



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

THIRD QUARTERLY REPORT

2014

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

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

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

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

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively the “Group”) recorded a turnover of approximately RMB43.4 million for the nine months ended 30 September 2014, representing a decrease of approximately 47.9% as compared with the corresponding period in 2013.
- Loss attributable to owners of the Company for the nine months ended 30 September 2014 amounted to approximately RMB39.2 million as compared with the profit attributable to owners of the Company of RMB22.6 million with the corresponding period in 2013.
- Basic loss per share of the Company (the “Share”) for the nine months ended 30 September 2014 amounted to RMB3.84 cents.
- The board of Directors (the “Board”) does not declare the payment of dividend for the nine months ended 30 September 2014.

The Board announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2014 together with the comparative unaudited figures for the corresponding periods in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2014

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Revenue	3	1,067	23,899	43,355	83,263
Other (loss) or income	3	(39,939)	226	(41,178)	682
Employee benefit expenses		(4,569)	(4,563)	(15,503)	(14,760)
Administrative expenses		(5,444)	(12,941)	(23,195)	(34,283)
Finance costs	4	(2,637)	(2,788)	(7,825)	(4,026)
(Loss)/profit before income tax expense	5	(51,522)	3,833	(44,346)	30,876
Income tax (expense)/credit	6	621	(2,549)	(4,934)	(10,533)
(Loss)/profit for the period		(50,901)	1,284	(49,280)	20,343
Other comprehensive income/(loss)					
– Exchange differences on translating foreign operation		659	(204)	65	(560)
Total comprehensive (loss)/income for the period		(50,242)	1,080	(49,215)	19,783
(Loss)/profit for the period attributable to:					
Owners of the Company		(41,575)	2,034	(39,240)	22,577
Non-controlling interests		(9,326)	(750)	(10,040)	(2,234)
		(50,901)	1,284	(49,280)	20,343
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(40,895)	1,830	(39,175)	22,017
Non-controlling interests		(9,347)	(750)	(10,040)	(2,234)
		(50,242)	1,080	(49,215)	19,783
(Loss)/earnings per Share					
– Basic and diluted (RMB cents)	8	(4.07)	0.20	(3.84)	2.21

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 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 financial consultation, entrusted loans and pawn loans 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 Group's audited financial statements for the year ended 31 December 2013.

All HKFRSs effective for the accounting periods commencing from 1 January 2014 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 (LOSS) OR INCOME

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

	Three months ended		Nine months ended	
	30 September 2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	30 September 2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Revenue				
Interest income	1,485	4,558	8,022	23,158
Financial consultation service income	(418)	19,341	35,333	60,105
	<u>1,067</u>	<u>23,899</u>	<u>43,355</u>	<u>83,263</u>
Other (loss) or income				
Bank interest income	83	131	297	400
Fair value change of financial liabilities at fair value through profit and loss	1,250	–	3,750	–
(Provision) or reversal of provision for impairment of accounts receivable	2,127	–	(7,126)	–
Impairment loss on available-for-sale investments	(2,871)	–	(2,871)	–
Impairment loss on entrusted loan	(15,000)	–	(15,000)	–
Investment loss	(25,532)	–	(20,272)	–
Others	4	95	44	282
	<u>(39,939)</u>	<u>226</u>	<u>(41,178)</u>	<u>682</u>

4. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Interest charges on financial liabilities carried at amortised cost				
Corporate bonds	<u>2,637</u>	<u>2,788</u>	<u>7,825</u>	<u>4,026</u>

5. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/profit before income tax expense is arrived at after charging/(crediting):

	Three months ended 30 September		Nine months ended 30 September	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Auditor's remuneration	175	143	450	405
Depreciation of property, plant and equipment	473	311	1,419	870
Employee benefit expenses (including Directors' remuneration)				
Salaries and wages	3,984	3,994	13,741	13,263
Pension scheme contributions – Defined contribution plans	585	570	1,762	1,497
	4,569	4,564	15,503	14,760
Net foreign exchange (gain)/loss	(88)	(5)	(866)	10
Operating lease charges in respect of properties	<u>2,184</u>	<u>1,983</u>	<u>7,402</u>	<u>5,669</u>

6. INCOME TAX (EXPENSE)/CREDIT

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong Profits Tax				
– Current period	327	2,737	3,564	7,310
PRC Enterprise Income Tax				
– Current period	(948)	(188)	1,370	3,223
	(621)	2,549	4,934	10,533

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% (2013: 16.5%) on the estimated assessable profit for the period.

Enterprise income tax ("EIT") arising from the People's Republic of China ("PRC") for the year was calculated at 25% (2013: 25%) of the estimated assessable profits 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.

7. DIVIDENDS

The Board does not declare the payment of dividend for the nine months ended 30 September 2014 (2013: nil).

8. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per Share for the nine months ended 30 September 2014 are based on the loss attributable to owners of the Company of approximately RMB39,240,000 (nine months ended 30 September 2013: profit of approximately RMB22,577,000) and on the 1,020,555,000 shares issuable throughout the nine months ended 30 September 2014 (nine months ended 30 September 2013: 1,020,555,000). 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

For the nine months ended 30 September 2014

	Equity contributable to the owners of the Company							Non-	Total	
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Retained profits	Dividend proposed	controlling interests	equity	
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	
At 1 January 2014	83,165	22,175	116,659	12,031	589	104,781	-	339,400	(2,953)	336,447
Loss for the period	-	-	-	-	-	(39,240)	-	(39,240)	(10,040)	(49,280)
Other comprehensive income for the period	-	-	-	-	41	-	-	41	24	65
Total comprehensive income/(loss) for the period	-	-	-	-	41	(39,240)	-	(39,199)	(10,016)	(49,215)
At 30 September 2014	83,165	22,175	116,659	12,031	630	65,541	-	300,201	(12,969)	287,232

For the nine months ended 30 September 2013

	Equity contributable to the owners of the Company							Non-	Total	
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Retained profits	Dividend proposed	controlling interests	equity	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2013	83,165	22,175	116,659	11,985	314	95,130	24,950	354,378	(165)	354,213
Profit for the period	-	-	-	-	-	22,577	-	22,577	(2,234)	20,343
Other comprehensive loss for the period	-	-	-	-	(560)	-	-	(560)	-	(560)
Total comprehensive income/(loss) for the period	-	-	-	-	(560)	22,577	-	22,017	(2,234)	19,783
Dividend paid	-	-	-	-	-	-	(24,950)	(24,950)	-	(24,950)
At 30 September 2013	<u>83,165</u>	<u>22,175</u>	<u>116,659</u>	<u>11,985</u>	<u>(246)</u>	<u>117,707</u>	<u>-</u>	<u>351,445</u>	<u>(2,399)</u>	<u>349,046</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group provides integrated short-term financing services serving different needs of its customers. During the nine months ended 30 September 2014, the Group derived its revenue mainly from the financial consultation services and the entrusted loan services.

Business review

During the nine months ended 30 September 2014, with cautious loan granting policies, the Group was on the way to strengthen its short-term financing business while focusing on minimising its risk exposure.

Financial review

Revenue

For the nine months ended 30 September 2014, the Group's revenue decreased by approximately 47.9% from approximately RMB83.3 million for the corresponding period in 2013 to approximately RMB43.4 million. The decrease in the revenue was mainly due to the decrease of number of new contracts entered into for the financial consultation service and entrusted loan service of the Group.

The loans and accounts receivables from customers decreased from approximately RMB119.3 million as at 31 December 2013 to approximately RMB83.1 million as at 30 September 2014 as the Company adopted a more cautious policy on granting new loans.

Financial consultation service income

For the nine months ended 30 September 2014, the Group's revenue from provision of financial consultation services decreased by approximately 41.2% from approximately RMB60.1 million for the corresponding period in 2013 to approximately RMB35.3 million.

Entrusted loan service income

For the nine months ended 30 September 2014, the Group's revenue from provision of entrusted loan services decreased by approximately 57.2% from approximately RMB18.7 million for the corresponding period in 2013 to approximately RMB8.0 million.

Pawn loan service income

For the nine months ended 30 September 2014, the Group did not record any revenue from provision of pawn loan services as compared to the revenue of approximately RMB4.5 million for the corresponding period in 2013. As pawn shops in Guangdong are expanding their business, the competition for pawn loan service is fierce. The Group shifted its focus to entrusted loan services which provide more flexibility on serving its customers since 2013.

Finance costs

For the nine months ended 30 September 2014, the Group's interest expenses increased by approximately 95% from approximately RMB4.0 million for the corresponding period in 2013 to approximately RMB7.8 million. Such increase in interest expenses was mainly attributable to the interest for the corporate bonds denominated in Renminbi with an aggregate value of RMB100 million issued in May and August 2013 (the "RMB Denominated Bonds"). On 30 September 2014 (the "Redemption Date"), the Company partially redeemed the principal amount of RMB30 million of the RMB Denominated Bonds at the redemption price equal to 100.0% of the outstanding principal amount thereof plus accrued and unpaid interest as of the Redemption Date. The total redemption price payable by the Company amounted to approximately RMB30.8 million, being the redemption amount of RMB30 million, plus accrued and unpaid interest of approximately RMB0.8 million to the Redemption Date. The RMB Denominated Bonds so redeemed has been cancelled and the outstanding principal amount of the RMB Denominated Bonds amounted to RMB70 million as of the date of this report. Among which, RMB Denominated Bonds in the principal amount of RMB21 million and RMB49 million will be expired by May 2015 and August 2015, respectively.

Other (loss) or income

The Group's other loss or income primarily comprised bank interest income, fair value change of financial liabilities at fair value through profit and loss, provision or reversal of provision for impairment of accounts receivable, impairment loss on available-for-sale investments, impairment loss on entrusted loan and investment loss. The Group's other loss for the nine months ended 30 September 2014 was approximately RMB41.2 million due to investment loss, impairment loss on entrusted loan, provision for impairment of accounts receivable and impairment loss on available-for-sale investments which was partly diminished by fair value change of financial liabilities at fair value through profit and loss while the Group's other income for the corresponding period in 2013 was approximately RMB0.7 million.

Administrative expenses

The Group's administrative expenses primarily comprised rental expenses, marketing and advertising expenses. The Group's administrative expenses for the nine months ended 30 September 2014 and 2013 were approximately RMB23.2 million and RMB34.3 million, respectively. The decrease of approximately 32.4% in the Group's administrative expenses was mainly attributable to decrease of certain expenses including advertising expenses (a decrease of approximately RMB3.2 million for the relevant period) and other operating costs, which was partly diminished by the increase of rental expenses of approximately RMB1.7 million for office expansion.

Loss for the period

The loss attributable to owners of the Company for the nine months ended 30 September 2014 was approximately RMB39.2 million as compared to profit attributable to owners of the Company of approximately RMB22.6 million for the corresponding period in 2013, mainly due to (i) the decrease in the revenue; and (ii) substantial other loss incurred by the Group as more particularised in the sub-paragraphs headed "Revenue" and "Other (loss) or income" above.

OUTLOOK

As the economic growth of China shows down, demand for diversified and personalised financing services of enterprises in China increases. Financing channels in the market have penetrated into different sectors. The Group will continue to use its best efforts to satisfy the needs of and enhance the services provided to its existing customers, including one of the top ten property developers in China, a state-owned building contractor and a specialised commodity exchange market. The Group also plans to expand its customer base and develop strategic cooperative partnership with new customers when it sees fits. The Group aims to achieve stable and continuous business growth and profit by providing more personalised and diversified financing services to its existing and potential customers.

Attributable to the great support from the PRC government on cross-border loans, the Group has obtained the licence for financing and leasing in Shanghai Free Trade Zone. Further, the Group plans to develop internet financing when opportunity arises in the second half of the year to provide support to the above businesses and promote business growth.

The Directors believe that the reform based on its pragmatic strategy could generate more profit and returns for shareholders of the Company (the "Shareholders") in the future.

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

As at 30 September 2014, 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 ("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

Name of Director	Number of Shares held <i>(Note 1)</i>				Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Interest of controlled corporation	Total	
Li Zhongyu	33,490,675 (L)	24,270,000 (L) <i>(Note 4)</i>	528,975,000 (L) <i>(Notes 2 and 3)</i>	586,735,675 (L)	57.49
Zheng Weijing	24,180,135 (L)	-	528,975,000 (L) <i>(Notes 2 and 3)</i>	553,155,135 (L)	54.20
Peng Zuohao	23,494,957 (L)	-	-	23,494,957 (L)	2.30

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.
4. These Shares were held by Energy Line Limited. Energy Line Limited was wholly-owned by Yang Qiao who is the spouse of Li Zhongyu.

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

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

Note:

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

* For identification purposes only

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

Name of Director	Nature of interest	Number of securities held <i>(Note 1)</i>	Shareholding percentage <i>(%)</i>
Li Zhongyu	Interest of controlled corporation <i>(Note 2)</i>	72 shares of US\$1.00 each (L)	72.00
Zheng Weijing	Interest of controlled corporation <i>(Note 2)</i>	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 corporation.
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 2014, 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 2014, so far as is known to the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Number of Shares held <i>(Note 1)</i>				Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Interest of controlled corporation	Total	
Silvery Dragon Limited	528,975,000 (I)	–	–	528,975,000 (I)	51.83
High Eminent Limited	–	–	528,975,000 (I) <i>(Note 2)</i>	528,975,000 (I)	51.83
Ding Rong Limited	–	–	528,975,000 (I) <i>(Notes 2 and 3)</i>	528,975,000 (I)	51.83
Ming Cheng Investments Limited	–	–	528,975,000 (I) <i>(Notes 2 and 3)</i>	528,975,000 (I)	51.83
Yang Qiao	–	562,465,675 (I) <i>(Note 4)</i>	24,270,000 (I) <i>(Note 5)</i>	586,735,675 (I)	57.49
Zhang Chushan	–	553,155,135 (I) <i>(Note 6)</i>	–	553,155,135 (I)	54.20
Sino-Africa Resources Holdings Limited	170,450,695 (I) <i>(Note 7)</i>	–	–	170,450,695 (I)	16.70
Peace Bloom Limited	96,952,725 (I) <i>(Note 8)</i>	–	–	–	9.50
Upsoar Limited	103,679,100 (I) <i>(Note 9)</i>	–	–	–	10.16
Huang Xiguang	–	–	170,450,695 (I) <i>(Note 10)</i>	170,450,695 (I)	16.70
Hu Jinxi	14,800,000 (I)	–	96,952,725 (I) <i>(Note 11)</i>	111,752,725 (I)	10.95
Fu Shanping	–	–	103,679,100 (I) <i>(Note 12)</i>	103,679,100 (I)	10.16

Notes:

1. The letter "L" denotes the corporation's/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. These Shares were held by Energy Line Limited. Energy Line Limited was wholly-owned by Yang Qiao who is the spouse of Li Zhongyu.
6. Zhang Chushan is the spouse of Zheng Weijing.
7. On 14 July 2014, Ding Rong Limited entered into a conditional share sale agreement with Sino-Africa Resources Holdings Limited, pursuant to which Ding Rong Limited has agreed to sell and Sino-Africa Resources Holdings Limited has agreed to purchase 170,450,695 Shares, subject to certain conditions set out therein. For details, please refer to the announcement of the Company dated 14 July 2014.
8. On 14 July 2014, Ding Rong Limited and Li Zhongyu entered into a conditional share sale agreement with Peace Bloom Limited, pursuant to which Ding Rong Limited and Li Zhongyu have agreed to sell and Peace Bloom Limited has agreed to purchase 96,952,725 Shares in aggregate in which Ding Rong Limited and Li Zhongyu were interested in, subject to certain conditions set out therein. For details, please refer to the announcement of the Company dated 14 July 2014.
9. On 30 September 2014, Ocean Prosperous Limited entered into a conditional share sale agreement with Upsoar Limited, pursuant to which Ocean Prosperous Limited has agreed to sell and Upsoar Limited has agreed to purchase 103,679,100 Shares. For details, please refer to the announcement of the Company dated 30 September 2014.
10. Sino-Africa Resources Holdings Limited is a company wholly owned by Huang Xiguang.
11. Peace Bloom Limited is a company wholly owned by Hu Jinxi.
12. Upsoar Limited is a company wholly owned by Fu Shanping.

Save as disclosed above, as at 30 September 2014, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to the written resolution of the Shareholders 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 since its adoption.

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 2014.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "Corporate Governance Code") for the nine months ended 30 September 2014.

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 2014.

COMPETING INTERESTS

None of the Directors, controlling Shareholders 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 such person has or may have with the Group as at 30 September 2014.

INTERESTS 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 securities of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2014, save for certain beneficial interests in the RMB Denominated Bonds held by GF Securities (Hong Kong) Brokerage Limited ("GF Securities") as bondholder. Both GF Securities and GF Capital are wholly owned by GF Holdings (Hong Kong) Corporation Limited.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises a total of three members, namely, Mr. Vincent Cheng (Chairman), Mr. Zhang Gongjun and Mr. Leung Po Hon, all of whom are independent non-executive Directors. The Group's unaudited condensed consolidated results for the nine months ended 30 September 2014 have been reviewed by the Audit Committee but have not been audited or reviewed by the auditor of the Company. 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.

CHANGE OF DIRECTORS

During the nine months ended 30 September 2014:

- (1) Mr. Lu Quanzhang resigned as an independent non-executive Director and ceased to be a member of the Audit Committee and the chairman of the remuneration committee of the Company (the "Remuneration Committee") with effect from 15 August 2014; and
- (2) Mr. Leung Po Hon was appointed as an independent non-executive Director, a member of the Audit Committee and the chairman of the Remuneration Committee with effect from 15 August 2014.

After the reporting period, Mr. Li Zhongyu ("Mr. Li") and Mr. Peng Zuohao ("Mr. Peng") resigned as executive Directors with effect from 4 November 2014. Details of their resignation are set out in the paragraph headed "Disposal of Shares by controlling Shareholders" below.

Further details of the change of Directors and members of the Board committees were set out in the announcements of the Company dated 14 August 2014 and 4 November 2014.

SUBSEQUENT EVENTS

Pledge of Shares by Shareholders

On 17 October 2014, each of Mr. Zheng Weijing (“Mr. Zheng”) and Ming Cheng Investments Limited (“Ming Cheng”) entered into a security agreement (the “Security Agreement”) with GF Securities as security agent, pursuant to which Mr. Zheng and Ming Cheng agreed to charge over 24,180,135 Shares and 191,383,155 Shares (collectively, the “Pledged Shares”) held by Mr. Zheng and Ming Cheng respectively to GF Securities, representing approximately 2.37% and 18.75% of the issued share capital of the Company as at the date of this report, as security for the obligations of the Company under a subscription agreement dated 27 May 2013 (as supplemented by a supplemental deed dated 26 June 2014) entered into between, among others, the Company, GF Securities and various individuals and corporate entities as covenantors in respect of the RMB Denominated Bonds. As at the date of this report, the pledge of the Pledged Shares has not been released.

Details of the aforesaid pledge of Shares were disclosed in the Company’s announcement dated 17 October 2014 pursuant to Rule 17.19 of the GEM Listing Rules.

Disposal of Shares by controlling Shareholders

On 14 July 2014, Ding Rong Limited (“Ding Rong”) entered into a conditional share sale agreement (the “SPA 1”) with Sino-Africa Resources Holdings Limited (“Sino Africa”), pursuant to which Ding Rong agreed to sell and Sino Africa agreed to purchase 170,450,695 Shares. On the same date, Ding Rong and Mr. Li entered into a conditional share sale agreement (the “SPA 2”) with Peace Bloom Limited (“Peace Bloom”), pursuant to which Ding Rong and Mr. Li agreed to sell and Peace Bloom agreed to purchase 96,952,725 Shares in aggregate. On 30 September 2014, Ocean Prosperous Limited (“Ocean Prosperous”) entered into a conditional share sale agreement (the “SPA 3”) with Upsoar Limited (“Upsoar”) pursuant to which Ocean Prosperous agreed to sell and Upsoar agreed to purchase 103,679,100 Shares. Completion of the SPA 1, SPA 2 and SPA 3 took place on 4 November 2014 in accordance with the terms thereof (“Completion”). Immediately after Completion and as of the date of this report, Ming Cheng has become the single largest Shareholder and interested in 191,383,155 Shares, representing approximately 18.75% of the issued share capital of the Company. Further, Peace Bloom, Sino Africa and Upsoar are interested in 96,952,725 Shares, 170,450,695 Shares and 103,679,100 Shares, representing approximately 9.50%, 16.70% and 10.16% of the issued share capital of the Company, respectively.

Following Completion and with effect from 4 November 2014:

- (i) Mr. Li resigned from his office of an executive Director, the chairman of the Board and the chairman of the nomination committee of the Company (the “Nomination Committee”);
- (ii) Mr. Peng resigned from his office of an executive Director, the chief executive officer of the Company and a member of the Remuneration Committee; and

- (iii) Mr. Zheng was redesignated from his office of the vice-chairman to the chairman of the Board, and was appointed as the chief executive officer of the Company, the chairman of the Nomination Committee and a member of the Remuneration Committee.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

As of the date of this report, the roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Zheng. 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.

For details of the disposal of Shares by controlling Shareholders, please refer to the announcements of the Company dated 14 July 2014, 30 September 2014 and 4 November 2014.

Saved as disclosed above, there have been no matters that have occurred subsequent to the period-end date which have significantly affected, or may significantly affect the Group's operation, results or state of affairs as at 30 September 2014.

By order of the Board
Flying Financial Service Holdings Limited
Zheng Weijing
Chairman

Hong Kong, 10 November 2014

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

Executive Director:

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

Independent Non-executive Directors:

Mr. Vincent Cheng

Mr. Zhang Gongjun

Mr. Leung Po Hon