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 2015

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

	2015	2014	**Changes**
	RMB'000	*RMB'000*	
OPERATING RESULTS			
Revenue	**108,528**	32,053	238.59%
Profit/(loss) for the year attributable to owners of the Company	**43,146**	(86,363)	N/A
Basic earnings/(loss) per share	**RMB3.92 cent**	RMB(8.46) cent	N/A
Dividend for the year per share	**HK0.00 cent**	HK0.00 cent	N/A
FINANCIAL POSITION			
Total assets	**530,964**	330,395	60.71%
Cash and cash equivalents	**154,507**	67,530	128.80%
Net assets	**489,953**	241,156	103.17%

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 2015 together with the comparative figures for the corresponding year in 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
Revenue	*5*	**108,528**	32,053
Other income or (loss)	*6*	**2,683**	(55,121)
Employee benefit expenses	*8*	**(23,061)**	(18,941)
Administrative expenses		**(32,349)**	(34,257)
Equity-settled share-based payments		**(1,436)**	–
Finance costs	*7*	**(5,635)**	(13,327)
Profit/(loss) before income tax expense	*8*	**48,730**	(89,593)
Income tax expense	*9*	**(4,172)**	(5,308)
Profit/(loss) for the year		**44,558**	(94,901)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operation		**(1,476)**	(390)
Total comprehensive income for the year		**43,082**	(95,291)
Profit/(loss) for the year attributable to:			
Owners of the Company		**43,146**	(86,363)
Non-controlling interests		**1,412**	(8,538)
		44,558	(94,901)
Total comprehensive income for the year attributable to:			
Owners of the Company		**41,670**	(86,753)
Non-controlling interests		**1,412**	(8,538)
		43,082	(95,291)
Earnings/(loss) per share – Basic and diluted (RMB cents)	*11*	**3.92**	(8.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**7,364**	4,641
Goodwill	*12*	**48,316**	–
Intangible assets	*13*	**32,192**	–
Held-to-maturity investment	*14*	**21,847**	20,957
Available-for-sale investments	*15*	**98,000**	–
Loan and accounts receivables	*17*	**6,727**	9,671
		214,446	35,269
Current assets			
Held-to-maturity investment	*14*	**–**	2,000
Available-for-sale investments	*15*	**–**	22,000
Loan and accounts receivables	*17*	**71,818**	58,979
Deposits paid, prepayments and other receivables		**65,205**	96,654
Tax recoverable		**7,475**	–
Amounts due from shareholders		**2,803**	24
Amounts due from non-controlling interests		**14,710**	1
Cash and cash equivalents		**154,507**	67,530
		316,518	247,188
Non-current assets classified as held for sale	*16*	**–**	47,938
		316,518	295,126
Current liabilities			
Receipts in advance, accruals and other payables		**14,458**	5,004
Amounts due to non-controlling interests		**–**	1,539
Dividend payable		**38**	35
Corporate bonds payable	*18*	**–**	68,332
Current tax liabilities		**18,467**	14,329
		32,963	89,239
Net current assets		**283,555**	205,887
Total assets less current liabilities		**498,001**	241,156
Non-current liability			
Deferred tax liability		**8,048**	–
NET ASSETS		**489,953**	241,156
EQUITY			
Equity attributable to owners of the Company			
Share capital		**124,827**	83,165
Reserves		**327,118**	169,482
		451,945	252,647
Non-controlling interests		**38,008**	(11,491)
TOTAL EQUITY		**489,953**	241,156

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Share option reserve	Retained earnings	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014	83,165	22,175	116,659	12,031	589	–	104,781	339,400	(2,953)	336,447
Loss for the year	–	–	–	–	–	–	(86,363)	(86,363)	(8,538)	(94,901)
Exchange differences on translating foreign operation	–	–	–	–	(390)	–	–	(390)	–	(390)
Total comprehensive income for the year	–	–	–	–	(390)	–	(86,363)	(86,753)	(8,538)	(95,291)
Transfer to statutory reserve	–	–	–	393	–	–	(393)	–	–	–
Balance at 31 December 2014 and 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	124,827	147,160	116,659	19,217	(1,277)	1,445	43,914	451,945	38,008	489,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

1. GENERAL

Flying Financial Service Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands on 4 May 2011. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The principal place of business of the Company is located at Room 801A and 807B, 8/F., Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 7 May 2012.

The Group, comprising the Company and its subsidiaries, currently engages in investment in property development projects, operation of financial services platform, provision of financial consultation services, finance lease services and entrusted loan and pawn loan services in the People's Republic of China ("PRC"). The Company acts as an investment holding company.

In the opinion of the directors of the Company ("Directors"), the immediate and ultimate holding company of the Company is Ming Cheng Investments Limited, a limited liability company incorporated in the British Virgin Islands ("BVI").

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

(a) Adoption of new/revised HKFRSs – effective 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 "Property, Plant and Equipment" to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS16 has no impact on these financial statements as the Group does not use revaluation model to account for its property, plant and equipment.

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

The adoption of the amendments has no impact on these financial statements as the Group has no defined benefit plans.

(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.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements [1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 15	Revenue from Contracts with Customers[2]

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

Amendments to HKAS 1 – Disclosure Initative

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

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be 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.

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.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

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

HKFRS 9 (2014) – Financial Instruments

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

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.

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

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

The provisions of the new Hong Kong Companies Ordinance, Cap. 622. in relation to the preparation of financial statements apply to the Company in the financial year.

The directors consider that there will be no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

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 certain financial assets which were measured at fair value and non-current assets classified as held for sale which were measured at the lower of carrying value and fair value less costs of disposal.

(c) Functional and presentation currency

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

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 (2014: two). 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	Service income and relevant consultation service income generated from financial services platform;
Financial consultancy, entrusted loan and finance lease services	Short-term large loan offer, short-term lease services and consultation services to borrowers and financial institutions;
Pawn loan services	Short-term small loan offer.

The Group has newly added two reportable segments during the year ended 31 December 2015 due to the new business combined during the year.

Segment information about reportable segments:

	Investment in property development projects *RMB'000*	Operation of financial services platform *RMB'000*	Financial consultancy, entrusted loan and finance lease services *RMB'000*	Pawn loan services *RMB'000*	Total *RMB'000*
For the year ended 31 December 2015					
Revenue from external customers	**65,411**	**12,069**	**30,814**	**234**	**108,528**
Reportable segment profit/(loss)	**46,651**	**4,311**	**11,282**	**(557)**	**61,687**
Other income	**–**	**11**	**631**	**2**	**644**
Depreciation	**935**	**173**	**441**	**3**	**1,552**
Bad debts written off of loan and accounts receivables	**–**	**–**	**1,207**	**–**	**1,207**
Amortisation of intangible assets	**–**	**825**	**–**	**–**	**825**
Income tax expense	**2,515**	**464**	**1,184**	**9**	**4,172**
Additions to non-current assets	**–**	**82,830**	**197**	**119**	**83,146**
As at 31 December 2015					
Reportable segment assets	**135,416**	**94,475**	**143,743**	**3,079**	**376,713**
Reportable segment liabilities	**–**	**18,154**	**627**	**47**	**18,828**
For the year ended 31 December 2014					
Revenue from external customers	–	–	31,840	213	32,053
Reportable segment loss	–	–	(29,490)	(4,099)	(33,589)
Other income or (loss)	–	–	(22,244)	140	(22,104)
Depreciation	–	–	1,274	451	1,725
Bad debts written off of loan and accounts receivables	–	–	21,778	–	21,778
Income tax expense	–	–	5,330	–	5,330
Additions to non-current assets	–	–	1,433	119	1,552
As at 31 December 2014					
Reportable segment assets	–	–	162,311	7,747	170,058
Reportable segment liabilities	–	–	4,551	102	4,653

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Revenue from external customers	**108,528**	32,053
Profit/(loss) before income tax expense		
Reportable segment profit/(loss)	**61,687**	(33,589)
Fair value change of financial liabilities at fair value through profit or loss	**–**	5,000
Investment income	**2,695**	3,849
Loss on disposal/dissolution of available-for-sale investments	**(50)**	(42,666)
Depreciation	**(136)**	(196)
Equity-settled share-based payments	**(1,436)**	–
Finance costs	**(5,635)**	(13,327)
Unallocated corporate expenses	**(8,395)**	(8,664)
Consolidated profit/(loss) before income tax expense	**48,730**	(89,593)
Assets		
Reportable segment assets	**376,713**	170,058
Held-to-maturity investments	**21,847**	22,957
Available-for-sale investments	**–**	22,000
Deposit paid	**–**	63,309
Non-current assets classified as held for sale	**–**	47,938
Amounts due from shareholders	**2,803**	–
Cash and cash equivalents	**85,498**	–
Amounts due from non-controlling interests	**14,710**	–
Tax recoverable	**7,475**	–
Unallocated corporate assets	**21,918**	4,133
Consolidated total assets	**530,964**	330,395
Liabilities		
Reportable segment liabilities	**18,828**	4,653
Current tax liabilities	**18,467**	14,329
Corporate bonds payable	**–**	68,332
Unallocated corporate liabilities	**3,716**	1,925
Consolidated total liabilities	**41,011**	89,239

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**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong	**–**	14,112	**176**	295
The PRC (place of domicile)	**108,528**	17,941	**87,696**	4,346
	108,528	32,053	**87,872**	4,641

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

	2015	2014
	RMB'000	*RMB'000*
Customer A	**55,575**	–
Customer B	**15,354**	–
Customer C	**–**	9,464
Customer D	**–**	7,346
Customer E	**–**	4,833
Customer F	**N/A**	4,015

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:

	2015	2014
	RMB'000	*RMB'000*
Financial consultation service income	**51,986**	24,045
Investment income from investment in property development projects through limited partnerships	**45,000**	–
Platform service income	**5,314**	–
Interest income	**4,465**	7,573
Finance lease service income	**1,763**	435
	108,528	32,053

6. OTHER INCOME OR (LOSS)

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Bank interest income		**87**	351
Fair value change of financial liabilities at fair value through profit or loss		**–**	5,000
Investment income	*(a)*	**2,695**	3,849
Loss on disposal/dissolution of available-for-sale investments	*(b)*	**(50)**	(42,666)
Bad debts written off of loan and accounts receivables	*(c)*	**(1,207)**	(21,778)
Exchange gain		**1,282**	–
Loss on disposal of loan and accounts receivables		**(74)**	–
Loss on disposal of property, plant and equipment		**–**	(881)
Loss on disposal of subsidiaries		**(90)**	–
Other expense		**–**	(20)
Other income		**40**	1,024
		2,683	(55,121)

Notes:

(a) Investment income included interest income from held-to-maturity investment and available-for-sale debt investments during the years ended 31 December 2015 and 2014.

(b) The loss is in respect of certain available-for-sale investments acquired in prior years and disposed of or whose terms expired during the year ended 31 December 2014.

(i) Under the relevant terms of an investment agreement, the Group had the obligation to bear the liabilities of a limited partnership. As a result, the Group had to contribute RMB20,274,000 to settle the liabilities of the limited partnership invested by the Group in prior years. Accordingly, a loss on dissolution of RMB20,774,000 (being the investment cost of RMB500,000 and the additional contribution of RMB20,274,000) was recognised in profit or loss during the year ended 31 December 2014. The limited partnership was deregistered in 2015.

(ii) During the year ended 31 December 2014, the Group suffered a loss on available-for-sale investment of RMB18,021,000 as further described in note 15(b).

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

(iv) An investment was sold to an independent third party during the year ended 31 December 2014, resulting in a loss on disposal of RMB1,000,000. During the year ended 31 December 2014, the Group disposed of its investment in a trust acquired in 2013 at a loss of RMB1,000,000.

(c) 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 receivable 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 debt during the year ended 31 December 2015.

During the year ended 31 December 2014, bad debts of approximately RMB21,778,000 comprising bad debts of RMB15,940,000 caused by the bankruptcy of a borrower and bad debts of RMB5,713,000 in respect of an entrusted loan, and the corresponding interest thereon of RMB125,000 were written off.

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest charged on financial liabilities carried at amortised cost		
Corporate bonds *(note 18)*	**5,635**	13,327

8. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

Profit/(loss) before income tax expense is arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Auditor's remuneration		
– Current year	**749**	633
– Under provision in prior year	**33**	494
Depreciation of property, plant and equipment	**1,688**	1,921
Amortisation of intangible assets	**825**	–
Other receivables and deposit written off	**5**	530
Employee benefit expenses including Directors' remuneration		
Salaries and wages	**19,501**	16,675
Pension scheme contributions – defined contribution plans	**3,560**	2,266
	23,061	18,941
Equity-settled share-based payments expense	**1,436**	–
Operating lease charges in respect of properties	**7,193**	10,764

9. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Hong Kong Profits Tax		
– Current year	**–**	1,888
– Over-provision in respect of prior years	**(1,704)**	–
PRC Enterprise Income Tax		
– Current year	**5,984**	725
– Under-provision in respect of prior years	**98**	2,717
	4,378	5,330
Deferred tax	**(206)**	(22)
	4,172	5,308

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

Enterprise income tax ("EIT") arising from the PRC for the year was calculated at 25% (2014: 25%) of the estimated assessable profits of subsidiaries operating in the PRC during the year. According to the EIT law, the taxable income of an enterprise shall be the total revenue of such enterprise, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated losses.

10. DIVIDEND

No dividend has been paid or declared by the Company during the year (2014: Nil).

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculations of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately RMB43,146,000 (2014: loss of RMB86,363,000) and the weighted average number of approximately 1,101,640,000 (2014: 1,020,555,000) ordinary shares during the year.

(b) Diluted earnings/(loss) per share

There were no potential ordinary shares in issue for the years ended 31 December 2015 and 2014. Accordingly, the diluted earnings/(loss) per share presented is the same as basic earnings/(loss) per share for both years.

12. GOODWILL

	2015
	RMB'000
Acquired through business combination on 30 September 2015	**48,316**
At 31 December	**48,316**

The goodwill of RMB48,316,000 is attributable to the cash-generating unit ("CGU") of a brand of provision of financial services platform acquired during the year ended 31 December 2015.

For the year ended 31 December 2015, management of the Group has determined that there is no impairment required to be recognised for its CGU containing the goodwill with indefinite useful lives.

13. INTANGIBLE ASSETS

	Customers' relationship *RMB'000*
Group	
Cost	
Additions	
– Through business combination	**33,017**
At 31 December 2015	**33,017**
Amortisation and impairment	
At 1 January 2015	**–**
Amortisation	**825**
At 31 December 2015	**825**
Net book value	
At 31 December 2015	**32,192**

14. HELD-TO-MATURITY INVESTMENT

	2015 *RMB'000*	2014 *RMB'000*
Held-to-maturity investment	**21,847**	22,957
Less: Non-current portion	**(21,847)**	(20,957)
Current portion	**–**	2,000

At 31 December 2015, the Group had a held-to-maturity investment which bore fixed interest rate at 7.2% (2014: 7.92% to 11%) per annum and had maturity up to four years (2014: one to five years).

15. AVAILABLE-FOR-SALE INVESTMENTS

	2015 *RMB'000*	2014 *RMB'000*
Unlisted equity securities, at cost *(note a)*	**98,000**	–
Unlisted debt securities, at fair value *(note b)*	**–**	22,000
Less: non-current portion	**(98,000)**	–
Current portion	**–**	22,000

(a) During the year ended 31 December 2015, the Group invested in several limited partnerships in the PRC with capital contributions at a range of RMB16 million to RMB50 million. The contribution represented 10.26% to 41.67% of the total contribution of the limited partnerships. The Group revoked its voting right on decision making over these limited partnerships and therefore, management is of the opinion that the Group did not have any significant control on these limited partnerships. These limited partnerships are engaged in property development projects in the PRC.

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. Management also has no intention to dispose of its investments as at 31 December 2015. Therefore, these investments were classified as non-current assets during the year.

During the year ended 31 December 2015, the Group earned an investment income of RMB45 million from one of the limited partnerships of which RMB10 million was received and the balance of RMB35 million was recognised in loan and accounts receivables in note 17 as at 31 December 2015.

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

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

(i) Entrusted loan of RMB68 million

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

As a result, the Group applied to the PRC court to seal up certain other properties of the Borrower for a period of approximately 2 years. The seal up was confirmed by the PRC court during the year ended 31 December 2013. As the value of the securities obtained exceeded the value of the entrusted loan, the Group concluded that the entrusted loans granted by the underlying partnerships and directly by the Group were full recoverable as at 31 December 2013. After the seal up, the local government participated in assisting settlements of the affected parties under this event. According to the minutes from the local government, a debt restructuring exercise was conducted in early 2014 such that the estimated proceeds from the exercise will be used to settle the principal loan amounts outstanding to 4 financial institutions, including the bank entrusted by the underlying partnerships and the Group.

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

The Group has appointed an independent valuer to perform the valuation on the properties and the fair value of the properties based on which is approximately RMB47,938,000, net of estimated cost of disposal. This amount has been allocated as to RMB37,818,000 attributed to the entrusted loan of RMB71 million granted by the underlying partnerships (out of which RMB36,220,000 is attributed to the RMB68 million contributed by the Group through the underlying partnerships and RMB1,598,000 is attributed to the RMB3 million contributed by the minority investors) and RMB10,120,000 attributed to the entrusted loan of RMB19 million granted by the Group directly as included in the entrusted loan receivables. The cash settlement of RMB15,000,000 was subsequently received in January 2015.

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

(ii) Entrusted loan of RMB22 million

During the year ended 31 December 2013, an entrusted loan amounted to RMB27 million was granted by one of the underlying partnerships to an independent third party out of which RMB22 million was contributed by the Group through the underlying partnership. During the year ended 31 December 2014, the ownership of the entrusted loan was transferred to an independent third party, and the principal was fully received by the underlying partnership together with the interest income.

On 31 December 2015, the Group disposed of its investment in the limited partnership at a consideration of RMB21,950,000 and the loss on disposal of RMB50,000 has been recognised in profit or loss (note 6).

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As further discussed in note 15(b), the Group obtained certain properties through realisation of available-for-sale investment. The properties were classified as non-current assets held for sale as the Group intended to dispose of them within 12 months from the end of reporting period and was carried at fair value less cost of disposal as at 31 December 2014.

On 31 December 2015, the Group disposed entire properties at its carrying value to an independent third party. Thus, no gain or loss on disposal was recognised during the year ended 31 December 2015.

17. LOAN AND ACCOUNTS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Pawn loan receivables, net	**–**	2,930
Entrusted loan receivables, net	**8,569**	12,838
Financial consultation services fee receivables, net	**17,530**	12,218
Investment income receivables	**35,000**	–
Platform service fee receivables	**1,446**	–
Interest receivables, net	**–**	1,664
Finance lease receivable	**–**	19,000
Other loan receivable	**16,000**	20,000
	78,545	68,650
Less: Entrusted loan receivables, non-current portion	**(6,727)**	(9,671)
Current portion	**71,818**	58,979

For pawn loan receivables, customers are obliged to settle the amounts according to the terms set out in relevant contracts, with an option to renew the loan granted for a period up to 183 days. Interest rates offered are based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The pawn loan receivables charged interests at effective interest rates ranging from 1.5% to 2.86% per month as at 31 December 2014 and the maturity date for each loan contract is not more than 183 days.

Entrusted loan receivables represent loans to borrowers through certain banks in the PRC. In an entrusted loan arrangement, the Group enters into a loan agreement with the borrower and bank. The borrower repays the loan to the bank and then the bank returns the principal and accrued interest to the Group. While the bank exercises supervision over the arrangement and receives repayment from the borrower, the bank does not assume any risk of default by the borrower. The effective interest payable on entrusted loan receivables ranged from 0.4% to 0.46% (2014: 0.48% to 1.8%) per month as at 31 December 2015. During the year ended 31 December 2015, the Group granted one new entrusted loan (2014: four) of approximately RMB1,625,000 granted to a borrower. An independent third party has guaranteed these entrusted loans with maturity dates between 5 years to 10 years (2014: maturity date of 5 years).

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

Investment receivables represent income from the investment in limited partnerships as described in note 15(a). The receivables are settled subject to the arrangement of the limited partnership which is normally settled in 1 month after the approval of the investment income in the board meeting of limited partnerships.

Platform service fee receivables represent services fees charged to the platform users who are obligated to pay service fees to the Group.

For interest receivables, borrowers are obliged to settle the amounts according to the terms set out in relevant loan contracts.

For finance lease receivable, borrowers are obligated to settle the amounts according to the terms set out in relevant contracts and must acquire the leased assets at the end of the lease period. The interest rate was 11% per annum as at 31 December 2014 and the lease period was 12 months.

Other loan receivable represents an ownership of a beneficial right of an accounts receivables which is expired in June 2016 with fixed interest bearing of 12% per annum.

The Group disposed of certain of its loan and accounts receivables totalling to RMB23,264,000 to an independent third party during the year ended 31 December 2015. A disposal loss of RMB74,000 was recognised in profit or loss during the year.

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

	2015	2014
	RMB'000	*RMB'000*
0 to 30 days	**55,098**	7,931
31 to 90 days	**2,972**	23,763
91 to 180 days	**254**	–
Over 180 days	**20,221**	36,956
	78,545	68,650

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

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**40,801**	39,381
0 to 30 days past due	**36,429**	–
31 to 90 days past due	**228**	–
91 to 180 days past due	**277**	21,782
Over 180 days past due	**810**	7,487
	78,545	68,650

Impairment losses in respect of loan and accounts receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loan and accounts receivables directly. Based on this assessment, impairment loss of nil (2014: nil) has been determined as individually impaired. The movement in the allowance for impairment of loan and accounts receivables is as follows:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**–**	9,695
Bad debts written off	**–**	(9,695)
At 31 December	**–**	–

Please refer to note 6(c) for details of bad debts written off directly against loan and accounts receivables.

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

	2015	2014
	RMB'000	*RMB'000*
Equities	**–**	4,900
At 31 December	**–**	4,900

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

18. CORPORATE BONDS PAYABLE

	As at 31 December
	RMB'000
Balance as at 1 January 2014	**94,078**
Redemption on 30 September 2014	**(30,000)**
Imputed interest expenses	**13,327**
Finance costs paid	**(9,706)**
Exchange realignment	**633**
Balance as at 31 December 2014 and 1 January 2015	**68,332**
Redemption on 11 August 2015	**(70,000)**
Imputed interest expenses	**5,635**
Finance costs paid	**(4,053)**
Exchange realignment	**86**
Balance as at 31 December 2015	**–**

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

On 10 September 2014, the Company announced to partially redeem the principal amount of RMB30,000,000 of the corporate bonds at the redemption price equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest as of the date on which the corporate bonds are redeemed by serving written notice. The partial redemption was completed on 30 September 2014. The remaining principal amount of RMB70,000,000 was fully repaid in 11 August 2015.

The corporate bonds payable is measured at amortised cost using effective interest rate of 14.48% (2014: 14.48%) per annum at the end of reporting period and imputed interest expenses of RMB5,635,000 was incurred in the current year (2014: RMB13,327,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Financial Review

Revenue

For the year ended 31 December 2015, the Group's revenue increased by approximately 238.6% from approximately RMB32.1 million for the year ended 31 December 2014 to approximately RMB108.5 million. The increase in the revenue was mainly due to the contributions of the new businesses, investment in property development projects and operation of a financial services platform.

Investment in property development projects

During the year ended 31 December 2015, the Group commenced its new business of investment in property development projects. As at 31 December 2015, the Group invested four property development projects which were classified as available-for-sale investments with aggregated investment amount of RMB98.0 million.

For the year ended 31 December 2015, the Group generated revenue from investment income from and relevant financial consultancy services of the property development projects of approximately RMB45.0 million and approximately RMB20.4 million, respectively.

Operation of a financial services platform

After completion of acquisition of a financial services platform, "Huilicai" 匯理財, on 30 September 2015, the Group generated revenue of approximately RMB12.1 million from such financial services platform.

Financial consultation services income

For the year ended 31 December 2015, the Group's revenue from provision of financial consultation services increased by approximately 3.3% from approximately RMB24.0 million for the year ended 31 December 2014 to approximately RMB24.8 million.

Finance lease services

For the year ended 31 December 2015, the Group's revenue from finance lease services increased by approximately 305.3% from approximately RMB435,000 for the year ended 31 December 2014 to approximately RMB1,763,000.

Entrusted loan and pawn loan services income

For the year ended 31 December 2015, the Group's revenue from provision of entrusted loan and pawn loan services decreased by approximately 40.0% from approximately RMB7.5 million for the year ended 31 December 2014 to approximately RMB4.5 million.

Finance costs

For the year ended 31 December 2015, the Group's interest expenses decreased by approximately 57.9% from approximately RMB13.3 million for the year ended 31 December in 2014 to approximately RMB5.6 million. Such decrease in interest expenses was mainly attributable to the repayments of the corporate bonds during the year.

Other income or loss

The Group's other income or loss primarily comprised bank interest income, fair value change of financial liabilities at fair value through profit or loss, investment income, loss on disposal or dissolution of available-for-sale investments, bad debts written off, loss on disposal of property, plant and equipment, other expenses and other 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 two years ended 31 December 2015 and 31 December 2014 were approximately RMB55.4 million and approximately RMB53.2 million, respectively. The increase of approximately 4.1% was mainly attributable to increase of salaries of the staff 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 2015 was approximately RMB43.1 million as compared to loss attributable to owners of the Company of approximately RMB86.4 million for the year ended 31 December 2014, mainly due to (i) contributions from the new core businesses of investment in property development projects, operation of financial services platform and relevant financial consultation services; and (ii) no substantial investment loss and provision for impairment of accounts receivables recognised as compared with 2014.

Environmental, Social and Corporate Responsibility

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

Business Outlook

About real estate industry

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

About regional investment

Following cooperation with Country Garden Holdings Company Limited ("Country Garden") of the investment in a property development project in Bantian, Shenzhen, the Group will continue to cooperate with the Country Garden to invest in the city projects focusing on Shenzhen, Dongguan and Huizhou in 2016, with an aim to participate in ten projects in 2016.

About Internet finance

The Group maintains its efforts in the research and development of Internet finance, prepares shareholding investment strategies and applies for relevant certificates and licenses of Internet finance independently. The Group will establish a financial services chain emphasizing the real estate industry and connecting all industry chains of the industry such as business types and product modes.

About partners

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

About sustainable development

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

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

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 our business partners in the property development projects may have significant and negative impact on the result of the Group's investments.

Competition on the financial services platform

The financial services platform of the Group operates in markets and industries where the regulation's drive to 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 this 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.

Major Investments

During the year ended 31 December 2015, the Group commenced its new business of investment in property development projects. As at 31 December 2015, the Group's investment in certain limited partnerships, which engage in the business of property development in the PRC, amounted to RMB98.0 million.

Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

Liquidity and Financial Resources

The Group generally finances its operation through internally-generated cash flows during the year under review.

As at 31 December 2015, the Group had bank balances and cash of approximately RMB154.5 million (2014: approximately RMB67.5 million). During the year under review, the Group did not use any financial instruments for hedging purposes. As at 31 December 2015, the Group did not have any borrowings. The gearing ratio representing the ratio of total borrowings to total assets of the Group was approximately 20.7% as at 31 December 2014.

Capital Structure

On 3 November 2015, a total of 510,277,500 ordinary shares of the Company of HK$0.1 each have been allotted and issued to qualifying shareholders of the Company on the basis of one offer share for every two shares held on 7 October 2015, at a subscription price of HK$0.4 per share. The Directors were of the view that the open offer will enable the Company to raise funds for further investment in the financial services business of the Group and for general operation. In addition, the open offer would allow the Company to strengthen its capital base and provide an opportunity to all qualifying shareholders to participate in the future development of the Company. Further details of the open offer are set out in the announcement of the Company dated 7 September 2015 and the prospectus of the Company dated 8 October 2015. The net proceeds from the open offer of approximately HK$200 million were intended to be applied as to approximately HK$160 million for development and operation of the finance lease business and as to approximately HK$40 million for general working capital of the Group. As at the date of this announcement, the entire proceeds had not been utilised.

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

On 17 February 2015, the Group entered into a share purchase agreement to acquire 51% indirect interest of 深圳市融鑫電子商務有限公司 (Shenzhen Yongxin Electric Commerce Company Limited*), a project company operating an online platform of peer to peer Internet financial services. The aforesaid acquisition has been completed on 30 September 2015.

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 2015.

Contingent Liabilities

As at 31 December 2015, the Group had no significant contingent liabilities (2014: nil).

Charges on Group's Assets

As at 31 December 2015, the Group did not have any charges on assets (2014: nil).

* *for identification purposes only*

Capital Commitments

As at 31 December 2015, the Group had no significant capital commitments (2014: 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 2015, the Group had a total of 286 staff (2014: 160). Total staff costs (including Directors' emoluments) were approximately RMB23.1 million for the year ended 31 December 2015 (2014: RMB18.9 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include share option scheme, and contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

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

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 12 May 2016 to Monday, 16 May 2016, both dates inclusive, during which no transfer of shares will be registered in order to ascertain shareholders' eligibility to attend and vote at the forthcoming annual general meeting, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 11 May 2016.

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 2015.

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 2015 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 2015, 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 2015.

AUDIT COMMITTEE

The 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 2015 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 2015, 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 2015, the Audit Committee had reviewed the interim results and report of the Company for the six months ended 30 June 2015 and first and third quarterly results and reports of the Company for the periods ended 31 March 2015 and 30 September 2015 respectively.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2015 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

Hong Kong, 23 March 2016

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

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