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# 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 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.**

*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

| | **2016** | 2015 | **Changes** |
|---|---|---|---|
| | ***RMB'000*** | *RMB'000* | |
| **OPERATING RESULTS** | | | |
| Revenue | **289,162** | 108,528 | 166.44% |
| Profit for the year attributable to owners of the Company | **101,323** | 43,146 | 134.84% |
| Basic earnings per share | **RMB6.17 cents** | RMB3.92 cents | 57.40% |
| **FINANCIAL POSITION** | | | |
| Total assets | **988,169** | 530,964 | 86.11% |
| Bank balances and cash | **34,689** | 154,507 | –77.55% |
| Net assets | **771,691** | 489,953 | 57.50% |
| **DIVIDENDS** | | | |
| – Interim dividend paid (per share) | **HK1 cent** | – | N/A |
| – Proposed final dividend (per share) | **HK1 cent** | – | N/A |
| | **HK2 cents** | – | N/A |

## ANNUAL RESULTS

The board of Directors (the "Board") of the Company announces the annual audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 together with the comparative figures for the corresponding year in 2015.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2016*

| | Notes | **2016** *RMB'000* | 2015 *RMB'000* |
|---|---|---|---|
| Revenue | *5* | **289,162** | 108,528 |
| Other income | *6* | **2,668** | 2,683 |
| Employee benefit expenses | | **(48,058)** | (23,061) |
| Administrative expenses | | **(78,992)** | (32,349) |
| Equity-settled share-based payments | | **(21,009)** | (1,436) |
| Share of results of joint ventures | | **(661)** | – |
| Finance costs | *7* | **(7,790)** | (5,635) |
| Profit before income tax expense | *8* | **135,320** | 48,730 |
| Income tax expense | *9* | **(31,886)** | (4,172) |
| Profit for the year | | **103,434** | 44,558 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| – Exchange differences on translating foreign operation | | **3,972** | (1,476) |
| Total comprehensive income for the year | | **107,406** | 43,082 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | **101,323** | 43,146 |
| Non-controlling interests | | **2,111** | 1,412 |
| | | **103,434** | 44,558 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | **105,295** | 41,670 |
| Non-controlling interests | | **2,111** | 1,412 |
| | | **107,406** | 43,082 |
| Earnings per share | *11* | | |
| – Basic (RMB cents) | | **6.17** | 3.92 |
| – Diluted (RMB cents) | | **6.17** | 3.92 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*For the year ended 31 December 2016*

| | Notes | 2016 RMB'000 | 2015 RMB'000 |
|---|---|---|---|
| **ASSETS AND LABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **6,283** | 7,364 |
| Investment properties | | **44,491** | – |
| Goodwill | *12* | **48,316** | 48,316 |
| Intangible assets | *13* | **28,890** | 32,192 |
| Interests in joint ventures | | **19,339** | – |
| Held-to-maturity investment | *14* | **12,245** | 16,847 |
| Available-for-sale investments | *15* | **459,028** | 98,000 |
| Loans and accounts receivables | *16* | **40,020** | 6,727 |
| | | **658,612** | 209,446 |
| **Current assets** | | | |
| Held-to-maturity investment | *14* | **5,086** | 5,000 |
| Loans and accounts receivables | *16* | **217,625** | 71,818 |
| Deposits paid, prepayments and other receivables | | **49,277** | 65,205 |
| Amount due from a shareholder | | **3,787** | 2,803 |
| Amount due from a non-controlling interest | | **1** | 14,710 |
| Amounts due from joint ventures | | **11,421** | – |
| Tax recoverable | | **7,671** | 7,475 |
| Cash and cash equivalents | | **34,689** | 154,507 |
| | | **329,557** | 321,518 |
| **Current liabilities** | | | |
| Receipts in advance, accruals and other payables | | **41,408** | 14,458 |
| Dividend payable | | **149** | 38 |
| Bank borrowing | *17* | **2,693** | – |
| Convertible bonds | *18* | **87,807** | – |
| Current tax liabilities | | **46,859** | 18,467 |
| | | **178,916** | 32,963 |
| **Net current assets** | | **150,641** | 288,555 |

| | Notes | **2016** *RMB'000* | 2015 *RMB'000* |
|---|---|---|---|
| **Total assets less current liabilities** | | **809,253** | 498,001 |
| **Non-current liabilities** | | | |
| Receipt in advance, accruals and other payables | | **11,672** | – |
| Bank borrowing | *17* | **18,668** | – |
| Deferred tax liabilities | | **7,222** | 8,048 |
| | | **37,562** | 8,048 |
| **NET ASSETS** | | **771,691** | 489,953 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | **142,004** | 124,827 |
| Reserves | | **574,216** | 327,118 |
| Proposed dividend | *10* | **15,352** | – |
| | | **731,572** | 451,945 |
| **Non-controlling interests** | | **40,119** | 38,008 |
| **TOTAL EQUITY** | | **771,691** | 489,953 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2016*

| | Attributable to owners of the Company | | | | | | | | | | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Merger reserve | Statutory reserve | Exchange reserve | Share option reserve | Convertible bonds equity reserve | 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* | *RMB'000* |
| Balance at 1 January 2015 | 83,165 | 22,175 | 116,659 | 12,424 | 199 | – | – | 18,025 | – | 252,647 | (11,491) | 241,156 |
| Profit for the year | – | – | – | – | – | – | – | 43,146 | – | 43,146 | 1,412 | 44,558 |
| Exchange differences on translating foreign operation | – | – | – | – | (1,476) | – | – | – | – | (1,476) | – | (1,476) |
| Total comprehensive income for the year | – | – | – | – | (1,476) | – | – | 43,146 | – | 41,670 | 1,412 | 43,082 |
| Issue of ordinary shares upon open offer | 41,662 | 128,017 | – | – | – | – | – | – | – | 169,679 | – | 169,679 |
| Share issue costs | – | (3,032) | – | – | – | – | – | – | – | (3,032) | – | (3,032) |
| Business combination | – | – | – | – | – | – | – | – | – | – | 21,314 | 21,314 |
| Acquisition of non-controlling interest | – | – | – | – | – | – | – | (10,464) | – | (10,464) | 12,073 | 1,609 |
| Capital contribution by non-controlling equity holder of subsidiary | – | – | – | – | – | – | – | – | – | – | 14,700 | 14,700 |
| Equity settled share-based transactions | – | – | – | – | – | 1,445 | – | – | – | 1,445 | – | 1,445 |
| Transfer to statutory reserve | – | – | – | 6,793 | – | – | – | (6,793) | – | – | – | – |
| Balance at 31 December 2015 and 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 year** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **101,323** | **–** | **101,323** | **2,111** | **103,434** |
| Exchange differences on translating foreign operation | **–** | **–** | **–** | **–** | **3,972** | **–** | **–** | **–** | **–** | **3,972** | **–** | **3,972** |
| Total comprehensive income for the year | **–** | **–** | **–** | **–** | **3,972** | **–** | **–** | **101,323** | **–** | **105,295** | **2,111** | **107,406** |
| Interim dividend paid | **–** | **(14,887)** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(14,887)** | **–** | **(14,887)** |
| Proposed final dividend | **–** | **(15,352)** | **–** | **–** | **–** | **–** | **–** | **–** | **15,352** | **–** | **–** | **–** |
| Subscription of new shares | **17,126** | **144,712** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **161,838** | **–** | **161,838** |
| Share issue cost | **–** | **(188)** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(188)** | **–** | **(188)** |
| Exercise of share options | **51** | **748** | **–** | **–** | **–** | **(262)** | **–** | **–** | **–** | **537** | **–** | **537** |
| Equity settled share-based transactions | **–** | **–** | **–** | **–** | **–** | **21,716** | **–** | **–** | **–** | **21,716** | **–** | **21,716** |
| Share options forfeited | **–** | **–** | **–** | **–** | **–** | **(1,212)** | **–** | **1,212** | **–** | **–** | **–** | **–** |
| Issue of convertible bonds | **–** | **–** | **–** | **–** | **–** | **–** | **5,316** | **–** | **–** | **5,316** | **–** | **5,316** |
| Transfer to statutory reserves | **–** | **–** | **–** | **9,814** | **–** | **–** | **–** | **(9,814)** | **–** | **–** | **–** | **–** |
| Balance at 31 December 2016 | **142,004** | **262,193** | **116,659** | **29,031** | **2,695** | **21,687** | **5,316** | **136,635** | **15,352** | **731,572** | **40,119** | **771,691** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the Year Ended 31 December 2016*

## 1. GENERAL

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 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 People's Republic of China ("PRC"). The Company acts as an investment holding company.

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 ("BVI").

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

### (a) Adoption of new/revised HKFRSs – effective 1 January 2016

| | |
|---|---|
| HKFRSs (Amendments) | Annual Improvements 2012-2014 Cycle |
| Amendments to HKAS 1 | Disclosure Initiative |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| HKFRS 14 | Regulatory Deferral Accounts |

*Amendments to HKAS 1 – Disclosure Initiative*

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and contents of their financial statements.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these financial statements.

*Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

*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. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

*Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception*

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Company is neither an intermediate parent entity nor 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. The Group's current intention is to apply these changes on the date they become effective.

| | |
|---|---|
| Amendments to HKAS 7 | Statement of Cash Flows[1] |
| Amendments to HKAS 12 | Income Taxes[1] |
| Amendments to HKFRS 2 | Share-Based Payment[2] |
| HKFRS 9 | Financial Instruments[2] |
| HKFRS 15 | Revenue from Contracts with Customers[2] |
| Amendments to HKFRS 15 | Revenue from Contracts with Customers[2] |
| HKFRS 16 | Leases[3] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4] |

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

*Amendments to HKAS 7 – Statement of Cash Flows*

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

*Amendments to HKAS 12 – Income Taxes*

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

*Amendments to HKFRS 2 – Share-based Payment*

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

*HKFRS 9 – 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.

*Amendments HKFRS 15 – Revenue from Contracts with customers*

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

*HKFRS 16 – Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is not yet in a position to state whether these new pronouncement will result in substantial changes to the Group's accounting policies and financial statements.

## 3. BASIS OF PREPARATION

### (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 the 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 investment properties and certain financial assets which were measured at fair value.

### (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.

## 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 four reportable segments (2015: four). 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:

| | |
|---|---|
| Investment in property development projects | Investment income and relevant consultation service income generated from the limited partnerships, which invest in property development projects and are accounted for as available-for-sale equity investments; |
| Operation of financial services platform | Provision of financial consultation services and financial services platform; |
| Provision of entrusted loan, pawn loan, other loan services and financial consultation services | Provision of short-term and long-term loan offer and financial consultation services to borrowers and financial institutions |
| Finance lease and factoring loan services | Provision of long-term finance lease and short-term factoring loan services |

During the year ended 31 December 2016, there is a change on the structure of its internal organisation in a manner that causes the composition of its reportable segments to change. The chief operating decision maker, after considering the nature of the services, the type or class of customers for the services and the methods used to provide service, regards the entrusted loan, pawn loan, other loan services and financial consultation services have similar economic characteristics. Accordingly, these three operating segments are aggregated into a single operating segment, starting from 1 January 2016. Corresponding items of segment information for the year ended 31 December 2015 have been restated.

Segment information about reportable segments:

| | Investment in property development projects *RMB'000* | Operation of financial services platform *RMB'000* | Provision of entrusted loan, pawn loan, other loan services and financial consultation services *RMB'000* | Finance lease and factoring loan services *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **For the year ended 31 December 2016** | | | | | |
| Revenue from external customers | **203,588** | **70,793** | **4,188** | **10,593** | **289,162** |
| Reportable segment profit | **139,024** | **21,543** | **1,175** | **7,327** | **169,069** |
| Other income | **224** | **40** | **149** | **52** | **465** |
| Depreciation | **1,426** | **496** | **298** | **7** | **2,227** |
| Amortisation of intangible assets | **–** | **3,302** | **–** | **–** | **3,302** |
| Loans and accounts receivables written off as bad debts | **–** | **–** | **38** | **–** | **38** |
| Income tax expense/(credit) | **32,966** | **5,671** | **(8,843)** | **2,092** | **31,886** |
| Additions to non-current assets | **1,148** | **311** | **16** | **4** | **1,479** |
| **As at 31 December 2016** | | | | | |
| Reportable segment assets | **566,419** | **111,492** | **62,401** | **132,474** | **872,786** |
| Reportable segment liabilities | **45,787** | **26,714** | **15,175** | **9,184** | **96,860** |
| **For the year ended 31 December 2015** | | | | | |
| Revenue from external customers | 65,411 | 12,069 | 29,285 | 1,763 | 108,528 |
| Reportable segment profit | 46,651 | 4,311 | 10,029 | 696 | 61,687 |
| Other income | – | 11 | 606 | 27 | 644 |
| Depreciation | 935 | 173 | 442 | 2 | 1,552 |
| Amortisation of intangible assets | – | 825 | – | – | 825 |
| Loans and accounts receivables written off as bad debts | – | – | 1,207 | – | 1,207 |
| Income tax expense | 2,515 | 464 | 1,019 | 174 | 4,172 |
| Additions to non-current assets | – | 82,830 | 316 | – | 83,146 |
| **As at 31 December 2015** | | | | | |
| Reportable segment assets | 135,416 | 94,475 | 72,304 | 81,690 | 383,885 |
| Reportable segment liabilities | 5,866 | 19,077 | 12,043 | 309 | 37,295 |

| | 2016<br>*RMB'000* | 2015<br>*RMB'000* |
|---|---|---|
| **Revenue** | | |
| Revenue from external customers | **289,162** | 108,528 |
| **Profit before income tax expense** | | |
| Reportable segment profit | **169,069** | 61,687 |
| Interest income from investments | **2,068** | 2,695 |
| Loss on disposal of available-for-sale investments | **–** | (50) |
| Depreciation | **(370)** | (136) |
| Equity-settled share-based payments | **(21,009)** | (1,436) |
| Finance costs | **(7,790)** | (5,635) |
| Share of results of joint ventures | **(661)** | – |
| Unallocated corporate expenses | **(5,987)** | (8,395) |
| Consolidated profit before income tax expense | **135,320** | 48,730 |
| **Assets** | | |
| Reportable segment assets | **872,786** | 383,885 |
| Investment properties | **44,491** | – |
| Interests in joint ventures | **19,339** | – |
| Held-to-maturity investment | **17,331** | 21,847 |
| Amount due from a shareholder | **3,787** | 2,803 |
| Amount due from a non-controlling interest | **1** | 14,710 |
| Amounts due from joint ventures | **11,421** | – |
| Tax recoverable | **–** | 303 |
| Cash and cash equivalents | **2,991** | 85,498 |
| Unallocated corporate assets | **16,022** | 21,918 |
| Consolidated total assets | **988,169** | 530,964 |
| **Liabilities** | | |
| Reportable segment liabilities | **96,860** | 37,295 |
| Dividend payable | **149** | 38 |
| Bank borrowing | **21,361** | – |
| Convertible bond | **87,807** | – |
| Unallocated corporate liabilities | **10,301** | 3,678 |
| Consolidated total liabilities | **216,478** | 41,011 |

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 PRC.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("specified non-current assets").

| | **Revenue from external customers** | | **Specified non-current assets** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Hong Kong | **874** | – | **62** | 176 |
| The PRC (place of domicile) | **288,288** | 108,528 | **147,257** | 87,696 |
| | **289,162** | 108,528 | **147,319** | 87,872 |

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Customer A | **63,817** | – |
| Customer B | **61,491** | N/A |
| Customer C | **28,119** | – |
| Customer D | **N/A** | 55,575 |
| Customer E | **–** | 15,354 |

*N/A: transactions during the year did not exceed 10% of the Group's revenue*

## 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:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Investment income from investments in property development project through limited partnerships *(note 15)* | **135,101** | 45,000 |
| Financial consultation services income | **109,289** | 51,986 |
| Platform services income | **30,369** | 5,314 |
| Factoring loan services income | **9,731** | – |
| Interest income | **3,810** | 4,465 |
| Finance lease service income | **862** | 1,763 |
| | **289,162** | 108,528 |

## 6. OTHER INCOME

| | *Notes* | **2016** **RMB'000** | 2015 *RMB'000* |
|---|---|---|---|
| Bank interest income | | **361** | 87 |
| Interest income from investments | *(a)* | **2,068** | 2,695 |
| Loss on disposal of available-for-sale investments | | **–** | (50) |
| Bad debts – loans and accounts receivables written off | *(b)* | **(38)** | (1,207) |
| Exchange gain | | **–** | 1,282 |
| Loss on disposal of loans and accounts receivables | | **–** | (74) |
| Loss on disposal of subsidiaries | | **–** | (90) |
| Other income | | **277** | 40 |
| | | **2,668** | 2,683 |

*Notes:*

(a) Interest income from investments included interest income from held-to-maturity investments (note 14) and available-for-sale debt investments.

(b) During the year ended 31 December 2015, bad debts of approximately RMB1,207,000 were charged to profit or loss as a result of the disposal of an accounts receivables of approximately RMB11,137,000 subsequent to 31 December 2015 at a consideration of approximately RMB9,930,000. The difference of RMB1,207,000 was written off as bad debts during the year ended 31 December 2015.

## 7. FINANCE COSTS

| | *Notes* | **2016** **RMB'000** | 2015 *RMB'000* |
|---|---|---|---|
| Interest on convertible bonds | *18* | **6,266** | – |
| Interest on bank borrowing | *17* | **385** | – |
| Interest on other borrowing | *(a)* | **1,139** | – |
| Interest on corporate bonds | *(b)* | **–** | 5,635 |
| | | **7,790** | 5,635 |

*Notes:*

(a) During the year ended 31 December 2016, the Group borrowed a short-term loan from an independent financial institution in the PRC to invest in a limited partnership. The borrowing bore interest rate at 11% per annum and has been fully repaid during the year ended 31 December 2016.

(b) The corporate bonds were fully repaid during the year ended 31 December 2015.

## 8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

| | **2016** **RMB'000** | 2015 RMB'000 |
|---|---|---|
| Auditor's remuneration | | |
| – Current year | **866** | 749 |
| – Under provision in prior year | **92** | 33 |
| Depreciation of property, plant and equipment | **2,597** | 1,688 |
| Amortisation of intangible assets | **3,302** | 825 |
| Other receivables and deposit written off | **–** | 5 |
| Employee benefit expenses including directors' remuneration | | |
| Salaries and wages | **41,084** | 19,501 |
| Pension scheme contributions – defined contribution plans | **6,974** | 3,560 |
| | **48,058** | 23,061 |
| Equity-settled share-based payments expense* | **21,009** | 1,436 |
| Operating lease charges in respect of properties | **8,414** | 7,193 |

* During the year ended 31 December 2016, equity settled share-based payment expenses on directors and staff and advisors under services contracts which were recognised as a result of share options granted to them by the Company amounted to approximately RMB19,151,000 (2015: RMB1,322,000) and RMB1,858,000 (2015: RMB114,000), respectively.

## 9. INCOME TAX EXPENSE

| | **2016** ***RMB'000*** | 2015 *RMB'000* |
|---|---|---|
| PRC Enterprise Income Tax | | |
| – Current year | **42,996** | 5,984 |
| – Over-provision in respect of prior years | **(11,275)** | 98 |
| Hong Kong Profits Tax | | |
| – Over-provision in respect of prior years | **–** | (1,704) |
| | **31,721** | 4,378 |
| Withholding tax | **991** | – |
| Deferred tax | **(826)** | (206) |
| | **31,886** | 4,172 |

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 year was calculated at 25% (2015: 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 tax losses.

In previous years, the Group originally calculated EIT at the deemed EIT rate of 10% approved by the local tax authority in the PRC. The Group later realised that the deemed EIT rate is not in compliance with the tax law of the PRC Government and therefore made provision of approximately RMB10,353,000 to account for the difference between EIT payable calculated according to the tax legislation and the EIT originally provided.

However, according to the relevant PRC tax regulation, the local tax authority only has the rights to pursue any under-reporting of EIT within a 3 year period. As the above provision for possible under-payment of EIT was made more than 3 years ago, the directors of the Company concluded that the rights of the local tax authority to demand for the under-payment of EIT from the Group had expired. Accordingly, the provision of approximately RMB10,353,000, together with other over-provisions of RMB922,000 totaling RMB11,275,000 was credited to the consolidated statement of comprehensive income during the year ended 31 December 2016.

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made as the Group did not have assessable profit during the year ended 31 December 2016.

Withholding tax was calculated at 5% of the dividends declared in respect of profits earned by a PRC subsidiary to its intermediate holding company incorporated in Hong Kong during the year.

## 10. DIVIDENDS

For the year ended 31 December 2016, an interim dividend of HK$0.01 per ordinary share or in aggregation of approximately HK$17,314,000 (equivalent to approximately RMB14,887,000) declared and paid by the Company to its shareholders.

At a meeting held on 23 March 2017, the directors of the Company recommended a final dividend of HK$0.01 per ordinary share, in aggregate amounting to approximately HK$17,314,000 (equivalent to approximately RMB15,352,000), for the year ended 31 December 2016, and the proposal will be submitted for formal approval by the shareholders at the forthcoming annual general meeting to be held on 16 May 2017.

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculations of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB101,323,000 (2015: RMB43,146,000) and the weighted average number of approximately 1,642,931,000 (2015: 1,101,640,000) ordinary shares during the year.

### (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 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 year) 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 taking 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 year ended 31 December 2016 and 2015 as the shares issuable in respect of the outstanding share options have anti-dilutive effect on the basic earnings per share.

## 12. GOODWILL

| | 2016<br>*RMB'000* | 2015<br>*RMB'000* |
|---|---|---|
| At 1 January | **48,316** | – |
| Acquired through business combination on 30 September 2015 | **–** | 48,316 |
| At 31 December | **48,316** | 48,316 |

Goodwill of approximately RMB48,316,000 is attributable to the cash-generating unit ("CGU") of provision of financial services platform acquired in 2015.

**Impairment testing on goodwill**

For the purpose of impairment testing, goodwill is allocated to the CGU identified as follows:

| | 2016<br>*RMB'000* | 2015<br>*RMB'000* |
|---|---|---|
| Financial services platform | **48,316** | 48,316 |

The recoverable amount of the CGU including goodwill and intangible assets (note 13) which are closely related, has been determined using the value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (2015: 3%), which does not exceed the long-term growth rate for the financing platform in the PRC, and discount rate of 21% (2015: 18%), which is pre-tax and reflect specific risks relating to the relevant CGU. The operating margin has been calculated based on past experience.

| | 2016<br>*RMB'000* | 2015<br>*RMB'000* |
|---|---|---|
| Discount rate | **21%** | 18% |
| Operating margin | **41%** | 33% |

## 13. INTANGIBLE ASSETS

| | Customers relationship *RMB'000* |
|---|---|
| **Cost** | |
| Additions | |
| Acquired through business combination on 30 September 2015 | 33,017 |
| At 31 December 2015 and 2016 | 33,017 |
| **Amortisation and impairment** | |
| At 1 January 2015 | – |
| Amortisation | 825 |
| At 31 December 2015 and 1 January 2016 | 825 |
| Amortisation | 3,302 |
| At 31 December 2016 | 4,127 |
| **Net book value** | |
| At 31 December 2016 | 28,890 |
| At 31 December 2015 | 32,192 |

## 14. HELD-TO-MATURITY INVESTMENT

| | **2016** ***RMB'000*** | 2015 *RMB'000* |
|---|---|---|
| Held-to-maturity investment | **17,331** | 21,847 |
| Less: Non-current portion | **(12,245)** | (16,847) |
| Current portion | **5,086** | 5,000 |

The Group holds a held-to-maturity investment with four maturity dates between 2016 and 2019. The investment has a principal amount of approximately RMB20 million and bears fixed interest at 7.2% per annum. During the year ended 31 December 2016, principal amount of RMB5 million matured. This amount together with interest earned thereon were transferred to other receivables and fully settled as at the date of this announcement. The remaining principal amount of the investment will mature in equal amounts in February 2017, 2018 and 2019.

The non-current portion in 2015 was restated to reflect the portion of held-to-maturity investment has been matured in February 2016.

## 15. AVAILABLE-FOR-SALE INVESTMENTS

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Unlisted equity securities, at cost *(note a)* | **419,000** | 98,000 |
| Unlisted debt securities at fair value *(note b)* | **40,028** | – |
| Non-current portion | **459,028** | 98,000 |

(a) During the year ended 31 December 2016 and 2015, the Group invested in several limited partnerships in the PRC and act as limited partner with capital contributions at a range of RMB16 million to RMB60 million (2015: RMB16 million to RMB50 million). The contribution represented 3.98% to 44.44% (2015:10.26% to 41.67%) of the total contribution to the limited partnerships. The Group revoked its voting right on decision making over these limited partnerships and therefore, the directors of the Company are of the opinion that the Group did not have any control nor significant influence over these limited partnerships. These limited partnerships are engaged in property development projects in the PRC. These investments were therefore classified as non-current assets for the years ended 31 December 2016 and 2015.

The fair value is not disclosed as the fair value cannot be measured reliably. There is no open market on the unlisted investments.

The limited partnerships are without an investment life or a fixed maturity date. The directors of the Company also have no intention to dispose of its investments as at 31 December 2016 and 2015.

During the year ended 31 December 2016, the Group received investment income of RMB135 million (note 5) (2015: RMB45 million) from 6 (2015: 1) of the limited partnerships. As at 31 December 2016, there was approximately RMB56.5 million (2015: RMB35.0 million) investment income receivables from these limited partnership (note 16). These amounts have been fully settled before the date of this announcement.

(b) On 29 December 2016, the Group entered into an agreement with an independent third party to subscribe for assets-backed securities ("ABS") in the PRC for a consideration of approximately RMB40 million. The subscription amount represented 10.5% of the entire units of ABS and is secured by a loan receivable held by a trust company in the PRC. According to the agreement, the Group will receive a variable return over the agreement period, with no fixed interest was noted. The ABS will expire in September 2026 and the directors of the Company have no intention to dispose of this investment as at 31 December 2016. The investment was therefore classified as non-current asset as at 31 December 2016. The ABS is a debt security and stated at fair value as at 31 December 2016. In the opinion of the directors of the Company, the acquisition date of the ABS was close to the reporting date and there was no material factor which would affect its fair value subsequent to the acquisition date. Therefore, the acquisition price was considered as the fair value of this available-of-sale investment as at 31 December 2016.

## 16. LOANS AND ACCOUNTS RECEIVABLES

| | Note | 2016 RMB'000 | 2015 RMB'000 |
|---|---|---|---|
| Pawn loan receivables | *a* | **972** | – |
| Entrusted loan receivables | *b* | **22,338** | 8,569 |
| Financial consultation services income receivables | *c* | **21,196** | 17,530 |
| Investment income receivables | *d* | **56,500** | 35,000 |
| Platform services income receivables | *e* | **10,904** | 1,446 |
| Finance lease receivables | *f* | **35,580** | – |
| Factoring loan receivables | *g* | **93,385** | 16,000 |
| Other loan receivables | *h* | **16,770** | – |
| | | **257,645** | 78,545 |
| Less: Entrusted loan receivables, non-current portion | | **(8,549)** | (6,727) |
| Finance lease receivable, non-current portion | | **(18,933)** | – |
| Other loan receivables, non-current portion | | **(12,538)** | – |
| Current portion | | **217,625** | 71,818 |

a. Pawn loan receivables represent the short-term loans of approximately RMB972,000 were arranged in the PRC. Customers are obliged to settle the amounts according to the terms set out in relevant contracts, with the option to renew the loans 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 loans bear effective interest at 1.5% (2015: nil) per month as at 31 December 2016 and the maturity date for each loan contract was not more than 183 days.

b. Entrusted loan receivables represent loans to borrowers through certain banks or other financial institutions in the PRC. In an entrusted loan arrangement, the Group enters into a loan agreement with the borrower and banks or other financial institutions. The borrower repays the loan to the banks or other financial institutions and then the banks or financial institutions return the principal and accrued interest to the Group. While the banks or financial institutions exercises supervision over the arrangement and receives repayment from the borrower, the banks or other financial institutions do not assume any risk of default by the borrower. The effective interest payable on entrusted loan receivables ranged from 0.46% to 0.67% (2015: 0.4% to 0.46%) per month as at 31 December 2016. Independent third parties have guaranteed these entrusted loans with maturity dates between 1 month to 9 years (2015: 5 years to 10 years).

c. For financial consultation services income receivables, there is no credit period and customers are obliged to settle the amounts according to the terms set out in relevant contracts.

d. Investment income receivables represent income from the investment in a limited partnership as described in note 15(a). The receivables are settled subject to the arrangement of the limited partnerships which is normally settled in 3 months (2015: 1 month) after the approval of the investment income at the board meeting of limited partnerships. The amount has been fully settled before the date of this announcement.

e. Platform services income receivables represent services income charged to the platform users who are obliged to pay service fees to the Group. There is no credit period and customers and obligated to settle the amount according to the terms set out in the relevant contracts.

f. For finance lease receivables, borrowers are obliged 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 rates ranged from 8% to 12.5% per annum as at 31 December 2016 with the lease periods of 2 to 3 years.

The finance lease receivables as at 31 December 2016 are further analysed as follows:

| | **Minimum lease payments** | **Interest income** | **Present value** |
|---|---|---|---|
| | **2016** | **2016** | **2016** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Not later than one year | 18,685 | (2,038) | 16,647 |
| Later than one year and not later than two years | 16,761 | (864) | 15,897 |
| Later than two years and not later than five years | 3,128 | (92) | 3,036 |
| | 38,574 | (2,994) | 35,580 |

The present value of future lease income is analysed as:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current assets | 16,647 | – |
| Non-current assets | 18,933 | – |
| | 35,580 | – |

Finance lease receivables balances are secured over the equipment leased and guaranteed from independent third party. The Group is not permitted to sell or repledge the collateral in the absence of default by the lease.

g. Factoring loan receivables represent the ownership of a beneficial right of an accounts receivable which will expire in September 2017 (2015: expired in June 2016) at a fixed interest of 12% (2015: fixed interest of 12%) per annum for the year ended 31 December 2016. The Group holds certain accounts receivable for pledge.

h. Other loan receivables represent loans to borrowers including individuals and entities at fixed interest ranging from 5% to 15% per annum with loan periods of 1 to 2 years.

One of the other loan receivables represent long-term loans of approximately RMB11,985,000 (including current and non-current portion) as at 31 December 2016 and were arranged by a subsidiary in Hong Kong which holds a money lender license in Hong Kong. The loans bear fixed interest of 6.09% per annum and will be repaid over a period of 10 years.

Based on the commencement date of the loans as stated in the relevant contracts, the age analysis of the Group's loans and accounts receivables is as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 30 days | **73,780** | 55,098 |
| 31 to 90 days | **51,668** | 2,972 |
| 91 to 180 days | **83,475** | 254 |
| Over 180 days | **48,722** | 20,221 |
| | **257,645** | 78,545 |

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

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Neither past due nor impaired | **233,306** | 40,801 |
| 0 to 30 days past due | **1,440** | 36,429 |
| 31 to 90 days past due | **13,820** | 228 |
| 91 to 180 days past due | **4,563** | 277 |
| Over 180 days past due | **4,516** | 810 |
| | **257,645** | 78,545 |

Impairment losses in respect of loans and accounts receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amounts is remote, in which case the impairment loss is written off against loans and accounts receivables directly. Based on this assessment, no impairment loss has been determined as individually impaired for the years ended 31 December 2016 and 2015. Please refer to note 6(b) for bad debts written off directly against loans and accounts receivables for the year ended 31 December 2015.

The Group holds collaterals over the pawn loan receivables and factoring loan receivables. At the end of each of reporting date, the fair value of the pledged assets whereby the Group is permitted to sell or re-pledge in the absence of default by the owners of the collaterals in respect of all loans and accounts receivables is as follows:

| | **2016** | 2015 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Equities (for pawn loan receivables) | **3,175** | – |
| Accounts receivable (for factoring loan receivables) | **105,440** | – |
| At 31 December | **108,615** | – |

As at 31 December 2015, the Group did not hold any collaterals as the related pawn loan had expired.

## 17. BANK BORROWING

| | **2016** |
|---|---|
| | ***RMB'000*** |
| Current | |
| Bank borrowing due for repayment within one year | **2,693** |
| Non-current | |
| Bank borrowing | **18,668** |

The bank borrowing is secured by the Group's investment properties, which bore interest at the rate of 5.39% per annum for the year ended 31 December 2016.

At 31 December 2016, total current and non-current bank borrowing was scheduled to repay as follows:

| | **2016** |
|---|---:|
| | ***RMB'000*** |
| On demand or within one year | **2,693** |
| More than one year, but not exceeding two years | **2,154** |
| More than two years, but not exceeding five years | **6,462** |
| After five years | **10,052** |
| | **21,361** |

*Note:* The amounts due are based on the scheduled repayment dates in the loan agreements.

## 18. CONVERTIBLE BONDS

On 27 July 2016, the Company issued the 7% convertible bonds (the "Convertible Bonds") with principal amount in aggregate of HK$100,000,000 (equivalent to RMB86,594,000 at the conversion price of HK$1.01 for each new share of the Company, with a maximum of 99,009,900 conversion shares to be allotted and issued. The convertible bonds will be matured in 2 years with an early redemption option as presented below:

**a. Redemption at maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each bond on the second anniversary of the issue date in 2018 at its principal amount together with accrued and unpaid interest thereon and, where none of the bonds have been previously converted.

The maturity date can be bought forward to any time after the first anniversary of the issue date at the sole discretion of the investor by giving notice in writing to the Company at least 15 calendar days prior to the final maturity date.

**b. Redemption for taxation reason**

The Company may, having given not less than 30 nor more than 60 days' notice to the investor redeem all but not some only of the convertible bond for the time being outstanding on the tax redemption date if:

i. the Company satisfies the investor immediately prior to the giving of such notice that it has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date of the convertible bonds, and

ii. Such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the convertible bonds then due.

Additional tax amounts as mentioned above represents, in the event that deduction or withholding of taxes, duties, assessments or governmental charges is compelled by law, such additional amounts that will be paid by the Company as will result in the receipt by the Investor of such amounts as would have been received by them had no such deduction or withholding been required.

c. **Redemption on relevant event**

Following the occurrence of a relevant event, investor has the right at its option to require the Company to redeem the convertible bond in whole on the relevant event date. The relevant events include:

i. Mr. Zheng Weijing ("Mr. Zheng") (the executive director of the Company) and his related persons ceased to be the single largest holders, directly or indirectly, of the voting rights in the Company;

ii. Mr. Zheng ceases to be a director and the chairman of the board;

iii. the shares ceases to be traded on the Hong Kong Stock Exchange; or

iv. trading in the shares is suspended for more than 15 consecutive days on which normal trading of securities is carried out.

The fair value of the liability component was determined at the issuance of the convertible bonds. The fair value of the liability component was calculated using the market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.

The convertible bonds recognised in the consolidated statement of financial position are calculated as follows:

| | **2016** |
|---|---|
| | ***RMB'000*** |
| Face value of convertible bonds issued on 27 July 2016 | **86,594** |
| Equity component | **(5,316)** |
| Fair value of the liability component on initial recognition at 27 July 2016 | **81,278** |
| Effective interest expense | **6,266** |
| Interest paid | **(2,596)** |
| Exchange realignment | **2,859** |
| Liability component at 31 December | **87,807** |

Interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest rate of 19% to the liability component.

## 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*

The Group commenced its business of investment in property development projects during the year ended 31 December 2015. As at 31 December 2016, the Group had invested in thirteen (2015: four) property development projects in, among others, Dongguan, Shenzhen, Fujian, Xiangyang and Wuhan in the PRC. As at 31 December 2016, the Group had invested in property development projects which were classified as available-for-sale investments with aggregated investment amount of RMB419.0 million (2015: RMB98.0 million).

Some of the property development projects had brought considerable returns to the Group for the year ended 31 December 2016. During the year ended 31 December 2016, the Group generated investment income and relevant financial consultation services income from the property development projects of approximately RMB135.1 million and RMB65.3 million, respectively (2015: approximately RMB45.0 million and RMB20.4 million, respectively).

*Financial services platforms*

On 30 September 2015, the Company completed its acquisition of 51% indirect interest in 深圳市融鑫電子商務有限公司 (Shenzhen Yongxin Electric Commerce Company Limited*), a project company operating a financial service platform, "匯理財". Additionally, "匯聯易家" (www.hlej.com), a financial service platform website for the PRC real estate industry, officially commenced operations on 29 December 2015. There are three major channels under "匯聯易家": (1) "匯有房", a channel for professional services in property finance; (2) "匯生活", a channel for professional services in community finance; and (3) "匯理財", a channel for professional services in financial management.

Among others, 匯理財 is the most active financial services platform of the Group during the year ended 31 December 2016. Number of registered members of 匯理財 was approximately 578,000 as at 31 December 2016, among that, increment of approximately 380,000 contributed during the year ended 31 December 2016. The transaction value of 匯理財 achieved RMB2.2 billion for the year ended 31 December 2016 (from October 2015 to December 2015: RMB327.4 million).

During the year ended 31 December 2016, the Group generated platform services income and relevant financial consultation services income from the financial services platform of approximately RMB30.4 million and RMB40.4 million, respectively (2015: approximately RMB5.3 million and RMB6.8 million, respectively).

* *For identification purposes only*

**Financial Review**

*Revenue*

For the year ended 31 December 2016, the Group's revenue increased by approximately 166.5% from approximately RMB108.5 million for the year ended 31 December 2015 to approximately RMB289.2 million. The increase in the revenue was mainly due to increase in income from the Group's investments in property development projects, operation of financial services platforms and increase in financial consultation service income.

*Investment income from investment in property development projects*

For the year ended 31 December 2016, the Group's revenue generated from the investment income from the property development projects increased by approximately 200.2% from approximately RMB45.0 million for the year ended 31 December 2015 to approximately RMB135.1 million.

*Platform services income*

For the year ended 31 December 2016, the Group's revenue from the operation of financial services platforms increased by approximately 473.6% from approximately RMB5.3 million for the year ended 31 December 2015 to approximately RMB30.4 million.

*Financial consultation services income*

For the year ended 31 December 2016, the Group's revenue from provision of financial consultation services increased by approximately 110.2% from approximately RMB52.0 million for the year ended 31 December 2015 to approximately RMB109.3 million. The Group's financial consultation service income for the year ended 31 December 2016 mainly related to the property development projects and financial services platforms.

*Finance lease and factoring loan services income*

For the year ended 31 December 2016, the Group's revenue from provision of finance lease and factoring loan services increased by approximately 488.9% from approximately RMB1.8 million for the year ended 31 December 2015 to approximately RMB10.6 million.

*Finance costs*

For the year ended 31 December 2016, the Group's interest expenses increased by approximately 39.3% from approximately RMB5.6 million for the year ended 31 December 2015 to approximately RMB7.8 million. Such increase in interest expenses was mainly attributable to the issuance of the convertible bonds during the year under review.

*Other income*

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

*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 2016 and 31 December 2015 were approximately 127.0 million and approximately RMB55.4 million, respectively. The increase of approximately 129.2% was mainly attributed to increase of salaries of the staff and market and advertising expenses during the year under review.

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

Profit attributable to owners of the Company for the year ended 31 December 2016 was approximately RMB101.3 million as compared to profit attributable to owners of the Company of approximately RMB43.1 million for the year ended 31 December 2015, representing an increase of approximately 135.0%, mainly due to increase in income from the Group's investments in property development projects, operation of financial services platforms and relevant 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 the property market, controlling exchange, tightening capital and increasing interest rate in 2017, we may put more resources and effort to explore opportunities amid challenges, with an aim to achieve 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 our consumer credit business.

- Developing mortgage services to overseas property buyers with domestic property developer by fully leveraging the synergies created by the Group, Country Garden and foreign buyers, providing the buyers with the services they required.

*Focusing on Assets Management Development*

- Jointly developing quality property projects in Shenzhen and Wuhan 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 expect surprising results through their devotion and progress.

**Principal Risks and Uncertainties**

*Risks related to the property market in the PRC*

The Group's investment in property development projects are largely dependent on the performance of property market in the PRC. A number of factors would affect the property market in the PRC, including changes in governmental policies, legal environment, social economy and consumers' confidence and preferences. Default on the part of the Group's business partners in the property development projects may also have significant and negative impact on the result of the Group's investments.

The Group pays attention and monitors closely to ensure the process of the property development projects and the compliance of terms and conditions of the cooperation agreements by its business partners.

*Competition on the financial services platform*

The financial services platform of the Group operates in markets and industries which are open to competition and with low threshold of entry capital investment. It leads to increased competition, pricing pressure, and increase promotional, marketing and customer acquisition expenditures. The Group has to adapt its business strategies in light of the competitive landscape and fast-changing marketplace.

*Risks related to cyber security*

The Group handles significant amounts of personal data information and credit information of its customers which are susceptible to cyber threats. The Group's operations, reputation and financial performance could be adversely impacted if the Group suffers from cyber-attacks that disrupt its operations.

The Group makes extensive use of multiple channels to keep informed of emerging cyber security threads to identify and implement measures intended to mitigate the occurrence and/or consequences of such risk.

## Major Investments

During the year ended 31 December 2016, the Group continued to invest in property development projects. As at 31 December 2016, the Group's investments in certain limited partnerships, which engage in the business of property development in the PRC, amounted to RMB419 million. Please refer to the paragraph headed "Business Review" in this announcement for the performance of the property development projects during the year ended 31 December 2016. In 2017, the property development projects of certain limited partnerships will enter into the pre-sale stage. The Group expects to recognise valuable returns from those investments in 2017.

## Final Dividend

Encouraging results were achieved by virtue of the efforts spent by the management and the Group's staff during the year of 2016. To share the fruits of the Company's development with its shareholders, the Board has proposed to pay the shareholders of the Company ("**Shareholders**") a final dividend of HK1 cent per Share for the year ended 31 December 2016 (the "**Final Dividend**"). Subject to the proposed Final Dividend being approved by the Shareholders at the forthcoming annual general meeting of the Company to be held on 16 May 2017 (the "**AGM**"), together with the interim dividend of HK1 cent per Share, total dividends for the year ended 31 December 2016 will be HK2 cents per Share (2015: nil). On the basis that the Group's future results shall enjoy steady growth, it is hoped that the Company can continue to distribute returns to its shareholders who support the Company continuously by way of payment of dividends.

Subject to the approval of the Shareholders at the AGM, it is expected that the proposed Final Dividend will be paid on or around 22 June 2017 to the Shareholders whose names appear in the register of members of the Company on 8 June 2017.

## Liquidity and Financial Resources

As at 31 December 2016, the Group had bank balances and cash of approximately RMB34.7 million (2015: approximately RMB154.5 million). During the year under review, the Group did not use any financial instruments for hedging purposes. As at 31 December 2016, the Group's borrowings were approximately RMB109.2 million (2015: nil). The gearing ratio representing the ratio of total borrowings to total assets of the Group was approximately 11.0% as at 31 December 2016 (2015: nil). In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligation in full as they fell due in the foreseeable future.

As at 31 December 2016:

– the maturity profile of the Group's borrowings falling due within one year was 82.9% (2015: nil) and more than one year was 17.1% (2015: nil);

– approximately 80.4% and 19.6% of the Group's borrowings were denominated in Hong Kong dollars and Renminbi, respectively (2015: nil); and

– all of the Group's borrowings were subject to fixed interest rate (2015: nil).

Further details of the Group's borrowings are set out in notes 17 and 18 to the consolidated financial statements.

**Cooperation Agreement with Country Garden in relation to Forest City**

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

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

**Capital Structure**

On 13 May 2016, the Company entered into shares subscription agreements (the "Shares Subscription Agreements") with certain independent third parties, pursuant to which the independent third parties have agreed to subscribe for, and the Company has agreed to allot and issue, a total of 200,000,000 new ordinary shares of the Company ("Shares") at the subscription price of HK$0.945 per Share (the "Share Subscriptions").

The aggregate nominal value of the 20,000,000 subscription Shares was HK$20,000,000 and the net issue price per subscription Share was approximately HK$0.9425. The price of the Company's shares on the date the subscription price was fixed, being the date of the Shares Subscription Agreements, as quoted on the Stock Exchange, was HK$1.06.

Completion of each of the Share Subscriptions was subject to (i) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the respective subscription Shares; and (ii) the Company having complied with the applicable requirements under the GEM Listing Rules.

The Directors were of the view that the Share Subscriptions could strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The Share Subscriptions also represented a good opportunity to broaden the shareholders' base and the capital base of the Company.

* *For identification purposes only*

On 10 June 2016, completion of the Share Subscriptions took place. Further details of the above are set out in the Company's announcements dated 13 May 2016 and 10 June 2016.

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

**Issue of Convertible Bonds**

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

Based on the initial conversion price of HK$1.01, the maximum aggregate nominal value of the Conversion Shares is HK$9,900,990. Assuming the convertible rights are exercised in full at the initial conversion price, the net subscription price for each Conversion Share is approximately HK$1.00.

The Directors considered that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since (i) they will not have an immediate dilution effect on the shareholding of existing Shareholders; and (ii) if the conversion rights are exercised, the shareholder base of the Company will be enlarged and the financial position of the Group will be improved for establishing and strengthening the existing and future business of the Group.

The Conversion Shares will be allotted and issued pursuant to the general mandate (the "General Mandate") granted to the Directors at the annual general meeting held on 16 May 2016. Under the General Mandate, the Company is authorised to issue up to 306,166,500 new Shares until the revocation, variation or expiration of the General Mandate. The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate prior to the entering into of the Convertible Bonds Subscription Agreement. Pursuant to the terms of the Convertible Bonds, in the event that the number of Conversion Shares fall to be issued upon the exercise of the conversion rights based on the conversion price of the Convertible Bonds as adjusted in accordance with the conditions of the Convertible Bonds exceeds 100,000,000 Shares (the exceeded number of Conversion Shares shall be referred to as “Exceeded Conversion Shares”), no conversion rights shall attach to the outstanding principal amount of the Convertible Bonds attributable to the Exceeded Conversion Shares (“Unconverted Amount”) (which shall be calculated by multiplying the number of Exceeded Conversion Shares with the conversion price in effect on the relevant conversion date), and the Unconverted Amount shall be redeemed by the holders of the Convertible Bonds in accordance with the conditions of the Convertible Bonds. The General Mandate is sufficient to issue the Conversion Shares.

Further details of the Convertible Bonds subscription, including the terms and the conditions precedent, are set out in the Company’s announcements dated 14 July 2016 and 27 July 2016.

The net proceeds from the issue of the Convertible Bonds after deducting the related expense in connection with the issue of the Convertible Bonds of approximately HK$99.5 million, equivalent to approximately RMB85.6 million, were intended to be used for the Group’s finance lease business and/or investment in potential property development projects. As at the date of this announcement, the entire net proceeds had been fully utilized in the Group’s financial lease business and investments in property development projects.

No conversion right of the Convertible Bonds was exercised by the Convertible Bonds Subscriber during the year ended 31 December 2016. No redemption right was exercised by the Convertible Bonds Subscriber or the Company during the year ended 31 December 2016.

**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 2016.

**Future Plans for Material Investments or Capital Assets and Expected Sources of Funding**

There was no specific plan for material investments or capital assets as at 31 December 2016.

**Contingent Liabilities**

As at 31 December 2016, the Group had no significant contingent liabilities (2015: nil).

**Charges on Group Assets**

As at 31 December 2016, investment properties of the Group with an aggregate carrying amounts of approximately RMB44.5 million were pledged for bank facilities (2015: nil).

**Capital Commitments**

As at 31 December 2016, the Group had no significant capital commitments (2015: nil).

**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 2016, the Group had a total of 387 staff (2015: 286). Total staff costs (including Directors' emoluments) were approximately RMB48.1 million for the year ended 31 December 2016 (2015: RMB23.1 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 Board, 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 Thursday, 11 May 2017 to Tuesday, 16 May 2017, both dates inclusive, during which no transfer of shares will be registered. In order to ascertain shareholders' eligibility to attend and vote at the AGM, all transfers documents accompanied by the relevant Shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Wednesday, 10 May 2017.

For the purpose of determining the shareholders' entitlement to the proposed Final Dividend, the register of members of the Company will be closed from Monday, 5 June 2017 to Thursday, 8 June 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed Final Dividend, all transfer documents accompanied by the relevant Shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Friday, 2 June 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 year ended 31 December 2016.

## CORPORATE GOVERNANCE

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied and complied with 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 2016 save as the deviation as mentioned below.

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. 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.

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

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 2016, 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 set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had 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 throughout the year under review.

## 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 2016.

## AUDIT COMMITTEE

The audit committee ("Audit Committee") was established by the Board on 20 December 2011 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the Code. The terms of reference were last updated on 31 December 2015 and maintained on both the websites of the Company and the Stock Exchange.

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 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.

As at 31 December 2016, the Audit Committee has three members comprising Mr. Vincent Cheng (Chairman), Mr. Leung Po Hon and Dr. Miao Bo, all of whom are independent non-executive Directors. During the year ended 31 December 2016, the Audit Committee had reviewed the interim results and report of the Company for the six months ended 30 June 2016 and first and third quarterly results and reports of the Company for the periods ended 31 March 2016 and 30 September 2016 respectively.

## REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2016 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 and Chief Executive Officer*

Hong Kong, 23 March 2017

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

*This announcement will remain on the "Latest Company Announcements" page of the GEM website 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.*