest for the corporate bonds denominated in Renminbi with an aggregate nominal value of RMB100 million issued in May and August 2013 (the "RMB Denominated Bonds"). On 30 September 2014 (the "Redemption Date"), the Company partially redeemed the principal amount of RMB30 million of the RMB Denominated Bonds at the redemption price equal to 100.0% of the outstanding principal amount thereof plus accrued and unpaid interest as of the Redemption Date. The total redemption price payable by the Company amounted to approximately RMB30.8 million, being the redemption amount of RMB30 million, plus accrued and unpaid interest of approximately RMB0.8 million to the Redemption Date. The RMB Denominated Bonds amounted to RMB70 million as at the date of this announcement. Among which RMB Denominated Bonds in the principal amount of RMB21 million and RMB49 million will be expired by May 2015 and August 2015, respectively.

Other (loss) or income

The Group's other loss or income primarily comprised bank interest income, fair value change of financial liabilities at fair value through profit or loss, investment income, loss on disposal or dissolution of available-for-sale investments, bad debts written off, loss on disposal of property, plant and equipment, other expense and other income. The Group's other loss for each of the two years ended 31 December 2014 and 31 December 2013 were approximately RMB55.1 million and RMB26.0 million, respectively. The increase of approximately 111.9% in the Group's other loss was mainly attributable to the loss on disposal or dissolution of available-for-sale investments, and bad debts written off which was partly diminished by fair value change of financial liabilities at fair value through profit or loss and investment income.

Bad debts of RMB21.8 million were charged to profit or loss during the year ended 31 December 2014 for loan and accounts receivables which mainly included RMB15.9 million caused by the bankruptcy of a borrower. One of the limited partnerships the Group invested during the year ended 31 December 2013 with an investment cost of RMB0.5 million disposed of its major underlying assets during the year ended 31 December 2014. This limited partnership had significant net liabilities as it made losses on its investments and incurred daily operation costs in the normal course of business. Under the partnership agreement, the Group had the obligation to bear the liabilities of the limited partnership. As a result, the Group had to contribute RMB20.3 million to settle the liabilities of the limited partnership. Accordingly, a loss on dissolution of RMB20.8 million (being the investment cost of RMB0.5 million and the additional contribution of RMB20.3 million) was recognised in profit or loss during the year. The limited partnership is currently in the process of deregistration. During the year ended 31 December 2014, the Group suffered a loss on available-for-sale investment of RMB18.0 million as further described in note 12(a)(i) of this announcement.

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 two years ended 31 December 2014 and 31 December 2013 were approximately RMB53.2 million and approximately RMB59.3 million, respectively. The decrease of approximately 10.3% was mainly attributed to decrease of marketing and advertising expenses of approximately RMB4.4 million which was partly diminished by the increase of rental expenses of approximately RMB0.8 million for office expansion.

(Loss)/profit for the year attributable to owners of the Company

The loss attributable to owners of the Company for the year ended 31 December 2014 was approximately RMB86.4 million as compared to profit attributable to owners of the Company of approximately RMB9.7 million for the corresponding period in 2013, mainly due to (i) the decrease in the revenue; and (ii) substantial other loss incurred by the Group as more particularised in the sub-paragraphs headed "Revenue" and "Other (loss) or income" above.

Outlook

Looking ahead, the Group will strengthen the strategic management, corporate governance and business development to effectively improve the operation efficiency. In addition, the Group will also seek to turn around its business from loss to profit through cost-saving and new sources of income. In future, the Group will further improve all business operation of customized financial services and financial services for the entire industrial chain. Customer service platform will be further enhanced on the basis of the internet p2p financial platform for better customer services and higher business value of real estate industry and related business.

Major Investments

As strategic investment, the Group entered into an equity transfer agreement on 5 September 2013 (as supplemented on 17 March 2014) to acquire approximately 1.119% of the equity interest ("Sale Equity Interest") of 中鐵信托有限責任公司 (China Railway Trust Co., Ltd.). On 30 May 2014, the Group entered into an agreement to terminate the purchase of the Sale Equity Interest. The deposit was fully refunded the Group in January 2015. For further detail, please refer to the announcements of the Company dated 5 September 2013, 17 March 2014 and 30 May 2014.

On 22 August 2013, to improve the investment return of the Group, the Group also entered into an asset management agreement as the assets trustor, with 五礦證券有限公司 (Minmetals Securities Co., Ltd.) as the manager, and 寧波銀行股份有限公司 (Bank of Ningbo Co., Ltd.) as the custodian in relation to the investment and management of the entrusted assets with a total amount of RMB90 million. On 4 September 2014, the Group entered into a renewal of asset management agreement. For further details, please refer to the announcements of the Company dated 22 August 2013 and 4 September 2014.

Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2014, the Group had bank balances and cash of approximately RMB67.5 million (2013: approximately RMB125.8 million). During the year 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 20.7% as at 31 December 2014 (2013: 20.1%).

Material Acquisitions Or Disposals of Subsidiaries and Affiliated Companies

There was no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2014.

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 announcement, there was no specific plan for material investments or capital assets as at 31 December 2014.

Contingent Liabilities

As at 31 December 2014, the Group has no significant contingent liabilities (2013: nil).

Charges on Group Assets

As at 31 December 2014, the Group did not have any charges on assets.

Capital Commitments

As at 31 December 2014, the Group has no significant capital commitments (2013: RMB156,000).

Foreign Exchange Exposure

The Group is mainly exposed to the fluctuation of Hong Kong dollars ("HK$") against RMB as its certain bank balances are denominated in HK$ which is not the functional currency of the relevant group entities. The Group has not made other arrangement to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the foreign exchange exposure and will consider utilizing 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 31 December 2014, the Group had a total of 160 staff (2013: 156). Total staff costs (including Directors' emoluments) were approximately RMB18.9 million for the year ended 31 December 2014 (2013: RMB19.5 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include share option scheme, and contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

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

Closure of Register of Members

The register of members of the Company will be closed from 14 May 2015 to 15 May 2015, both dates inclusive, during which period no transfer of shares will be registered in order to ascertain shareholders' eligibility to attend and vote at the annual general meeting, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 13 May 2015.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company's prospectus dated 20 April 2012 (the "Prospectus") with the Group's actual business progress for the year ended 31 December 2014 is set out below:

Business objectives for the period from 20 April 2012 to 31 December 2014 as stated in the Prospectus	**Actual business progress for the period from 20 April 2012 to 31 December 2014**
1. Develop marketing network in Shenzhen, Guangdong Province, Beijing and Shanghai for short-term financing services and financial consultation services	
– Establish sales offices in Beijing, Shanghai and Guangdong Province	– Sales office in Beijing, Shanghai and Guangdong Province established
– Recruit new staff for Beijing, Shanghai and Guangdong Province sales office	– New staff recruited for Beijing, Shanghai and Guangdong Province sales office
– Placing advertisement	– Placing advertisement
Planned use of proceeds from listing from 20 April 2012 to 31 December 2014: approximately HK$10,800,000	**Total cost incurred by the Group from 20 April 2012 to 31 December 2014: approximately HK$20,110,000 *(Note)***
2. Enhance the short-term financing services to capture business opportunities in the sizable financing market	
– Inject fundings or make contributions into member(s) of the Group	– Inject fundings or make contributions into member(s) of the Group
Planned use of proceeds from listing from 20 April 2012 to 31 December 2014: approximately HK$123,900,000	**Total cost incurred by the Group from 20 April 2012 to 31 December 2014: approximately HK$123,900,000**

As capital injection requires the PRC government's approval, the Group had injected approximately HK$123,900,000 into member companies for the period from 20 April 2012 to 31 December 2014. The Group does not anticipate any change to the intended usage of proceeds as at the date of this report.

Note: The Group incurred a total cost of HK$20,110,000 in developing the marketing network in Shenzhen, Guangdong Province, Beijing and Shanghai for the short-term financing and financial consultation services for the period from 20 April 2012 to 31 December 2014, of which approximately HK$10,800,000 was settled by the net proceeds from its listing.

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 20 April 2012 to 31 December 2014, the net proceeds from listing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from 20 April 2012 to 31 December 2014	**Actual use of proceeds from 20 April 2012 to 31 December 2014**
	HK$	*HK$*
	Approximately	*Approximately*
1. Develop marketing network in Shenzhen, Guangdong Province, Beijing and Shanghai for short-term financing services and financial consultation services	10,800,000	10,800,000 *(Note)*
– Establish sales office in Beijing and Shanghai		
– Recruit new staff for the Beijing and Shanghai sales office		
– Placing advertisement		
2. Inject fundings or make contributions into member(s) of the Group	123,900,000	123,900,000

Note: The Group incurred a total cost of HK$20,110,000 in developing the marketing network in Shenzhen, Guangdong Province, Beijing and Shanghai for the short-term financing and financial consultation services for the period from 20 April 2012 to 31 December 2014, of which approximately HK$10,800,000 was settled by the net proceeds from its listing.

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 year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2014 save as the deviation as mentioned below.

After the resignation of Mr. Li Zhongyu as the Chairman ("Chairman") and the executive Director, resignation of Mr. Peng Zuohao as the Chief Executive Officer ("CEO") and executive Director, and re-designation of Mr. Zheng Weijing as the Chairman and CEO with effect from 4 November 2014, the Company has not complied with A.2.1. of the Code.

Under the code provision A.2.1 of the Code, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

As of the date of this announcement, the roles of the Chairman and the CEO of the Company are not separate and both are performed by Mr. Zheng Weijing. The Company is in the process of identifying a suitable person to act as the CEO 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.

In the opinion of the Board, save as disclosed above, the Company has complied with the code provisions set out in the Code.

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.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2014, which will be sent to the shareholders in due course.

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 year ended 31 December 2014.

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 December 2014.

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 securities of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2014, save for certain beneficial interests in the RMB Denominated Bonds held by GF Securities (Hong Kong) Brokerage Limited ("GF Securities") as bondholder. Both GF Securities and GF Capital are wholly-owned by GF Holdings (Hong Kong) Corporation Limited.

AUDIT COMMITTEE

The Audit Committee was established by the Board on 20 December 2011.

The primary duties of the Audit Committee are mainly to (i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors before submission to the Board; (ii) review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditors; and (iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Group's consolidated results and this annual results announcement for the year ended 31 December 2014 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.

As at 31 December 2014, the Audit Committee has three members comprising Mr. Vincent Cheng (Chairman), Mr. Zhang Gongjun and Mr. Leung Po Hon, all of whom are independent non-executive Directors. During the year ended 31 December 2014, the Audit Committee had reviewed the interim results and report of the Company for the six months ended 30 June 2014 and first and third quarterly results and reports of the Company for the periods ended 31 March 2014 and 30 September 2014 respectively.

EVENT AFTER THE REPORTING PERIOD

(a) In January 2015, the Group entered into 4 income receivable right transfer agreements for the transfer of the income receivable right on a trust, an entrusted loan, other receivable and an equity interest with 4 independent parties. The consideration is RMB20 million on each of the transfer agreements and all of them will expire in 140 days. The Group will receive the consideration paid of RMB20,000,000 and a fixed return at an amount between RMB730,000 to RMB790,000 from each of the 4 independent parties on expiration date.

(b) On 17 February 2015, the Group as the purchaser entered into a share purchase agreement with an independent third party (the "Vendor"). Pursuant to the agreement, the Group conditionally agreed to acquire from the Vendor and the Vendor conditionally agreed to sell 51% of the issued share capital of Profit Success Technology Limited, which will indirectly hold the entire interest in Shenzhen Yongxin Electric Commerce Company Limited ("the Project Company") at a total cash consideration of RMB70,500,000 (equivalent to approximately HK$87,420,000).

    The Project Company is principally engaged in the business of development of the computer software to transact commercial and financing activities via the internet through an online financing platform named Huilicai (匯聯財) and the provision of financing under other contractual arrangements. Based on the information currently available, the share purchase agreement is subject to various conditions which have not yet been fulfilled as of the date of this announcement.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

By order of the Board
Flying Financial Service Holdings Limited
ZHENG WEIJING
Chairman

Hong Kong, 23 March 2015

As at the date of this announcement, the executive Director is Mr. Zheng Weijing (Chairman and Chief Executive Officer); and the independent non-executive Directors are Mr. Vincent Cheng, Mr. Leung Po Hon and Mr. Zhang Gongjun.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company's website at www.flyingfinancial.hk.