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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 SUBSCRIPTION OF TRUST UNITS BY QIANHAI FLYING FINANCIAL WITH SICHUAN TRUST AS TRUSTEE

The Board wishes to announce that on 30 October 2014, Qianhai Flying Financial, an indirect wholly-owned subsidiary of the Company, entered into the Second Supplemental Single Fund Trust Agreement with Sichuan Trust, pursuant to which, upon expiry of the Old Single Fund Trust Agreements on 29 October 2014, Qianhai Flying Financial agreed to invest the Entrusted Assets under the Old Single Fund Trust into the New Collective Trust Plan with Sichuan Trust as trustee, by way of subscription of certain trust units of the New Collective Trust Plan Phase I. Details of the terms and conditions of the New Collective Trust Plan Phase I shall be set out and referred in the New Collective Trust Plan Agreement I.

On 30 October 2014, Qianhai Flying Financial entered into the New Collective Trust Plan Agreement I with Sichuan Trustee, pursuant to which Qianhai Flying Financial agreed to invest the Entrusted Assets and subscribe for 20,000,000 trust units of the New Collective Trust Plan Phase I in accordance with the New Collective Trust Plan Agreement I.

As one of the relevant percentage ratios for the transaction contemplated under the New Collective Trust Plan Agreement I calculated under Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the New Collective Trust Plan Agreement I and the transaction contemplated thereunder constitute a discloseable transaction under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board wishes to announce that on 30 October 2014, Qianhai Flying Financial, an indirect wholly-owned subsidiary of the Company, entered into the Second Supplemental Single Fund Trust Agreement with Sichuan Trust, pursuant to which, upon expiry of the Old Single Fund Trust Agreements on 29 October 2014, Qianhai Flying Financial agreed to invest the Entrusted Assets under the Old Single Fund Trust into the New Collective Trust Plan with Sichuan Trust as trustee, by way of subscription of certain trust units of the New Collective Trust Plan Phase I. Details of the terms and conditions of the New Collective Trust Plan Phase I shall be set out and referred in the New Collective Trust Plan Agreement I.

The Old Single Fund Trust

On 29 November 2013, Qianhai Flying Financial, as transferee, entered into the Trust Beneficial Right Transfer Agreement with the Transferor, whereby the Transferor agreed to transfer its then subsisting rights and obligations as the single trustor and the single beneficiary under the Old Single Fund Trust Agreements to Qianhai Flying Financial at a consideration of RMB10,000. Pursuant to the Old Single Fund Trust Agreements, Sichuan Trust, as trustee, shall manage and invest the proceeds entrusted by the trustor under the Old Single Fund Trust in accordance with the trustor's instruction, for a term of two years from the day of setting up of the Old Single Fund Trust, which shall expire on 29 October 2014. The investment scope under the Old Single Fund Trust Agreements included but not limited to inter-bank bond market transaction (銀行間市場債券交易).

THE NEW COLLECTIVE TRUST PLAN AGREEMENT I

Date

30 October 2014

Parties

- (1) Qianhai Flying Financial as trustor and beneficiary; and
- (2) Sichuan Trust as trustee

Description of the New Collective Trust Plan

According to the New Collective Trust Plan, a maximum of 10,000,000,000 trust units at subscription price of RMB1 per trust unit will be issued in different phases to eligible Trust Investors. To the best knowledge of the Directors, the Trust Investors shall entrust fund to the New Collective Trust Plan and each Trust Investor shall execute New Collective Trust Plan Agreement with the Trustee separately. The investment, operation and distribution of entrusted assets under each phase of the New Collective Trust Plan shall be separated from and shall not affect other phases. On 30 October 2014, Qianhai Flying Financial entered into the New Collective Trust Plan Agreement I with Sichuan Trustee, pursuant to which Qianhai Flying Financial agreed to invest the Entrusted Assets and subscribe for 20,000,000 trust units of the New Collective Trust Plan Phase I in accordance with the New Collective Trust Plan Agreement I. Qianhai Flying Financial and the Trustee agreed that Qianhai Flying Financial is and shall remain the only Trust Investor to the New Collective Trust Plan Phase I.

Entrusted Assets

Under the Old Single Fund Trust Agreements, Qianhai Flying Financial has entrusted with the Trustee approximately RMB20 million, which was satisfied by the Group's internal resources. Pursuant to the Old Single Fund Trust Agreements, the Trustee has invested the entrusted proceeds in the subscription of 200,000 notes of the Vanzip Enterprise Bonds in December 2013, with issue price of RMB100 each. A summary of details of Vanzip Enterprise Bonds is set out as follows:

Issuer:	萬正投資集團有限公司 (Vanzip Investment Group Co., Ltd.), a PRC company principally engaged in urban infrastructure construction, real estate development, construction and operation of roads and bridges and trading services
Principal amount of Vanzip Enterprise Bonds:	RMB700 million
Place of issue:	the national inter-bank bond market in the PRC (全國銀行間債券市場)
Issue price:	RMB100 each
Listing date:	listed and traded on the national inter-bank bond market in the PRC on 20 February 2013
Maturity:	six years which will become mature on 4 February 2019
Credit rating:	As assessed by 鵬元資信評估資信有限公司 (Pengyuan Credit Rating Co., Ltd.), the Vanzip Enterprise Bonds have been given AA rating as of October 2013
Coupon rate, calculation and payment:	A fixed coupon rate of 7.92% per annum accrued since 4 February 2013 and payable on an annual basis

Taking into account the anticipated rate of return and the associated risks of the New Collective Trust Plan Phase I, Qinghai Flying Financial agreed to invest the Entrusted Assets into the New Collective Trust Plan Phase I and subscribe for equivalent value of the trust units (being 20,000,000 trust units of the New Collective Trust Plan Phase I with subscription price of RMB1 per trust unit). Qianhai Flying Financial agreed that the Trustee will continue to hold the Entrusted Assets on its behalf.

Pursuant to the daily valuation available at Chinabond Pricing System maintained by China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司) (<http://www.chinabond.com.cn/>), the market value of the Entrusted Assets as of 29 October 2014 amounted to approximately RMB20.5 million (equivalent to approximately HK\$25.8 million), based on the daily total valuation price of RMB102.32 per unit of Vanzip Enterprise Bonds. For the year ended 31 December 2013, the unaudited net profit (both before and

after taxation) attributable to the Entrusted Assets amounted to approximately RMB110,000 (equivalent to approximately HK\$138,000). As the Entrusted Assets were acquired by the Trustee in December 2013, the financial information on the unaudited net profit for the year ended 31 December 2012 is not included in this announcement.

Investment scope

Pursuant to the New Collective Trust Plan Agreement I, Sichuan Trust, as trustee, shall invest and manage the entrusted proceeds and assets in accordance with the instructions from the Trustor. The principal investment scope under the New Collective Trust Plan Agreement I shall limit to various fixed income financial products available at national inter-bank bond market or exchanges in the PRC (全國銀行間或交易所債券交易) including treasury bonds (利率債) and corporate bonds (信用債). Further, the Trustee is prohibited to invest the entrusted assets in certain areas including bonds repurchase, provision of guarantees and other uses prohibited by the laws of the PRC.

Trust period

The Trustor agrees to subscribe the trust units under the New Collective Trust Plan Phase I on the Effective Date. To the best knowledge of the Directors, the New Collective Trust Plan Phase I can be terminated at the request of the Trustor at any time after one year from the Effective Date.

Trust income, trust fee and custodian fee

The daily trust fee to be charged by the Trustee shall be calculated as follows:

$$\text{Daily trust fee} = (\text{value of the entrusted assets entrusted by the Trustor at the relevant date}) \times (\text{trust fee rate per annum}) / 365$$

The trust fee rate is 0.2% per annum. The trust fee shall be paid by the Trustor quarterly during the trust period.

Pursuant to the New Collective Trust Plan Agreement I, the Bank will act as the custodian under the New Collective Trust Plan Phase I. The daily custodian fee to be charged by the Custodian shall be calculated as follows:

$$\text{Daily custodian fee} = (\text{value of the entrusted assets entrusted by the Trustor at the relevant date}) \times (\text{custodian fee rate}) / 365$$

The custodian fee rate is 0.05% per annum. The custodian fee shall be paid by the Trustor quarterly during the trust period.

Upon termination of the New Collective Trust Plan Phase I, the Trustee shall be responsible to realise and liquidate the entrusted assets (after deductions of any trust fees, taxes and other expenses to be borne by the entrusted assets) and distribute the entrusted assets to Qinghai Flying Financial. It is expected that the return from the New Collective Trust Plan Phase I shall be the interest income generated from Vanzip Enterprise Bonds currently held by the Trustor and other income generated from new investments under the New Collective Trust

Plan Phase I that the Trustee may invest in accordance with the instruction from the Trustor from time to time. The expected interest income generated from Vanzip Enterprise Bonds currently held by the Trustor will be a fixed sum of approximately RMB1.6 million per annum.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors believe that entering into the New Collective Trust Plan Agreement I and continuing entrustment of the Entrusted Assets in accordance therewith can provide good fund management opportunities for better utilisation of the Group's capital which brings along stable investment return to the Group. The Directors (including independent non-executive Directors) are therefore of the view that the terms of the New Collective Trust Plan Agreement I (and entrusting the Entrusted Assets in accordance therewith) are entered into on normal commercial terms and fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP, THE TRUSTEE AND THE CUSTODIAN

The principal activities of the Group are the provision of integrated short-term financing services, including pawn loan services and entrusted loan services. The Group also provides financial consultation services to its customers.

Sichuan Trust is a trust company incorporated in the PRC with limited liability approved by the China Banking Regulatory Commission. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sichuan Trust and its ultimate beneficial owners are Independent Third Parties. Sichuan Trust is a trust company principally engages in industrial and commercial enterprises trust, structured securities investment trust, equity pledge financing trust and real estate trust.

The Bank is a bank licensed and incorporated under the laws of the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owners are Independent Third Parties. The principal business of the Bank includes corporate banking, personal banking and treasury business.

IMPLICATION UNDER THE GEM LISTING RULES

As one of the relevant percentage ratios for the transaction contemplated under the New Collective Trust Plan Agreement I calculated under Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the New Collective Trust Plan Agreement I and the transaction contemplated thereunder constitute a discloseable transaction under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Bank” or “Custodian”	中信銀行股份有限公司重慶分行 (China CITIC Bank Co., Ltd., Chongqing Branch), a bank licensed and incorporated under the laws of the PRC
“Board”	the board of Directors
“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”	the effective date of the New Collective Trust Plan Phase I (i.e. the day of entrusting the Entrusted Assets)
“Entrusted Assets”	the entrusted assets (after deduction of any trust fees and after tax trust income attributable to Qianhai Flying Financial) under the Old Single Fund Trust as at the expiry of the Old Single Fund Trust Agreements on 29 October 2014, being 200,000 notes of Vanzip Enterprise Bonds of RMB100 each
“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 from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third parties independent of the Company and its connected persons
“New Collective Trust Plan”	四川信託 • 債券投資貳號集合信託計劃 (Sichuan Trust Bonds Investment Collective Trust Plan No. 2*), a collective trust plan (including various phases) established by Sichuan Trust as trustee pursuant to the New Collective Trust Plan Agreement(s)

“New Collective Trust Plan Agreement I”	the collective trust plan agreement dated 30 October 2014 entered into between Qianhai Flying Financial and Sichuan Trust, pursuant to which Qianhai Flying Financial agreed to invest the Entrusted Assets and subscribe for 20,000,000 trust units under the New Collective Trust Plan Phase I
“New Collective Trust Plan Agreement(s)”	the collective trust plan agreement(s) (including the New Collective Trust Plan Agreement I) which has been/shall be entered into between Trust Investor(s) and Sichuan Trust, for the investment of fund to the New Collective Trust Plan by the Trust Investor(s)
“New Collective Trust Plan Phase I”	one of the phases of New Collective Trust Plan, under which Qinghai Flying Financial agreed to invest the Entrusted Assets and subscribe for 20,000,000 trust units pursuant to the New Collective Trust Plan Agreement I
“Old Single Fund Trust”	A single fund trust established by Sichuan Trust as trustee pursuant to the Old Single Fund Trust Agreements; and Qianhai Flying Financial assumed the rights and obligations of the single trustor and the single beneficiary of such plan pursuant to the Trust Beneficial Right Transfer Agreement
“Old Single Fund Trust Agreements”	the single fund trust agreement entered into in September 2012 between Sichuan Trust as trustee and an Independent Third Party as the single trustor and the single beneficiary in relation to the Old Single Fund Trust, as supplemented by a supplemental agreement dated 30 October 2013 entered into between Sichuan Trust as trustee and the Transferor as the single trustor and the single beneficiary
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Qianhai Flying Financial” or “Trustor”	前海匯聯金融服務(深圳)有限公司 (Qianhai Flying Financial (Shenzhen) Services Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Second Supplemental Single Fund Trust Agreement”	the second supplemental agreement dated 30 October 2014 entered into between Sichuan Trust and Qianhai Flying Financial to supplement the Old Single Fund Trust Agreements
“Shareholder(s)”	shareholder(s) of the Company

“Sichuan Trust” or “Trustee”	四川信託有限公司 (Sichuan Trust Co., Ltd.), a trust company incorporated in the PRC with limited liability and approved by the China Banking Regulatory Commission
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transferor”	深圳市匯聯優債八號投資管理合夥企業(有限合夥) (Shenzhen Huilian Preference Debt No. 8 Investment Management Partnership (Limited Partnership)*), a limited partnership established under the laws of the PRC; and an Independent Third Party
“Trust Beneficial Right Transfer Agreement”	the trust beneficial right transfer agreement dated 29 November 2013 entered into between Qianhai Flying Financial as transferee and the Transferor in relation to the transfer of rights and obligations of the Transferor as the single trustor and the single beneficiary to Qinghai Flying Financial under the Old Single Fund Trust Agreements
“Trust Investors”	all investor(s) who entrust fund to the New Collective Trust Plan under the New Collective Trust Plan Agreement(s)
“Vanzip Enterprise Bonds”	the enterprise bonds with the total principal amount of RMB700 million issued by 萬正投資集團有限公司 (Vanzip Investment Group Co., Ltd.), which are listed and traded on the national inter-bank bond market in the PRC on 20 February 2013
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.26. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 30 October 2014

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. Leung Po Hon and Mr. Zhang Gongjun.

* For identification purposes only

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.