



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



INTERIM REPORT **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.

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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 RMB29.6 million for the six months ended 30 June 2015, representing a decrease of approximately 30.0% as compared with the corresponding period in 2014.
- Profit attributable to owners of the Company for the six months ended 30 June 2015 amounted to approximately RMB9.9 million, representing an increase of approximately 330.4% as compared to approximately RMB2.3 million for the corresponding period in 2014.
- Basic earnings per share of the Company (the “Share”) for the six months ended 30 June 2015 amounted to RMB1.0 cent.
- The Board (as defined below) does not declare the payment of an interim dividend for the six months ended 30 June 2015.

UNAUDITED INTERIM RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2015 together with the comparative unaudited figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue	3	15,677	16,817	29,617	42,288
Other income or (loss)	3	2,809	1,623	4,444	(1,239)
Employee benefit expenses		(5,107)	(4,257)	(9,416)	(10,934)
Administrative expenses		(4,651)	(8,966)	(10,856)	(17,751)
Finance costs	4	(2,557)	(2,595)	(4,365)	(5,188)
Profit before income tax expense	5	6,171	2,622	9,424	7,176
Income tax expense	6	-	(3,746)	(144)	(5,555)
Profit/(loss) for the period		6,171	(1,124)	9,280	1,621
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
- Exchange differences on translating foreign operation		(507)	(833)	(507)	(594)
Total comprehensive income for the period		5,664	(1,957)	8,773	1,027
Profit/(loss) for the period attributable to:					
Owners of the Company		6,809	(597)	9,920	2,335
Non-controlling interests		(638)	(527)	(640)	(714)
		6,171	(1,124)	9,280	1,621
Total comprehensive income for the period attributable to:					
Owners of the Company		6,302	(1,451)	9,413	1,720
Non-controlling interests		(638)	(506)	(640)	(693)
		5,664	(1,957)	8,773	1,027
Earnings/(loss) per Share					
- Basic and diluted (RMB cents)	8	0.67	(0.06)	0.97	0.23

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	4,322	4,641
Held-to-maturity investments	10	20,590	20,957
Available-for-sale investments	11	64,000	–
Loan and accounts receivables	12	–	9,671
		88,912	35,269
Current assets			
Held-to-maturity investments	10	2,153	2,000
Available-for-sale investments	11	22,000	22,000
Loan and account receivables	12	126,937	58,979
Deposits paid, prepayments and other receivables		26,937	96,654
Amount due from a shareholder		24	24
Amount due from non-controlling interest		1	1
Cash and cash equivalents		4,097	67,530
		182,149	247,188
Non-current assets held for sales	13	47,938	47,938
		230,087	295,126
Current liabilities			
Receipt in advance, accruals and other payables		4,569	5,004
Amounts due to non-controlling interests		1,535	1,539
Dividend payable		35	35
Corporate bonds payable	14	48,041	68,332
Provision for taxation		14,893	14,329
		69,073	89,239
Net current assets		161,014	205,887
NET ASSETS		249,926	241,156

		As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	83,165	83,165
Reserves		177,110	169,482
		260,275	252,647
Non-controlling interests		(10,349)	(11,491)
TOTAL EQUITY		249,926	241,156

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company						Non-	Total	
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Retained earnings	controlling interests		
	(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 2015	83,165	22,175	116,659	12,424	199	18,025	252,647	(11,491)	241,156
Profit/(loss) for the period	-	-	-	-	-	9,920	9,920	(640)	9,280
Other comprehensive income for the period	-	-	-	-	(507)	-	(507)	-	(507)
Total comprehensive income for the period	-	-	-	-	(507)	9,920	9,413	(640)	8,773
Additional interests in subsidiaries acquired by the Group	-	-	-	-	-	(1,785)	(1,785)	1,782	(3)
Transactions with owners	-	-	-	-	-	(1,785)	(1,785)	1,782	(3)
At 30 June 2015	83,165	22,175	116,659	12,424	(308)	26,160	260,275	(10,349)	249,926
At 1 January 2014	83,165	22,175	116,659	12,031	589	104,781	339,400	(2,953)	336,447
Profit/(loss) for the period	-	-	-	-	-	2,335	2,335	(714)	1,621
Other comprehensive income for the period	-	-	-	-	(615)	-	(615)	21	(594)
Total comprehensive income for the period	-	-	-	-	(615)	2,335	1,720	(693)	1,027
At 30 June 2014	83,165	22,175	116,659	12,031	(26)	107,116	341,120	(3,646)	337,474

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Net cash generated from/(used in) operating activities	<u>23,711</u>	<u>(25,351)</u>
Net cash (used in)/generated from investing activities	<u>(62,398)</u>	<u>5,089</u>
Net cash (used in)/generated from financing activities	<u>(24,659)</u>	<u>6,275</u>
Net decrease in cash and cash equivalents	(63,346)	(13,987)
Cash and cash equivalents at beginning of the period	67,530	125,794
Effect of foreign exchange rate, net	<u>(87)</u>	<u>(128)</u>
Cash and cash equivalents at the end of the period	<u>4,097</u>	<u>111,679</u>

NOTES TO THE UNAUDITED INTERIM RESULTS

1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 4 May 2011. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The principal place of business of the Company is located at Room 801A and 807B, 8/F., Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares 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 provision of pawn loans, entrusted loans, finance lease services, other loans and financial consultancy services.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRSs"), which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies used in the preparation of the Group's unaudited condensed consolidated results are consistent with those adopted in the Group's audited financial statements for the year ended 31 December 2014.

All HKFRSs effective for the accounting periods commencing from 1 January 2015 and relevant to the Group, have been adopted by the Group in the preparation of the Group's unaudited condensed consolidated results. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

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

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

3. REVENUE AND OTHER INCOME OR (LOSS)

Revenue, which is also the Group's turnover, represents the income from its principal activities. Revenue and other income or loss for the three months and six months ended 30 June 2015 are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue				
Interest income	108	1,085	470	6,537
Consultation service income	15,062	15,732	28,230	35,751
Finance lease service income	507	–	917	–
	<u>15,677</u>	<u>16,817</u>	<u>29,617</u>	<u>42,288</u>
Other income or (loss)				
Bank interest income	106	130	173	214
Fair value change of financial liabilities at fair value through profit and loss	–	1,250	–	2,500
Investment income	2,786	4,905	4,370	5,260
Provision for impairment of accounts receivable	–	(4,656)	–	(9,253)
Others	(83)	(6)	(99)	40
	<u>2,809</u>	<u>1,623</u>	<u>4,444</u>	<u>(1,239)</u>

4. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Interest charged on financial liabilities carried at amortised cost				
Corporate bonds (note 14)	2,557	2,595	4,365	5,188
	<u>2,557</u>	<u>2,595</u>	<u>4,365</u>	<u>5,188</u>

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Auditor's remuneration	367	49	564	275
Depreciation of property, plant and equipment	211	579	474	946
Employee benefit expenses (including Directors' remuneration)				
Salaries and wages	4,313	3,730	8,052	9,757
Pension scheme contributions – Defined contribution plans	793	527	1,363	1,177
	5,106	4,257	9,415	10,934
Operating lease charges in respect of properties	1,416	2,583	3,408	5,218

6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Hong Kong Profits Tax				
– Current period	–	1,693	–	3,237
PRC Enterprise Income Tax				
– Current period	–	2,053	144	2,318
	–	3,746	144	5,555

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 period.

Enterprise income tax ("EIT") arising from the People's Republic of China ("PRC") for the period was calculated at 25% (2014: 25%) of the estimated assessable profits during the period. 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 an interim dividend for the six months ended 30 June 2015 (2014: Nil).

8. EARNINGS PER SHARE

The calculations of basic earnings per Share for the six months ended 30 June 2015 is based on the profit attributable to owners of the Company of approximately RMB9,920,000 (six months ended 30 June 2014: approximately RMB2,335,000) and on the 1,020,555,000 ordinary shares issuable throughout the six months ended 30 June 2015 (six months ended 30 June 2014: 1,020,555,000). Diluted earnings per Share are same as basic earnings per share as there were no potential ordinary Shares during the periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group spent approximately RMB155,000 (2014: approximately RMB479,000) on acquisition of furniture, fixture and office equipment.

10. HELD-TO-MATURITY INVESTMENTS

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Held-to-maturity investments	22,743	22,957
Less: Non-current portion	(20,590)	(20,957)
Current portion	2,153	2,000

As at 30 June 2015, the Group had certain held-to-maturity investments which bore fixed interest rates ranging from 7.92% to 11% (2014: 7.92% to 11%) per annum and had maturities ranging from one to five years (2014: one to five years).

11. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Non-current assets		
Unlisted equity securities, at cost (note a)	<u>64,000</u>	<u>–</u>
Current assets		
Unlisted debt securities, at fair value (note b)	<u>22,000</u>	<u>22,000</u>

Notes:

- (a) During the six months ended 30 June 2015, the Group became a limited partner of certain limited partnerships in the PRC by investing aggregately RMB64 million. The limited partnerships engage in the business of property development in the PRC.
- (b) Investment of approximately RMB22 million is an income receivable right on a limited partnership which was incorporated in the PRC. 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.

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. The underlying partnership held a collateral on the entrusted loan in form of property as at 31 December 2013.

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. The Directors expect the Group shall receive the settlement in full in 2015.

12. LOAN AND ACCOUNT RECEIVABLES

For pawn loan receivables, the 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 180 days. For entrusted loan receivables, it represented the loans from the Group to customers through a bank in the PRC. The maturity date for each entrusted loan contract is normally not more than 183 days with a renewal option. For account receivables, it represented interest receivables from entrusted loans. The customers are obliged to settle the amounts according to the terms set out in relevant loan contracts and no credit period is granted to customers. For consultancy fee receivables, customers are obliged to settle the amounts according to the terms set out in relevant contracts and with no credit period.

For interest receivables, customers are obliged to settle the amounts according to the terms set out in relevant loan contracts and with no credit period.

Based on the loan period starting date of relevant initial contracts, ageing analysis (including renewed loans) of the Group's loan and account receivables is as follows:

	As at 30 June 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000
Neither past due nor impaired	92,672	39,381
0 to 30 days	-	-
31 to 90 days	-	-
91 to 180 days	5,005	21,782
Over 180 days	29,260	7,487
	126,937	68,650

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group obtained certain properties through realisation of available-for-sale investment during the year ended 31 December 2014. The properties were classified as non-current assets held for sale as the Group intended to dispose of them within 12 months from end of the reporting period ended 31 December 2014 was carried at fair value less cost of disposal.

14. CORPORATE BONDS PAYABLE

The Company issued RMB100,000,000 corporate bonds in two tranches on 27 May 2013 and 12 August 2013, which bore interest at 10.5% per annum payable semi-annually in arrears on 30 June and 31 December of each year. The maturity date will be the date falling on the 24 months following the closing date for the issue of the respective tranches of corporate bonds. The corporate bonds are unsecured.

The Company had fully settled one of the two tranches of corporate bonds with principal amount of RMB50,000,000 up to May 2015.

Another tranche of corporate bands with principal amount of RMB50,000,000 had been fully settled on 10 August 2015.

15. SHARE CAPITAL

	Number of ordinary Shares '000	RMB'000
<i>Authorised:</i>		
Ordinary Shares of HK\$0.1 each		
At 31 December 2014 and 30 June 2015	<u>5,000,000</u>	<u>401,450</u>
<i>Issued and fully paid:</i>		
Ordinary Shares of HK\$0.1 each		
At 31 December 2014 and 30 June 2015	<u>1,020,555</u>	<u>83,165</u>

During the six months ended 30 June 2015, there is no movement in share capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group provides integrated short-term financing services serving different needs of its customers. During the six months ended 30 June 2015, the Group derived its revenue mainly from the financial consultation services and the entrusted loan services.

Business review

The Group continued to adopt a conservative and cautious loan granting policy to minimize loan default risk, and prioritized its business to focus more on providing financial consultancy services.

Financial review

Revenue

For the six months ended 30 June 2015, the Group's revenue decreased by approximately 30.0% from approximately RMB42.3 million for the corresponding period in 2014 to approximately RMB29.6 million, mainly due to the decrease of number of new contracts entered into for the financial consultation service and the entrusted loan service of the Group.

Financial consultation service income

For the six months ended 30 June 2015, the Group's revenue from provision of financial consultation services decreased by approximately 21.2% from approximately RMB35.8 million for the corresponding period in 2014 to approximately RMB28.2 million.

Entrusted loan service income

For the six months ended 30 June 2015, the Group's revenue from provision of entrusted loan services decreased significantly by approximately 92.3% from approximately RMB6.5 million for the corresponding period in 2014 to approximately RMB0.5 million.

Finance costs

For the six months ended 30 June 2015, the Group's interest expenses decreased by approximately 15.4% from approximately RMB5.2 million for the corresponding period in 2014 to approximately RMB4.4 million. Such decrease in interest expenses was mainly attributable to the partial repayments of the corporate bonds payable in the second half of 2014.

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 and loss, provision for impairment of accounts receivable, and investment income.

Administrative expenses

The Group's administrative expenses primarily comprised rental expenses, marketing and advertising expenses. The Group's administrative expenses for the six months ended 30 June 2015 and 2014 were approximately RMB10.9 million and RMB17.8 million, respectively. The decrease of approximately 38.8% in the Group's administrative expenses was mainly attributable to certain expenses including rental expenses decreasing by approximately RMB1.8 million.

Profit for the period

The profit attributable to owners of the Company for the six months ended 30 June 2015 was approximately RMB9.9 million, representing an increase of approximately 330.4% as compared to approximately RMB2.3 million for the six months ended 30 June 2014.

OUTLOOK

As the economic growth of China slows 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 is actively remodeling its business to improve all business operation of customized financial services and financial services for the entire industry chain. The Group is keen to develop internet financing and online wealth managements business, and to customize an online platform of peer to peer internet financing services for the domestic real estate market. In addition, the Group is negotiating with various well-known real estate developers in China for the provision of related financial services for their real estate projects. By establishing an internet platform and promoting internet financing services, the Group is confident that this will further expand the Group's business and broaden the Group's sources of income and enhance the Group's revenue.

For the new investments in certain limited partnerships which are engaged in property development business in the PRC, the Group is confident that the new investments represent a good investment opportunity with reasonable returns in the medium term.

The Group will adopt a strict monitoring over costs and operating expenses so as to increase the overall profitability of the Group and maximize the returns for shareholders of the Company.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2015, the Group had bank balances and cash of approximately RMB4.1 million (31 December 2014: approximately RMB67.5 million). During the period under review, the Group did not use any financial instruments for hedging purposes. The gearing ratio representing the ratio of total borrowings to the total assets of the Group, was 15.1% as at 30 June 2015 (31 December 2014: 20.7%).

SIGNIFICANT INVESTMENT

As at 30 June 2015, the Group invested in certain limited partnerships of aggregately RMB64 million. The limited partnerships engage in the business of property development in the PRC.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2015, the Group entered into a share purchase agreement to acquire 51% indirect interest of a project company operating an online platform of peer to peer internet financing services. Upon completion of the acquisition, the internet financing platform should broaden the sources of income and enhance the revenue of the Group. As at the date of this report, the proposed acquisition has yet to be completed.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

Save as disclosed in the Company's announcement dated 29 July 2015 regarding formation of the limited partnership, there was no specific plan for material investments or capital assets as at 30 June 2015.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no significant contingent liabilities (31 December 2014: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group is mainly exposed to the fluctuation of Hong Kong dollars against Renminbi as its certain bank balances are denominated in Hong Kong dollars which is not the functional currency of the Group. The Group has not made any arrangement to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the foreign exchange exposure and will consider utilising 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 30 June 2015, the Group had a total of 176 staff (31 December 2014: 104). Total staff costs (including the Directors' emoluments) were approximately RMB9.4 million for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately RMB10.9 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 contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

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

As at 30 June 2015, 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

Name of Director	Number of Shares held (Note 1)				Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Interest of controlled corporation	Total	
Mr. Zheng Weijing	24,180,135 (L)	–	208,493,045 (L) (Note 2)	232,673,180 (L)	22.80

Notes:

- The letter "L" denotes the Directors' long position in the Shares.
- Ming Cheng Investments Limited is a company wholly-owned by Mr. 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*) (“Guangdong Huijin”)**

Name of Director	Nature of interest	Equity interest	Approximate percentage of equity interest (%)
Mr. Zheng Weijing	Interest of controlled corporation (Note)	RMB71,240,000	70.53

Note:

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

* For identification purposes only

Save as disclosed above, as at 30 June 2015, 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 they were 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 June 2015, 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

Name of Shareholder	Number of Shares held (Note 1)				Approximate percentage (%)
	Beneficial Interest	Interest of spouse	Interest of controlled corporation	Total	
Ming Cheng Investments Limited	208,493,045 (L) (Note 2)	-	-	208,493,045 (L)	20.43
Mr. Zheng Weijing	24,180,135(L)	-	208,493,045 (L) (Note 2)	232,673,180(L)	22.80
Ms. Zhang Chushan	-	232,673,180 (L) (Note 3)	-	232,673,180(L)	22.80
Sino-Africa Resources Holdings Limited	170,450,695 (L) (Note 4)	-	-	170,450,695(L)	16.70
Peace Bloom Limited	96,952,725 (L) (Note 5)	-	-	96,952,725(L)	9.50
Upsoar Limited	103,679,100 (L) (Note 6)	-	-	103,679,100(L)	10.16
Mr. Huang Xiguang	-	-	170,450,695 (L) (Note 4)	170,450,695(L)	16.70
Mr. Hu Jinxi	14,800,000	-	96,952,725 (L) (Note 5)	111,752,725(L)	10.95
Ms. Fu Shanping	-	-	103,679,100 (L) (Note 6)	103,679,100(L)	10.16
GF Securities (Hong Kong) Brokerage Limited	215,563,290(L)	-	-	215,563,290(L)	21.12
GF Holdings (Hong Kong) Corporation Limited (Note 7)	-	-	215,563,290(L)	215,563,290(L)	21.12
GF Securities Co. Ltd (Note 7)	-	-	215,563,290(L)	215,563,290(L)	21.12

Notes:

1. The letter "L" denotes the corporation's/person's long position in the Shares.
2. Ming Cheng Investments Limited is a company wholly-owned by Mr. Zheng Weijing.
3. Ms. Zhang Chushan is the spouse of Mr. Zheng Weijing.
4. Sino-Africa Resources Holdings Limited is a company wholly-owned by Mr. Huang Xiguang.
5. Peace Bloom Limited is a company wholly-owned by Mr. Hu Jinxi.
6. Upsoar Limited is a company wholly-owned by Ms. Fu Shanping.
7. These shares are registered in the name of GF Securities (Hong Kong) Brokerage Limited which is directly wholly-owned by GF Holdings (Hong Kong) Corporation Limited, and indirectly wholly-owned by GF Securities Co., Ltd. Under the SFO, GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd are deemed to be interested in the shares by GF Securities (Hong Kong) Brokerage Limited.

Save as disclosed above, as at 30 June 2015, 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 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 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 six months ended 30 June 2015.

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 for the six months ended 30 June 2015.

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 six months ended 30 June 2015.

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 such person has or may have with the Group as at 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises a total of three members, namely, Mr. Vincent Cheng (Chairman), Mr. Leung Po Hon and Dr. Miao Bo, all of whom are independent non-executive Directors. The Group's unaudited condensed consolidated results for the six months ended 30 June 2015 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.

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

Hong Kong, 13 August 2015

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

Executive Directors:

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

Mr. Zhang Gongjun

Ms. Guo Chanjiao

Independent Non-executive Directors:

Mr. Vincent Cheng

Mr. Leung Po Hon

Dr. Miao Bo