



## **Flying Financial Service Holdings Limited**

### **匯聯金融服務控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8030)**

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

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

## **FINANCIAL HIGHLIGHTS**

- The Company and its subsidiaries (collectively the “Group”) recorded a turnover of approximately RMB57,808,000 for the three months ended 31 March 2016, representing an increase of approximately 314.7% as compared with corresponding period in 2015.
- Profit attributable to owners of the Company for the three months ended 31 March 2016 amounted to approximately RMB20,231,000, representing an increase of approximately 550.3% as compared with corresponding period in 2015.
- Basic earnings per share of the Company (the “Share”) for the three months ended 31 March 2016 amounted to RMB1.32 cents (2015: RMB0.30 cents).
- The board of Directors (the “Board”) does not declare the payment of dividend for the three months ended 31 March 2016.

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2016 together with the comparative unaudited figures for the corresponding period in 2015 as follows:

## **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the three months ended 31 March 2016*

		<b>Three months ended 31 March</b>	
		<b>2016</b>	<b>2015</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Notes</i>		
Revenue	3	<b>57,808</b>	13,940
Other income	3	<b>699</b>	1,635
Employee benefit expenses		<b>(11,303)</b>	(4,309)
Administrative expenses		<b>(15,846)</b>	(6,205)
Equity-settled share-based payments		<b>(8,618)</b>	–
Finance costs	4	<b>–</b>	(1,808)
Profit before income tax expense	5	<b>22,740</b>	3,253
Income tax expense	6	<b>(1,605)</b>	(144)
Profit for the period		<b>21,135</b>	3,109
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operation		<b>(61)</b>	–
Total comprehensive income for the period		<b>21,074</b>	3,109
Profit for the period attributable to:			
Owners of the Company		<b>20,231</b>	3,111
Non-controlling interests		<b>904</b>	(2)
		<b>21,135</b>	3,109
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>20,170</b>	3,111
Non-controlling interests		<b>904</b>	(2)
		<b>21,074</b>	3,109
Earnings per share – Basic and diluted (RMB cents)	8	<b>1.32</b>	0.30

## **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FIRST 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 ("HKASs"), Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue		
Financial consultation service income	<b>7,001</b>	13,168
Investment income from investment in property development project through limited partnership	<b>44,100</b>	–
Platform service income	<b>4,639</b>	–
Interest income	<b>2,068</b>	772
	<b>57,808</b>	13,940
Other income		
Bank interest income	<b>107</b>	67
Investment income	<b>592</b>	1,584
Exchange loss	<b>–</b>	(16)
	<b>699</b>	1,635

### 4. FINANCE COSTS

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest charged on financial liabilities carried at amortised cost:		
Corporate bonds interest	<b>–</b>	1,808

## 5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Auditor's remuneration	140	197
Depreciation of property, plant and equipment	892	263
Amortisation of intangible assets	825	–
Employee benefit expenses (including Directors' remuneration)		
Salaries and wages	9,838	3,739
Pension scheme contributions		
– Defined contribution plans	1,465	570
	11,303	4,309
Equity-settled share-based payment expense	8,618	–
Operating lease charges in respect of properties	1,750	1,992

## 6. INCOME TAX EXPENSE

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Hong Kong Profits Tax		
– Current period	–	–
PRC Enterprise Income Tax		
– Current period	1,811	144
	1,811	144
Deferred tax	(206)	–
	1,605	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% (2015: 25%) of the estimated assessable profits during the period. According to the EIT law, the taxable income of an enterprise shall be the total revenue of such enterprise, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated losses.

## 7. DIVIDENDS

The Board resolved not to declare an interim dividend for the three months ended 31 March 2016 (2015: nil).

## 8. EARNINGS PER SHARE

The calculations of basic earnings per share for the three months ended 31 March 2016 are based on the profit attributable to owners of the Company of approximately RMB20,231,000 (2015: RMB3,111,000) and on the weighted average number of approximately 1,530,833,000 (2015: 1,020,555,000) ordinary shares during the period ended 31 March 2016. Diluted earnings per share are same as basic earnings per share as the Company had no potential ordinary share during the periods.

## 9. UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the owners of the Company								Non-controlling interests	Total equity
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000	RMB'000	RMB'000
<b>Unaudited for the three months ended 31 March 2016</b>										
At 1 January 2016 (audited)	124,827	147,160	116,659	19,217	(1,277)	1,445	43,914	451,945	38,008	489,953
Profit for the period	-	-	-	-	-	-	20,231	20,231	904	21,135
Exchange differences on translating foreign operation	-	-	-	-	(61)	-	-	(61)	-	(61)
Total comprehensive income for the period	-	-	-	-	(61)	-	20,231	20,170	904	21,074
Equity-settled share-based transactions	-	-	-	-	-	8,562	-	8,562	-	8,562
At 31 March 2016 (unaudited)	<u>124,827</u>	<u>147,160</u>	<u>116,659</u>	<u>19,217</u>	<u>(1,338)</u>	<u>10,007</u>	<u>64,145</u>	<u>480,677</u>	<u>38,912</u>	<u>519,589</u>
<b>Unaudited for the three months ended 31 March 2015</b>										
At 1 January 2015 (audited)	83,165	22,175	116,659	12,424	199	-	18,025	252,647	(11,491)	241,156
Profit and total comprehensive income for the period	-	-	-	-	-	-	3,111	3,111	(2)	3,109
At 31 March 2015 (Unaudited)	83,165	22,175	116,659	12,424	199	-	21,136	255,758	(11,493)	244,265

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

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

For the year ended 31 December 2015, the Group commenced its new business of investment in property development projects and invested in four property development projects in Dongguan, Shenzhen and Fujian, the PRC. The Group shared the returns of the four property development projects and recognised as revenue in the fourth quarter of 2015 and the first quarter of 2016.

On 30 September 2015, the Company completed its acquisition of 51% indirect interest of 深圳市融鑫電子商務有限公司, a project company operating a financial service platform, 匯理財. Additionally, 匯聯易家 ([www.hlej.com](http://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 three months period ended 31 March 2016, the Group's revenue increased by approximately 314.7% from approximately RMB13.9 million for the period ended 31 March 2015 to approximately RMB57.8 million. The increase in the revenue was mainly due to the contributions of the investment in property development projects and operation of financial services platform.

#### *Investment in property development projects*

For the three months period ended 31 March 2016, the Group generated revenue from investment income from the property development projects of approximately RMB44.1 million (2015: nil).

#### *Operation of a financial services platform*

For the three months period ended 31 March 2016, the Group generated revenue from platform services of approximately RMB4.6 million (2015: nil) from the financial services platform.



#### *Financial consultation services income*

For the three months period ended 31 March 2016, the Group's revenue from provision of financial consultation services decreased by approximately 46.8% from RMB13.2 million for the corresponding period in 2015 to approximately RMB7.0 million. The Group's financial consultation service income for the three months period ended 31 March 2016 related to the property development projects and financial services platform.

#### *Entrusted loan and pawn loan services income*

For the three months period ended 31 March 2016, the Group's revenue from provision of entrusted loan and pawn loan services increased by approximately 167.9% from approximately RMB772,000 for the period ended 31 March 2015 to approximately RMB2.1 million.

#### *Finance costs*

For the three months period ended 31 March 2016, there was no finance costs incurred by the Group during the period (2015: RMB1.8 million).

#### *Other income*

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

#### *Administrative and other operating expenses*

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and marketing and advertising expenses. The Group's administrative and other operating expenses for each of the three months periods ended 31 March 2016 and 31 March 2015 were approximately RMB27.1 million and approximately RMB10.5 million, respectively. The increase of approximately 158.2% was mainly attributed to (i) increase of salaries and number of the staff and (ii) increase of marketing and advertising expenses of the financial services platform during the period.

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

Profit attributable to owners of the Company for the three months period ended 31 March 2016 was approximately RMB20.2 million as compared to profit attributable to owners of the Company of approximately RMB3.1 million for the three months period ended 31 March 2015, mainly due to contributions from the new core businesses of investment in property development projects, operation of financial services platform and relevant financial consultation services.

## **BUSINESS OUTLOOK**

### **About real estate industry**

Although the domestic real estate industry has entered the period of adjustment and differentiation, the Group holds that it is an excellent opportunity for restructuring business model. Improvement in various aspects of financial services is required so as to bring more opportunities for the Company's development in the future.

### **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 Group will continue to cooperate with the Country Garden to invest in the city projects focusing on Shenzhen, Dongguan and Huizhou in 2016, with an aim to participate in ten projects 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 will establish a financial services chain emphasizing the real estate industry and connecting all industry chains of the industry such as business types and product modes.

### **About partners**

The Group is searching for strategic partners in a cooperative and favorable way aiming to expand its market collectively. Based on the current cooperation channels and joint ventures, the Group is looking forward to the 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.

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

As at 31 March 2016, the interests of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### (i) Interests in the Shares

Name of Director	Number of Shares held <i>(Note 1)</i>			Total	Approximate percentage of shareholding in the Company (%)
	Beneficial interest	Interest of spouse	Interest of controlled corporation		
Mr. Zheng Weijing	40,630,202 (L)	–	312,739,567 (L) <i>(Note 2)</i>	353,369,769 (L)	23.08

*Notes:*

1. The letter "L" denotes the Directors' long position in the Shares.
2. Ming Cheng Investments Limited is 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)	Short position	
Mr. Zheng Weijing	Beneficial owner	1,000,000	–	0.07
Mr. Zhang Gongjun	Beneficial owner	8,000,000	–	0.52
Ms. Guo Chanjiao	Beneficial owner	8,000,000	–	0.52
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

*Note:* 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.

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

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

\* For identification purposes only

Save as disclosed above, as at 31 March 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 31 March 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Number of Shares held (Note 1)			Total	Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Interest of controlled corporation		
Ming Cheng Investments Limited	312,739,567 (L) (Note 2)	–	–	312,739,567 (L)	20.43
Ms. Zhang Chushan	–	354,369,769 (L) (Note 3)	–	354,369,769 (L)	23.15
Sino-Africa Resources Holdings Limited	255,676,042 (L) (Note 4)	–	–	255,676,042 (L)	16.70
Peace Bloom Limited	145,429,087 (L) (Note 5)	–	–	145,429,087 (L)	9.50
Upsoar Limited	155,518,650 (L) (Note 6)	–	–	155,518,650 (L)	10.16
Mr. Huang Xiguang	–	–	255,676,042 (L) (Note 4)	255,676,042 (L)	16.70
Mr. Hu Jinxi	22,200,000	–	145,429,087 (L) (Note 5)	167,629,087 (L)	10.95
Ms. Fu Shanping	–	–	155,518,650 (L) (Note 6)	155,518,650 (L)	10.16
GF Securities (Hong Kong) Brokerage Limited (Note 7)	232,673,180 (L)	–	–	232,673,180 (L)	15.20
GF Holdings (Hong Kong) Corporation Limited (Note 7)	–	–	232,673,180 (L)	232,673,180 (L)	15.20
GF Securities Co., Ltd. (Note 7)	–	–	232,673,180 (L)	232,673,180 (L)	15.20

*Notes:*

1. The letter “L” denotes 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.
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 Securities (Hong Kong) Brokerage Limited (“GF Securities”), GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. on 10 September 2015, these Shares are held by GF Securities 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 the Shares held by GF Securities.

Save as disclosed above, as at 31 March 2016, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## **SHARE OPTION SCHEME**

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

Eligible participants of the Share Option Scheme include Directors, non-executive officer including independent non-executive Directors, employees of the Group, customers of the Group, consultants, advisers, managers, officers or entity that provides research, development or of 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"> <li>– Equal to or more than RMB35 million, 100% of Share Option 1 shall be vested;</li> <li>– Equal to or more than RMB25 million but less than RMB35 million, 50% of Share Option 1 shall be vested; and</li> <li>– Less than RMB25 million, no Share Option 1 shall be vested.</li> </ul>
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"> <li>– Equal to or more than RMB65 million, 100% of Share Option 2 shall be vested;</li> <li>– Equal to or more than RMB50 million but less than RMB65 million, 50% of Share Option 2 shall be vested; and</li> <li>– Less than RMB50 million, no Share Option 2 shall be vested.</li> </ul>

	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	<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 2017:</p> <ul style="list-style-type: none"> <li>– Equal to or more than RMB100 million, 100% of Share Option 3 shall be vested;</li> <li>– Equal to or more than RMB80 million but less than RMB100 million, 50% of Share Option 3 shall be vested; and</li> <li>– Less than RMB80 million, no Share Option 3 shall be vested.</li> </ul>

As at 31 March 2016, the total number of securities available for issue under the Share Option Scheme pursuant to its terms was 75,500,000 Shares, representing in aggregate approximately 4.9% of the Company's issued share capital.



Details of movements of the share options granted under the Share Option Scheme for the three months ended 31 March 2016 were as follows:

Name	Date of grant	Number of share options				Outstanding as at 31 March 2016
		Outstanding as at 1 January 2016	Grant during the period	Exercised during the period	Cancelled during the period	
<b>Executive Directors</b>						
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
<b>Independent non-executive Directors</b>						
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
<b>Employees in aggregate</b>	17 December 2015	51,500,000	–	–	(500,000)	51,000,000
<b>Advisors in aggregate</b>	17 December 2015	6,000,000	–	–	–	6,000,000
Total		76,000,000	–	–	(500,000)	75,500,000

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2016.

## CORPORATE GOVERNANCE

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

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the three months ended 31 March 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 as at 31 March 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 three months ended 31 March 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, 13 May 2016

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

*Executive Directors:*

Mr. Zheng Weijing (*Chairman and Chief Executive Officer*)

Mr. Zhang Gongjun

Ms. Guo Chanjiao

*Independent Non-executive Directors:*

Mr. Vincent Cheng

Mr. Leung Po Hon

Dr. Miao Bo

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.flyingfinancial.hk).*