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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)

DISCLOSEABLE TRANSACTION INVOLVING PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

The Board wishes to announce that on the Effective Date, Flying Investment, an indirect wholly-owned subsidiary of the Company, entered into an Entrusted Loan Agreement with the Borrower and the Lending Agent, pursuant to which, Flying Investment has agreed to entrust a fund in the amount of RMB30 million (equivalent to approximately HK\$37.04 million) to the Lending Agent, for on-lending to the Borrower for a term of six months subject to and upon the terms and conditions therein. The Group has not entered into any transaction with the Borrower in the preceding 12-month period.

The Directors consider that the Entrusted Loan Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group. As certain of the relevant percentage ratios for the Transaction under the Entrusted Loan Agreement calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Entrusted Loan Agreement and the Transaction contemplated thereunder constitute a discloseable transaction under Chapter 19 of the GEM Listing Rules.

Under Rule 17.15 of the GEM Listing Rules, a general disclosure obligation arises where the relevant advances to an entity by the Company and its subsidiaries exceed 8% of the Company's latest published consolidated total assets. The Loan constitutes an advance to entity under Rule 17.15 of the GEM Listing Rules and the details of which are disclosed herein in compliance with Rule 17.15 of the GEM Listing Rules.

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THE ENTRUSTED LOAN AGREEMENT

Effective Date

17 October 2012

Parties:

Lender: Flying Investment

Borrower: Wuhan Donghu

Lending Agent: Bank of China

The Borrower is a limited liability company established in the PRC and its 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 is a PRC commercial bank. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower, the Lending Agent and their ultimate beneficial owner(s) are third parties independent of the Company and are third parties independent of the connected persons of the Company.

Entrustment on the Entrusted Fund

Flying Investment will transfer the Entrusted Fund, being RMB30 million (equivalent to approximately HK\$37.04 million) to a designated trust account at the Lending Agent. The Group will finance the Entrusted Fund by its internal resources.

Usage of the Entrusted Fund

The Lending Agent shall on-lend the Entrusted Fund to the Borrower on the following principal terms:

Loan amount:

RMB30 million (equivalent to approximately HK\$37.04 million), representing approximately 8.67% of the total assets of the Group of approximately RMB346.20 million (equivalent to approximately HK\$427.40 million) as at 30 June 2012.

Interest:

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

Consultation fee:

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

Term of the Loan:

Six months from the Effective Date of the Entrusted Loan Agreement (“**Maturity Date**”).

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 owned 85% equity interest; and (ii) certain residential buildings in Wuhan under construction which are invested by the Borrower, for the obligations of the Borrower under the Entrusted Loan Agreement. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Security is not charged to any other parties other than being charged to the Lending Agent.

If the price of the Security falls to certain extent that the Company considers that the Security does not provide adequate collateralisation of the Loan, the Lending Agent 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 in favour of the Flying Investment to secure the obligation of the Borrower under the Entrusted Loan Agreement.

INFORMATION ON THE LENDING AGENT

The Lending Agent is a financial organisation registered with and authorised by the China Banking Regulatory Committee to conduct trust business in the PRC. It is principally engaged in a range of banking services and related financial services.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE TRANSACTION

Flying Investment is a limited liability company established in the PRC and providing entrusted loan services and consultation services to its customers is in its ordinary and usual course of business. The terms of the Loan were agreed by Flying Investment and the Borrower after arm's length negotiations.

The terms of the Loan including the interest rate and the consultation fee charged on the Borrower were determined with reference to the commercial practice and the range of interest rate charged by other companies engaging in the similar businesses in the PRC. Since the terms of the Entrusted Loan Agreement reflect the normal commercial terms of transaction of this nature and can provide the Group with stable revenue and cashflow stream from the interest and consultation fee received, the Directors consider the terms of the Transaction are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL

As certain of the relevant percentage ratios for the Transaction under the Entrusted Loan Agreement calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Entrusted Loan Agreement and the Transaction contemplated thereunder constitute a discloseable transaction under Chapter 19 of the GEM Listing Rules.

Under Rule 17.15 of the GEM Listing Rules, a general disclosure obligation arises where the relevant advances to an entity by the Company and its subsidiaries exceed 8% of the Company's latest published consolidated total assets. The Loan constitutes an advance to entity under Rule 17.15 of the GEM Listing Rules and the details of which are disclosed herein in compliance with Rule 17.15 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context requests otherwise:

“Board”	the board of Directors
“Borrower”	武漢東湖科技創業農莊有限公司 (Wuhan Donghu Technology Development and Farming Company Limited*) (“ Wuhan Donghu ”), a joint venture enterprise with the territory of Taiwan, Hong Kong and Macao established in the PRC
“Company”	Flying Financial Service Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Director(s)”	the director(s) of the Company
“Effective Date”	17 October 2012, being the effective date of the Entrusted Loan Agreement
“Entrusted Fund”	the entrusted fund of RMB30 million (equivalent to approximately HK\$37.04 million) made available by Flying Investment to the Borrower entrusted with the Lending Agent subject to and upon the terms and conditions of the Entrusted Loan Agreement

“Entrusted Loan Agreement”	the entrusted loan agreement effective on the Effective Date entered into between Flying Investment, the Borrower and the Lending Agent in relation to the provision of the Entrusted Fund to the Borrower
“Flying Investment”	匯聯投資服務(深圳)有限公司 (Flying Investment Services (Shenzhen) Company Limited*), a wholly-foreign-owned enterprise established in the PRC on 23 May 2011
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lending Agent”	Bank of China, a PRC commercial bank
“Loan”	the aggregate principal amount drawn and for the time being outstanding pursuant to the terms and conditions of the Entrusted Loan Agreement
“Pledgor(s)”	the Borrower and the ultimate beneficial owner of the Borrower who provide Security for the obligations of the Borrower under the Entrusted Loan Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Security”	(i) unlisted shares of a PRC company in which the ultimate beneficial owner of the Borrower owned 85% equity interest; and (ii) certain residential buildings in Wuhan under construction which are invested by the Borrower
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunny Sino”	Sunny Sino Holdings Limited (益華集團有限公司), a company incorporated in Hong Kong on 23 February 2011, being a wholly-owned subsidiary of our Company
“Transaction”	the provision of the financial assistance to the Borrower pursuant to the Entrusted Loan Agreement

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

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

Hong Kong, 17 October 2012

For ease of reference, sums in RMB in this announcement are translated at the rate HK\$1.0 = RMB0.81. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.

As at the date of this announcement, the executive Directors are Mr. Li Zhongyu (Chairman), Mr. Zheng Weijing (Vice-chairman) and Mr. Peng Zuohao (Chief Executive Officer); and the independent non-executive Directors are Mr. Vincent Cheng, Mr. Lu Quanzhang and Mr. Zhang Gongjun.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose 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 in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company’s website at www.flyingfinancial.hk.

* For identification purpose only