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FLYING FINANCIAL SERVICE HOLDINGS LIMITED

匯聯金融服務控股有限公司

(incorporated in Cayman Islands with limited liability)

(Stock Code: 8030)

DISCLOSEABLE TRANSACTION

THE SHARE PURCHASE AGREEMENT

On 17 February 2015 (after trading hours), the Company as purchaser entered into the Share Purchase Agreement with the Vendor as vendor, pursuant to which the Company conditionally agreed to acquire from the Vendor and the Vendor, conditionally agreed to sell, the Sale Shares (representing 51% of the issued share capital of the Target Company) at a total consideration of RMB70,500,000 (equivalent to approximately HK\$87,420,000), which will be satisfied by the Company in cash.

IMPLICATIONS OF THE GEM LISTING RULES

As one or more of the applicable Percentage Ratios in respect of the Acquisition calculated exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and is therefore subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under the GEM Listing Rules.

Shareholders and investors should note that the Share Purchase Agreement is subject to various conditions as stated in the section headed "The Share Purchase Agreement – Conditions precedent" below and therefore the Acquisition may or may not be completed. As such, investors and Shareholders are urged to exercise caution when dealing in the Shares.

On 17 February 2015 (after trading hours), the Company as purchaser entered into the Share Purchase Agreement with the Vendor, pursuant to which the Company conditionally agreed to acquire from the Vendor, and the Vendor conditionally agreed to sell, the Sale Shares at a total consideration of RMB70,500,000 (equivalent to approximately HK\$87,420,000), which will be satisfied by the Company in cash. The Sale Shares represents 51% of the issued share capital of the Target Company.

THE SHARE PURCHASE AGREEMENT

Date 17 February 2015

Parties to the Share Purchase Agreement

1. The Company as purchaser.
2. The Vendor, an individual, as vendor. The Vendor is a merchant and a citizen of the PRC.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

The Sale Shares will comprise 51 issued shares of the Target Company held by the Vendor which represents 51% of the issued share capital of the Target Company.

As at the date of the Share Purchase Agreement, the Target Company is an investment holding company which is owned as to 51% by the Vendor and as to 49% by Rainbow Cycle Investments Limited, a limited liability company incorporated under the laws of the BVI which is wholly-owned by the Vendor. Upon completion of the Reorganisation, the Target Company will indirectly hold the entire equity interest in the Project Company.

Purchase Price

The purchase price for the Sale Shares under the Acquisition is RMB70,500,000 (equivalent to approximately HK\$87,420,000), which will be satisfied by the Company in the following manner:

- (a) as to RMB35,000,000 (equivalent to approximately HK\$43,400,000), will be paid in cash by way of a cashier order (or such other manner as may be agreed between the Company and the Vendor) within three (3) Business Days from the date of the Share Purchase Agreement as refundable deposit; and
- (b) the remaining balance of RMB35,500,000 (equivalent to approximately HK\$44,020,000) will be paid by the Company to the Vendor by way of a cashier order (or such other manner as may be agreed between the Company and the Vendor on Completion).

The cash portion of the purchase price will be funded by the internal resources of the Group.

The purchase price for the Acquisition was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Share Purchase Agreement and by reference to (a) the Valuation in relation to the Project Company as at 31 December 2014 prepared by the Valuer of RMB196,000,000 (equivalent to approximately HK\$243,040,000); (b) the expected costs and expenses for the Acquisition; and (c) other factors set out in the paragraph headed "Information of the Company and reasons for entering into the Share Purchase Agreement" below.

The valuation methodology adopted by the Valuer in preparing the Valuation was the discounted cash flow method, which is one of the income approaches that recognise future free cash flow projections and discount them with a discount rate to arrive at a present value, in order to ascertain the intrinsic value of the Project Company.

As the Valuer has applied the discounted cash flow method under income approach in preparing the Valuation, the Valuation constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules. A further announcement in relation to the forecast and the Valuation pursuant to Rules 19.60A and 19.62 of the GEM Listing Rules will be published by the Company within 15 Business Days from the date of this announcement i.e. by 12 March 2015.

Based on the information currently available, the Directors are of the view that the Valuation prepared by the Valuer of not less than RMB196,000,000 as at 31 December 2014 has been made after due and careful enquiry, and therefore the purchase price for the Acquisition payable by the Company under the Share Purchase Agreement is considered by the Board as fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

Conditions precedent

Completion is subject to the fulfillment of, inter alia, the following conditions precedent:

- (a) the Vendor having provided to the Company documents (in substance and form satisfactory to the Company) evidencing that the Reorganisation has been duly and legally completed;
- (b) the Company having completed the due diligence investigation on the legal, financial and business aspects of the Target Group in relation to its structure, assets, liabilities, business and prospect and, with the Company's absolute discretion, is satisfied with the results of the due diligence investigation;
- (c) the Company having received from the Vendor a legal opinion (in substance and form satisfactory to the Company) issued by a firm of lawyers qualified to practice law in the PRC covering various matters in relation to the Target Group;
- (d) the Company having received from the Vendor a legal opinion (in substance and form satisfactory to the Company) issued by a firm of lawyers qualified to practice law in the BVI covering various matters in relation to the Target Group;

- (e) the Company having received from the Vendor a legal opinion (in substance and form satisfactory to the Company) issued by a firm of lawyers qualified to practice law in the Hong Kong covering various matters in relation to the Target Group;
- (f) (if necessary) all approvals, consents, authorisations and licences in relation to the transactions contemplated under the Share Purchase Agreement have been obtained from the Stock Exchange and the relevant governmental authorities;
- (g) the warranties set out in the Share Purchase Agreement remaining true and correct as at the Completion Date and as if repeated at all time between the date of the Share Purchase Agreement and the Completion Date;
- (h) the Company being satisfied in its absolute discretion that there has not been any material adverse change in relation to the Target Group from the date of the Share Purchase Agreement to the Completion Date; and
- (i) the Company having received and been satisfied with in its absolute discretion the documents provided by the Vendor which evidence that all outstanding shareholders loan due from the Target Group to the Vendor and/or its Associates (if any) have been capitalised and/or assigned to such party(ies) as nominated by the Company immediately before Completion, and that all necessary approvals, consents, authorisations and licences in relation thereto having been obtained from the relevant governmental authorities or parties concerned.

The Company may waive in writing any of the conditions precedents specified above at any time. If all the conditions specified above have not been satisfied or waived by 30 September 2015 (or such later date to be agreed between the Vendor and the Company in writing), then the Share Purchase Agreement will lapse on 30 September 2015 and have no further effect and the parties thereto will be released from all their respective obligations under the Share Purchase Agreement, save and except for any antecedent breach. In such event, The Vendor will refund the RMB35,000,000 (equivalent to approximately HK\$43,400,000) refundable deposit to the Company within ten (10) Business Days after 30 September 2015 (or such later date to be agreed between the Vendor and the Company in writing).

As at the date of this announcement, none of the conditions precedents specified above have been fulfilled and the Company has no intention to waive any of the conditions precedent.

Completion

Completion of the Acquisition will take place at 4:00 p.m. on a date which is the fifth (5th) working day after the date on which all the conditions precedent are satisfied or waived or such other date as the parties to the Share Purchase Agreement may agree in writing.

INFORMATION RELATING TO THE TARGET GROUP

The Target Company is an investment holding company incorporated under the laws of the BVI on 2 January 2014 and is wholly-owned by the Vendor as at the date of this announcement. To the best of the Directors' knowledge information and behalf, having made all reasonable enquiries, the Vendor is a merchant and a citizen of the PRC who has over 18 years of experience in investment and asset management industry in the PRC. The Vendor is also the major shareholder and the general manager of a group which established the Project Company, and such group is engaged in the business of provision of wealth management and fund management services online financial services and managing the investment in cultural and entertainment industry.

As part of the Reorganisation, (1) the Target Company will incorporate a wholly-owned subsidiary in Hong Kong; (2) such subsidiary in Hong Kong will establish a wholly foreign-owned enterprise in the PRC; and (3) the said foreign-owned enterprise established in the PRC will acquire the entire share capital of the Project Company.

The Project Company, established under the laws of the PRC on 29 May 2014, is a limited liability company with a registered capital of RMB20,000,000, of which nil has been paid up. Pursuant to the Share Purchase Agreement, the Vendor will be responsible to inject the outstanding registered capital of the Project Company.

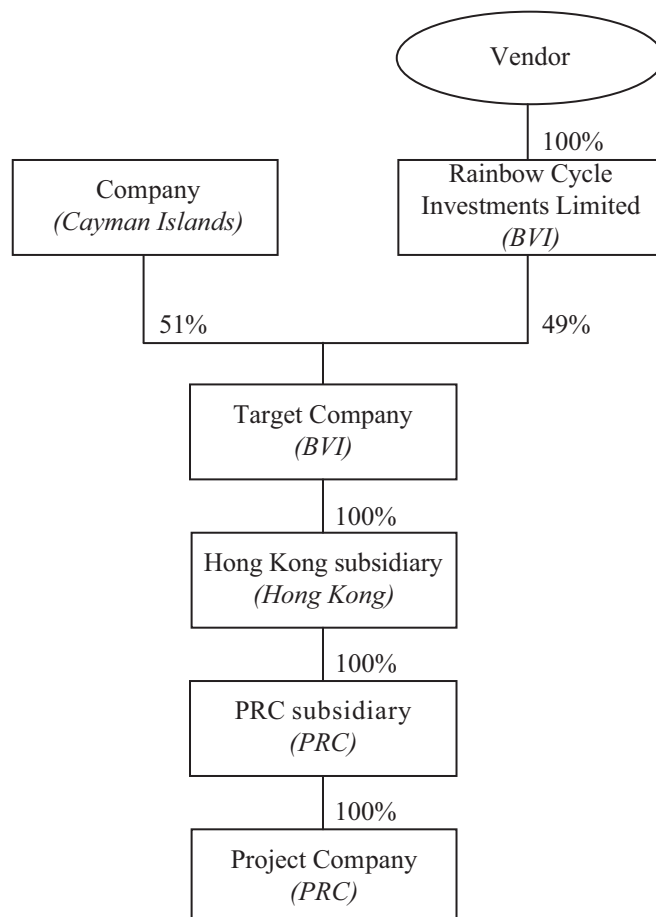
The Project Company is principally engaged in the business of internet and online commerce activities and financing and the development of the relevant computer software, through an online financing platform named Huilicai (匯理財), as well as providing financing under other contractual arrangements.

The conduct of business at Huilicai by the Project Company involves investment returns to the investors utilising Huilicai platform by means of peer-to-peer lending, which is a practice of lending money injected by the investors to unrelated peers without going through all the procedures usually imposed by other financial institute and intermediary in the market (such as bank or other traditional financial institution). The investors utilising Huilicai platform includes property developers in the PRC. The pooled capital invested by the investors will be then utilised by the Project Company for financing the unrelated peers or for purchase of the products or properties from the unrelated peers. The investors will receive a part of interest paid by the unrelated peers whom have received financing or money under the Huilicai platform.

In addition to Huilicai platform, the Project Company has also entered into around 20 cooperation agreements, mostly with property developers in the PRC, as at the date of this announcement. Pursuant to these cooperation agreements, the Project Company will provide financing to the property developers, and in return the property developers will assign their respective trade receivables owed from its customers whom have purchased the real property developed by them to the Project Company, which the Project Company will charge an annual management fee based on the aggregate amount of such trade receivables. The Project Company may further assign such trade receivables through the Huilicai platform. The aggregate amount of trade receivables assigned under these cooperation agreements was RMB1,222,000,000 as at 31 December 2014 (equivalent to approximately HK\$1,466,400,000).

Corporate structure

The following diagram illustrates the corporate structure of the Company and the Target Group immediately after Completion:



Financial information of the Target Group

The unaudited total assets of the Project Company was approximately RMB38,337,000 (equivalent to approximately HK\$47,537,880) as at 31 December 2014. The unaudited revenue and net profit attributable to the Project Company for the period from 29 May 2014 to 31 December 2014 were as follows:

**During the period from
29 May 2014 to
31 December 2014 (unaudited)**

Revenue	RMB1,356,251 (equivalent to approximately HK\$1,683,400)
Net loss before taxation	RMB800,446 (equivalent to approximately HK\$993,540)
Net loss after taxation	RMB800,446 (equivalent to approximately HK\$993,540)

The Project Company will receive management fees for the trade receivables assigned to it pursuant to the cooperation agreements during the year ending 31 December 2015. Pursuant to the profit forecast made in the Valuation, it is expected that the Project Company will record a turnaround to profit during the year ending 31 December 2015.

INFORMATION OF THE COMPANY AND REASONS FOR ENTERING INTO THE SHARE PURCHASE AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of short-term financing services, including pawn loan services and entrusted loan services as well as financial consultation services in the PRC.

The Company intends to continue to focus on the business of provision of short-term financing services in the PRC which the Directors believe has ample growth opportunities due to the increasing trading actives and growing economy in the PRC. The inclusion of the Project Company's business in the Group will expand the variety of financial services provided by the Group. The combined business platform of the Group and the Project Company will create a wider spectrum of service profolio that will enhance the Group's competitive edge and create opportunities for revenue synergies.

When considering the acquisition of the interest of the Project Company, the Board has taken into account the future prospect of the business conducted by Project Company and the contractual interests it holds, as well as other factors disclosed in this announcement. The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios in respect of the Acquisition calculated exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and is therefore subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under the GEM Listing Rules.

GENERAL

Shareholders and investors should note that the Share Purchase Agreement is subject to various conditions as stated in the section headed "The Share Purchase Agreement – Conditions precedent" below and therefore the Acquisition may or may not be completed. As such, investors and Shareholders are urged to exercise caution when dealing in the Shares.

DEFINITIONS

“Acquisition”	the sale and purchase of the Sale Shares contemplated under the Share Purchase Agreement
“associates”	has the meaning given to that term in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays or Sundays) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“Company”	Flying Financial Service Holdings Limited, a company incorporated under the laws of Cayman Islands with limited liability and the shares of which are listed on the GEM (stock code: 8030)
“Completion”	actual completion of the sale and purchase of the Sale Shares in accordance with the Share Purchase Agreement
“Completion Date”	the date which is the fifth (5th) Business Day after the date on which the conditions under the Share Purchase Agreement are satisfied or waived, or such other date as the Vendor and the Company may agree in writing
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	party who is not connected person(s) (as defined in the GEM Listing Rules) of the Company and who together with its ultimate beneficial owner are independent of the Company and of connected persons (as defined in the GEM Listing Rules) of the Company and their respective associates
“Percentage Ratios”	the “percentage ratios” as defined in rule 19.07 of the GEM Listing Rules

“Project Company”	深圳市融鑫電子商務有限公司 (in English, for identification purpose, Shenzhen Yongxin Electric Commerce Company Limited), a limited liability company established under the laws of the PRC
“PRC”	People’s Republic of China
“Reorganisation”	the corporate reorgansation to be conducted by the Target Group, which includes: (1) the incorporation of a wholly-owned subsidiary in Hong Kong by the Target Company; (2) the establishment of a wholly-owned subsidiary in the PRC as a wholly foreign-owned enterprise by the said company incorporated in Hong Kong; and (3) the acquisition of the entire share capital of the Project Company by the said company established in the PRC
“Sale Shares”	fifty-one (51) ordinary shares of the Target Company, representing 51% of the issued share capital of the Target Company, which is legally and beneficially owned by the Vendor immediately before Completion
“Share Purchase Agreement”	a share purchase agreement dated 17 February 2015 entered into between the Company as purchaser and the Vendor as vendor for the acquisition of 51% of the Target Company at a total consideration of RMB70,500,000 (equivalent to approximately HK\$87,420,000), which will be satisfied by cash
“Share(s)”	ordinary share(s) of HK\$0.10 each in the existing issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Profit Success Technology Limited, a company incorporated under the laws of the BVI and the entire issued share capital of which is held by the Vendor as at the date of the Share Purchase Agreement
“Target Group”	upon completion of the Reorganisation, the Target Group consists of the Target Company, its wholly-owned subsidiary incorporated under the laws of Hong Kong, a wholly foreign-owned enterprise established under the laws of the PRC and wholly-owned by the said Hong Kong subsidiary and the Project Company

“Valuation”	the valuation of the market value of the entire equity interest in the Project Company as at 31 December 2014 as assessed by the Valuer
“Valuer”	Cushman & Wakefield Valuation Advisory Services (HK) Limited, the qualified valuer registered in Hong Kong which prepared the Valuation, and is an Independent Third Party
“Vendor”	Mr. Liu Weidong (劉偉東)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For illustration purposes only, the exchange rate of RMB1.00 = HK\$1.24 has been adopted for translating RMB into HK\$ in this announcement. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.

By Order of the Board
FLYING FINANCIAL SERVICE HOLDINGS LIMITED
ZHENG WEIJING
Chairman

Hong Kong, 17 February 2015

As at the date of this announcement, the executive Director is Mr. Zheng Weijing (Chairman and Chief Executive Officer); and the independent non-executive Directors are Mr. Vincent Cheng, Mr. Leung Po Hon and Mr. Zhang Gongjun.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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.