



## **Flying Financial Service Holdings Limited**

**匯聯金融服務控股有限公司**

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

**(Stock Code: 8030)**

### **ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

## **FINANCIAL HIGHLIGHTS**

- The Group recorded a turnover of approximately RMB63,449,000 for the nine months ended 30 September 2012, representing an increase of approximately 6.79% as compared with corresponding period in 2011.
- Profit attributable to owners of the Company for the nine months ended 30 September 2012 amounted to approximately RMB26,134,000, representing a decrease of approximately 29.4% as compared with corresponding period in 2011.
- Basic earnings per share of the Company for the nine months ended 30 September 2012 amounted to RMB2.93 cents (2011: RMB4.94 cents).
- The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2012.

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 30 September 2012 together with the comparative unaudited figures for the corresponding period in 2011 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended 30 September 2012		Nine months ended 30 September 2012	
		(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
	Notes				
Revenue	3	24,809	20,866	63,449	59,416
Other income	3	112	68	214	112
Employee benefit expenses		(2,672)	(1,117)	(6,387)	(2,421)
Administrative expenses		(4,546)	(2,884)	(19,919)	(7,213)
Finance costs	4	—	(37)	(54)	(429)
Profit before income tax	5	17,703	16,896	37,303	49,465
Income tax expense	6	(4,167)	(4,267)	(11,169)	(12,441)
Profit for the period attributable to the owners of the Company		13,536	12,629	26,134	37,024
Other comprehensive income attributable to the owners of the Company					
– Exchange differences on translating foreign operation		52	83	8	83
Total comprehensive income for the period attributable to the owners of the Company		13,588	12,712	26,142	37,107
Earnings per share – Basic and Diluted (RMB cents)	8	1.33	1.68	2.93	4.94

# **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS**

## **1. GENERAL INFORMATION**

The Company was incorporated as an exempted company with limited liability 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, Cayman Islands. The shares of the Company (the “Shares”) have been listed on GEM of the Stock Exchange since 7 May 2012.

The companies comprising the Group underwent a group restructuring exercise (the “Restructuring Exercise”) to rationalise the Group’s structure in preparation for the listing of the shares on GEM of the Stock Exchange. Further details of the Restructuring Exercise are set out in the prospectus of the Company dated 20 April 2012 (the “Prospectus”).

The Group is principally engaged in provision of pawn loans, entrusted loans and financial consultation services. In the opinion of the Directors, the ultimate holding company of the Company is Ding Rong Limited, a limited liability company incorporated in the British Virgin Islands (“BVI”).

## **2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements has been prepared in accordance with the basis of presentation which comply with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in preparing the Accountant’s Report as set out in Appendix I of the Prospectus.

All HKFRSs effective for the accounting periods commencing from 1 January 2012 and relevant to the Group, have been adopted by the Group in the preparation of the unaudited consolidated results. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

All significant transactions and balances among the companies comprising the Group have been eliminated on consolidation.

### 3. REVENUE AND OTHER INCOME

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

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Interest income	8,631	11,614	32,948	30,826
Financial consultation service income	16,178	9,252	30,501	28,590
	<u>24,809</u>	<u>20,866</u>	<u>63,449</u>	<u>59,416</u>
Other income				
Bank interest income	112	68	214	103
Others	—	—	—	9
	<u>112</u>	<u>68</u>	<u>214</u>	<u>112</u>

### 4. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Interest charges on:				
Other loans wholly repayable within one year	—	37	54	429

## 5. PROFIT BEFORE INCOME TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Auditor's remuneration	36	2	373	14
Depreciation of property, plant and equipment	98	22	275	34
Employee benefit expenses (including directors' remuneration)				
Salaries and wages ( <i>Note</i> )	2,475	978	5,893	2,134
Pension scheme contributions – Defined contribution plans	197	139	494	287
Net foreign exchange (gain)/loss	(86)	8	37	8
Operating lease charges in respect of properties	805	707	2,446	1,085

*Note:* Increase in employee benefit expenses is because the average number of staff increased from 45 to 66 for the nine months ended 30 September 2011 and 2012, respectively.

## 6. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax – PRC	4,095	4,267	11,097	12,441
– Hong Kong	72	–	72	–
	4,167	4,267	11,169	12,441

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 has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the periods.

Enterprise income tax (“EIT”) arising from the PRC for the periods was calculated at 25% of the taxable income according to relevant PRC tax laws and regulations during the periods. According to the EIT law, the taxable income of an enterprise shall be the total revenue of such enterprise, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated losses.

## 7. DIVIDENDS

	Three months ended 30 September 2012 (Unaudited) RMB'000		2011 (Unaudited) RMB'000		Nine months ended 30 September 2012 (Unaudited) RMB'000		2011 (Unaudited) RMB'000	
Special interim dividends		-		-		-		20,200

## 8. EARNINGS PER SHARE

The calculations of basic earnings per share for the three months and nine months ended 30 September 2012 are based on the profit attributable to owners of the Company of approximately RMB13,536,000 and RMB26,134,000 respectively (three months and nine months ended 30 September 2011: RMB12,629,000 and RMB37,024,000) and the weighted average of 1,020,555,000 and 892,976,000 shares in issue respectively during the three months and nine months ended 30 September 2012 (three months and nine months ended 30 September 2011: 750,000,000, being the number of shares immediately prior to the listing of the shares on the Stock Exchange as if these shares had been issued throughout the periods). Diluted earnings per share are same as basic earnings per share as the Company had no potential ordinary shares during the periods.

## 9. UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
<b>For the nine months ended 30 September 2012</b>							
At 1 January 2012 (audited)	1	-	116,659	7,397	230	58,309	182,596
Issue of ordinary shares pursuant to capitalisation issue	61,102	(61,102)	-	-	-	-	-
Issue of ordinary shares by placing	20,367	112,021	-	-	-	-	132,388
Issue of ordinary shares by exercising over-allotment option	1,675	9,211	-	-	-	-	10,886
Share issue expenses	-	(13,017)	-	-	-	-	(13,017)
Transactions with owners	83,144	47,113	-	-	-	-	130,257
Profit for the period	-	-	-	-	-	26,134	26,134
Other comprehensive income for the period	-	-	-	-	8	-	8
Total comprehensive income for the period	-	-	-	-	8	26,134	26,142
At 30 September 2012 (unaudited)	83,145	47,113	116,659	7,397	238	84,443	338,995

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the nine months ended 30 September 2011</b>							
At 1 January 2011 (audited)	1	–	116,659	3,680	–	33,729	154,069
Dividend paid ( <i>Note 7</i> )							
– Transactions with owners	–	–	–	–	–	(20,200)	(20,200)
Transfer to statutory reserve	–	–	–	2,244	–	(2,244)	–
Profit for the period	–	–	–	–	–	37,024	37,024
Other comprehensive income for the period	–	–	–	–	83	–	83
Total comprehensive income for the period	–	–	–	–	83	37,024	37,107
At 30 September 2011 (unaudited)	<u>1</u>	<u>–</u>	<u>116,659</u>	<u>5,924</u>	<u>83</u>	<u>48,309</u>	<u>170,976</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group provides integrated short-term financing services serving different needs of its customers. During the periods under review, the Group derived its revenue mainly from pawn loan services, entrusted loan services and financial consultation services.

### Business review

The traditional banking system of the PRC comprises mainly large banks whose lending requirements are difficult to meet with by most of the private enterprises. This creates good business development opportunities to the Group. Amongst the immense business opportunities, the Directors have prioritised the loan applications to optimise the resources of the Group and reduce the risks.

### Financial review

#### Revenue

For the nine months ended 30 September 2012, the Group's revenue increased by approximately 6.79% from approximately RMB59,416,000 for the corresponding period last year to approximately RMB63,449,000. Such increase was mainly attributable to the significant increase in the entrusted loan services during the periods under review.

The loan and account receivables from customers were also increased from approximately RMB124,435,000 as at 31 December 2011 to approximately RMB159,136,000 as at 30 September 2012.



### ***Pawn loan service income***

For the nine months ended 30 September 2012, the Group recorded revenue of approximately RMB11,528,000 from provision of pawn loan services, as compared to the revenue of approximately RMB30,807,000 for the corresponding period last year.

### ***Entrusted loan service income***

For the nine months ended 30 September 2012, the Group's revenue from provision of entrusted loan services amounted to approximately RMB21,420,000 (2011: RMB19,000).

### ***Financial consultation service income***

For the nine months ended 30 September 2012, the Group's revenue from provision of financial consultation services increased by approximately 6.68% from approximately RMB28,590,000 for the corresponding period last year to approximately RMB30,501,000.

### ***Interest expenses***

For the nine months ended 30 September 2012, the Group's interest expenses decreased from approximately RMB429,000 for the corresponding period last year to approximately RMB54,000. Such decrease in interest expenses was mainly attributable to interest payable in relation to the loan of HKD15,000,000 which was repaid in May 2012.

### ***Other income***

The Group's other income primarily comprises bank interest income. The Group's other income for the nine months ended 30 September 2012 and 2011 were approximately RMB214,000 and RMB112,000, respectively.

### ***Administrative expenses***

The Group's administrative expenses primarily comprised listing expenses, business tax, rental expenses and travelling expense. The Group's administrative expenses for the nine months ended 30 September 2012 and 2011 were approximately RMB19,919,000 and RMB7,213,000, respectively. The increase of approximately 176.2% was mainly attributable to certain expenses including (i) listing expenses of approximately RMB7,517,000; (ii) increase of rental expenses of approximately RMB1,361,000 for office expansion; and (iii) increase of other operating costs which was in line with the business growth.

### ***Profit for the period***

The profit attributable to owners of the Company for the nine months ended 30 September 2012 was approximately RMB26,134,000, representing a decrease of approximately 29.4% as compared to approximately RMB37,024,000 for the nine months ended 30 September 2011.

## OUTLOOK

Most of the private enterprises in the PRC are still difficult to obtain credit facilities through the traditional banking system and they turn to financing service providers other than banks such as us for financial services. We see strong and continuing demand for comprehensive financial services from our customers who are mainly private enterprises. Since listing on GEM of the Stock Exchange in May this year, we have been investing resources in human capital, geographical expansion and brand name promotion. These investments start to show positive results and we believe our revenue and profits will continue to grow in the coming quarters as we continue to invest resources in these areas.

## ADVANCE TO AN ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a general disclosure obligation arises where an advance to an entity from the Company exceeds 8% of the total assets of the Company. As at 30 September 2012, the Company's total assets were approximately RMB361,965,000. Pursuant to Rule 17.22 of the GEM Listing Rules, details of an advance as defined under Rule 17.15 of the GEM Listing Rules which remained outstanding as at 30 September 2012 was as follow:

### **Entrusted loan agreement dated 24 July 2012 (the “Entrusted Loan Agreement”)**

On 24 July 2012, Flying Investment, an indirect wholly-owned subsidiary of the Company, entered into an entrusted loan agreement with 河源市鴻大投資集團有限公司 (Heyuan Hongda Investment Group Company Limited\*) (“Borrower”) and 廣東南粵銀行股份有限公司深圳分行 (Shenzhen Branch of Guangdong Nanyue Bank\*) as the lending agent (the “Lending Agent”), pursuant to which, Flying Investment had agreed to entrust a fund in the amount of RMB40 million (the “Entrusted Fund”) to the Lending Agent, for on-lending to Borrower for a term of six months subject to and upon the terms and conditions therein. Borrower's principal business activities include, among others, real estate development, agriculture, mining and financial investment. The Lending Agent is a PRC commercial bank.

The principal terms of Entrusted Loan Agreement are set out below:

#### ***Loan amount:***

RMB40 million.

#### ***Interest:***

Interest rate on the loan amount is 1.8% per month.

#### ***Consultation fee:***

Sunny Sino, an indirect wholly-owned subsidiary of the Company, entered into a consultation service agreement with the Borrower pursuant to which Sunny Sino charged the Borrower a consultation fee of 0.7% per month for assisting the Borrower in securing the loan through the Entrusted Fund.

***Term of the loan:***

Six months from the Effective Date of the Entrusted Loan Agreement.

***Security:***

The loan was secured by unlisted shares of (i) a subsidiary of the Borrower which was owned as to 98% by the Borrower and as to 2% by a relative of the ultimate beneficial owner of the Borrower, and (ii) a PRC company in which the Borrower owned 10% equity interest, for the obligations of the Borrower under the Entrusted Loan Agreement. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Security was not charged to any other parties other than being charged to the Lending Agent.

If the price of the Security falls to certain extent that the Company considers that the Security does not provide adequate collateralisation of the loan, Flying Investment has the right to demand the Borrower and/or the relative of the ultimate beneficial owner of the Borrower to provide additional collateral or to demand early repayment to minimise the risk of default.

***Guarantees:***

Corporate guarantees were provided by a wholly owned subsidiary of the Borrower and a company which was under the common control of the ultimate beneficial owner of the Borrower. In addition, a personal guarantee was given by the ultimate beneficial owner of the Borrower in favour of the Lending Agent to secure the obligation of the Borrower under the Entrusted Loan Agreement.

For further details, please refer to the announcement of the Company dated 24 July 2012.

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

As at 30 September 2012, the interests of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section

352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

**(i) Interests in the Company**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of securities held</b> <i>(Note 1)</i>	<b>Approximate percentage</b> <i>(%)</i>
Li Zhongyu	Interest of controlled corporation <i>(Notes 2 and 3)</i>	528,975,000 Shares (L)	51.83
Zheng Weijing	Interest of controlled corporation <i>(Notes 2 and 3)</i>	528,975,000 Shares (L)	51.83

*Notes:*

1. The letter “L” denotes the Directors’ long position in the Shares.
2. These shares were held by Silvery Dragon Limited, which was owned as to 72% by High Eminent Limited and as to 28% by Prime Origin Limited.
3. High Eminent Limited was owned as to 55% by Ding Rong Limited, a company wholly-owned by Li Zhongyu, and as to 45% by Ming Cheng Investments Limited, a company wholly-owned by Zheng Weijing.

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

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Equity interest</b>	<b>Approximate percentage of equity interest</b> <i>(%)</i>
Li Zhongyu	Interest of controlled corporation <i>(Note 1)</i>	RMB71,240,000	70.53
Zheng Weijing	Interest of controlled corporation <i>(Note 1)</i>	RMB71,240,000	70.53
Peng Zuohao	Beneficial owner	RMB2,800,000	2.77

*Note:*

1. Such registered capital was contributed by 匯聯資產管理有限公司 (Huilian Assets Management Company Limited\*) (“Huilian Assets Management”). 深圳市智匯投資諮詢有限公司 (Shenzhen Zhihui Investment Consulting Company Limited\*) (“Shenzhen Zhihui”) was interested in 72% of the entire equity interest of Huilian Assets Management. Shenzhen Zhihui was owned as to 55% by Li Zhongyu and as to 45% by Zheng Weijing.

**(iii) Interests in associated corporation – Silvery Dragon Limited**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of securities held (Note 1)</b>	<b>Shareholding percentage (%)</b>
Li Zhongyu	Interest of controlled corporation (Note 2)	72 shares of US\$1.00 each (L)	72.00
Zheng Weijing	Interest of controlled corporation (Note 2)	72 shares of US\$1.00 each (L)	72.00

*Notes:*

1. The letter “L” denotes the Director’s long position in the shares of the relevant associated cooperation.
2. These shares were held by High Eminent Limited, which was owned as to 55% by Ding Rong Limited, a company wholly-owned by Li Zhongyu, and as to 45% by Ming Cheng Investments Limited, a company wholly-owned by Zheng Weijing.

Save as disclosed above, as at 30 September 2012, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

**SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2012, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

**Interests in the Company**

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of securities held (Note 1)</b>	<b>Approximate percentage (%)</b>
Silvery Dragon Limited	Beneficial owner	528,975,000 Shares (L)	51.83
Ying Gao Limited	Beneficial owner	221,025,000 Shares (L)	21.66

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of securities held (Note 1)</b>	<b>Approximate percentage (%)</b>
High Eminent Limited	Interest of controlled corporation (Note 2)	528,975,000 Shares (L)	51.83
Ding Rong Limited	Interest of controlled corporation (Notes 2 and 3)	528,975,000 Shares (L)	51.83
Yang Qiao (Note 4)	Interest of spouse	528,975,000 Shares (L)	51.83
Ming Cheng Investments Limited	Interest of controlled corporation (Notes 2 and 3)	528,975,000 Shares (L)	51.83
Zhang Chushan (Note 5)	Interest of spouse	528,975,000 Shares (L)	51.83

Notes:

1. The letter “L” denotes the corporation/person’s long position in the Shares.
2. These Shares were held by Silvery Dragon Limited, which was owned as to 72% by High Eminent Limited and as to 28% by Prime Origin Limited.
3. High Eminent Limited was owned as to 55% by Ding Rong Limited, a company wholly-owned by Li Zhongyu, and as to 45% by Ming Cheng Investments Limited, a company wholly-owned by Zheng Weijing.
4. Yang Qiao is the spouse of Li Zhongyu.
5. Zhang Chushan is the spouse of Zheng Weijing.

Save as disclosed above, as at 30 September 2012, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## **SHARE OPTION SCHEME**

The Company has also adopted a share option scheme (the “Share Option Scheme”) pursuant to the written resolution of the shareholders of the Company on 20 December 2011 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants of the Share Option Scheme include the Directors, non-executive officer including independent non-executive Directors, employees of the Group, customers of the Group, consultants, advisers, managers, officers or entity that provides research, development or other technological support to the Group.

No share option has been granted under the Share Option Scheme as at 30 September 2012.

## **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 nine months ended 30 September 2012.

## **CORPORATE GOVERNANCE**

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules for the nine months ended 30 September 2012.

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

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the nine months ended 30 September 2012.

## **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 30 September 2012.

## **INTEREST OF COMPLIANCE ADVISER**

As notified by GF Capital (Hong Kong) Limited ("GF Capital"), the Company's compliance adviser, neither GF Capital nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2012.

## AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises a total of three members, namely, Mr. Vincent Cheng (Chairman), Mr. Lu Quanzhang and Mr. Zhang Gongjun, all of whom are independent non-executive Directors. The Group’s unaudited consolidated results for the nine months ended 30 September 2012 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board  
**Flying Financial Service Holdings Limited**  
**Li Zhongyu**  
*Chairman*

Hong Kong, 13 November 2012

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

*Executive Directors:*

Li Zhongyu (*Chairman*)  
Zheng Weijing  
Peng Zuohao

*Independent Non-executive Directors:*

Vincent Cheng  
Lu Quanzhang  
Zhang Gongjun

*This announcement will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication and on the website of the Company ([www.flyingfinancial.hk](http://www.flyingfinancial.hk)).*

\* *For identification purposes only*