



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

2017

First Quarterly Report

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

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively the "Group") recorded a turnover of approximately RMB80,998,000 for the three months ended 31 March 2017, representing an increase of approximately 40.1% as compared with the corresponding period in 2016.
- Profit attributable to owners of the Company for the three months ended 31 March 2017 amounted to approximately RMB28,105,000, representing an increase of approximately 38.9% as compared to approximately RMB20,231,000 for the corresponding period in 2016.
- Basic earnings per share of the Company for the three months ended 31 March 2017 amounted to RMB1.62 cents (2016: RMB1.32 cents).
- The board of Directors (the "Board") does not declare the payment of an interim dividend for the three months ended 31 March 2017.

FIRST QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2017

	Notes	Three months ended 31 March 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue	3	80,998	57,808
Other income	3	540	699
Employee benefit expenses		(15,201)	(11,303)
Administrative expenses		(18,673)	(15,846)
Equity-settled share-based payments		(3,093)	(8,618)
Share of results of joint ventures		470	–
Finance costs	4	(4,107)	–
Profit before income tax expense	5	40,934	22,740
Income tax expense	6	(13,455)	(1,605)
Profit for the period		27,479	21,135
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operation		(280)	(61)
Total comprehensive income for the period		27,199	21,074
Profit for the period attributable to:			
Owners of the Company		28,105	20,231
Non-controlling interests		(626)	904
		27,479	21,135
Total comprehensive income for the period attributable to:			
Owners of the Company		27,825	20,170
Non-controlling interests		(626)	904
		27,199	21,074
Earnings per share			
– Basic and diluted (RMB cents)	8	1.62	1.32

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 ("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 platforms, provision of entrusted loan, pawn loan and other loan services, financial consultation services, and finance lease and factoring services mainly in the People's Republic of China ("PRC" or "China").

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 HKFRSs, Hong Kong Accounting Standards ("HKASs"), and 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 2016.

All HKFRSs effective for the accounting periods commencing from 1 January 2017 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:

	Three months ended 31 March	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue		
Investment income from investment in property development project through limited partnership	33,000	44,100
Financial consultation services income	35,709	7,001
Platform services income	9,114	4,639
Factoring loan services income	2,145	2,042
Interest income	404	26
Finance lease services income	626	—
	<u>80,998</u>	<u>57,808</u>
Other income		
Bank interest income	36	107
Interest income from investments	457	592
Others	47	—
	<u>540</u>	<u>699</u>

4. FINANCE COSTS

	Three months ended 31 March	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interest on convertible bonds	3,826	—
Interest on bank borrowing	281	—
	<u>4,107</u>	<u>—</u>

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	Three months ended	
	31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Auditor's remuneration	300	140
Depreciation of property, plant and equipment	691	892
Amortisation of intangible assets	825	825
Employee benefit expenses (including Directors' remuneration)		
Salaries and wages	13,135	9,838
Pension scheme contributions		
– Defined contribution plans	2,066	1,465
	15,201	11,303
Equity-settled share-based payment expense	3,093	8,618
Operating lease charges in respect of properties	1,780	1,750

6. INCOME TAX EXPENSE

	Three months ended	
	31 March	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PRC Enterprise Income Tax		
– Current period	13,661	1,811
Hong Kong Profits Tax		
– Current period	–	–
	13,661	1,811
Deferred tax	(206)	(206)
	13,455	1,605

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.

Enterprise Income Tax (“EIT”) arising from the PRC for the period was calculated at 25% (2016: 25%) of the estimated assessable profits during the period. According to the Law of the PRC on EIT, 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.

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits during the three months ended 31 March 2017 (2016: nil).

7. DIVIDENDS

The Board resolved not to declare an interim dividend for the three months ended 31 March 2017 (2016: nil).

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculations of basic earnings per share for the three months ended 31 March 2017 is based on the profit attributable to owners of the Company of approximately RMB28,105,000 (2016: RMB20,231,000) and the weighted average number of approximately 1,731,433,000 (2016: 1,530,833,000) ordinary shares during the three months ended 31 March 2017.

(b) Diluted earnings per share

The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. For the purposes of calculation of the diluted earnings per share, the convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

The actual computation of diluted earnings per share has not taken into account the conversion of the Company's outstanding convertible bonds since to do so would result in an increase in profit per share. The diluted earnings per share is same as basic earnings per share for the three months ended 31 March 2017 and 2016 as the shares issuable in respect of the outstanding share options have an anti-dilutive effect on the basic earnings per share.

9. UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Share option reserve	Convertible bonds equity reserve	Retained earnings	Dividend proposed	Total		
For the three months ended 31 March 2017												
At 1 January 2017	142,004	262,193	116,659	29,031	2,695	21,687	5,316	136,635	15,352	731,572	40,119	771,691
Profit for the period	-	-	-	-	-	-	-	28,105	-	28,105	(626)	27,479
Exchange differences on translating foreign operation	-	-	-	-	(280)	-	-	-	-	(280)	-	(280)
Total comprehensive income for the period	-	-	-	-	(280)	-	-	28,105	-	27,825	(626)	27,199
Equity-settled share-based transactions	-	-	-	-	-	3,077	-	-	-	3,077	-	3,077
At 31 March 2017	<u>142,004</u>	<u>262,193</u>	<u>116,659</u>	<u>29,031</u>	<u>2,415</u>	<u>24,764</u>	<u>5,316</u>	<u>164,740</u>	<u>15,352</u>	<u>762,474</u>	<u>39,493</u>	<u>801,967</u>
For the three months ended 31 March 2016												
At 1 January 2016	124,827	147,160	116,659	19,217	(1,277)	1,445	-	43,914	-	451,945	38,008	489,953
Profit for the period	-	-	-	-	-	-	-	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	<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>-</u>	<u>64,145</u>	<u>-</u>	<u>480,677</u>	<u>38,912</u>	<u>519,589</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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

Investments in property development projects

As at 31 March 2017, the Group had invested in fifteen (31 December 2016: thirteen) property development projects in, among others, Dongguan, Shenzhen, Fujian, Xiangyang and Wuhan in the PRC. As at 31 March 2017, the Group had invested in the property development projects which were classified as available-for-sale investments with aggregated investment amount of approximately RMB473.0 million (31 December 2016: RMB419.0 million).

During the three months ended 31 March 2017, the Group generated investment income and relevant financial consultation services income from the property development projects of approximately RMB33.0 million and RMB6.1 million, respectively (2016: approximately RMB44.1 million and RMB1.2 million, respectively).

Financial services platforms

There are three major channels under “匯聯易家” (www.hlej.com), financial services platforms website of the Group for the PRC real estate industry: (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.

Among others, “匯理財” is the most active financial services platform of the Group during the three months ended 31 March 2017. Number of registered members of “匯理財” was approximately 676,000 as at 31 March 2017, out of which approximately 98,000 registered numbers joined the platform during the three months ended 31 March 2017. The transaction amount of “匯理財” achieved RMB1.0 billion for the three months ended 31 March 2017 (2016: RMB474.5 million).

During the three months ended 31 March 2017, the Group generated platform services income and relevant financial consultation services income from the financial services platforms of approximately RMB9.1 million and RMB1.3 million, respectively (2016: approximately RMB4.6 million and RMB5.8 million, respectively).

Financial review

Revenue

For the three months ended 31 March 2017, the Group's revenue increased by approximately 40.1% from approximately RMB57.8 million for the three months ended 31 March 2016 to approximately RMB81.0 million. The increase in the revenue was mainly due to the contributions of the income from provision of financial consultation services and operation of financial services platforms.

Investment in property development projects

For the three months ended 31 March 2017, the Group generated revenue from investment income from the property development projects of approximately RMB33.0 million (2016: RMB44.1 million).

Operation of financial services platforms

For the three months ended 31 March 2017, the Group generated revenue from platform services of approximately RMB9.1 million (2016: RMB4.6 million) from the financial services platforms.

Financial consultation services income

For the three months ended 31 March 2017, the Group's revenue from provision of financial consultation services increased by approximately 410.0% from approximately RMB7.0 million for the corresponding period in 2016 to approximately RMB35.7 million. The increment mainly represents financial services provided to property purchasers in obtaining financing to invest in a property development project. Besides, the Group's financial consultation services income for the three months ended 31 March 2017 related to the property development projects and financial services platforms.

Finance lease and factoring services

For the three months ended 31 March 2017, the Group's revenue from provision of finance lease and factoring services increased by approximately 35.7% from approximately RMB2.0 million for the corresponding period in 2016 to approximately RMB2.8 million. The increment was mainly attributable to the finance lease services income during the period under review.

Finance costs

For the three months ended 31 March 2017, the Group incurred finance costs on convertible bonds and bank borrowing of approximately RMB4.1 million (2016: nil).

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 ended 31 March 2017 and 31 March 2016 were approximately RMB33.9 million and approximately RMB27.1 million, respectively. The increase of approximately 24.8% was mainly attributable to (i) increase of salaries and number of the staff and (ii) increase of marketing and advertising expenses of the financial services platforms during the period under review.

Profit for the period attributable to owners of the Company

Profit attributable to owners of the Company for the three months ended 31 March 2017 was approximately RMB28.1 million as compared to profit attributable to owners of the Company for the three months ended 31 March 2016 of approximately RMB20.2 million. The increment was mainly due to contributions from the investment in property development projects, operation of financial services platforms and provision of financial consultation services.

BUSINESS OUTLOOK

The Group sees challenges and opportunities in 2017. As the PRC government launched a number of policies on cooling down property market, controlling exchange, tightening capital and increasing interest rate in 2017, the Group may put more resources and effort to explore opportunities amid challenges, with an aim to achieving success in stability. Meanwhile, as Internet economy has become more important in the structural reform of China's economy, the Group is confident in the industry outlook and its performance in 2017. In particular, the Group will adhere to the following:

Focusing on Consumer Finance Services

- Establishing consumer finance and technology platform to principally elevate the value of the Group's consumer credit business.
- Developing mortgage services to overseas property buyers with domestic property developer by fully taking advantage of the synergies created by the Group, Country Garden, a leading property developer and cooperation partner of the Group, and foreign buyers, providing the property buyers with the services they required.

Focusing on Assets Management Development

- Jointly developing quality property projects in Shenzhen and Wuhan in the PRC with Country Garden.

Focusing on Development of Finance Lease Business

- Developing construction machinery leasing business.
- Developing leasing and factoring business for large-scale property developers with sales of over RMB10 billion.

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

STRATEGIC COOPERATION AGREEMENT WITH BANK OF SHANGHAI SHENZHEN BRANCH

After the reporting period, the Company and 上海銀行股份有限公司深圳分行 (Shenzhen Branch of the Bank of Shanghai*) ("Bank of Shanghai") entered into the strategic cooperation agreement ("Strategic Cooperation Agreement") pursuant to which the parties shall cooperate to form a strategic alliance in developing various financial services for a term of three years.

Pursuant to the Strategic Cooperation Agreement, Bank of Shanghai shall treat the Company as its strategic cooperation partner at branch level and shall (i) establish a team of personnel for the Company comprising of professional customer managers, product managers, personalized VIP customer managers, operation of clearing and information technology specialists; (ii) make use of its resources and advantages to develop associated financial products for the Company in accordance with its customized demand; and (iii) formulate customized financial service plan for the Company to support its development. The Company shall select Bank of Shanghai as its major cooperating bank and shall engage Bank of Shanghai, on a preferential basis, as cooperation partner on the basis that the terms offered by Bank of Shanghai shall be no less favourable than those offered by the others being considered by the Company.

The cooperation between the Company and Bank of Shanghai covers areas on financing of online spending, online financial management services, online payment, joint sales and marketing, clearing and settlement services, grant of syndicate credits and other related financial services. The parties to the Strategic Cooperation Agreement shall negotiate and enter into further definitive agreement ("Definitive Agreement") to govern the details of the cooperation. The Strategic Cooperation Agreement was intended to record the cooperation framework between the parties and to serve as a platform for further negotiations of the Definitive Agreement.

* For identification purposes only

The Directors believe that the entering into of the Strategic Cooperation Agreement with Bank of Shanghai represents an opportunity to the Group to expand its financial service offerings for its online financial service platforms. Through its cooperation with Bank of Shanghai, which is a well-established financial institution in the PRC with strong financial resources, the Group expects that the demand for its financial products and/or services would increase, which may bring returns to the shareholders of the Company.

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

As at 31 March 2017, the interests of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Shares

Name of Director	Number of Shares held <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	–	367,739,567 <i>(Note 2)</i>	408,369,769	23.59

Notes:

- These represent the Director's long position in the Shares.
- These Shares are held in the name of Ming Cheng Investments Limited, a company wholly owned by Mr. Zheng Weijing.

(ii) Interests in the underlying Shares

Name of Director	Capacity/ Nature of interest	Number of underlying Shares		Approximate percentage of shareholding in the Company (%)
		Long position (Note 1)	Short position (Note 2)	
Mr. Zheng Weijing	Beneficial owner	1,000,000	–	0.06
	Interest in controlled corporation	–	20,000,000	1.16
Mr. Zhang Gongjun	Beneficial owner	8,000,000	–	0.46
Ms. Guo Chanjiao	Beneficial owner	8,000,000	–	0.46
Mr. Vincent Cheng	Beneficial owner	500,000	–	0.03
Mr. Leung Po Hon	Beneficial owner	500,000	–	0.03
Dr. Miao Bo	Beneficial owner	500,000	–	0.03

Notes:

1. Being unlisted physically settled share options to acquire ordinary Shares, further details of which are set out in the section headed "Share Option Scheme" below.
2. This short position in unlisted physically settled options is held by Ming Cheng Investments Limited, a company wholly-owned by Mr. Zheng Weijing.

(iii) **Interests in associated corporation – 廣東匯金典當股份有限公司 (Guangdong Huijin Pawn Stock Company Limited*)**

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.

Save as disclosed above, as at 31 March 2017, 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.

* For identification purposes only

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2017, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

(i) Interests in the Shares

Name of Shareholder	Number of Shares held <i>(Note 1)</i>				Total	Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Security interest	Interest of controlled corporation		
Ming Cheng Investments Limited	367,739,567 <i>(Note 2)</i>	-	-	-	367,739,567	21.24
Ms. Zhang Chushan	-	409,369,769 <i>(Note 3)</i>	-	-	409,369,769	23.64
SinoAfrica Resources Holdings Limited	255,676,042 <i>(Note 4)</i>	-	-	-	255,676,042	14.77
Peace Bloom Limited	145,429,087 <i>(Note 5)</i>	-	-	-	145,429,087	8.40
Upsoar Limited	155,518,650 <i>(Note 6)</i>	-	-	-	155,518,650	8.99
Mr. Huang Xiguang	-	-	-	255,676,042 <i>(Note 4)</i>	255,676,042	14.77
Mr. Hu Jinxi	22,200,000	-	-	145,429,087 <i>(Note 5)</i>	167,629,087	9.68

Name of Shareholder	Number of Shares held (Note 1)					Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Security interest	Interest of controlled corporation	Total	
Ms. Fu Shanping	-	-	-	155,518,650	155,518,650	8.99
				(Note 6)		
GF Investments (Hong Kong) Company Limited (Note 7)	20,000,000	-	399,649,769	-	419,649,769	24.24
GF Holdings (Hong Kong) Corporation Limited (Note 7)	-	-	-	419,649,769	419,649,769	24.24
GF Securities Co., Ltd. (Note 7)	-	-	-	419,649,769	419,649,769	24.24

Notes:

- These represent the corporation's/person's long position in the Shares.
- Ming Cheng Investments Limited is a company wholly-owned by Mr. Zheng Weijing.
- Ms. Zhang Chushan is the spouse of Mr. Zheng Weijing. By virtue of the provisions of Part XV of the SFO, Ms. Zhang Chushan is deemed to be interested in all the interests in which Mr. Zheng Weijing is interested or deemed to be interested in.
- Sino-Africa Resources Holdings Limited is a company wholly-owned by Mr. Huang Xiguang.
- Peace Bloom Limited is a company wholly-owned by Mr. Hu Jinxi.
- Upsoar Limited is a company wholly-owned by Ms. Fu Shanping.
- Based on the notices of disclosure of interests filed by each of GF Investments (Hong Kong) Company Limited ("GF Investments"), GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. on 29 September 2016, these long positions in the Shares are held by GF Investments which is directly wholly-owned by GF Holdings (Hong Kong) Corporation Limited, which in turn is wholly-owned by GF Securities Co., Ltd. Under the SFO, GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. are deemed to be interested in these long positions in the Shares held by GF Investments.

(ii) Interests in the underlying Shares

Name of Shareholder	Capacity/ Nature of interest	Number of underlying Shares		Approximate percentage of shareholding in the Company (%)
		Long position	Short position	
Ming Cheng Investments Limited	Beneficial owner	–	20,000,000 (Note 1)	1.16
Ms. Zhang Chushan	Interest of spouse	–	20,000,000 (Note 2)	1.16
Central China International Investment Company Limited (Note 3)	Beneficial interest	99,009,900	–	5.72
Central China International Financial Holdings Company Limited (Note 3)	Interest of controlled corporation	99,009,900	–	5.72
Central China Securities Co., Ltd. (Note 3)	Interest of controlled corporation	99,009,900	–	5.72

Notes:

1. Being short position in unlisted physically settled options. Ming Cheng Investments Limited is a company wholly-owned by Mr. Zheng Weijing.
2. Ms. Zhang Chushan is the spouse of Mr. Zheng Weijing. By virtue of the provisions of Part XV of the SFO, Ms. Zhang Chushan is deemed to be interested in all the interests or short positions in which Mr. Zheng Weijing is interested or deemed to be interested in.
3. Based on the notices of disclosure of interests filed by each of Central China International Investment Company Limited, Central China International Financial Holdings Company Limited and Central China Securities Co., Ltd. on 29 July 2016, these long positions in unlisted cash settled derivatives are held by Central China International Investment Company Limited which is directly wholly-owned by Central China International Financial Holdings Company Limited, which in turn is wholly-owned by Central China Securities Co., Ltd. Under the SFO, Central China International Financial Holdings Company Limited and Central China Securities Co., Ltd. are deemed to be interested in these long positions in the underlying Shares held by Central China International Investment Company Limited.

Save as disclosed above, as at 31 March 2017, there was no person who had any interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

Details of the Share Option Scheme are as follows:

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| 1. Purpose of the Share Option Scheme | As incentive or rewards to eligible participants for their contribution to the Group. |
| 2. Eligible participants of the Share Option Scheme | Any eligible employee (whether full-time or part-time, including any executive Director), any non-executive Director, any shareholder, any supplier and any customer of the Company or any of its subsidiaries or any entity in which any member of the Group holds any equity interest, and any other party having contribution to the development of the Group. |
| 3. Total number of Shares available for issue under the Share Option Scheme and percentage to the issued share capital as at the date of this report | 153,083,250 shares (approximately 8.84% of the total issued share capital as at the date of this report). |

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| 4. Maximum entitlement of each participant under the Share Option Scheme | Not exceeding 1% of the issued share capital of the Company for the time being in any 12-month period. Any further grant of options in excess of such limit must be separately approved by the Company's shareholders in general meeting. |
| 5. The period within which the Shares must be taken up under an option | A period (which may not expire later than 10 years from the date of offer of that option) to be determined and notified by the Directors to the grantee thereof. |
| 6. The minimum period for which an option must be held before it can be exercised | Unless otherwise determined by the Directors, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised. |
| 7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made | A remittance in favour of the Company of HK\$1.00 on or before the date of acceptance (which may not be later than 21 days from the date of offer). |
| 8. The basis of determining the exercise price | Being determined by the Directors and being not less than the highest of: <ul style="list-style-type: none"> a. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer; b. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and c. the nominal value of the Shares. |
| 9. The remaining life of the Share Option Scheme | The Scheme is valid and effective for a period of 10 years commencing on 20 December 2011 (being the date of adoption of the Share Option Scheme). |

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 be met.

Details of the specific categories of options are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK\$	Vesting conditions
Share Option 1	17 December 2015	31 May 2016	1 June 2016 to 19 December 2021	1.046	<p>Profit after income tax (but before share-based payment expenses) according to the audited consolidated financial statement of the Company for the year ended 31 December 2015:</p> <ul style="list-style-type: none"> - Equal to or more than RMB35 million, 100% of Share Option 1 shall be vested; - Equal to or more than RMB25 million but less than RMB35 million, 50% of Share Option 1 shall be vested; and - Less than RMB25 million, no Share Option 1 shall be vested.

	Date of grant	Vesting date	Exercise period	Exercise price HK\$	Vesting conditions
Share Option 2	17 December 2015	31 May 2017	1 June 2017 to 19 December 2021	1.046	<p>Profit after income tax (but before share-based payment expenses) according to the audited consolidated financial statement of the Company for the year ended 31 December 2016:</p> <ul style="list-style-type: none"> - Equal to or more than RMB65 million, 100% of Share Option 2 shall be vested; - Equal to or more than RMB50 million but less than RMB65 million, 50% of Share Option 2 shall be vested; and - Less than RMB50 million, no Share Option 2 shall be vested.

	Date of grant	Vesting date	Exercise period	Exercise price HK\$	Vesting conditions
Share Option 3	17 December 2015	31 May 2018	1 June 2018 to 19 December 2021	1.046	<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"> - Equal to or more than RMB100 million, 100% of Share Option 3 shall be vested; - Equal to or more than RMB80 million but less than RMB100 million, 50% of Share Option 3 shall be vested; and - Less than RMB80 million, no Share Option 3 shall be vested.

As at 31 March 2017, options entitling the holders thereof to subscribe for 63,900,000 Shares, representing in aggregate approximately 3.7% of the Company's issued share capital, remained outstanding.

Details of the share options granted under the Share Option Scheme for the three months ended 31 March 2017 were as follows:

Name	Date of grant	Number of share options				Outstanding as at 31 March 2017
		Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Forfeited during the period	
Executive Directors						
Mr. Zheng Weijing	17 December 2015	1,000,000	-	-	-	1,000,000
Mr. Zhang Gongjun	17 December 2015	8,000,000	-	-	-	8,000,000
Ms. Guo Chanjiao	17 December 2015	8,000,000	-	-	-	8,000,000
Independent non-executive Directors						
Mr. Vincent Cheng	17 December 2015	500,000	-	-	-	500,000
Mr. Leung Po Hon	17 December 2015	500,000	-	-	-	500,000
Dr. Miao Bo	17 December 2015	500,000	-	-	-	500,000
Subtotal		18,500,000	-	-	-	18,500,000
Employees in aggregate	17 December 2015	39,400,000	-	-	-	39,400,000
Advisors in aggregate	17 December 2015	6,000,000	-	-	-	6,000,000
Total		63,900,000	-	-	-	63,900,000

No share options were cancelled or lapsed during the three months ended 31 March 2017.

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 2017.

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 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 2017.

COMPETING INTERESTS

None of the Directors, controlling shareholders of the Company and their respective close 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 2017.

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 2017 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 and Chief Executive Officer

Hong Kong, 12 May 2017

As at the date of this report, the executive Directors are Mr. Zheng Weijing (Chairman and Chief Executive Officer), Mr. Zhang Gongjun and Ms. Guo Chanjiao; and the independent non-executive Directors are Mr. Vincent Cheng, Mr. Leung Po Hon and Dr. Miao Bo.

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