Flying Financial Service Holdings Limited

匯聯金融服務控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8030

ANNUAL 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.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zheng Weijing *(Chairman and Chief Executive Officer)*
Mr. Zhang Gongjun
(former Independent Non-executive Director; re-designated as Executive Director with effect from 15 July 2015)
Ms. Guo Chanjiao *(appointed on 26 June 2015)*

Independent Non-executive Directors

Mr. Vincent Cheng
Mr. Leung Po Hon
Dr. Miao Bo *(appointed on 15 July 2015)*

COMPANY SECRETARY

Mr. Lee Man Tai *(resigned on 13 April 2015)*
Ms. Wong Chui San Susan
(appointed on 13 April 2015; resigned on 16 July 2015)
Mr. Chow Chi Wing *(appointed on 16 July 2015)*

COMPLIANCE OFFICER

Mr. Zheng Weijing

AUTHORIZED REPRESENTATIVES

Mr. Zheng Weijing
Mr. Lee Man Tai *(resigned on 13 April 2015)*
Ms. Wong Chui San Susan
(appointed on 13 April 2015; resigned on 16 July 2015)
Mr. Chow Chi Wing *(appointed on 16 July 2015)*

AUDIT COMMITTEE

Mr. Vincent Cheng *(Chairman)*
Mr. Zhang Gongjun *(resigned as member on 15 July 2015)*
Mr. Leung Po Hon
Dr. Miao Bo *(appointed as member on 15 July 2015)*

REMUNERATION COMMITTEE

Mr. Leung Po Hon *(Chairman)*
Mr. Zhang Gongjun
Mr. Zheng Weijing *(resigned as member on 15 July 2015)*
Dr. Miao Bo *(appointed as member on 15 July 2015)*

NOMINATION COMMITTEE

Mr. Zheng Weijing *(Chairman)*
Mr. Vincent Cheng
Mr. Zhang Gongjun *(resigned as member on 15 July 2015)*
Mr. Leung Po Hon *(appointed as member on 15 July 2015)*
Dr. Miao Bo *(appointed as member on 15 July 2015)*
Ms. Guo Chanjiao *(appointed as member on 15 July 2015)*

PRINCIPAL BANKER

Industrial and Commercial Bank of China
Shenzhen Excellence Century Centre Branch
1/F, No. 3, Excellence Century Centre
Fuhua Three Road
Futian District
Shenzhen, China

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 801A and 807B, 8/F
Tsim Sha Tsui Centre
66 Mody Road
Tsim Sha Tsui
Kowloon
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

18th Floor, Block C, Building 1
Shenzhen Software Industry Base
High-tech Industrial Park
Nanshan District
Shenzhen, China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.flyingfinancial.hk

STOCK CODE

8030

FINANCIAL HIGHLIGHTS

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

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Flying Financial Service Holdings Limited ("Flying Financial" or the "Company"), I hereby report the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

In 2015, we targeted mainland China as our main market which was undergoing the slowest growth in the past 25 years. The real estate industry as our main service field continued to adjust and roll back in the previous year. Prompted by technology development and the supporting policies, the Internet consumer financial services in mainland China is gradually shaped into an industry in a normative environment.

During the downturn, the Group made timely adjustment to its development strategy and put increasing emphasis on financial services and design of innovative financial products. We eventually realized profitable with dramatic income growth and overfulfilled the goal of allotment subscription by three times which has enormously enhanced the Company's strength.

In 2015, the Group attached greater importance to providing real estate developers with tailor-made financial services and reached strategic cooperation with a number of famous brands. In addition, we, together with one of the top 10 developers in mainland China jointly invested in four projects of property development including the settled project in Qingxi, Dongguan which has brought fine returns. Other three projects will be settled in 2016 and we see satisfactory returns to our shareholders.

Upon the completion of acquisition of 51% indirect equity interest in a financial services platform, 匯理財, in 2015, the Group has formulated long-term goals for the development in the Internet consumer financial industry. For instance, we successively launched two Internet platforms for enterprises, 匯有房 and 匯生活 and set up an eco-platform for the real estate industry chain so as to seize more business opportunities and realize income growth.

With constant expansion of business scale, Flying Financial paid extraordinary attention to risk control. Based on the core of risk control and compliance management, we are improving the risk management system and enhancing the comprehensive capability of risk management. Meanwhile, we have made great endeavors in the improvement of our remuneration system (including the encouragement policy of granting the core management share options to acquire shares of the Company) in order to retain and attract more talents.

In the future, Flying Financial will stick to its business and investment concepts and arrange asset allocation and management with the innovative, progressive and positive attitude aiming to obtain long-term and sustainable return for shareholders with acceptable risks.

Zheng Weijing
Chairman

Hong Kong, 23 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

FINANCIAL REVIEW

Revenue

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

Investment in property development projects

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

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

Operation of a financial services platform

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

Financial consultation services income

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

Finance lease services

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

Entrusted loan and pawn loan services income

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

Finance costs

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

Other income or loss

The Group's other income or loss primarily comprised bank interest income, fair value change of financial liabilities at fair value through profit or loss, investment income, loss on disposal or dissolution of available-for-sale investments, bad debts written off, loss on disposal of property, plant and equipment, other expenses and other income.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses and marketing and advertising expenses. The Group's administrative and other operating expenses for each of the two years ended 31 December 2015 and 31 December 2014 were approximately RMB55.4 million and approximately RMB53.2 million, respectively. The increase of approximately 4.1% was mainly attributed to increase of salaries of the staff during the year under review.

Profit for the year attributable to owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2015 was approximately RMB43.1 million as compared to loss attributable to owners of the Company of approximately RMB86.4 million for the year ended 31 December 2014, mainly due to (i) contributions from the new core businesses of investment in property development projects, operation of financial services platform and relevant financial consultation services; and (ii) no substantial investment loss and provision for impairment of accounts receivables recognised as compared with 2014.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

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

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

BUSINESS OUTLOOK

About real estate industry

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

About regional investment

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

About Internet finance

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

About partners

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

About sustainable development

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

Risks related to the property market in the PRC

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

Competition on the financial services platform

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

Risks related to cyber security

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

MAJOR INVESTMENTS

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

FINAL DIVIDEND

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

CAPITAL STRUCTURE

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

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

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

There was no specific plan for material investments or capital assets as at 31 December 2015.

CONTINGENT LIABILITIES

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

CHARGES ON GROUP ASSETS

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

CAPITAL COMMITMENTS

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

* *For identification purposes only*

FOREIGN EXCHANGE EXPOSURE

The Group is mainly exposed to the fluctuation of Hong Kong dollars ("HK$") against RMB as its certain bank balances are denominated in HK$ which is not the functional currency of the relevant group entities. The Group has not made other arrangement to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the foreign exchange exposure and will consider utilizing applicable derivatives to hedge out the exchange risk when necessary.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its customers. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had a total of 286 staff (2014: 160). Total staff costs (including Directors' emoluments) were approximately RMB23.1 million for the year ended 31 December 2015 (2014: RMB18.9 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include share option scheme, and contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

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

CLOSURE OF REGISTER OF MEMBERS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Zheng Weijing (鄭偉京先生), aged 43, the co-founder of our Group, is our Chairman and Chief Executive Officer. Mr. Zheng has been our Vice President since September 2008 and was appointed as our executive Director on 4 May 2011 and re-designated as Chairman and Chief Executive Officer on 4 November 2014. He is responsible for strategic planning and overseeing the overall operation, general management and risk control of our Group.

Mr. Zheng finished the professional postgraduate course in Finance from Finance faculty of Graduate School of The Chinese Academy of Social Sciences in May 2007, and he has been attending courses for Executive Master of Business Administration of Peking University HSBC School of Business since February 2010. In the three years preceding the date of this annual report, Mr. Zheng did not hold any directorship in other listed public companies in Hong Kong or overseas. Mr. Zheng is the chairman of the nomination committee of the Board.

Mr. Zheng is a director of Ming Cheng Investments Limited, which is interested in the shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Mr. Zhang Gongjun (張公俊先生), aged 49, was appointed as an independent non-executive Director on 20 December 2011 and re-designated to an executive Director on 15 July 2015. Mr. Zhang obtained the certificate of master's degree in business administration from the Peking University in July 2013.

Prior to being re-designated as an executive Director, Mr. Zhang was the managing director of Shenzhen Sino-investment Management Company Limited, responsible for overall operational management. From August 2008 to January 2012, Mr. Zhang served as a non-executive director of Sino Grandness Food Industry Group Limited, a company incorporated in the Republic of Singapore whose shares are listed on the main board of the Singapore Exchange Securities Trading Limited with stock code T4B. Save as disclosed herein, in the three years preceding the date of this annual report, Mr. Zhang did not hold any directorship in other listed public companies in Hong Kong or overseas. Mr. Zhang is a member of the remuneration committee of the Board.

Ms. Guo Chanjiao (郭嬋嬌女仕), aged 35, was appointed as an executive Director on 26 June 2015. Ms. Guo graduated with a master's degree in business administration from the New York Institute of Technology in May 2012, and a bachelor's degree in international trading in Nankai University in 2003.

Ms. Guo was the assistant to chairman of the board and corporate development director of China Fortune Land Development Co. Ltd. from 2006 to 2008. She was the assistant to chairman of the board of Shenzhen Efung Capital Fund Management Co. Ltd. from 2009 to 2010. From 2011 to 2013, Ms. Guo was the corporate development director of Sino Singapore Tianjin Eco-City. Currently, Ms. Guo is the Chief Operating Officer and Vice President of the Company. In the three years preceding the date of this report, Ms Guo did not hold any directorship in other listed public companies in Hong Kong or overseas. Ms. Guo is a member of the nomination committee of the Board.

Independent non-executive Directors

Mr. Vincent Cheng (鄭嘉福先生), aged 52, *FCPA (Aust)*, *FCPA (HK)*, *FCIS*, *FTI (HK)*, was appointed as our independent non-executive Director on 20 December 2011. Mr. Cheng obtained a master degree in business administration from Deakin University in Australia, and a bachelor of arts degree in accountancy from the City University of Hong Kong. Mr. Cheng was admitted as a fellow of CPA Australia, the Institute of Chartered Secretaries and Administrators, Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong.

From December 1987 to September 2000, Mr. Cheng was employed by a financial planning firm and the last post was finance director. During October 2000 and February 2002, he worked as project manager to assist a company to seek its listing status in Hong Kong. From May 2003 to July 2010, he joined a listed company in Hong Kong and acted as qualified accountant and company secretary.

On 10 August 2013, Mr. Cheng was appointed as an independent non-executive director of Nanjing Sinolife United Company Limited* (南京中生聯合股份有限公司), a company which is a nutritional supplements retailer and listed on Main Board of The Stock Exchange of Hong Kong Limited (stock code: 3332). He is the independent non-executive Director who has the qualifications and experience (as mentioned above) to meet the requirements under Rules 5.05(2) of the GEM Listing Rules. Save as disclosed herein, in the three years preceding the date of this annual report, Mr. Cheng did not hold any directorship in other listed public companies in Hong Kong or overseas. Mr. Cheng is the chairman of the audit committee of the Board and a member of the nomination committee of the Board.

Mr. Leung Po Hon (梁寶漢先生), aged 51, *FCCA*, *CPA (Practising)*, was appointed as our independent non-executive Director on 15 August 2014. Mr. Leung graduated and obtained a Professional Diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1987. Mr. Leung holds a Master Degree in Business Administration of University of Bradford of the United Kingdom. He is also a member of Hong Kong Institute of Certified Public Accountant and a fellow member of Chartered Association of Certified Accountants.

Mr. Leung is currently a practicing director of Poon and Tong C.P.A. Limited, which he joined in 2001. Mr. Leung has more than 20 years of experience in accounting, auditing and financial management.

Mr. Leung currently is also the independent non-executive Director of each of the following companies listed on the Main Board of the Stock Exchange:

Company	Stock code	Appointment date
Success Dragon International Holdings Limited (formerly known as CY Foundation Group Limited)	1182	16 July 2015
China Investment Fund Company Limited	612	1 May 2015
Kingbo Strike Limited	1421	13 November 2015
Winfoong International Limited	63	6 November 2015

Save as disclosed herein, in the three years preceding the date of this annual report, Mr. Leung did not hold any directorship in other listed public companies in Hong Kong or overseas.

Mr. Leung is the chairman of the remuneration committee of the Board and a member of each of the audit committee and the nomination committee of the Board.

Dr. Miao Bo (苗波博士), aged 37, was appointed as an independent non-executive Director on 15 July 2015. Dr. Miao graduated with a bachelor of laws from the China University of Political Science and Law in 2000, a master of laws in Tsinghua University in 2003 and a doctor of philosophy in laws from the Macquarie University in 2007.

From 2008 to present, Dr. Miao is an assistant professor in the Department of Asian and International Studies from the City University of Hong Kong. In the three years preceding the date of this report, Dr. Miao did not hold any directorship in other listed public companies in Hong Kong or overseas. Dr. Miao is a member of each of the audit committee, remuneration committee and nomination committee of the Board.

SENIOR MANAGEMENT

Mr. Chow Chi Wing (周志榮先生), aged 37, was appointed as the Company Secretary and Chief Financial Officer of the Company on 16 July 2015. Mr. Chow is responsible for the overall financial and company secretarial matters of the Group. Mr. Chow holds a Bachelor Degree of Business Administration (Hons.) (majoring in Accountancy) from The Hong Kong Baptist University. He is a fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has extensive experience in auditing with an international accounting firm.

COMPANY SECRETARY

Mr. Chow Chi Wing (周志榮先生), who is also our Chief Financial Officer, is our company secretary. Please refer to his biography above for details.

COMPLIANCE OFFICER

Mr. Zheng Weijing (鄭偉京先生), who is also an executive Director, is our compliance officer. Please refer to his biography above for details.

CORPORATE GOVERNANCE REPORT

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

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

The Company has applied and complied with the principles and code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2015 save as the deviation as mentioned in the section headed "Chairman and Chief Executive Officer" in this report.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made all reasonable enquires, all the Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the year under review.

A. THE BOARD

A.1 Board of Directors

The Company is governed by the Board which has the responsibility for leadership and control of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board set strategies and directions for the Group's activities with a view to developing its business and enhancing shareholder value.

A.2 Board composition

The Board currently comprises the following Directors:

Executive Directors:

Mr. Zheng Weijing	*(Chairman and Chief Executive Officer)*
Mr. Zhang Gongjun	*(former Independent Non-executive Director; re-designated as Executive Director with effect from 15 July 2015)*
Ms. Guo Chanjiao	*(appointed on 26 June 2015)*

Independent Non-executive Directors:

Mr. Vincent Cheng	
Mr. Leung Po Hon	
Dr. Miao Bo	*(appointed on 15 July 2015)*

The biographical details of the Directors and senior management are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report. The composition of the Board is well balanced. Each of the Directors has relevant expertise and extensive corporate and strategic planning experiences that can contribute to the business of the Group.

During the year ended 31 December 2015, the Company has complied with Rules 5.05(1) and (2) and 5.05A of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Board has received an annual confirmation of independence from each of the independent non-executive Directors. The Company considers all the independent non-executive Directors to be independent.

A.3 The Board

The Board is responsible for the leadership and control of, and promoting the success of the Company. This is achieved by setting up corporate and strategic objectives and policies, and the monitoring and evaluations of operating activities and financial performance of the Company.

All the Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

There is no relationship, including financial, business, family or other material/relevant relation(s) among members of the Board and between the Chairman and the Chief Executive Officer of the Company.

Formal service agreements and letters of appointment have been entered into with the executive Directors and the independent non-executive Directors respectively setting out the key terms and conditions of their respective appointments.

The insurance cover in respect of legal action against the Company's Directors and senior officers is covered by the existing Directors & Officers Liability Insurance Policy of the Company.

A.4 Chairman and Chief Executive Officer

Pursuant to the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zheng Weijing acts as both the Chairman and the Chief Executive Officer of the Company. The Company is in the process of identifying a suitable person to act as the Chief Executive Officer and shall make the announcement as and when appropriate. Since the Directors meet regularly to consider major matters affecting the operations of the Company, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe that this structure will enable the Company to make and implement decisions promptly and efficiently.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders and investors.

A.5 Responsibilities and delegation of functions

The Company has formalised and adopted written terms on the division of functions reserved to the Board and those delegated to the management of the Group. The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary (the "Company Secretary") and senior management of the Company, with a view to ensuring compliance with the Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request being made to the Board. The day-to-day management, administration and operations of the Company are delegated to the executive Directors and senior management of the Company. The Board has delegated a schedule of responsibilities to these officers for the implementation of the Board decisions. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board's approval.

No corporate governance committee has been established by the Company and the Board is responsible for performing the corporate governance duties, which included:

(1) developing and reviewing the policies and practices on corporate governance of the Group;

(2) to review and monitor the training and continuous professional development of Directors and senior management;

(3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and

(5) to review the Company's compliance with the Code and disclosure in the corporate governance report of the Company.

A.6 Appointment, re-election and removal of directors

Mr. Zheng Weijing, being the executive Director, has entered into a service contract with the Company dated 20 December 2011 for an initial fixed term of three years commencing from 1 January 2012. Each of Mr. Zhang Gongjun (former independent non-executive Director and re-designated as executive Director with effect from 15 July 2015) and Ms. Guo Chanjiao (appointed on 26 June 2015), being the executive Directors, has entered into a service contract with the Company for a term of three years commencing from 15 July 2015 and 26 June 2015, respectively. The aforementioned service contracts with the Company for each of the executive Directors shall be renewable automatically until terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term or any time thereafter.

Each of Mr. Leung Po Hon, Mr. Vincent Cheng and Dr. Miao Bo, being the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of two years commencing from 15 August 2014, 20 December 2014 and 15 July 2015, respectively. The aforementioned appointment letters with the Company for each of the independent non-executive Directors shall be automatically renewed and extended for successive term of one year and may be terminated either after the initial term or after one year of the initial term by either party by giving at least three months' notice in writing.

The Directors are subject to retirement by rotation in accordance with the Company's articles of association. According to the Company's articles of association, one-third of the Directors are required to retire from office at each annual general meeting, provided that each Director shall be subject to retirement by rotation at least once every three years. The Directors to retire every year shall be those who have been longest in office since their last re-election or appointment.

A.7 Board meeting, general meeting and procedures

During the year ended 31 December 2015, the Board convened a total of seventeen board meetings and one general meeting was held. The following is the Directors' attendance record of meetings held by the Board and general meeting:

	Number of attendance/ number of board meeting	Number of attendance/ number of general meeting
Mr. Zheng Weijing	17/17	1/1
Mr. Zhang Gongjun	17/17	1/1
Ms. Guo Chanjiao *(appointed on 26 June 2015)*	11/11	0/0
Mr. Vincent Cheng	15/15	1/1
Mr. Leung Po Hon	15/15	1/1
Dr. Miao Bo *(appointed on 15 July 2015)*	10/10	0/0

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly.

Schedules for annual Board meeting and draft agenda of each Board meetings are sent to all Directors in advance. Notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final version are open to Directors for inspection. The Company's articles of association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

A.8 Continuous professional development

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. Continuing briefings and professional development to Directors will be arranged whenever necessary.

During the year ended 31 December 2015, all Directors had participated in continuous professional development in the following manner in compliance with Paragraph A.6.5 of the Code:

	Type of training
Mr. Zheng Weijing	A, B
Mr. Zhang Gongjun	A, B
Ms. Guo Chanjiao *(appointed on 26 June 2015)*	A, B
Mr. Vincent Cheng	A, B
Mr. Leung Po Hon	A, B
Dr. Miao Bo *(appointed on 15 July 2015)*	A, B

A: attending seminars/courses/conference to develop professional skills and knowledge

B: reading materials in relation to regulatory update

A.9 Corporate governance functions

The Board is responsible for performing the corporate governance duties and has reviewed the Company's policies and practices on corporate governance and compliance with the Code, reviewed and monitored the continuous professional development of the Directors and reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements during the year as well as the disclosures in this report.

B. BOARD COMMITTEES

During the year ended 31 December 2015, the Board has established three Board committees, namely, the audit committee (the "Audit Committee"), nomination committee (the "Nomination Committee") and remuneration committee (the "Remuneration Committee") with written terms of reference, which are available for viewing on the websites of the Company and the Stock Exchange, to assist them in the efficient implementation of their functions. Specific responsibilities have been delegated to the above committees.

B.1 Audit Committee

The Board established the Audit Committee on 20 December 2011 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the Code. The terms of reference were last updated on 31 December 2015 and maintained on both the websites of the Company and the Stock Exchange. The primary duties of the Audit Committee are mainly to (i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors before submission to the Board; (ii) review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditors; and (iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

As at 31 December 2015, the Audit Committee has three members comprising Mr. Vincent Cheng (Chairman), Mr. Leung Po Hon and Dr. Miao Bo, all of whom are independent non-executive Directors. During the year ended 31 December 2015, the Audit Committee had reviewed the interim results and report of the Company for the six months ended 30 June 2015 and first and third quarterly results and reports of the Company for the periods ended 31 March 2015 and 30 September 2015 respectively. Subsequent to 31 December 2015 and up to the date of this report, all members of the Audit Committee attended a meeting to review the Group's internal controls and the Structured Agreements (as set out in the section headed "Report of the Directors" of this annual report) for the year ended 31 December 2015. The Group's final results and the annual results announcement for the year ended 31 December 2015 and this annual report had been reviewed by the Audit Committee before submission to the Board for approval. Members of Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

During the year ended 31 December 2015, four meetings of the Audit Committee were held and the attendance of each member of the Audit Committee is contained in the following table:

	Number of attendance/ number of meetings
Mr. Vincent Cheng	4/4
Mr. Zhang Gongjun *(resigned as member on 15 July 2015)*	2/2
Mr. Leung Po Hon	4/4
Dr. Miao Bo *(appointed on 15 July 2015)*	2/2

B.2 Nomination Committee

The Company has established the Nomination Committee on 20 December 2011 with written terms of reference in compliance with the Code. The primary duties of the Nomination Committee are mainly to (i) review the Board composition; (ii) develop and formulate relevant procedures for the nomination and appointment of directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of directors; and (v) assess the independence of independent non-executive Directors.

As at 31 December 2015, the Nomination Committee has five members comprising of two executive Directors, Mr. Zheng Weijing (Chairman) and Ms. Guo Chanjiao and three independent non-executive Directors, Mr. Vincent Cheng, Mr. Leung Po Hon and Dr. Miao Bo. During the year ended 31 December 2015, two meetings of the Nomination Committee were held to review the structure and composition of the Board. The attendance of each member of the Nomination Committee is contained in the following table:

	Number of attendance/ number of meetings
Mr. Zheng Weijing	2/2
Mr. Zhang Gongjun *(resigned as member on 15 July 2015)*	2/2
Ms. Guo Chanjiao *(appointed as member on 15 July 2015)*	1/1
Mr. Vincent Cheng	2/2
Mr. Leung Po Hon *(appointed as member on 15 July 2015)*	1/1
Dr. Miao Bo *(appointed as member on 15 July 2015)*	0/0

The Board adopted on 29 August 2013 a board diversity policy (the "Board Diversity Policy") and the Nomination Committee had made recommendations to the Board on the measurable objectives for implementing the Board Diversity Policy. The Board recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The measurable objectives recommended by the Nomination Committee and adopted by the Board include the following:

(i) At least 33% of the members of the Board shall be non-executive Directors or independent non-executive Directors;

(ii) At least 80% of the members of the Board shall have attained bachelor's degree or above;

(iii) At least 33% of the members of the Board shall have obtained accounting or other professional qualifications;

(iv) At least 33% of the members of the Board shall have more than seven years of experience in the industry he/she is specialised in; and

(v) At least 33% of the members of the Board shall have China-related work experience.

B.3 Remuneration Committee

The Company established the Remuneration Committee on 20 December 2011 with written terms of reference in compliance with the Code. The Remuneration Committee adopted the approach under Paragraph B.1.2(c)(ii) of the Code and primary duties of the Remuneration Committee are mainly to (i) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) make recommendations on the remuneration packages of executive Directors and senior management; and (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

As at 31 December 2015, the Remuneration Committee has three members comprising two independent non-executive Directors, Mr. Leung Po Hon (Chairman) and Dr. Miao Bo, and an executive Director, Mr. Zhang Gongjun. The remuneration of the Directors was determined with reference to their respective experience, responsibilities with the Group and general market conditions. During the year ended 31 December 2015, five meetings of the Remuneration Committee were held to review the remuneration package of the Directors and senior management of the Company, the attendance of each member of the Remuneration Committee is contained in the following table:

	Number of attendance/ number of meetings
Mr. Leung Po Hon	5/5
Mr. Zhang Gongjun	5/5
Mr. Zheng Weijing *(resigned as member on 15 July 2015)*	3/3
Dr. Miao Bo *(appointed as member on 15 July 2015)*	2/2

C. REMUNERATION OF SENIOR MANAGEMENT

The biographical details of the senior management are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

The remuneration paid/payable to senior management of the Group for the year ended 31 December 2015 fell within the following bands:

	Number of individuals
Nil to HK$1,000,000	2

D. DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year and to ensure that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The statement by the auditor of the Company about their responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on page 42 of this annual report. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

E. INTERNAL CONTROL

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the year ended 31 December 2015, the Board has conducted a review of the effectiveness of the internal control system of the Company.

F. INDEPENDENT AUDITOR'S REMUNERATION

The remuneration paid/payable to the auditors of the Group for the year ended 31 December 2015 is set out as follows:

Services rendered	Paid/payable RMB'000
Statutory audit services	1,046
Non-statutory audit services	245
Total	1,291

G. COMPANY SECRETARY

Following the resignation of Mr. Lee Man Tai as company secretary of the Company on 13 April 2015. Ms. Wong Chui San, Susan was appointed as company secretary of the Company on 13 April 2015 and resigned on 16 July 2015.

Mr. Chow Chi Wing ("Mr. Chow") has been the Company Secretary since 16 July 2015. The biographical details of Mr. Chow are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report. According to the requirements of Rule 5.15 of the GEM Listing Rules, Mr. Chow has taken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that a transparent and timely disclosure of the Group's information will enable shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.flyingfinancial.hk" as a communication platform with shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at Room 801A and 807B, 8/F, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong or via email to "info@flyingfinancial.hk" for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board considers that general meetings of the Company provide an important channel for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Board committees will endeavor to be available at the meetings to answer any questions raised by shareholders.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

I. SHAREHOLDERS' RIGHTS

Procedures for convening extraordinary meeting on requisition

Shareholders of the Company (the "Shareholders") shall follow the following procedures as prescribed in Article 64 of the Articles of Association of the Company to convene an extraordinary general meeting of the Company (the "EGM"):

(1) One or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings (the "Requisitionist(s)") shall have the right, by written requisition (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.

(2) The Requisition shall be made in writing to the Directors or the Company Secretary of the Company at both of the following addresses:

Principal place of business of the Company in Hong Kong

Address: Room 801A and 807B, 8/F, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong

Attention: Board of Directors/Company Secretary

Registered office of the Company
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1–1111
Cayman Islands
Attention: Board of Directors/Company Secretary

(3) The EGM shall be held within two months after the deposit of the Requisition.

(4) If the Directors fail to proceed to convene the EGM within twenty-one (21) days of deposit of the Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for raising enquiries

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong (the "Branch Share Registrar"), Tricor Investor Services Limited, details of which are as follows:

Tricor Investor Services Limited

Address: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

Shareholders may at any time raise any enquiry in respect of the Company at the following designated contacts, correspondence addresses, email addresses and enquiry hotlines of the Company:

Attention:	Board of Directors/Company Secretary
Address:	Room 801A and 807B, 8/F, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
Email:	info@flyingfinancial.hk
Tel:	(852) 2152 9937
Fax:	(852) 2152 9927

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Procedures for Shareholders to put forward proposals at general meeting

To put forward proposals at a general meeting of the Company, Shareholder(s) should lodge a written notice of his/her proposal (the "Proposal") with his/her detailed contact information at the Company's principal place of business in Hong Kong as specified above.

The Proposal will be verified with the Branch Share Registrar in Hong Kong and upon their confirmation that the Proposal is proper and in order, the board of Directors will be asked to include the Proposal in the agenda for the general meeting. Whether a proposal will be put to a general meeting will be decided by the Board in its discretion, unless the proposal put forward by a Shareholder is (i) pursuant to a requisition by a Shareholder to convene an EGM or (ii) as special business to be considered at an annual general meeting as described in Article 67(A).

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholder(s) concerned at the general meeting varies according to the nature of the Proposal as follows:

(a) not less than twenty-one (21) days' notice and not less than twenty (20) clear business days' notice in writing if the Proposal requires approval by way of any resolution of the Company in its annual general meeting;

(b) not less than twenty-one (21) days' notice and not less than ten (10) clear business days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in the EGM; or

(c) not less than fourteen (14) days' notice and not less than ten (10) clear business days' notice in writing if the Proposal requires approval by way of any resolution of the Company other than those specified in paragraphs (a) and (b) above.

J. NON-COMPETITION UNDERTAKING

Details on the compliance of the Non-Competition Undertaking by the Controlling Shareholders for the year ended 31 December 2015 is set out in the paragraph headed "Non-Competition Undertaking" of the section headed "Report of the Directors" of this annual report.

K. CONSTITUTIONAL DOCUMENTS

The Board confirm that there is no changes in the Company's constitutional documents. The Company's memorandum and articles of association is available on both the websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Board of Directors of the Company is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group are investment in property development projects, operation of a financial services platform, provision of financial consultation services, finance lease services, entrusted loan and pawn loan services.

Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and the Company's environmental, social and corporate responsibility, can be found in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out in Hong Kong and the PRC while the Company itself is listed on the Stock Exchange. The Group's establishment and operations accordingly shall comply with all PRC laws and applicable laws in the jurisdictions where it has operations. During the year ended 31 December 2015 and up to the date of this annual report, the Group has complied with all the relevant laws and regulations in the PRC and Hong Kong.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2015 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 43 to 105.

The Board did not recommend the payment of any final dividend for the financial year ended 31 December 2015 (2014: nil) to the shareholders of the Company.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary on page 106 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 26 and 28 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company has no reserves available for distribution to equity holders (2014: nil).

MAJOR CUSTOMERS

For the year ended 31 December 2015, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue

–	The largest customer	51.21%
–	The total of five largest customers	65.35%

As far as the Directors aware, neither the Directors nor their associates nor any shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers of the Group.

DIRECTORS

The Directors of the Company during the year were:

Executive Directors

Mr. Zheng Weijing
Mr. Zhang Gongjun *(former Independent Non-executive Director; re-designated as Executive Director with effect from 15 July 2015)*
Ms. Guo Chanjiao *(appointed on 26 June 2015)*

Independent Non-executive Directors

Mr. Vincent Cheng
Mr. Leung Po Hon
Dr. Miao Bo *(appointed on 15 July 2015)*

Pursuant to Article 105(A) of the Company's articles of association (the "Articles of Association"), at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation and shall be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

By virtue of Article 105(A) of the Articles of Association, Mr. Zhang Gongjun and Mr. Vincent Cheng will retire at the forthcoming annual general meeting of the Company. Mr. Zhang Gongjun and Mr. Vincent Cheng, being eligible, will offer themselves for re-election at the annual general meeting.

By virtue of Article 109 of the Articles of Association, any person appointed by the Directors to fill a casual vacancy or as additional Director shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. Ms. Guo Chanjiao and Dr. Miao Bo, who were appointed by the board of Directors of the Company as executive Director and independent non-executive Director pursuant to board resolution with effect from 26 June 2015 and 15 July 2015, respectively, will retire at the forthcoming annual general meeting of the Company, Ms. Guo Chanjiao and Dr. Miao Bo, being eligible, will offer themselves for re-election at the annual general meeting.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE AGREEMENTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years unless and until (i) terminated by either party thereto giving not less than three months' prior written notice, with the last day of the notice falling on the last day of the initial term or any time thereafter; or (ii) the executive Director not being re-elected as a Director or being removed by shareholders at general meeting of the Company in accordance with the Articles of Association.

Each of the independent non-executive Directors was appointed for an initial term of two years (as set out in the section headed "Corporate Governance Report" of this annual report) and shall be subject to retirement, re-election and removal in accordance with the Articles of Association.

CHANGES IN DIRECTORS' INFORMATION

Set out below are changes in Directors' information fall to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules:

With effect from 1 April 2016, the annual directors' emolument of the following Directors was revised:

Mr. Zheng Weijing	HK$1,531,000
Mr. Zhang Gongjun	HK$804,000
Ms. Guo Chanjiao	HK$1,291,000
Mr. Vincent Cheng	HK$144,000
Mr. Leung Po Hon	HK$144,000
Dr. Miao Bo	HK$144,000

Save as disclosed above, there were no substantial changes to the Directors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from all three independent non-executive Directors pursuant to the Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive Directors to be independent.

DIRECTORS' INTERESTS AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the interests of Mr. Zheng Weijing as disclosed in the paragraph headed "Non-exempt Continuing Connected Transactions" below, no directors or controlling shareholders (as defined in the GEM Listing Rules) of the Company had material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 11 to the consolidated financial statements.

EMPLOYEE RETIREMENT SCHEMES

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities whereby the PRC subsidiaries are required to make contributions at the rate of approximately 14% of eligible employees' salaries to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes. No forfeited contribution is available to reduce the contribution payable in future years.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the MPF Scheme vest immediately.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors, controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the business of the Group or any other conflicts of interest which any person may have with the Group as at 31 December 2015.

NON-COMPETITION UNDERTAKING

As disclosed in the prospectus of the Company dated 20 April 2012 ("Prospectus"), Ming Cheng Investments Limited and Mr. Zheng Weijing (collectively, the "Substantial Shareholders"), among others, has executed a deed of non-competition (the "Non-competition Undertaking") through which they have irrevocably warranted and undertaken to the Company, not to, among others, directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with the business of the provision of (i) pawn loan services; (ii) entrusted loan services; (iii) financial consultation services and business ancillary to any of the foregoing in Hong Kong, the PRC and any other country or jurisdiction to which the Group provides such services and/or in which any member of the Group carries on business mentioned above from time to time.

The Substantial Shareholders have confirmed to the Company in respect of their compliance with the Non-competition Undertaking during the financial year ended 31 December 2015 and up to the date of this annual report.

The independent non-executive Directors have reviewed the compliance with the Non-competition Undertaking during the financial year ended 31 December 2015 and up to the date of this annual report based on information and confirmation provided by or obtained from the Substantial Shareholders, and were satisfied that the Substantial Shareholders have duly complied with the Non-competition Undertaking.

UPDATES ON COMPLIANCE AND REGULATORY MATTERS AS DISCLOSED IN THE PROSPECTUS

As disclosed in the Prospectus, as a provider of pawn loan services to the customers, Guangdong Huijin Pawn Stock Company Limited ("Guangdong Huijin") is subject to the requirements of the Measures for the Administration of Pawning (典當管理辦法) (the "Pawning Measures"). The Pawning Measures prescribe certain thresholds which pawn loan providers have to comply with in respect of the pawn loans advanced to customers and it also governs the rate of interest and total fees that may be charged by a pawn loan provider.

The Pawning Measures provide that the rate of interest charged on a loan provided in respect of pawned property must not exceed the interest rate for a six-month loan as published by the People's Bank of China (the "PBOC") as discounted by the pawn loan period. It further provides that the combined monthly total fees (excluding the consultation fee and the amount of loan repayment) (being administration fee in the business) payable by the pledgor must not exceed 4.2% of the loan amount in respect of loans secured by pledged movable property, 2.7% of the loan amount in respect of loans secured by mortgaged real estate and 2.4% of the loan amount in respect of loans secured by pledged property rights.

As regards the other thresholds, the Pawning Measures provide that the maximum outstanding amount owing on property pledged or mortgaged by any one legal person or natural person to a pawn loan provider must not exceed 25% of the registered capital of the pawn loan provider; and that the total outstanding amount owing in respect of property right pledged by customers must not exceed 50% of the registered capital of a pawn loan provider. It is also provided in the Pawning Measures that, if the registered capital of a pawn loan provider is more than RMB10 million, the maximum loan amount that may be provided for a single real estate backed loan must not exceed 10% of the registered capital of the pawn loan provider.

For the two years ended 31 December 2011, there were nine incidents where the loans granted by Guangdong Huijin were not in compliance with relevant thresholds prescribed by the Pawning Measures. According to the PRC legal adviser of the Company, Guangdong Huijin may subject to administrative penalty as a result of its past non-compliance; the maximum potential penalty that may be imposed by the relevant government authorities on the Group for such non-compliance would be an order to correct the non–compliance and a fine of up to RMB30,000 for each non-compliant transaction. As administrative penalty for illegal acts shall be imposed within two years from the date such illegal act is committed, no administrative penalty for the nine incidents of non-compliant transactions occurred during the two years ended 31 December 2011 shall be imposed after June 2013. As advised by the PRC legal adviser of the Company, customers of the non-compliant transactions are entitled to claim against Guangdong Huijin for overcharged interests and administrations fees within two years commencing from the full repayment of the pawn loans. All of the customers have signed confirmation letters and agree, among other things, not to take any action against Guangdong Huijin for their rights and entitlements in regard to the non-compliant loans granted by Guangdong Huijin.

As at the date of this annual report, the Directors confirm that the Group had not received any order to correct the non-compliance nor any notice of fine from the relevant PRC government authorities. To the best knowledge of the Directors, as at the date of this annual report, the Group had not received any claims against Guangdong Huijin from its customers for overcharged interests and administration fees in respect of the past non-compliance.

Since November 2010, to ensure ongoing compliance with the Pawning Measures and other relevant laws and regulations, the Group has implemented the following measures:

(i) in the loan approval process, the business team will fill in details of each loan application, including the party, amount, rate of administration fees and interest of each loan application, in order to ensure all loan application are in compliance with the Pawning Measures;

(ii) the risk management team, with the assistance of the legal and compliance team, will cross-check the loan application, in particular the loan amount and the rate of interest and administration fees to be charged, to ensure compliance with the Pawning Measures;

(iii) the legal and compliance team will keep themselves aware of any changes to the official rate prescribed by the PBOC and notify the management if there may be any risk of breach of any of the threshold(s) prescribed by the Pawning Measures; and they will obtain updates on relevant laws and regulations from time to time and to check whether the existing practice is in compliance with these updates and if not, to conduct remedial measures; and

(iv) the Group will consult the external legal advisers and seek their advice on compliance matters as and when required.

For further details of the past non-compliance and ongoing compliance measures with the Pawning Measures, please refer to pages 147 to 152 of the Prospectus.

As at the date of this annual report, based on information and confirmation provided by or obtained from the Group, the independent non-executive Directors were satisfied that the Group have duly complied with the prescribed thresholds under the Pawning Measures for the year ended 31 December 2015.

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

As at 31 December 2015, the interests of the Directors and chief executive of the Company in the shares of the Company (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 Shares

	Number of Shares held *(Note 1)*				
Name of Director	**Beneficial interest**	**Interest of spouse**	**Interest of controlled corporation**	**Total**	**Approximate percentage of shareholding in the Company (%)**
Mr. Zheng Weijing	36,270,202 (L)	–	312,739,567 (L) *(Note 2)*	349,009,769 (L)	22.80

Notes:

1. The letter "L" denotes the Directors' long position in the Shares.

2. Ming Cheng Investments Limited is a company wholly-owned by Mr. Zheng Weijing.

(ii) Interests in the Underlying Shares

Name of Director	Capacity/ Nature of interest	Number of underlying Shares		Approximate percentage of shareholding in the Company
		Long position *(Note)*	Short position	(%)
Mr. Zheng Weijing	Beneficial owner	1,000,000	–	0.07
Mr. Zhang Gongjun	Beneficial owner	8,000,000	–	0.52
Ms. Guo Chanjiao	Beneficial owner	8,000,000	–	0.52
Mr. Vincent Cheng	Beneficial owner	500,000	–	0.03
Mr. Leung Po Hon	Beneficial owner	500,000	–	0.03
Dr. Miao Bo	Beneficial owner	500,000	–	0.03

Note: Being unlisted physically settled share options to acquire ordinary shares of the Company, further details of which are set out in the section headed "Share Option Scheme" below.

(iii) 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.

Save as disclosed above, as at 31 December 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 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 Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

* *For identification purposes only*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

	Number of Shares held *(Note 1)*				
Name of Shareholder	**Beneficial Interest**	**Interest of spouse**	**Interest of controlled corporation**	**Total**	**Approximate percentage (%)**
Ming Cheng Investments Limited	312,739,567 (L) *(Note 2)*	–	–	312,739,567 (L)	20.43
Ms. Zhang Chushan	–	350,009,769 (L) *(Note 3)*	–	350,009,769 (L)	22.86
Sino-Africa Resources Holdings Limited	255,676,042 (L) *(Note 4)*	–	–	255,676,042 (L)	16.70
Peace Bloom Limited	145,429,087 (L) *(Note 5)*	–	–	145,429,087 (L)	9.50
Upsoar Limited	155,518,650 (L) *(Note 6)*	–	–	155,518,650 (L)	10.16
Mr. Huang Xiguang	–	–	255,676,042 (L) *(Note 4)*	255,676,042 (L)	16.70
Mr. Hu Jinxi	22,200,000	–	145,429,087 (L) *(Note 5)*	167,629,087 (L)	10.95
Ms. Fu Shanping	–	–	155,518,650 (L) *(Note 6)*	155,518,650 (L)	10.16
GF Securities (Hong Kong) Brokerage Limited *(Note 7)*	232,673,180 (L)	–	–	232,673,180 (L)	15.20
GF Holdings (Hong Kong) Corporation Limited *(Note 7)*	–	–	232,673,180 (L)	232,673,180 (L)	15.20
GF Securities Co., Ltd. *(Note 7)*	–	–	232,673,180 (L)	232,673,180 (L)	15.20

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. Based on the notices of disclosure of interests filed by each of GF Securities (Hong Kong) Brokerage Limited ("GF Securities"), GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. on 10 September 2015, these Shares are held by GF Securities which is directly wholly-owned by GF Holdings (Hong Kong) Corporation Limited, which in turn is 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 held by GF Securities.

Save as disclosed above, as at 31 December 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 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.

Details of the Share Option Scheme are as follows:

1. Purpose of the Share Option Scheme	As incentive or rewards to eligible participants for their contribution to the Group.
2. Eligible participants of the Share Option Scheme	Any eligible employee (whether full-time or part-time, including any executive Director), any non-executive Director, any shareholder, any supplier and any customer of the Company or any of its subsidiaries or any entity in which any member of the Group holds any equity interest, and any other party having contribution to the development of the Group.
3. Total number of Shares available for issue under the Share Option Scheme and percentage to the issued share capital as at the date of this annual report	100,000,000 shares (approximately 6.53% of the total issued share capital as at the date of this annual report).
4. Maximum entitlement of each participant under the Share Option Scheme	Not exceeding 1% of the issued share capital of the Company for the time being in any 12-month period. Any further grant of options in excess of such limit must be separately approved by the Company's shareholders in general meeting.
5. The period within which the Shares must be taken up under an option	A period (which may not expire later than 10 years from the date of offer of that option) to be determined and notified by the Directors to the grantee thereof.

6. The minimum period for which an option must be held before it can be exercised	Unless otherwise determined by the Directors, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.
7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made	A remittance in favour of the Company of HK$1.00 on or before the date of acceptance (which may not be later than 21 days from the date of offer).
8. The basis of determining the exercise price	Being determined by the Directors and being not less than the highest of: a. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer; b. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and c. the nominal value of the Shares.
9. The remaining life of the Share Option Scheme	The Scheme is valid and effective for a period of 10 years commencing on 20 December 2011 (being the date of adoption of the Share Option Scheme).

As at 31 December 2015, the interests of the Directors of the Company in options to subscribe for shares in the capital of the Company under the Share Option Scheme were as follows:

Name of Director	Number of share issuable upon exercise of options held as at 31 December 2015	Price per share to be paid on exercise of options HK$	Approximate percentage of shareholding (%)
Mr. Zheng Weijing	1,000,000	1.046	0.065
Mr. Zhang Gongjun	8,000,000	1.046	0.523
Ms. Guo Chanjiao	8,000,000	1.046	0.523
Mr. Vincent Cheng	500,000	1.046	0.033
Mr. Leung Po Hon	500,000	1.046	0.033
Dr. Miao Bo	500,000	1.046	0.033

Further details of the share options are set out in note 28 to the consolidated financial statements.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, any of its subsidiaries, its associated companies, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

PERMITTED INDEMNITY PROVISION

The Company has arranged for insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior officers arising out of corporate activities. During the year ended 31 December 2015 and up to the date of this annual report, save that pursuant to the service contract of each of the executive Directors, the Company shall indemnify such Directors against, to the extent permitted by laws, all losses, claims, compensations, liabilities or expenses incurred as a result of such Directors performing his/her duties and responsibilities under such contracts, including but not limited to any legal proceedings against such Directors and except for wilful default or negligence, no other permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was or is being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or any of the directors of an associated company (if made by the Company).

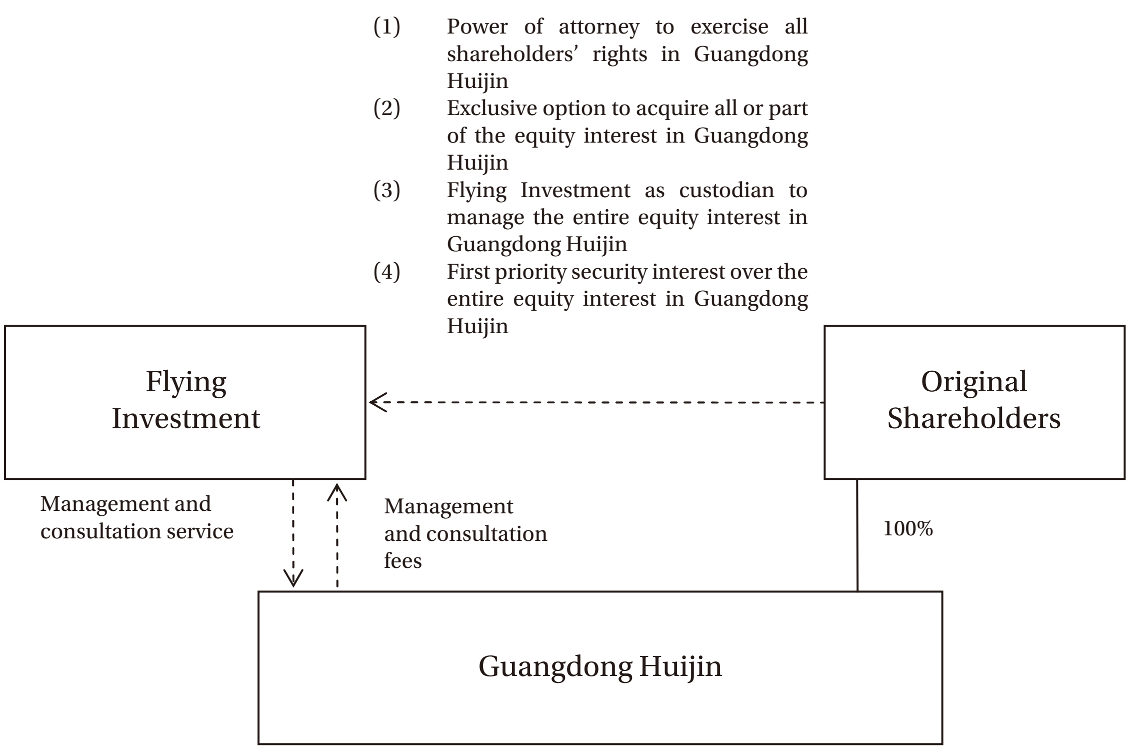
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions which are subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

Structure contracts

Arrangement under the Structured Agreements

The following simplified diagram illustrates the flow of economic benefits from Guangdong Huijin to Flying Investment Services (Shenzhen) Company Limited ("Flying Investment") stipulated under the Exclusivity Agreement (as defined in the Prospectus and set out below), the Equity Pledge Agreement (as defined in the Prospectus and set out below), the Exclusive Option and Equity Custodian Agreement (as defined in the Prospectus and set out below), the Power of Attorney (as defined in the Prospectus and set out below) and the Supplemental Agreement (as defined in the Prospectus) (collectively, the "Structured Agreements"):



"———" denotes direct legal and beneficial ownerships in the equity interest and "- - - - ->" denotes contractual relationship.

Operation of the Structured Agreements

In accordance with the Structured Agreements, the Original Shareholders (as defined in the Prospectus), being immediate shareholders who are interested in, in aggregate, the entire equity interest in Guangdong Huijin, have granted an exclusive and irrevocable option to Flying Investment or its nominee(s) to acquire all or part of the equity interest in Guangdong Huijin held by the Original Shareholders as permitted by the then PRC laws and regulations. The Group has the intention to acquire Guangdong Huijin or the pawn business it is carrying on when PRC laws and regulations allow the operation of such business by foreign invested enterprises. When Flying Investment or its nominee(s) exercise the option and acquire all of the equity interest in Guangdong Huijin, the Structured Agreements will be terminated. The PRC legal adviser of the Company confirmed that it is sufficient for all immediate shareholders of Guangdong Huijin (but not tracing to the ultimate beneficial owners of the corporate shareholders of Guangdong Huijin) to enter into the Structured Agreements. Subject to compliance with the PRC laws, Flying Investment or its nominee(s) may exercise the option mentioned above at any time and in any manner at their sole discretion.

The Structured Agreements, taken as a whole, enable the financial results of Guangdong Huijin and the economic benefits of its business to flow onto Flying Investment. In addition, all the directors, general manager and senior management staff of Guangdong Huijin (except those elected by the employee representatives) are to be nominated by Flying Investment. Through its control over and supervision of the directors, general manager and senior management of Guangdong Huijin, Flying Investment is able to effectively manage the business, financial and operating activities of Guangdong Huijin so as to obtain benefits from its activities and to ensure due implementation of the Structured Agreements. The Structured Agreements also enable Flying Investment to, if and when permitted by PRC law, acquire the equity interests in Guangdong Huijin in accordance with PRC law. The Directors are of the view that the Structured Agreements enable the Group to be managed coherently with the power to govern the business, financial and operating activities of Guangdong Huijin for the benefit of the Group as a whole. Based on the Structured Agreements, taken as a whole, the Directors consider that, notwithstanding the lack of equity ownership in Guangdong Huijin, our Group controls Guangdong Huijin in substance. On this basis, the Group is regarded as a continuing entity resulting from these Structured Agreements such that the financial position and operating results of Guangdong Huijin are included in the Group's consolidated financial statements.

The following is a summary of the principal terms of the Structured Agreements:

(1) Exclusivity Agreement

Flying Investment and Guangdong Huijin entered into the Exclusivity Agreement (as supplemented by the Supplemental Agreement) on 1 August 2011, pursuant to which, among other matters:

- Guangdong Huijin agreed to engage Flying Investment on an exclusive basis irrevocably to provide management and consultation services in connection with its operations, including but not limited to assisting in formulating the company management mode and operation plans, assisting in formulating market development plans, providing market information and customer source information, being appointed to conduct specific market research and investigation, providing staff training, assisting in establishing sales channel, providing management, financial or other services in relation to Guangdong Huijin's operations, assisting in locating suitable fund-raising channels for Guangdong Huijin's operational capital needs, assisting in provision of customer maintenance and management and assisting in provision to the clients of Guangdong Huijin of feasible fund-raising solutions and procuring the implementation of such solutions;

- unless Flying Investment consents in writing in advance, Guangdong Huijin shall not accept management and consultation services provided by any third party;

- the board of directors of Guangdong Huijin shall be nominated by Flying Investment, and such board of directors shall determine the corporate management and business development and expansion strategy of Guangdong Huijing according to the actual circumstances of its operations;

- Flying Investment shall be solely responsible for selection of Guangdong Huijin's senior management and employees, its finance, management and daily operations, and Guangdong Huijin shall comply with all directions and opinions from Flying Investment; and

- Guangdong Huijin shall pay to Flying Investment on a monthly basis (or other methods agreed by both parties), management and consultation fees equivalent to the total revenue less all the related costs, expenses and taxes payable by Guangdong Huijin. Flying Investment shall be entitled to appoint its employees or external auditors to inspect the financial conditions of Guangdong Huijin to audit the exact amount of the management and consultation fees.

The Exclusivity Agreement (as supplemented by the Supplemental Agreement) commenced from 1 August 2011 and will expire on the date on which all the equity interests in Guangdong Huijin are transferred to Flying Investment or its nominee(s) and such transfers are registered.

(2) Equity Pledge Agreement

Flying Investment, Guangdong Huijin and the Original Shareholders entered into the Equity Pledge Agreement (as supplemented by the Supplemental Agreement) on 1 August 2011, pursuant to which, among other matters:

- the Original Shareholders agreed to grant to Flying Investment a first priority security interest over all their respective direct equity interest in Guangdong Huijin and all related rights and revenue for guaranteeing the performance of obligations of the Original Shareholders and Guangdong Huijin under the Exclusivity Agreement and the Exclusive Option and Equity Custodian Agreement, such obligations include, among others, payment of management and consultation fees for the management and consultation service, interests, compensation etc.;

- during the term of the pledge, Flying Investment shall be entitled to all dividends or distribution in any other forms derived from the pledged equity interests and to exercise its right to deal with the pledged equity interest in a manner permitted by the relevant PRC laws if Guangdong Huijin and/or the Original Shareholders cannot fully perform their respective obligations under the Exclusivity Agreement and/or the Exclusive Option and Equity Custodian Agreement; and

- during the term of the Equity Pledge Agreement, the Original Shareholders shall not transfer, create or permit the existence of other security interest over the pledged equity interests in Guangdong Huijin without prior written consent of Flying Investment.

The Equity Pledge Agreement (as supplemented by the Supplemental Agreement) is effective from the date on which it has been executed by the parties thereto while the pledge created thereunder shall become effective upon such pledge having been duly registered in Guangdong Huijin's register of members and having been duly registered with the relevant Administration for Industry and Commerce of the PRC, and it will remain effective until the termination of either the Exclusivity Agreement (as supplemented by the Supplemental Agreement) or the Exclusive Option and Equity Custodian Agreement (as supplemented by the Supplemental Agreement), whichever is later. The pledges under the Equity Pledge Agreement were duly registered on 5 August 2011 with 河源市工商行政管理局 (Heyuan Administration for Industry and Commerce Bureau).

(3) Exclusive Option and Equity Custodian Agreement

Flying Investment, Guangdong Huijin and the Original Shareholders entered into the Exclusive Option and Equity Custodian Agreement (as supplemented by the Supplemental Agreement) on 1 August 2011, pursuant to which, among other matters:

– the Original Shareholders granted, at nil consideration, an exclusive and irrevocable option to Flying Investment or its nominee(s) to acquire all or part of the equity interest in Guangdong Huijin held by the Original Shareholders as permitted by the then PRC laws and regulations during the term of the Exclusive Option and Equity Custodian Agreement at nil consideration or the minimum amount as permitted by the applicable PRC laws. The Original Shareholders further covenant that if such minimum amount is required to be paid by Flying Investment or its nominee(s) to the Original Shareholders as consideration for the acquisition of the equity interest of Guangdong Huijin, such amount would be waived by the Original Shareholders subject to compliance with the then PRC laws and hence there should not be any cash outflow or adverse financial impact on our Group. If such option is exercised in full by Flying Investment or its nominee(s), our Group will be interested in the entire equity interest of Guangdong Huijin;

– subject to compliance with the PRC laws, Flying Investment or its nominee(s) may exercise the option mentioned above at any time and in any manner at their sole discretion;

– pending the acquisition of the entire equity interest in Guangdong Huijin by Flying Investment or its nominee(s), the Original Shareholders shall not, among other matters, transfer, pledge or grant a custodian right over such equity interest in Guangdong Huijin to any third parties without prior written consent of Flying Investment and Guangdong Huijin;

– the Original Shareholders, jointly and severally, irrevocably granted, at nil consideration, a right to Flying Investment or its nominee(s) to manage the entire equity interest in Guangdong Huijin as custodian during the term of the Exclusive Option and Equity Custodian Agreement;

– the Original Shareholders and Guangdong Huijin covenanted that, among others:

  (a) Flying Investment or its nominee(s) shall exercise all shareholders' right of the Original Shareholders in Guangdong Huijin, further details are set out in the paragraph headed "Power of Attorney" below;

  (b) Flying Investment shall have the exclusive right to nominate directors, general manager and other senior management staff of Guangdong Huijin, and the Original Shareholders shall appoint such nominees as directors, general manager and other senior management staff of Guangdong Huijin;

– During the term of the Exclusive Option and Equity Custodian Agreement, the Original Shareholders and Guangdong Huijin shall not engage in any transactions which will materially affect the assets, business, rights, operation or management of Guangdong Huijin without prior consent from Flying Investment, including but not limited to the following:

  (a) to amend the constitutional documents of Guangdong Huijin;

  (b) to increase or reduce the registered capital of Guangdong Huijin; and

(c) during the term of the Exclusive Option and Equity Custodian Agreement, the Original Shareholders and/or Guangdong Huijin shall not transfer, mortgage, pledge or otherwise deal with the assets of Guangdong Huijin; and

– in case of liquidation or dissolution of Guangdong Huijin, Flying Investment or its nominee(s) shall have the right to appoint a liquidator to manage the assets of Guangdong Huijin as permitted by the PRC laws and regulations.

The Exclusive Option and Equity Custodian Agreement (as supplemented by the Supplemental Agreement) is effective from 1 August 2011 and will expire on the date on which all the equity interests in Guangdong Huijin are transferred to Flying Investment or its nominee(s) and such transfers are registered.

(4) Power of Attorney

Flying Investment and each of the Original Shareholders entered into the Power of Attorney (as supplemented by the Supplemental Agreement) on 1 August 2011, pursuant to which, among other matters, Flying Investment or its nominee(s), including its directors (and their successors) were authorised by each of the Original Shareholders to exercise their respective shareholders' right in Guangdong Huijin including the rights to elect and change the directors and supervisors who are not elected by the employee representatives, the rights to decide the increase or reduction of the registered capital and the rights to receive or decline the dividends or other distribution on behalf of the Original Shareholders.

The Power of Attorney (as supplemented by the Supplemental Agreement) is effective from 1 August 2011 and will expire on the date on which all the equity interests in Guangdong Huijin are transferred to Flying Investment or its nominee(s) and such transfers are registered.

During the year ended 31 December 2015, Flying Investment was not entitled to any management and consultation fees (2014: Nil) from Guangdong Huijin in a manner as prescribed in the exclusive agreement (as supplemented by the supplemental agreement) on 1 August 2011. The management and consultation fees are equivalent to the total revenue less all the related costs, expenses and taxes payable by Guangdong Huijin as extracted from the audited financial statements of Guangdong Huijin for the year ended 31 December 2015 ("Audited Financial Statements of Huijin"). According to the Audited Financial Statements of Huijin, no dividend or other distribution had been made for the year ended 31 December 2015 by Guangdong Huijin.

The independent non-executive Directors have reviewed the Structured Agreements and confirmed that: (i) the transactions carried out during the year ended 31 December 2015 have been entered into in accordance with the relevant provisions of the Structured Agreements, have been operated so that the revenue generated by Guangdong Huijin has been substantially retained by Flying Investment; (ii) no dividends or other distributions have been made by Guangdong Huijin to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; (iii) the Structured Agreements, any new contracts entered into, renewed or reproduced between the Group and Guangdong Huijin during the year ended 31 December 2015 are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Shareholders as a whole; (iv) the Structured Agreements have been entered into in the ordinary and usual course of business of the Group; and (v) the Structured Agreements have been entered into on normal commercial terms or better.

The Company's auditors has carried out procedures on the management fee charged for the year pursuant to the Structured Agreements and reported its conclusion to the Board, confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant Structured Agreements and that no dividends or other distributions have been made by Guangdong Huijin to the Guangdong Huijin Registered Shareholders which are not otherwise subsequently assigned/transferred to the Group. The Board confirmed that the auditors have confirmed that none of the matters set out in Rule 20.54 of the GEM Listing Rules has come to the auditors' attention.

For the purposes of Chapter 20 of the GEM Listing Rules, and in particular the definition of "Connected Person", Guangdong Huijin has been treated as the Company's wholly-owned subsidiary, but at the same time, the directors, chief executives or substantial shareholders of Guangdong Huijin and their respective associates have been treated as the Company's "Connected Persons" and transactions between these Connected Persons and the Group other than those under the Structured Agreements shall comply with Chapter 20 of the GEM Listing Rules.

Guangdong Huijin and each of the Original Shareholders have undertaken that, for so long as the Shares are listed on GEM, Guangdong Huijin and each of the Original Shareholders will provide the Group's management and the Company's auditors with full access to its relevant records for the purpose of the Company's auditors' review of the connected transactions.

CORPORATE BONDS

Particulars of the corporate bonds of the Group are set out in note 25 to the consolidated financial statements.

INTEREST CAPITALISED

No interest was capitalised by the Group during the financial year ended 31 December 2015.

RELATED PARTY TRANSACTIONS

Save for the transactions disclosed under "Non-exempt Continuing Connected Transactions", details of the material related party transactions entered into by the Group are set out in note 34 to the consolidated financial statements which do not constitute notifiable or connected transactions under the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee was established by the Board on 20 December 2011. The role, function and composition of the Audit Committee are set out in the paragraph headed "Audit Committee" of the Corporate Governance Report of this annual report.

The Group's consolidated results and the results announcement for the year ended 31 December 2015 have been reviewed by the Audit Committee. The Board is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under GEM Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2015 have been audited by BDO Limited, who will retire and a resolution to re-appoint BDO Limited as auditor of the Company will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD

Zheng Weijing
Chairman

Hong Kong, 23 March 2016

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF FLYING FINANCIAL SERVICE HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Flying Financial Service Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 43 to 105, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Alfred Lee
Practising Certificate Number P04960
Hong Kong, 23 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	7	**108,528**	32,053
Other income or (loss)	8	**2,683**	(55,121)
Employee benefit expenses	10	**(23,061)**	(18,941)
Administrative expenses		**(32,349)**	(34,257)
Equity-settled share-based payments	28	**(1,436)**	–
Finance costs	9	**(5,635)**	(13,327)
Profit/(loss) before income tax expense	10	**48,730**	(89,593)
Income tax expense	12	**(4,172)**	(5,308)
Profit/(loss) for the year		**44,558**	(94,901)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operation		**(1,476)**	(390)
Total comprehensive income for the year		**43,082**	(95,291)
Profit/(loss) for the year attributable to:			
Owners of the Company		**43,146**	(86,363)
Non-controlling interests		**1,412**	(8,538)
		44,558	(94,901)
Total comprehensive income for the year attributable to:			
Owners of the Company		**41,670**	(86,753)
Non-controlling interests		**1,412**	(8,538)
		43,082	(95,291)
Earnings/(loss) per share – Basic and diluted (RMB cents)	13	**3.92**	(8.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**7,364**	4,641
Goodwill	*15*	**48,316**	–
Intangible assets	*16*	**32,192**	–
Held-to-maturity investment	*17*	**21,847**	20,957
Available-for-sale investments	*18*	**98,000**	–
Loan and accounts receivables	*20*	**6,727**	9,671
		214,446	35,269
Current assets			
Held-to-maturity investment	*17*	**–**	2,000
Available-for-sale investments	*18*	**–**	22,000
Loan and accounts receivables	*20*	**71,818**	58,979
Deposits paid, prepayments and other receivables	*21*	**65,205**	96,654
Tax recoverable		**7,475**	–
Amounts due from shareholders	*22*	**2,803**	24
Amounts due from non-controlling interests	*22*	**14,710**	1
Cash and cash equivalents	*23*	**154,507**	67,530
		316,518	247,188
Non-current assets classified as held for sale	*19*	**–**	47,938
		316,518	295,126
Current liabilities			
Receipts in advance, accruals and other payables	*24*	**14,458**	5,004
Amounts due to non-controlling interests	*22*	**–**	1,539
Dividend payable		**38**	35
Corporate bonds payable	*25*	**–**	68,332
Current tax liabilities		**18,467**	14,329
		32,963	89,239
Net current assets		**283,555**	205,887
Total assets less current liabilities		**498,001**	241,156
Non-current liability			
Deferred tax liability	*12*	**8,048**	–
NET ASSETS		**489,953**	241,156

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*26*	**124,827**	83,165
Reserves	*30(c)*	**327,118**	169,482
		451,945	252,647
Non-controlling interests	*32*	**38,008**	(11,491)
TOTAL EQUITY		**489,953**	241,156

On behalf of the Board

Zheng Weijing
Director

Zhang Gongjun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Share option reserve	Retained earnings	Total		
		(note 30(c)(i))	*(note 30(c)(ii))*	*(note 30(c)(iii))*	*(note 30(c)(iv))*	*(note 30(c)(vi))*	*(note 30(c)(v))*			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014	83,165	22,175	116,659	12,031	589	–	104,781	339,400	(2,953)	336,447
Loss for the year	–	–	–	–	–	–	(86,363)	(86,363)	(8,538)	(94,901)
Exchange differences on translating foreign operation	–	–	–	–	(390)	–	–	(390)	–	(390)
Total comprehensive income for the year	–	–	–	–	(390)	–	(86,363)	(86,753)	(8,538)	(95,291)
Transfer to statutory reserve	–	–	–	393	–	–	(393)	–	–	–
Balance at 31 December 2014 and 1 January 2015	83,165	22,175	116,659	12,424	199	–	18,025	252,647	(11,491)	241,156
Profit for the year	–	–	–	–	–	–	43,146	43,146	1,412	44,558
Exchange differences on translating foreign operation	–	–	–	–	(1,476)	–	–	(1,476)	–	(1,476)
Total comprehensive income for the year	–	–	–	–	(1,476)	–	43,146	41,670	1,412	43,082
Issue of ordinary shares upon open offer *(note 26)*	41,662	128,017	–	–	–	–	–	169,679	–	169,679
Share issue costs	–	(3,032)	–	–	–	–	–	(3,032)	–	(3,032)
Business combination *(note 27)*	–	–	–	–	–	–	–	–	21,314	21,314
Acquisition of non-controlling interest	–	–	–	–	–	–	(10,464)	(10,464)	12,073	1,609
Capital contribution by non-controlling equity holder of subsidiary	–	–	–	–	–	–	–	–	14,700	14,700
Equity settled share-based transactions	–	–	–	–	–	1,445	–	1,445	–	1,445
Transfer to statutory reserve	–	–	–	6,793	–	–	(6,793)	–	–	–
Balance at 31 December 2015	124,827	147,160	116,659	19,217	(1,277)	1,445	43,914	451,945	38,008	489,953

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Cash flows from operating activities		
Profit/(loss) before income tax expense	**48,730**	(89,593)
Adjustments for:		
Bank interest income	**(87)**	(351)
Interest expenses	**5,635**	13,327
Depreciation of property, plant and equipment	**1,688**	1,921
Amortisation of intangible assets	**825**	–
Fair value change of financial liabilities at fair value through profit or loss	**–**	(5,000)
Investment income	**(2,695)**	(3,849)
Loss on disposal of loan and accounts receivables	**74**	–
Loss on disposal/dissolution of available-for-sale investments	**50**	42,666
Bad debts written off of loan and accounts receivables	**1,207**	21,778
Loss on disposal of subsidiaries	**90**	–
Other receivables and deposit written off	**5**	530
Loss on disposal of property, plant and equipment	**–**	881
Equity-settled share-based payments	**1,436**	–
Operating profit/(loss) before working capital changes	**56,958**	(17,690)
(Increase)/decrease in loan and accounts receivables	**(10,947)**	18,705
Decrease/(increase) in deposits, prepayments and other receivables	**122,397**	(5,393)
Decrease in receipt in advance, accruals and other payables	**(20,401)**	(2,941)
Cash generated from/(used in) operations	**148,007**	(7,319)
Income tax paid	**(7,764)**	(12,681)
Net cash generated from/(used in) operating activities	**140,243**	(20,000)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,996)**	(1,555)
Business combination, net of cash	*27*	**(70,458)**	–
Investment in available-for-sale investments		**(98,000)**	(20,274)
Proceeds from redemption of available-for-sale investments		**–**	3,000
Proceeds from disposal of non-current assets classified as held for sale		**25,762**	–
Net cash outflow of disposal of subsidiaries		**(1)**	–
Proceeds from redemption of held-to-maturity investment		**2,000**	2,000
Decrease in deposit paid		**–**	15,000
Interest received		**1,892**	3,242
Net cash (used in)/generated from investing activities		**(141,801)**	1,413
Cash flows from financing activities			
Increase in amount due from non-controlling interest		**(9)**	–
Decrease in amounts due to non-controlling interests		**–**	(253)
Increase in amounts due from shareholders		**(2,779)**	(24)
Interest paid		**(4,053)**	(9,706)
Proceeds from issue of ordinary shares upon open offer		**169,679**	–
Share issue costs		**(3,032)**	–
Redemption of corporate bonds		**(70,000)**	(30,000)
Net cash generated from/(used in) financing activities		**89,806**	(39,983)
Net increase/(decrease) in cash and cash equivalents		**88,248**	(58,570)
Cash and cash equivalents at beginning of the year		**67,530**	125,794
Effect of foreign exchange rates, net		**(1,271)**	306
Cash and cash equivalents at end of the year		**154,507**	67,530

1. GENERAL

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

The Group, comprising the Company and its subsidiaries, currently engages in investment in property development projects, operation of financial services platform, provision of financial consultation services, finance lease services and entrusted loan and pawn loan services in the People's Republic of China ("PRC"). The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in the note 31.

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

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

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

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

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

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

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

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

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

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

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

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

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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

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

Amendments to HKAS 1 – Disclosure Initative

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

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

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

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

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

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

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

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 (2014) – Financial Instruments

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

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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

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

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

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Hong Kong Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets which were measured at fair value and non-current assets classified as held for sale which were measured at the lower of carrying value and fair value less costs of disposal as explained in the accounting policies set out below.

(c) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Except for those acquisitions which qualify as common control combination, which are accounted for using merger accounting, acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Office building	The shorter of the lease terms and 20 years
Leasehold improvements	Over the leases term but not exceeding 5 years
Furniture, fixtures and office equipment	3 years
Motor vehicles	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Customers relationship	10 years

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Intangible assets (Continued)

(ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(m)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

(f) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale investments

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables or held-to-maturity investments

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

For available-for-sale investments

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for services provided in the normal course of business net of sales related taxes.

Interest income (as the case may be, including the administration fees that are an integral part of the effective interest rate) from financing services and financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Consultancy service fee income is recognised using the percentage of completion method. Revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

Investment income is recognised when the right to receive the income is established.

Platform service income generated from provision of financial services platform is recognised upon completion of transactions.

For financial lease service income, please refer to note 4(p).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(j) Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee benefits

The Group operates a defined contribution retirement benefit scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salaries.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of employees' salaries to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

(l) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investments in subsidiaries;
- intangible assets.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 4(c)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(n) Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Leasing

Leases are classified as finance leases whenever the terms of the leaser transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

Finance lease as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating lease as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(q) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Related parties (Continued)

(b) (Continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(r) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of capital are deducted from capital (net of any related income tax benefit) to the extend they are incremental costs directly attributable to the equity transaction.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

(i) Held-to-maturity investment

The Group classifies financial assets as held-to-maturity investments when it has a positive intention and ability to hold the investment to maturity. Directors exercise judgment based on the Group's treasury objective and financial risk management policy to determine whether the financial assets are to be classified as held-to-maturity.

(ii) Subsidiary

Pursuant to a group reorganisation (the "Reorganisation") carried out by the Group to rationalise the structure of the Group in preparation for the listing of the Company's shares on GEM of the Hong Kong Stock Exchange, the Company became the holding company of the subsidiaries comprising the Group. The contractual arrangements under the Reorganisation ("Contractual Arrangements") enable the Company to exercise control over Guangdong Hui Jin Dian Dang Investment Holding Limited ("Guangdong Huijin"), a joint-stock limited company incorporated in the PRC.

The Contractual Arrangements were entered into in order for the Group to manage and operate the business of Guangdong Huijin in the PRC, under which Flying Investment Services (Shenzhen) Company Limited ("Flying Investment") is exposed, has rights, to variable returns from its involvement with Guangdong Huijin. Flying Investment, one of the subsidiaries of the Company, has the ability to affect those returns through its power over Guangdong Huijin, and the variable returns are transferred to Flying Investment by means of management and consultation fees payable by Guangdong Huijin to Flying Investment. Further details of the Contractual Arrangements are set out in the paragraph headed "Structure Agreements" to the prospectus of the Company dated 20 April 2012 in connection with the listing.

Accordingly, Guangdong Huijin is accounted for as a subsidiary as a consequence of the Contractual Agreements. Significant judgments have been exercised by management in assessing and concluding Guangdong Huijin as a subsidiary of the Group.

(iii) Income tax

The Group is subject to income taxes in different jurisdictions. Significant judgment is involving in determining the provision for income taxes. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION (Continued)

(b) The key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of customers and related parties. If the financial conditions of the customers and other debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

(ii) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

(iii) Stage of completion of consultancy services

Revenue from consultancy services is recognised according to the percentage of completion of consultancy services. The revenue recognition on an uncompleted consultancy service is dependent on estimating the total work to be performed of the consultancy contract, as well as the work done to date. In order to ensure that the percentage of completion of consultancy services is accurate and up-to-date, management frequently reviews and estimates the progress of the consultancy services rendered based on its past experience and the nature of the consultancy services provided by the Group.

(iv) Impairment of intangible assets

The Group assesses whether there are any indicators of impairment for intangible assets at each reporting date. Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

(v) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION (Continued)

(b) The key sources of estimation uncertainty (Continued)

(vi) Impairment of available-for-sale equity investments

The directors review available-for-sale equity investments at the end of each reporting period to assess whether they are impaired. The available-for-sale equity investments of the Group was stated at cost because the variability in the range of reasonable fair value estimated was so significant that the Directors are of the opinion that the fair value could not be measured reliably. The amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for the similar financial assets.

(vii) Fair value measurement

The fair value measurement of the Group's financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy")

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures certain financial instruments (note 18) at fair value. For more detailed information in relation to the fair value measurement, please refer to the applicable notes.

6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decision.

The Group has four reportable segments (2014: two). The segments are managed separately as each business offers different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Investment in property development projects	Investment income and relevant consultation service income generated from the limited partnerships, which invest in property development projects and are accounted for as available-for-sale equity investments;
Operation of financial services platform	Service income and relevant consultation service income generated from financial services platform;
Financial consultancy, entrusted loan and finance lease services	Short-term large loan offer, short-term lease services and consultation services to borrowers and financial institutions;
Pawn loan services	Short-term small loan offer.

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

6. SEGMENT INFORMATION (Continued)

Segment information about reportable segments:

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

6. SEGMENT INFORMATION (Continued)

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

6. SEGMENT INFORMATION (Continued)

The geographical location of customers is based on the location at which the services were provided. The total revenue from external customers is mainly sourced from Hong Kong and the PRC.

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

	Revenue from external customers		Specified non-current assets	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong	**–**	14,112	**176**	295
The PRC (place of domicile)	**108,528**	17,941	**87,696**	4,346
	108,528	32,053	**87,872**	4,641

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

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

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

7. REVENUE

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

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

8. OTHER INCOME OR (LOSS)

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

Notes:

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

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

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

(ii) During the year ended 31 December 2014, the Group suffered a loss on available-for-sale investment of RMB18,021,000 as further described in note 18(b).

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

(iv) During the year ended 31 December 2014, the Group disposed of an investment in a trust acquired in 2013 at a loss of RMB1,000,000.

8. OTHER INCOME OR (LOSS) (Continued)

Notes: (Continued)

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

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

9. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest charged on financial liabilities carried at amortised cost		
Corporate bonds *(note 25)*	5,635	13,327

10. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

	2015 RMB'000	2014 RMB'000
Auditor's remuneration		
– Current year	749	633
– Under provision in prior year	33	494
Depreciation of property, plant and equipment	1,688	1,921
Amortisation of intangible assets	825	–
Other receivables and deposit written off	5	530
Employee benefit expenses including Directors' remuneration *(note 11)*		
Salaries and wages	19,501	16,675
Pension scheme contributions – defined contribution plans	3,560	2,266
	23,061	18,941
Equity-settled share-based payments expense*	1,436	–
Operating lease charges in respect of properties	7,193	10,764

* During the year ended 31 December 2015, equity settled share-based payment expenses included in staff cost and services contracts which were recognised in respect of share options of the Company of approximately RMB1,322,000 and RMB114,000, respectively. Details of transactions are set out in note 28.

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

The remuneration of each of the Directors for the year is set out below:

	Fees RMB'000	Salaries allowances and benefits in kind RMB'000	Equity-settled share-based payments *(note g)* RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2015					
Executive directors:					
Mr. Zheng Weijing	–	390	19	–	409
Mr. Zhang Gongjun *(note a)*	50	150	151	–	351
Ms. Guo Chanjiao *(note b)*	–	378	151	–	529
	50	918	321	–	1,289
Independent non-executive directors:					
Mr. Vincent Cheng	100	–	9	–	109
Mr. Leung Po Hon *(note c)*	100	–	9	–	109
Dr. Miao Bo *(note d)*	47	–	9	–	56
	247	–	27	–	274
Total	297	918	348	–	1,563
Year ended 31 December 2014					
Executive directors:					
Mr. Zheng Weijing	–	392	–	–	392
Mr. Li Zhongyu *(note e)*	–	334	–	–	334
Mr. Peng Zuohao *(note e)*	–	487	–	–	487
	–	1,213	–	–	1,213
Independent non-executive directors:					
Mr. Vincent Cheng	95	9	–	–	104
Mr. Leung Po Hon *(note c)*	36	1	–	–	37
Mr. Zhang Gongjun *(note a)*	95	9	–	–	104
Mr. Lu Quanzhang *(note f)*	59	8	–	–	67
	285	27	–	–	312
Total	285	1,240	–	–	1,525

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

Notes:

(a) Mr. Zhang Gongjun was re-designated from an independent non-executive director to an executive director of the Company on 15 July 2015.

(b) Ms. Guo Chanjiao was appointed as an executive director of the Company on 26 June 2015.

(c) Mr. Leung Po Hon was appointed as an independent non-executive director of the Company on 15 August 2014.

(d) Dr. Miao Bo was appointed as an independent non-executive director of the Company on 15 July 2015.

(e) Mr. Li Zhongyu and Mr. Peng Zuohao resigned as executive directors of the Company on 4 November 2014.

(f) Mr. Lu Quanzhang resigned as an independent non-executive director of the Company on 15 August 2014.

(g) These amounts represent the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options is measured according to the accounting policies for share-based payments as set out in note 4(l) to the financial statements.

(b) Five highest paid individuals

The five highest paid individuals of the Group included two (2014: two) directors for the year ended 31 December 2015.

The analysis of the emolument of the remaining three (2014: three) highest paid individuals were as below:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	**995**	1,469
Pension scheme contributions	**10**	46
	1,005	1,515

Their emoluments were within the following bands:

	2015 No. of individuals	2014 No. of individuals
Nil to HK$1,000,000	**3**	3

(c) During the year, no director or any of the highest paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the Directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

(d) The emoluments paid or payable to members of senior management were within the following bands:

	2015 No. of individuals	2014 No. of individuals
Nil to HK$1,000,000	**2**	2

12. INCOME TAX EXPENSE AND DEFERRED TAX LIABILITY

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

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

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

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

The income tax expense for the year can be reconciled to the profit/(loss) before income tax expense per the consolidated statement of comprehensive income as follows:

	2015 RMB'000	2014 RMB'000
Profit/(loss) before income tax expense	48,730	(89,593)
Tax calculated at the domestic tax rate of 25% (2014: 25%)	12,182	(22,398)
Effect of difference tax rates of subsidiaries operating in other jurisdictions	1,300	824
Tax effect of non-deductible expenses	857	771
Tax effect of non-taxable income	(1)	(17)
Tax effect of tax losses not recognised	4,463	29,855
Tax effect of deductible temporary differences not recognised	(6,007)	(5,963)
(Over)/under-provision in respect of prior years	(1,606)	2,717
Utilisation of tax losses previously not recognised	(7,016)	(481)
Income tax expense	4,172	5,308

12. INCOME TAX EXPENSE AND DEFERRED TAX LIABILITY (Continued)

	2015 RMB'000	2014 RMB'000
Deferred tax liability		
As at 31 December 2014 and 1 January 2015	–	22
Recognised on business combination *(note 27)*	8,254	–
Credit to profit or loss	(206)	(22)
As at 31 December 2015	8,048	–

As at 31 December 2015, the aggregate amount of temporary differences associated with the PRC subsidiaries' undistributed retained earnings for which deferred tax liabilities have not been recognised is approximately RMB31,216,000 (2014: RMB19,825,000). No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

The Group has accumulated tax losses arising in Hong Kong and the PRC of approximately RMB41,661,000 (2014: RMB28,289,000) and RMB133,759,000 (2014: RMB124,734,000) respectively. Deferred tax assets have not been recognised in respect of these losses as it is not probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. The tax loss can be carried forward with a maximum period of five years in the PRC while the tax loss in Hong Kong can be carried forward indefinitely.

13. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

(b) Diluted earnings/(loss) per share

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

14. PROPERTY, PLANT AND EQUIPMENT

	Office building RMB'000	Leasehold improvements RMB'000	Furniture, fixture and office equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
Cost:					
At 1 January 2014	3,200	1,847	2,899	331	8,277
Additions	100	1,092	363	–	1,555
Disposals	–	(1,545)	–	–	(1,545)
Exchange realignment	–	3	1	2	6
At 31 December 2014 and 1 January 2015	3,300	1,397	3,263	333	8,293
Acquired through business combination *(note 27)*	–	–	1,399	–	1,399
Additions	–	2,100	896	–	2,996
Exchange realignment	–	26	10	19	55
At 31 December 2015	3,300	3,523	5,568	352	12,743
Accumulated depreciation:					
At 1 January 2014	–	1,231	1,077	83	2,391
Charge for the year	165	709	981	66	1,921
Eliminated on disposals	–	(664)	–	–	(664)
Exchange realignment	–	3	–	1	4
At 31 December 2014 and 1 January 2015	165	1,279	2,058	150	3,652
Charge for the year	160	568	890	70	1,688
Exchange realignment	–	26	5	8	39
At 31 December 2015	325	1,873	2,953	228	5,379
Net carrying amount:					
At 31 December 2015	2,975	1,650	2,615	124	7,364
At 31 December 2014	3,135	118	1,205	183	4,641

The Group's office building is located in the PRC with lease term expired in 2051.

15. GOODWILL

	2015 RMB'000
Acquired through business combination on 30 September 2015 *(note 27)*	48,316
At 31 December	48,316

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

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

Impairment Testing on Goodwill

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

	2015 RMB'000
Financial services platform	48,316

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

Discount rate	18%
Operating margin	33%

16. INTANGIBLE ASSETS

	Customers relationship RMB'000
Group	
Cost	
Additions	
– Through business combination *(note 27)*	33,017
At 31 December 2015	33,017
Amortisation and impairment	
At 1 January 2015	–
Amortisation	825
At 31 December 2015	825
Net book value	
At 31 December 2015	32,192

17. HELD-TO-MATURITY INVESTMENT

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

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

18. AVAILABLE-FOR-SALE INVESTMENTS

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

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

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

The limited partnerships are without an investment life or a fixed maturity date. Management also has no intention to dispose of its investments as at 31 December 2015. Therefore, these investments were classified as non-current assets during the year.

During the year ended 31 December 2015, the Group earned an investment income of RMB45 million from one of the limited partnerships of which RMB10 million was received and the balance of RMB35 million was recognised in loan and accounts receivables in note 20 as at 31 December 2015.

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

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

18. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(i) Entrusted loan of RMB68 million

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

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

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

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

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

18. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

(ii) Entrusted loan of RMB22 million

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

On 31 December 2015, the Group disposed of its investment in the limited partnership at a consideration of RMB21,950,000 and the loss on disposal of RMB50,000 has been recognised in profit or loss (note 8).

19. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As further discussed in note 18(b), the Group obtained certain properties through realisation of available-for-sale debt investment. The properties were classified as non-current assets held for sale as the Group intended to dispose of them within 12 months from the end of reporting period and was carried at fair value less cost of disposal as at 31 December 2014.

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

20. LOAN AND ACCOUNTS RECEIVABLES

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

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

20. LOAN AND ACCOUNTS RECEIVABLES (Continued)

Entrusted loan receivables represent loans to borrowers through certain banks in the PRC. In an entrusted loan arrangement, the Group enters into a loan agreement with the borrower and bank. The borrower repays the loan to the bank and then the bank returns the principal and accrued interest to the Group. While the bank exercises supervision over the arrangement and receives repayment from the borrower, the bank does not assume any risk of default by the borrower. The effective interest payable on entrusted loan receivables ranged from 0.4% to 0.46% (2014: 0.48% to 1.8%) per month as at 31 December 2015. During the year ended 31 December 2015, the Group granted one new entrusted loan (2014: 4) of approximately RMB1,625,000 to a borrower. An independent third party has guaranteed these entrusted loans with maturity dates between 5 years to 10 years (2014: maturity date of 5 years).

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

Investment receivables represent income from the investment in a limited partnership as described in note 18(a). The receivables are settled subject to the arrangement of the limited partnership which is normally settled in 1 month after the approval of the investment income in the board meeting of limited partnerships.

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

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

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

Other loan receivable represents the ownership of a beneficial right of an account receivable which will expire in June 2016 with fixed interest bearing of 12% per annum.

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

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

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

20. LOAN AND ACCOUNTS RECEIVABLES (Continued)

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

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

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

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

Please refer to note 8(c) for details of bad debts written off directly against loan and accounts receivables.

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

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

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

21. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Deposits paid *(note a)*	**1,617**	65,302
Prepayments	**1,415**	758
Other receivables *(note b)*	**62,173**	30,594
	65,205	96,654

Notes:

(a) As at 31 December 2015, deposits paid comprised rental and various deposits amounting to RMB1,617,000.

As at 31 December 2014, the deposits paid comprised RMB63,310,000 related to the acquisition of 1.119% equity interest of China Railway Trust Co., Limited (中鐵信託有限責任公司) from an independent third party (the "Vendor"). The Group terminated the transaction. The deposit was fully refunded in January 2015. As at 31 December 2014, deposit paid also comprised rental and various deposits amounting to RMB1,992,000.

(b) As at 31 December 2015, other receivables mainly comprised outstanding proceeds of approximately RMB58,800,000 from the disposal of available-for-sale investment (note 18(b)), current assets held for sale (note 19) and loan and accounts receivables (note 20). The balance will be settled in 6 months pursuant to the relevant disposal agreements.

As at 31 December 2014, main items of other receivables included (i) consideration of RMB9,000,000 on the disposal of the Group's investment in a trust as disclosed in note 8(b)(iv); (ii) guarantee of RMB9,513,000 receivable from a company in which Mr. Li Zhongyu, a former director of the Company; and (iii) cash settlement of RMB11,833,000 as described in note 18(b) which the Group received in January 2015.

22. AMOUNTS DUE FROM/(TO) NON-CONTROLLING INTERESTS/SHAREHOLDERS

The balances due were unsecured, interest free and repayable on demand.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represented cash in hand and bank balance. As at 31 December 2015, the Group and the Company had cash and cash equivalents denominated in RMB amounting to approximately RMB149,451,000 and RMB18,000 (2014: RMB61,202,000 and RMB96,000) respectively, and were kept in the PRC. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

Segregated client's accounts

The Group maintains segregated client's accounts with independent online financial centers which are affiliated to licensed banks in the PRC to hold clients' deposits arising from normal business transactions in connection with the provision for financing platform business. As at 31 December 2015, clients' accounts not dealt within these consolidated financial statements amounted to approximately RMB29,939,000.

24. RECEIPTS IN ADVANCE, ACCRUALS AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Receipts in advance	**2,822**	4
Accruals	**2,468**	934
Other payables	**9,168**	4,066
	14,458	5,004

25. CORPORATE BONDS PAYABLE

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

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

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

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

26. SHARE CAPITAL

	2015		2014	
	Number of ordinary shares '000	**Amount RMB'000**	Number of ordinary shares '000	Amount RMB'000
Authorised:				
Ordinary share of HK$0.1 each				
At 1 January and 31 December	**5,000,000**	**407,450**	5,000,000	407,450
Issued and fully paid:				
Ordinary share of HK$0.1 each				
At 1 January	**1,020,555**	**83,165**	1,020,555	83,165
Issue of ordinary shares upon open offer *(note)*	**510,278**	**41,662**	–	–
At 31 December	**1,530,833**	**124,827**	1,020,555	83,165

Note:

During the year, 510,277,500 new ordinary shares of par value of HK0.1 each were issued at the subscription price of HK$0.4 each, of which approximately HK$51,028,000 (equivalent to RMB41,662,000) was credited to share capital and the remaining balance of approximately HK$149,438,400 (equivalent to approximately RMB124,985,000) after deducting share issue cost was credited to the share premium account. Further details of the open offer are set out in the Company's prospectus dated 8 October 2015.

The new shares issued under the open offer rank pari passu in all respects with the existing shares.

27. BUSINESS COMBINATION DURING THE YEAR

On 30 September 2015, the Group acquired 51% of the voting equity instruments of Profit Success Technology Limited and its subsidiary (collectively known as the "Profit Success Group"). The principal activities of the Profit Success Group are investment holding and operation of financial platform in the PRC. The acquisition was made with the aim to expand the variety of financial services provided by the Group, in order to enhance the Group's competitive edge and create opportunities for revenue synergies.

27. BUSINESS COMBINATION DURING THE YEAR (Continued)

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition is:

	RMB'000
Property, plant and equipment *(note 14)*	1,399
Customer relationships *(note 16)*	33,017
Cash and cash equivalents	42
Trade and other receivables	47,145
Trade and other payables	(29,851)
Deferred tax liabilities recognised upon fair value adjustments *(note 12)*	(8,254)
	43,498
Less: Non-controlling interests	(21,314)
	22,184
The fair value of consideration transfer:	
Cash	70,500
Goodwill *(note 15)*	48,316

An analysis of the cash flows in respect of the acquisition of Profit Success Group is as follow:

	RMB'000
Cash consideration paid	70,500
Cash and cash equivalents acquired	(42)
Net outflow of cash and cash equivalents included in cash flows from investing activities	70,458

The fair value of trade and other receivables was RMB47,145,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Goodwill of RMB48,316,000, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

The Group has elected to measure the non-controlling interest in the Profit Success Group at the non-controlling interests' proportionate share of Profit Success Group's identifiable net shares.

Since the acquisition date, the Profit Success Group has contributed approximately RMB12,069,000 and RMB2,254,000 to Group's revenue and profit. If the acquisition had occurred on 1 January 2015, Group's revenue and profit would have been approximately RMB139,024,000 and RMB43,292,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future performance.

The acquisition-related costs of RMB113,400 have been expensed and are included in administrative expenses in the profit or loss during the year ended 31 December 2015.

28. EQUITY-SETTLED SHARE-BASED PAYMENTS

A share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution in writing passed by all shareholders on 20 December 2011. The purpose of the Share Option Scheme is to provide incentives or rewards to the eligible participants for their contribution to the Group.

The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group to each grantee in any 12-months period share not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the limit is subject to shareholders' approval in general meeting.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

(a) Equity-settled share option scheme

On 17 December 2015, options to subscribe for an aggregate of 70,000,000 shares of the Company have been granted by the Company to the existing directors and employees of the Group under the Share Option Scheme. 30% of share options have an exercise period from 1 June 2016 to 19 December 2021 ("Share Option 1"), 30% of share options have an exercise period from 1 June 2017 to 19 December 2021 ("Share Option 2"); and the remaining share options have an exercise period from 1 June 2018 to 19 December 2021 ("Share Option 3"). All share options are subject to the fulfillment of relevant profit targets by the Company, as set out below, and share options shall not be vested if any of the profit targets is failed to meet.

28. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

(a) Equity-settled share option scheme (Continued)

Details of the specific categories of options are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price HK$	Vesting conditions
Share Option 1	17 December 2015	31 May 2016	1 June 2016 to 19 December 2021	1.046	Profit after income tax (but before share-based payment expenses) according to the audited consolidated financial statement of the Company for the year ended 31 December 2015: - Equal to or more than RMB35 million, 100% of Share Option 1 shall be vested; - Equal to or more than RMB25 million but less than RMB35 million, 50% of Share Option 1 shall be vested; and - Less than RMB25 million, no Share Option 1 shall be vested.
Share Option 2	17 December 2015	31 May 2017	1 June 2017 to 19 December 2021	1.046	Profit after income tax (but before share-based payment expenses) according to the audited consolidated financial statement of the Company for the year ended 31 December 2016: - Equal to or more than RMB65 million, 100% of Share Option 2 shall be vested; - Equal to or more than RMB50 million but less than RMB65 million, 50% of Share Option 2 shall be vested; and - Less than RMB50 million, no Share Option 2 shall be vested.
Share Option 3	17 December 2015	31 May 2018	1 June 2018 to 19 December 2021	1.046	Profit after income tax (but before share-based payment expenses) according to the audited consolidated financial statement of the Company for the year ended 31 December 2017: - Equal to or more than RMB100 million, 100% of Share Option 3 shall be vested; - Equal to or more than RMB80 million but less than RMB100 million, 50% of Share Option 3 shall be vested; and - Less than RMB80 million, no Share Option 3 shall be vested.

28. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

(a) Equity-settled share option scheme (Continued)

	Weighted average exercise price 2015 HK$	Number 2015
Granted during the year		
Directors	1.046	18,500,000
Employees	1.046	51,500,000
Outstanding at the end of the year		70,000,000

No exercise or lapsed share option existed during the year ended 31 December 2015.

The options outstanding at the end of the year have a weighted averaged remaining contractual life of 6 years and the exercise price of HK$1.046 as at 31 December 2015.

Fair value of share options and assumptions

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the Group.

	2015
Option pricing model used	Binomial option pricing
Weighted average share price at grant date	HK$0.572
Exercise price	HK$1.046
Weighted average contractual life	6 years
Expected volatility	83%
Expected dividend rate	–
Risk-free interest rate	1.17%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years. Changes in the subjective input assumptions could materially affect the fair value estimate.

During the year, total share option expenses of approximately RMB1,322,000 was recognised in expense in relation to share options granted by the Company.

28. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

(b) Equity-settled service contract

On 17 December 2015, the Company entered into separate services contracts with 5 individual advisors (the "Advisors") to provide advisory services to the Group for six years. In consideration of the services provided by the Advisors, the Company granted in a total of 6,000,000 share options to them.

Set out below are details of the share options granted to the Advisors:

(i) All share options are granted with an exercise price of HK$1.046 per share;

(ii) All holders of share options have to follow the vesting date, vesting conditions and exercise period as mentioned in note 28(a);

(iii) There were no exercised or lapsed share options as at 31 December 2015.

The total fair values of the share options granted to the Advisors on 17 December 2015 were approximately RMB3,000,000. These fair values were based on the terms and conditions stated in the service contracts.

The exercise price of the share options is HK$1.046 per share and the weighted average remaining contractual life is 6 years.

The Company recognised the total expense of approximately RMB114,000 for the year ended 31 December 2015 in relation to share options granted by the Company to the Advisors.

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2015 RMB'000	2014 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries		70,502	2
Current assets			
Amounts due from subsidiaries	*(a)*	43,089	90,157
Amount due from a shareholder	*(a)*	33	24
Prepayments and other receivables		41	1
Cash and cash equivalents		3,588	542
		46,751	90,724
Current liabilities			
Accruals		107	254
Amounts due to subsidiaries	*(a)*	80,978	9,729
Dividend payable		38	35
Corporate bonds payable	*25*	–	68,332
		81,123	78,350
Net current (liabilities)/assets		(34,372)	12,374
Total assets less current liabilities		36,130	12,376
NET ASSETS		36,130	12,376
EQUITY			
Share capital		124,827	83,165
Reserves	*30(b)*	(88,697)	(70,789)
TOTAL EQUITY		36,130	12,376

(a) The amounts due from/due to subsidiaries and shareholder are unsecured, interest-free and repayable on demand.

On behalf of the Board

Zheng Weijing
Director

Zhang Gongjun
Director

30. RESERVES

(a) Group

Details of the movements on the Group's reserve are as set out in the consolidated statement of changes in equity of the financial statements.

(b) Company

	Share premium RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
1 January 2014	22,175	–	(3,174)	(26,126)	(7,125)
2013 dividend paid	–	–	–	–	–
Loss for the year	–	–	–	(63,956)	(63,956)
Exchange difference translating foreign operation	–	–	292	–	292
Total comprehensive income for the year	–	–	292	(63,956)	(63,664)
At 31 December 2014 and 1 January 2015	22,175	–	(2,882)	(90,082)	(70,789)
Loss for the year	–	–	–	(142,608)	(142,608)
Exchange difference translating foreign operation	–	–	(1,730)	–	(1,730)
Total comprehensive income for the year	–	–	(1,730)	(142,608)	(144,338)
Issue of ordinary shares upon open offer *(note 26)*	128,017	–	–	–	128,017
Share issue costs	(3,032)	–	–	–	(3,032)
Equity settled share-based transactions	–	1,445	–	–	1,445
At 31 December 2015	147,160	1,445	(4,612)	(232,690)	(88,697)

30. RESERVES (Continued)

(c) Nature and purpose of reserves

(i) Share premium

The share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(ii) Merger reserve

The merger reserve of the Group arose as a result of the Reorganisation and represented the difference between the nominal value of the registered capital and capital reserve of Guangdong Huijin and the nominal value of the shares of the Company issued pursuant to the Reorganisation.

(iii) Statutory reserve

In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC to the statutory reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of the statutory reserve is not less than 25% of registered capital.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(v) Retained earnings/(accumulated losses)

The amount represents accumulative net gains and losses recognised in profit or loss.

(vi) Share option reserve

Cumulative expenses recognised on the granting of Share Option to the employees over the vesting period.

31. PARTICULARS OF SUBSIDIARIES

Details of the principal subsidiaries are as follows:

Name	Place of incorporation/ establishment	Place of operation and principal activity	Description of fully paid up share capital/ registered capital held	Percentage of ownership interests/ voting rights/ profit share directly	Indirectly
Limited liability company					
Expand Wealth Limited	BVI	Investment holding and provision of loan services in the PRC	1 share US$1	100%	–
Sunny Sino Holdings Limited	Hong Kong	Investment holding and provision for financial consultation services in the PRC	1 share HK$1	–	100%
Junhao Group Limited	Hong Kong	Investment holding in Hong Kong	10,000 shares HK$10,000	–	100% (2014: 60%)
Chengtai Group Limited	Hong Kong	Investment holding in Hong Kong	10,000 shares HK$10,000	–	100% (2014: 58%)
Flying Investment	PRC	Provision of financial consultation and entrusted loan services in the PRC	HK$50,000,000	–	100%
Zhuhai Hengain Flying Wealth Management Limited	PRC	Provision of financial consultation services in the PRC	1,512,673 shares HK$1 each	–	100%
Qianhai Flying Financial PRC Service (Shenzhen) Limited	PRC	Provision of financial consultation services in the PRC	HK$30,000,000	–	100%
Meizhou Xixin Business Information Consulting Co., Limited	PRC	Investment holding in the PRC	HK$3,489,900	–	100%
Yunnan Flying Business Information Consulting Co., Limited	PRC	Provision of financial consultation services in the PRC	RMB1,000,000	–	100%
Shenzhen Flying Financial Internet Financial Services Corporation	PRC	Provision of financial services platform in the PRC	RMB50,000,000	–	51%
Joint-stock limited company					
Guangdong Huijin	PRC	Provision of pawn loan services in the PRC	RMB101,000,000	–	100%*
Zhongxi Rongzi Zulin (Shanghai) Limited	PRC	Provision of finance lease services	RMB20,000,000	–	100%

The financial statements of the subsidiaries have been examined by BDO Limited for the purpose of the Group's financial statements. None of the subsidiaries had issued any debt securities at the end of the year.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

* Guangdong Huijin is accounted for as subsidiary through certain contractual arrangements. Please refer to note 5(a)(ii) for details.

32. NON-CONTROLLING INTERESTS

Profit Success Technology Limited, a 51% owned subsidiary of the Group respectively, has material non-controlling interests ("NCI"). All other NCI of non-wholly owned subsidiaries are considered as immaterial. As at 31 December 2014, Junhao Group Limited and Chengtai Group Limited, a 60% and 58% owned subsidiary of the Group, respectively had material NCI, which were acquired by the Group during the year ended 31 December 2015.

Summarised financial information in relation to the NCI of Profit Success Technology Limited for the year ended 31 Decemebr 2015, and Junhao Group Limited and Chengtai Group Limited for the year ended 31 December, 2014, before intra-group eliminations, is presented below:

	2015 RMB'000	2014 RMB'000
For the year ended 31 December		
Revenue	**12,069**	5,900
Profit/(loss) for the year	**4,414**	(20,052)
Total comprehensive income	**4,414**	(20,052)
Profit/(loss) allocated to NCI	**2,163**	(8,461)
For the year ended 31 December		
Cash inflows from operating activities	**23,323**	1,823
Cash outflows from financing activities	**5**	(260)

	2015 RMB'000	2014 RMB'000
As at 31 December		
Current assets	**67,591**	3,405
Non-current assets	**51,406**	5,667
Current liabilities	**(65,837)**	(30,797)
Net assets/(liabilities)	**53,160**	(21,725)

32. NON-CONTROLLING INTERESTS (Continued)

On 17 April 2015 and 28 August 2015, the Group acquired an additional 40% and 42% ownership interest in its subsidiaries, Junhao Group Limited and Chengtai Group Limited, respectively. Following the acquisition, the Group had 100% ownership interests in both subsidiaries. The transactions have been accounted for as an equity transaction with the non-controlling interests as follows:

Junhao Group Limited	2015 RMB'000
Consideration paid for 40% ownership interest	3
Net liabilities attributable to 40% ownership interest	(1,782)
Decrease in equity attributable to owners of the Company (included in retained earnings)	(1,779)

Chengtai Group Limited	2015 RMB'000
Consideration paid for 42% ownership interest	–
Net liabilities attributable to 42% ownership interest	(10,291)
Waiver of amount due from NCI	1,606
Decrease in equity attributable to owners of the Company (included in retained earnings)	(8,685)

33. COMMITMENTS

Operating lease commitments

Future minimum rental payable under non-cancellable operating lease of the Group in respect of buildings at the reporting date is as follows:

	2015 RMB'000	2014 RMB'000
Within one year	3,500	2,213
Within two to five years	1,820	–
	5,320	2,213

The Group leases certain properties under operating leases. The leases run for an initial period of 1 to 3 years, with options to renew the lease terms at the expiry dates or at dates as mutually agreed between the Group and the respective landlords. None of these leases include any contingent rentals.

34. RELATED PARTIES DISCLOSURE

The Group does not have material related party transactions during the year ended 31 December 2015 and 2014.

Compensation of key management personnel

The emoluments of Directors who are also identified as members of key management of the Group during the year are set out in note 11(a).

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the reporting date are as follows:

	2015 RMB'000	2014 RMB'000
Financial assets		
Held-to-maturity investment	**21,847**	22,957
Available-for-sale investments	**98,000**	22,000
Loans and receivables		
Loan and accounts receivables	**78,545**	68,650
Other receivables and deposits paid	**63,790**	95,896
Amounts due from shareholders	**2,803**	24
Amounts due from non-controlling interests	**14,710**	1
Cash and cash equivalents	**154,507**	67,530
	434,202	277,058
Financial liabilities		
Financial liabilities measured at amortised cost		
Accruals and other payables	**11,636**	5,000
Amounts due to non-controlling interests	**–**	1,539
Dividend payable	**38**	35
Corporate bonds payable	**–**	68,332
	11,674	74,906

36. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise held-to-maturity investment, available-for-sale investments, loan and accounts receivables, other receivables and deposits paid, cash and cash equivalents, accruals and other payables, amounts due from/to shareholder and non-controlling interests and corporate bonds payables. These financial instruments mainly arise from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair values as at the reporting date. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value or future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing the risk of changes in market interest rate.

The Group's interest rate risk primarily relates to the interest bearing bank balances. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

The Directors are of the opinion that the impact of the Group's sensitivity to the change in interest rate is insignificant.

Foreign currency risk

As the Group's revenue and expenses are mainly in RMB which is the functional currency of most of the entities making up the Group, the currency risk resulting from the Group's daily operations is considered not significant. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables and listed debt investments. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

For the Group's investments are unlisted equity securities held for strategic purposes. Credit risk refers to issuers to these financial instruments would fail to discharge their obligations under the terms which lead to a financial loss to the Group. The Group monitors the financial status and credit rating of individual issuers by reviewing the financial information provided by issuers on a regular basis. Please refer to notes 17 and 18 for the details of Group's investments.

In respect of loan receivables, the Group's policy is that all customers who wish to obtain loans from the Group are subject to management review. The Group holds collaterals directly or indirectly to cover its risks associated with loan receivables.

36. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

All collaterals of loan receivables other than entrusted loan receivables were held directly by the Group. For entrusted loan receivables, the Group holds collaterals of the customers directly or indirectly through banks. In case of default, the banks would assist the Group in recovering the loans. Based on the arrangement of the Group and the banks, the banks may apply to the court for enforcement of the loan agreement and sale of the collaterals.

For accounts receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Normally, the Group does not obtain collateral from customers on accounts receivables.

As at 31 December 2015, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group's exposure under outstanding loan receivables are secured by the pledged assets of the customers as disclosed in note 20.

The credit risk of the Group's other financial assets, which mainly comprise of cash and cash equivalents, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Credit risk in cash and cash equivalents is mitigated as cash is deposited in banks with high credit rating.

Liquidity risk

Management of the Group monitors current and expected liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted payments, are as follows:

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Repayable on demand RMB'000	Within 1 year RMB'000	Within 2 to 5 years RMB'000
At 31 December 2015					
Accruals and other payables	11,636	11,636	–	11,636	–
Dividend payable	38	38	–	38	–
	11,674	11,674	–	11,674	–
At 31 December 2014					
Accruals and other payables	5,000	5,000	–	5,000	–
Amounts due to non-controlling interests	1,539	1,539	1,539	–	–
Dividend payable	35	35	–	35	–
Corporate bonds payable	68,332	75,439	–	75,439	–
	74,906	82,013	1,539	80,474	–

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Available-for-sale investments				
– Debts securities-unlisted	–	22,000	–	22,000

Management has assessed that the fair values of its financial assets and liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's risk control team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The risk control team reports directly to the chief financial officer and the audit committee. At each reporting date, the risk control team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of debt securities have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market price or rates. The valuation requires the Directors to make estimates about the expected future cash flows including expected proceeds on subsequent disposal of the debt securities.

The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2014:

	Valuation technique	Significant unobservable input	Range	Sensitivity of the input to fair value
Debt securities – unlisted	Discounted cash flow method	Short term interest rate for cash flow	13.5%	An increase in the short term interest rate will result in a decrease in the fair value of the unlisted debt securities and vice versa.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2015				
Available-for-sale investment:				
Debt securities – unlisted	–	–	–	–
As at 31 December 2014				
Available-for-sale investments:				
Debt securities – unlisted	–	–	22,000	22,000

The Group does not has any liabilities measured at fair value as at 31 December 2015 and 2014.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The movements in fair value measurements in Level 3 during the year are as follow:

	2015 RMB'000	2014 RMB'000
Available-for-sale investments – unlisted debt securities		
At 1 January	**22,000**	104,371
Addition	**–**	20,274
Loss recognised in profit or loss *(note 8)*	**(50)**	(42,666)
Investment income as part of repayment	**–**	(2,425)
Disposal *(note 18(b)(ii))*	**(21,950)**	(10,000)
Settlement	**–**	(47,554)
At 31 December	**–**	22,000

	2015 RMB'000	2014 RMB'000
Fair value change of financial liabilities at fair value through profit or loss		
At 1 January	**–**	5,000
Fair value change of financial liabilities at fair value through profit or loss	**–**	(5,000)
At 31 December	**–**	–

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: nil).

38. CAPITAL RISK MANAGEMENT

The Group's capital management objectives include:

(i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners benefits for other stakeholders;

(ii) to support the Group's stability and growth; and

(iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity as capital. The amount of capital as at 31 December 2015 amounted to approximately RMB489,953,000 (2014: RMB241,156,000), which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

39. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 March 2016.

FINANCIAL SUMMARY

A summary of the Group's results for the last five financial years and the assets and liabilities of the Group as at 31 December 2015, 2014, 2013, 2012 and 2011, as extracted from the published audited financial statements for the year ended 31 December 2015, 2014 and 2013 and the Company's listing prospectus dated 20 April 2012 is set out below. The amounts set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**108,528**	32,053	107,980	94,630	86,799
Other income or (loss)	**2,683**	(55,121)	(26,013)	413	172
Employee benefit expenses	**(23,061)**	(18,941)	(19,544)	(9,625)	(3,858)
Administrative expenses	**(32,349)**	(34,257)	(39,754)	(26,657)	(16,199)
Equity-settled share-based payments	**(1,436)**	–	–	–	–
Finance costs	**(5,635)**	(13,327)	(6,593)	(54)	(468)
Profit/(loss) before income tax expense	**48,730**	(89,593)	16,076	58,707	66,446
Income tax expense	**(4,172)**	(5,308)	(9,168)	(17,470)	(17,949)
Profit/(loss) for the year	**44,558**	(94,901)	6,908	41,237	48,497
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
– Exchange differences on translating foreign operation	**(1,476)**	(390)	275	84	230
– Change in fair value of available-for-sale investment	**–**	–	(4,629)	–	–
– Reclassified to profit or loss for impairment loss on available-for-sale investment	**–**	–	4,629	–	–
Total comprehensive income for the year	**43,082**	(95,291)	7,183	41,321	48,727
Profit/(loss) for the year attributable to:					
Owners of the Company	**43,146**	(86,363)	9,697	41,409	48,497
Non-controlling interests	**1,412**	(8,538)	(2,789)	(172)	–
	44,558	(94,901)	6,908	41,237	48,497
Total comprehensive income for the year attributable to:					
Owners of the Company	**41,670**	(86,753)	9,972	41,493	48,727
Non-controlling interests	**1,412**	(8,538)	(2,789)	(172)	–
	43,082	(95,291)	7,183	41,321	48,727
ASSETS AND LIABILITIES					
Total assets	**530,964**	330,395	467,761	385,528	217,374
Total liabilities	**(41,011)**	(89,239)	(131,314)	(31,315)	(34,778)
Net assets	**489,953**	241,156	336,447	354,213	182,596