Flying Financial Service Holdings Limited
匯聯金融服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8030)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

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

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

FINANCIAL HIGHLIGHTS

	2012 *RMB'000*	2011 *RMB'000*	**Changes**
OPERATING RESULTS			
Revenue	**94,630**	86,799	+9.02%
Profit for the year attributable to owners of the Company	**41,409**	48,497	-14.62%
Basic earnings per share	**RMB4.47 cents**	RMB6.47 cents	-30.91%
Dividend for the year per share	**HK3.00 cents**	HK0.00 cents	N/A
FINANCIAL POSITION			
Total assets	**385,528**	217,374	+77.36%
Bank balances and cash	**141,417**	87,571	+61.49%
Net assets	**354,213**	182,596	+93.99%

ANNUAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the comparative figures for the corresponding period in 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** *RMB'000*	2011 *RMB'000*
Revenue	*6*	**94,630**	86,799
Other income	*6*	**413**	172
Employee benefit expenses		**(9,625)**	(3,858)
Administrative expenses		**(26,657)**	(16,199)
Finance costs	*7*	**(54)**	(468)
Profit before income tax	*8*	**58,707**	66,446
Income tax expense	*9*	**(17,470)**	(17,949)
Profit for the year		**41,237**	48,497
Other comprehensive income			
– Exchange differences on translating foreign operation		**84**	230
Total comprehensive income for the year		**41,321**	48,727
Profit for the year attributable to:			
Owners of the Company		**41,409**	48,497
Non-controlling interests		**(172)**	–
		41,237	48,497
Total comprehensive income attributable to:			
Owner of the Company		**41,493**	48,727
Non-controlling interests		**(172)**	–
		41,321	48,727
Earnings per share – Basic and diluted (RMB cents)	*11*	**4.47**	6.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,805**	913
Other investments	*12*	**10,200**	–
Deferred tax asset		**114**	–
		12,119	913
Current assets			
Loan and account receivables	*13*	**228,874**	124,435
Deposits, prepayments and other receivables		**3,118**	4,455
Cash and cash equivalents		**141,417**	87,571
		373,409	216,461
Current liabilities			
Receipt in advance, accruals and other payables		**10,668**	5,357
Amounts due to non-controlling interests		**2,271**	–
Borrowings	*14*	**–**	12,290
Provision for taxation		**18,376**	17,131
		31,315	34,778
Net current assets		**342,094**	181,683
TOTAL ASSETS LESS CURRENT LIABILITIES/ NET ASSETS		**354,213**	182,596
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**83,165**	1
Reserves		**271,213**	182,595
Equity attributable to owners of the Company		**354,378**	182,596
Non-controlling interests		**(165)**	–
TOTAL EQUITY		**354,213**	182,596

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Equity contributable to the owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Statutory reserve	Exchange reserve	Retained profits	Dividend proposed	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	1	–	116,659	3,680	–	33,729	–	154,069	–	154,069
Dividend paid – Transactions with owner *(note 10)*	–	–	–	–	–	(20,200)	–	(20,200)	–	(20,200)
Profit for the year	–	–	–	–	–	48,497	–	48,497	–	48,497
Other comprehensive income for the year	–	–	–	–	230	–	–	230	–	230
Total comprehensive income for the year	–	–	–	–	230	48,497	–	48,727	–	48,727
Transfer to statutory reserve	–	–	–	3,717	–	(3,717)	–	–	–	–
At 31 December 2011 and 1 January 2012	1	–	116,659	7,397	230	58,309	–	182,596	–	182,596
Transactions with owners:										
Share capitalisation	61,117	(61,117)	–	–	–	–	–	–	–	–
Issue of ordinary shares by Placing	20,372	112,049	–	–	–	–	–	132,421	–	132,421
Issue of ordinary shares by exercising Over-allotment Option	1,675	9,213	–	–	–	–	–	10,888	–	10,888
Share issue costs	–	(13,020)	–	–	–	–	–	(13,020)	–	(13,020)
	83,164	47,125	–	–	–	–	–	130,289	–	130,289
Profit for the year	–	–	–	–	–	41,409	–	41,409	(172)	41,237
Other comprehensive income for the year	–	–	–	–	84	–	–	84	–	84
Total comprehensive income for the year	–	–	–	–	84	41,409	–	41,493	(172)	41,321
2012 final dividend *(note 10)*	–	(24,950)	–	–	–	–	24,950	–	–	–
Capital contribution by non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	7	7
Transfer to statutory reserve	–	–	–	4,588	–	(4,588)	–	–	–	–
At 31 December 2012	83,165	22,175	116,659	11,985	314	95,130	24,950	354,378	(165)	354,213

NOTES TO ANNUAL RESULTS

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, Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 7 May 2012.

The Group, comprising the Company and its subsidiaries, currently engages in provision of pawn loans, entrusted loans, other loans and financial consultancy services. The Company acts as an investment holding company.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Ding Rong Limited, a limited liability company incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of 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 Stock Exchange.

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.

2. THE REORGANISATION AND BASIS OF PRESENTATION

Pursuant to a group reorganisation exercise (the "Reorganisation Exercise") 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 Stock Exchange, the Company became the holding company of the subsidiaries comprising the Group. This was accomplished by the following steps:

(a) Incorporation of eighteen holding companies in the BVI as the investing vehicles of the shareholders of Guangdong Huijin Pawn Stock Company Limited ("Guangdong Huijin")

To mirror the shareholding structure in Guangdong Huijin, the original shareholders or the beneficial owners of the original shareholders of Guangdong Huijin established eighteen holding companies in the BVI or their original interests of Guangdong Huijin are held on trust by other shareholders.

(b) Incorporation of the Company

On 4 May 2011, the Company was incorporated under the Companies Law as an exempted company with an authorised share capital of HK$100,000 divided into 1,000,000 shares of HK$0.10 each. On 4 May 2011, the Company issued and allotted 1 ordinary share as fully paid to Codan Trust Company (Cayman) Limited, which was transferred to Ying Gao Limited ("Ying Gao") on the same date. The Company also issued and allotted as fully paid another 2,946 ordinary shares to Ying Gao and 7,053 ordinary shares to Silvery Dragon Limited.

Taking into account the additional 3 ordinary shares issued and allotted as fully paid to Ying Gao to rationalise the rounding discrepancy, the shareholding structure of the Company mirrors that of Guangdong Huijin.

(c) Incorporation of Expand Wealth Limited ("Expand Wealth")

On 29 March 2011, Expand Wealth was incorporated in the BVI for the purpose of acting as the intermediate company of the Group with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each. On 11 May 2011, one ordinary share of US$1.00 was issued and allotted to the Company.

(d) Incorporation of Sunny Sino Holdings Limited ("Sunny Sino")

Sunny Sino was incorporated in Hong Kong on 23 February 2011. The issued share capital of Sunny Sino was HK$10,000 divided into 10,000 shares of HK$1.00 each, among which one share was issued and allotted to Cartech Limited ("Cartech") at incorporation. Cartech transferred the one share in Sunny Sino to Expand Wealth on 15 April 2011.

(e) Establishment of Flying Investment Services (Shenzhen) Limited ("Flying Investment")

Flying Investment was established by Sunny Sino in the People Republic of China (the "PRC") on 23 May 2011 with an initial registered capital of HK$10,500,000 and an initial investment amount of HK$15,000,000. The Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC and the business license were granted to Flying Investment on 19 May 2011 and 23 May 2011 respectively.

(f) Contractual arrangement with Guangdong Huijin

PRC laws and regulations currently limit foreign ownership of pawn loan providers in the PRC. Therefore, the shareholding structure of Guangdong Huijin remains unchanged after the Reorganisation Exercise. To establish control of Flying Investment over Guangdong Huijin, both companies have the same group of ultimate shareholders, entered into the exclusivity agreement as supplemented by the supplemental agreement (collectively "Exclusivity Agreement") to confer the Company, through Flying Investment, the power and authority to exercise control over Guangdong Huijin. In addition, Flying Investment also entered into the equity pledge agreements as supplemented by the supplemental agreement (collectively "Equity Pledge Agreements") and exclusive option and equity custodian agreements as supplemented by the supplemental agreement (collectively "Exclusive Option and Equity Custodian Agreements") with Guangdong Huijin and its equity holders. Flying Investment and the equity shareholders of Guangdong Huijin also entered into the Power of Attorney, pursuant to which, Flying Investment was authorised to exercise the voting rights in Guangdong Huijin. The above mentioned agreements were signed on 1 August 2011 and 28 December 2011 and collectively referred to as "Contractual Arrangements". 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 all the business, financial and operating activities of Guangdong Huijin are managed and operated by Flying Investment and all economic benefits and risks arising from the business, financial and operating activities of Guangdong Huijin 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 (the "Prospectus") in connection with the listing.

Subsequent to the Reorganisation Exercise, on 7 May 2012, the Company allotted and issued 250,000,000 ordinary Shares of HK$0.1 each upon listing of Shares on the GEM of the Stock Exchange at a price of HK$0.65 each ("the Placing") according to the written resolutions of all shareholders passed on 20 December 2011. On 6 June 2012, the Company exercised the over allotment option. The Company allotted and issued 20,555,000 ordinary Shares of HK$0.1 each at a price of HK$0.65 each. The total number of ordinary Shares after the Placing and exercising of the over-allotment option as at 31 December 2012 was 1,020,555,000.

The Contractual Arrangements enable the Company to exercise control over Guangdong Huijin. The Contractual Arrangements, taken as a whole, permit the financial results of Guangdong Huijin and economic benefits of its business to flow to Flying Investment. In addition, all the directors and top management in Guangdong Huijin should be assigned by Flying Investment. Through the Contractual Arrangements, Flying Investment is able to monitor, supervise and control Guangdong Huijin's business, financial and operating policies so as to obtain benefits from its activities.

The Group resulting from the Reorganisation Exercise is regarded as a continuing entity since all of the entities which took part in the Reorganisation Exercise were controlled by Mr Li Zhongyu (the "Controlling Shareholder") before and immediately after the Reorganisation Exercise, and the control is not transitory. Consequently, there was a continuation of the risks and benefits to the Controlling Shareholder. Since the Reorganisation Exercise is a business combination under common control of the Controlling Shareholder which do not include commercial substance, therefore merger method is considered more appropriate to reflect the controlling party's continuing interests in the Group. Accordingly, the consolidated financial statements of the Group have been prepared by adopting the merger basis of accounting. Under this method, the Company is treated as the holding company of its subsidiaries throughout the financial years presented rather than from the date of acquisition of the subsidiaries. The consolidated financial statements of the Group have been prepared as if the Company has always been the holding company of the Group. The results of the Group have been prepared if the Company has always been the holding company of the Group. The results of the Group therefore included the results of the Company and its subsidiaries with effect from 1 January 2011 or since their respective dates of incorporation/establishment, where it is a shorter period. In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results, cash flow and financial position of the Group as a whole.

3. ADOPTION OF NEW/REVISED HKFRSs

(a) Adoption of new/revised HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2012:

Amendments to HKFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for first-time Adopters
Amendments to HKFRS 7	Disclosure – Transfer of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

The adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

(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 2009–2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interest in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statement[2]
HKAS 19 (2011)	Employee Benefit[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

4. 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 service and a 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.

5. 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.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's executive directors in order to allocate resources and assess performance of the segment. Before 23 May 2011, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in provision of pawn loans, entrusted loans and financial consultancy services which is the basis to allocate resources and assess performance. From 23 May 2011 onwards, the pawn loans business and entrusted loans and financial consultancy services business are managed separately, thus the Group has two reportable segments. No corresponding segment information for 2011 is presented as the information is not available and the cost to develop it would be excessive. The segment information of the Group from 23 May 2011 to 31 December 2011 are not presented as the period was short and such information are not meaningful. The following summary describe the operations in each of the Group's reportable segments:

- Pawn loan services – short-term small loan offer;
- Financial consultancy and entrusted loan services – short-term large loan offer and consultation services to borrower and financial institutions.

Segment information about reportable segments:

	Pawn loan services *RMB'000*	**Financial consultancy and entrusted loan services** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2012			
Revenue from external customers	**15,386**	**79,244**	**94,630**
Reportable segment profit	**7,092**	**60,490**	**67,582**
Other income	**115**	**255**	**370**
Finance costs	**–**	**54**	**54**
Depreciation	**653**	**285**	**938**
Capital expenditure	**664**	**1,080**	**1,744**
Income tax expenses	**1,738**	**15,729**	**17,467**
As at 31 December 2012			
Reportable segment assets	**86,121**	**252,231**	**338,352**
Additions to non-current assets	**739**	**7,120**	**7,859**
Reportable segment liabilities	**2,730**	**7,626**	**10,356**

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

	2012
	RMB'000
Revenue	
Revenue from external customers	**94,630**
Profit before income tax expense	
Reportable segment profit	**67,582**
Other income	**413**
Depreciation	**(938)**
Unallocated corporate expenses	**(8,296)**
Finance costs	**(54)**
Consolidated profit before income tax expense	**58,707**
Assets	
Reportable segment assets	**338,352**
Held-to-maturity investments	**4,000**
Available-for-sale investments	**6,200**
Deferred tax expense	**114**
Unallocated corporate assets	**36,862**
Consolidated total assets	**385,528**
Liabilities	
Reportable segment liabilities	**10,356**
Current tax liabilities	**18,376**
Unallocated corporate assets	**2,583**
Consolidated total liabilities	**31,315**

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 the PRC.

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

	2012	2011
	RMB'000	*RMB'000*
Customer A	**N/A**	14,243
Customer B	**–**	9,467
Customer C	**13,355**	N/A
Customer D	**10,523**	N/A

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

6. REVENUE AND OTHER INCOME

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

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Interest income	**44,177**	41,933
Consultancy service income	**50,453**	44,866
	94,630	86,799
Other income		
Bank interest income	**376**	165
Others	**37**	7
	413	172

7. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interest charges on:		
Other loans wholly repayable within one year	**54**	468

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2012	2011
	RMB'000	*RMB'000*
Auditor's remuneration	**333**	14
Depreciation of property, plant and equipment	**938**	94
Employee benefit expenses (including directors' remuneration)		
Salaries and wages	**8,972**	3,429
Pension scheme contributions – Defined contribution plans	**653**	429
	9,625	3,858
Operating lease charges in respect of properties	**3,963**	1,958

9. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Hong Kong Profits Tax		
– Current year	**888**	–
PRC Enterprise Income Tax		
– Current year	**16,696**	17,949
	17,584	17,949
Deferred tax	**(114)**	–
	17,470	17,949

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% (2011: nil) on the estimated assessable profit for the year.

Enterprise income tax ("EIT") arising from the PRC for the year was calculated at 25% (2011: 25%) of the estimated assessable profits during the year. According to the EIT law, the taxable income of an enterprise shall be the total revenue of such enterprise, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated losses.

10. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Special interim dividend	**–**	20,200
Final dividend – HK3 cents (2011: nil) per ordinary share	**24,950**	–
	24,950	20,200

Special interim dividend of approximately RMB20,200,000 represented dividend paid by a subsidiary to its then equity owners for the year ended 31 December 2011.

At a meeting held on 19 March 2013, the directors recommended a final dividend of HK3 cents per ordinary share, amounting to approximately RMB24,949,508 (equivalent to HK$30,616,650) for the year ended 31 December 2012, and the proposal will be submitted for formal approval by the shareholders at the forthcoming annual general meeting held on 30 April 2013. This final dividend will be reflected as an appropriation of share premium for the year ending 31 December 2013.

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculations of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB41,409,000 (2011: RMB48,497,000) and the weighted average number of 925,468,479 (2011: 750,000,000) ordinary shares during the year, assuming that 750,000,000 shares issued pursuant to the Reorganisation had been issued throughout both years.

(b) Diluted earnings per share

There were no potential ordinary shares in issue for the years ended 31 December 2012 and 2011. Accordingly, the diluted earnings per share presented is the same as basic earnings per share for both years.

12. OTHER INVESTMENTS

	2012	2011
	RMB'000	*RMB'000*
Held-to-maturity investments *(note a)*	**4,000**	–
Available-for-sale investments *(note b)*	**6,200**	–
	10,200	–

Notes:

(a) The held-to-maturity investments bore fixed interest rates at 9.5% to 11% per annum and have maturities ranging from 2 to 3 years.

(b) One of the available-for-sale investments represented unlisted equity investments of RMB4,200,000 as at 31 December 2012. The other available-for-sale investment represented an investment cost of RMB2,000,000 bore fixed interest rate at 9.5% per annum for 24 months with a put option right after 18 months.

The fair value of unlisted equity securities was not disclosed as the fair value cannot be measured reliably. There was no open market on the unlisted investment and the management has no intention to dispose of such investment at reporting date.

13. LOAN AND ACCOUNT RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Pawn loan receivables, gross and net	**80,000**	37,500
Entrusted loan receivables, gross and net	**143,000**	86,500
Consultancy fee receivables, gross and net	**4,973**	–
Interest receivables, gross and net	**901**	435
	228,874	124,435

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 are offered 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 2.9% to 3.0% (2011: 2.8% to 3.2%) per month as at 31 December 2012 and the maturity date for each loan contract is not more than 183 days.

For entrusted loan receivables, it represented the loans from the Group to customers through certain banks in the PRC. In an entrusted loan arrangement, the Group entered into loan agreements with the customers and banks. The customers repaid the loan to the bank and then the bank returned the principal and accrued interests to the Group. While the bank exercises supervision over and receives repayment from the borrowers, the bank does not assume any risk of default in repayment by the borrowers. The entrusted loan receivables charged interests at effective interest rates at ranging from 1.8% to 1.9% (2011: 2%) per month as at 31 December 2012. The maturity date for each loan contract is normally not more than 183 days with a renewal option.

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

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

The Group's loan and account receivables relate to a large number of diversified customers and there is no significant concentration of credit risk. At 31 December 2012, there were no allowances for bad and doubtful debts provided as there was no recent history of significant default in respect of these customers (2011: Nil).

Based on the loan starting date as stated in the relevant contracts, ageing analysis of the Group's loan and account receivables as of each reporting date is as follows:

	2012	2011
	RMB'000	*RMB'000*
0 to 30 days	**80,677**	45,435
31 to 90 days	**55,160**	72,500
91 to 180 days	**73,000**	6,500
Over 180 days	**20,037**	–
	228,874	124,435

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

	2012	2011
	RMB'000	*RMB'000*
Neither past due nor impaired	**228,874**	124,435

Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Independent third parties provided surety to certain pawn loan and entrusted loan receivables. As at 31 December 2011, a company majority owned by Shenzhen Lianhe Auction Company Limited, in which the Group's shareholders are the major shareholders of this company, provided surety to two entrusted loans amounted to RMB11,500,000.

The Group holds collaterals over the pawn loan and certain entrusted loan 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 in respect of all loan receivables is as follows:

	2012	2011
	RMB'000	*RMB'000*
Equities	**700,045**	32,854
Properties	**156,651**	287,257
	856,696	320,111

14. BORROWINGS

	2012	2011
	RMB'000	*RMB'000*
Current and repayable within one year		
Other loan, unsecured	**–**	12,290

Other loan was denominated in HK$ and bore interest at fixed rate at 1.2% per annum, which was the effective interest rate at 31 December 2011. The loan was fully settled during the year.

15. SHARE CAPITAL

	2012		2011	
	Number of ordinary shares	**Amount**	Number of ordinary shares	Amount
	'000	***RMB'000***	*'000*	*RMB'000*
Authorised:				
Ordinary share of HK$0.1 each				
At 1 January 2012 or date of incorporation *(note (a))*	**1,000**	**81**	1,000	81
Increase of share capital *(note (b))*	**4,999,000**	**407,369**	–	–
	5,000,000	**407,450**	1,000	81
Issued and fully paid:				
Ordinary share of HK$0.1 each				
At 1 January 2012 or date of incorporation	**10**	**1**	10	1
Shares capitalisation *(note (c))*	**749,990**	**61,117**	–	–
Issue of ordinary shares by placing *(note (d))*	**250,000**	**20,372**	–	–
Issue of ordinary shares by exercising over–allotment option *(note (e))*	**20,555**	**1,675**	–	–
	1,020,555	**83,165**	10	1

During the year, the movements in share capital of the Company were as follows:

(a) Upon incorporation on 4 May 2011, the authorised share capital of the Company was HK$100,000 divided into 1,000,000 shares of HK$0.1 each. 10,000 ordinary shares were issued and allotted upon incorporation.

(b) Pursuant to the resolutions in writing of all shareholders passed on 20 December 2011, the authorised share capital of the Company was increased from HK$100,000 to HK$500,000,000 by the creation of 4,999,000,000 new shares.

(c) Pursuant to the resolutions in writing of all shareholders passed on 20 December 2011, the directors were authorised to capitalise an amount of approximately RMB61,117,000 (equivalent to HK$74,999,000) standing to the credit of the share premium account of the Company by applying that sum in paying up in full at par 749,990,000 shares for allotment and issue to holders of shares whose names appear on the register of members of the Company at the close of business on 20 December 2011 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in the Company following the Placing.

(d) In connection with the placing, an aggregate of 250,000,000 new ordinary shares of the Company of HK$0.1 each were issued at a price of HK$0.65 per share for a total cash consideration, before share issue costs, of approximately RMB132,421,000 (equivalent to HK$162,500,000).

(e) The Company granted an over-allotment option (the "Over-allotment Option") to the underwriters in respect of the placing. Pursuant to the Over-allotment Option, an aggregate of 20,555,000 additional ordinary shares of the Company of HK$0.1 each were issued and allotted by the Company at HK$0.65 per share for a total cash consideration, before share issue costs, of approximately RMB10,888,000 (equivalent to HK$13,360,750) for the sole purpose of covering over-allocations in the placing.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group offers comprehensive financing services to its customers. For the year ended 31 December 2012, the turnover was mainly derived from financial consultancy service, entrusted loan service and provision of pawn loan service.

Financial Review

Revenue

The Group's performance was satisfactory under the year under review with total revenue grew approximately 9.0% to approximately RMB94.6 million from approximately RMB86.8 million for the year ended 31 December 2011. Such increase was attributable to the strong demand in the Group's entrusted loan service and financial consultancy service.

Financial consultancy service income

With developed experience and expertise, the Group has successfully assisted many customers in obtaining satisfactory financing service provided by the Group or other financial institutions. For the year ended 31 December 2012, the Group's revenue from provision of financial consultancy service increased by approximately 12.5% from approximately RMB44.9 million for last year to approximately RMB50.5 million. We see a stable demand for financial consultancy services in 2012. In 2013, we expect this segment of business will have a healthy growth.

Entrusted loan service income

The revenue from provision of entrusted loan services was approximately RMB28.8 million, representing a rapid growth of approximately 10.3 times from approximately RMB2.5 million of the prior year. We commenced our entrusted loan services in 2011. As there are not many companies providing entrusted loan services, we met strong demand for our entrusted loan services in 2012 and we expect stronger demand in 2013.

Pawn loan service income

For the year ended 31 December 2012, the Group recorded revenue of approximately RMB15.4 million from provision of pawn loan service, representing a decrease of approximately 60.9% as compared to the revenue of approximately RMB39.4 million last year. As pawn shops in Guangdong are expanding their business, the competition for pawn loan services is fierce. In 2012, we shifted our focus to entrusted loan services which provide more flexibility on serving our customers.

Interest expenses

The Group recorded a decrease in its interest expenses to approximately RMB54,000 during the year ended 31 December 2012, representing a decrease of approximately 88.5% from approximately RMB468,000 for last year. The interest expenses incurred in the current year were mainly the interest of the loan of HKD15,000,000 which was repaid in May 2012.

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 the years ended 31 December 2012 and 2011 were approximately RMB36.3 million and approximately RMB20.1 million respectively. The increase of approximately 80.9% was mainly attributed to certain expenses including (i) listing expenses of approximately RMB7.5 million, (ii) increase of rental expenses of approximately RMB1.9 million for office expansion, and (iii) increase of other operating costs which was in line with the business growth.

Profit for the year attributable to owners of the Company

The profit attributable to owners of the Company for the year ended 31 December 2012 was approximately RMB41.4 million, representing a decrease of approximately 14.6% as compared to approximately RMB48.5 million in the year ended 31 December 2011.

OUTLOOK

It is expected that China economic growth will remain stable in 2013 and we expect that the demand for our services will remain strong. To capture these opportunities and the opportunities for Qianhai crossborder RMB activities, we will open more new offices in 2013. We will also consider to raise funds in Hong Kong or China for expansion of our business.

Overall, we believe both our revenue and profit will grow faster in 2013.

ADVANCE TO AN ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a general disclosure obligation arises where an advance to an entity from the Company exceeds 8% of the total assets of the Company. As at 31 December 2012, the Company's total assets were approximately RMB385.5 million. Pursuant to Rule 17.22 of the GEM Listing Rules, details of advances as defined under Rule 17.15 of the GEM Listing Rules which remained outstanding as at 31 December 2012 were as follow:

1 Entrusted loan agreement dated 24 July 2012 (the "Entrusted Loan Agreement A")

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

Loan amount:

RMB40 million.

Interest:

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

Consultation fee:

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

Term of the loan:

Six months from the effective date of the Entrusted Loan Agreement A.

Security:

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

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

Guarantees:

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

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

2 Entrusted loan agreement dated 17 October 2012 (the "Entrusted Loan Agreement B")

On 17 October 2012, Flying Investment, an indirect wholly-owned subsidiary of the Company, entered into an Entrusted Loan Agreement B with 武漢東湖科技創業農莊有限公司 (Wuhan Donghu Technology Development and Farming Company Limited*) (the "Borrower B") and Bank of china as lending agent (the "Lending Agent B"), pursuant to which, Flying Investment had agreed to entrust a fund in the amount of RMB30 million (the "Entrusted Fund B") to the Lending Agent B, for on-lending to the Borrower B for a term of six months subject to and upon the terms and conditions therein. Borrower B's principal business activities include, among others, agriculture, fisheries, biological engineering, food products, technological products, planting of vegetables, fruits and tree and sales of real estates. The Lending Agent B is a PRC commercial bank. The principal terms of the Entrusted Loan Agreement B are set out below:

Loan amount:

RMB30 million.

Interest:

Interest rate on the Loan amount was 1.8% per month.

Consultation fee:

Sunny Sino, an indirect wholly-owned subsidiary of the Company, entered into a consultation service agreement with the Borrower B pursuant to which Sunny Sino charged the Borrower B a consultation fee at 1.6% per month for assisting the Borrower B in securing the loan through the Entrusted Fund B.

Term of the loan:

Six months from the effective date of the Entrusted Loan Agreement B.

Security:

The loan was secured by (i) 50% of the unlisted shares of a PRC company in which the ultimate beneficial owner of the Borrower B owned 85% equity interest; and (ii) certain residential buildings in Wuhan under construction which are invested by the Borrower B, for the obligations of the Borrower B under the Entrusted Loan Agreement B. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the security is not charged to any other parties other than being charged to the Lending Agent B.

If the price of the security falls to certain extent that the Company considers that the security does not provide adequate collaterisation of the loan, the Lending Agent B has the right to demand the pledgor to provide additional collateral or to demand early repayment to minimise the risk of default.

Guarantees:

A personal guarantee was given by the ultimate beneficial owner of the Borrower B in favour of the Flying Investment to secure the obligation of the Borrower B under the Entrusted Loan Agreement B.

3 Entrusted loan agreement dated 22 October 2012 (the "Entrusted Loan Agreement C")

On 22 October 2012, Flying Investment, an indirect wholly-owned subsidiary of the Company, entered into an Entrusted Loan Agreement with 佛山市順德區鉦洋鋼鐵貿易有限公司 (Foshan City Shunde District Zhengyang Steel Trading Company Limited*) (the "Borrower C") and Bank of China (the "Lending Agent C"), pursuant to which, Flying Investment had agreed to entrust a fund in the amount of RMB30 million (the "Entrusted Fund C") to the Lending Agent C, for on-lending to the Borrower C for a term of six months subject to and upon the terms and conditions therein. Borrower C 's principal business activities include, among others, domestic commercial and material supply and marketing industry. The Lending Agent C is a PRC commercial bank. The principal terms of the Entrusted Loan Agreement C are set out below:

Loan amount:

RMB30 million.

Interest:

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

Consultation fee:

Sunny Sino, an indirect wholly-owned subsidiary of the Company, entered into a consultation service agreement with the Borrower C pursuant to which Sunny Sino charged the Borrower C a consultation fee at 2.2% per month for assisting the Borrower C in securing the loan through the Entrusted Fund C on the Effective Date.

Term of the loan:

Six months from the effective date of the Entrusted Loan Agreement C.

Security:

The loan was secured by the 1st floor of a commercial real estate property located in Yueyang, the PRC, for the obligations of the Borrower C under the Entrusted Loan Agreement C. The property is owned by a PRC company which has business relationship with the Borrower C. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the security is not charged to any other parties other than being charged to the Lending Agent C.

If the price of the security falls to certain extent that the Company considers that the security does not provide adequate collaterisation of the loan, the Lending Agent C has the right to demand the pledgor to provide additional collateral or to demand early repayment to minimise the risk of default.

Guarantees:

Corporate guarantee was provided in favour of the Lending Agent C by a PRC company of which the Borrower C has business relationship with, and the respective ultimate beneficial owners of the Borrower C and the PRC company are acquainted with each other. In addition, a personal guarantee was given by the ultimate beneficial owner of the corporate guarantor in favour of Flying Investment to secure the obligation of the Borrower C under the Entrusted Loan Agreement C.

FINAL DIVIDEND

In view of the Group's favorable operating results for the year ended 31 December 2012 and having taken into consideration its previous dividend policy, the Board recommends payment of a final dividend of HK3 cents (or equivalent to approximately RMB2.44 cents) per ordinary share of the Company for the financial year ended 31 December 2012 (2011: nil), subject to the approval by the Company's shareholders at the forthcoming annual general meeting of the Company (the "Annual General Meeting") to be held on 30 April 2013 and compliance with the laws of the Cayman Islands and other relevant rules and regulations.

Subject to the approval of the aforesaid proposed final dividend, the payment of final dividend will be made and despatched on or about 30 May 2013 and the dividend payout ratio for the year under review will be 55%.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting is scheduled on 30 April 2013. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 25 April 2013 to Tuesday, 30 April 2013 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, unregistered holders of shares of the Company should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 24 April 2013.

The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is Thursday, 23 May 2013. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 21 May 2013 to Thursday, 23 May 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Monday, 20 May 2013. The payment of final dividend will be made and despatched on or about Thursday, 30 May 2013.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2012, the Group had bank balances and cash of approximately RMB141.4 million (2011: approximately RMB87.6 million). During the year under review, the Group did not use any financial instruments for hedging purposes. The gearing ratio representing the ratio of total borrowings to the total assets of the Group was nil as at 31 December 2012 (2011: 5.7%).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2012.

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

Save as disclosed under "Comparison of Business Objectives with Actual Business Progress" in this report, there was no specific plan for material investments or capital assets as at 31 December 2012.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group has no significant contingent liabilities (2011: nil).

CAPITAL COMMITMENTS

As at 31 December 2012, the Group had no capital expenditure contracted for but not provided in the financial statements (2011: nil).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had a total of 94 staff (2011: 52). Total staff costs (including Directors' emoluments) were approximately RMB9.6 million for the year ended 31 December 2012 (2011: RMB3.9 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 scheme 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Company's prospectus dated 20 April 2012 (the "Prospectus") with the Group's actual business progress for the period from 20 April 2012 to 31 December 2012 is set out below:

	Business objectives for the period from 20 April 2012 to 31 December 2012 as stated in the Prospectus	**Actual business progress for the period from 20 April 2012 to 31 December 2012**
1.	**Develop our marketing network in Shenzhen, Guangdong Province, Beijing and Shanghai for our short-term financing services and financial consultation services**	
	– Establish a sales office in Beijing	– Establish a sales office in Beijing
	– Recruit new staff for the Beijing sales office	– Recruit new staff for the Beijing sales office
	– Placing advertisement	– Placing advertisement
	Approximately HK$3,400,000	Approximately HK$1,200,000
2.	**Enhance our short-term financing services to capture business opportunities in the sizeable financing market**	
	– Inject fundings or make contributions into member(s) of our Group	– Inject fundings or make contributions into member(s) of our Group
	Approximately HK$123,900,000	Approximately HK$43,320,000

Because capital injection requires the PRC government's approval, we had injected HK$43,320,000 into member companies for the period from 20 April 2012 to 31 December 2012.

USE OF PROCEEDS

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from 20 April 2012 to 31 December 2012, the net proceeds from placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from 20 April 2012 to 31 December 2012	Actual use of proceeds from 20 April 2012 to 31 December 2012
	HKD	*HKD*
	Approximately	*Approximately*
1. Develop our marketing network in Shenzhen, Guangdong Province, Beijing and Shanghai for our short-term financing services and financial consultation services	3,400,000	1,200,000
– Establish sales office in Beijing – Recruit new staff for the Beijing sales office – Placing advertisement		
2. Inject fundings or make contributions into member(s) of our Group	123,900,000	43,320,000

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 2012.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Board is of the view that the Company has met the code provisions set out in the then Appendix 15, "Code on Corporate Governance Practices" issued by the Stock Exchange in effect before 1 April 2012 and in the revised Appendix 15, "Corporate Governance Code and Corporate Governance Report" of the GEM Listing Rules which came into effect on 1 April 2012. Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2012, which will be sent to the shareholders in due course.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 December 2012.

COMPETING INTERESTS

None of the Directors, controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interests in any business which compete or may compete with the business of the Group or any other conflicts of interest which any person may have with the Group as at 31 December 2012.

INTEREST OF COMPLIANCE ADVISER

As notified by GF Capital (Hong Kong) Limited ("GF Capital"), the Company's compliance adviser, neither GF Capital nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2012.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises the three independent non-executive Directors, namely, Mr. Vincent Cheng (Chairman), Mr. Lu Quanzhang and Mr. Zhang Gongjun, have reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the results of the Group for the year ended 31 December 2012.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the Group's result for the year ended 31 December 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

Hong Kong, 19 March 2013

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

Executive Directors:
Li Zhongyu *(Chairman)*
Zheng Weijing
Peng Zuohao

Independent Non-executive Directors:
Vincent Cheng
Lu Quanzhang
Zhang Gongjun

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company (www.flyingfinancial.hk).

* *For identification purposes only*