

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

PROPOSED ISSUE OF SHARES UNDER GENERAL MANDATE

On 13 May 2016, the Company entered into the Subscription Agreements with the Subscribers, who and, if applicable, whose ultimate beneficial owners are Independent Third Parties, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, a total of 200,000,000 Subscription Shares at the Subscription Price of HK\$0.945 per Subscription Share.

The total number of 200,000,000 Subscription Shares to be allotted and issued under the Subscriptions represents (i) approximately 13.06% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.56% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of the Subscriptions).

All the Subscription Shares are subject to a Lock-up Period of six months from the Completion Date.

The aggregate gross proceeds of the Subscriptions will be HK\$189.0 million and the aggregate net proceeds of the Subscriptions, after deduction of expenses, are estimated to be approximately HK\$188.5 million, representing a net issue price of approximately HK\$0.9425 per Subscription Share. It is proposed that the net proceeds from the Subscriptions will be used for investments in potential property development projects and general working capital of the Group.

* For identification purposes only

THE SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that after trading hours on 13 May 2016, the Company and the Subscribers entered into the Subscription Agreements in relation to the Subscriptions, the principal terms of which are summarised below.

- Date** : 13 May 2016
- Issuer** : The Company
- Subscribers** : Eight individuals and two corporations, who and, if applicable, whose ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are Independent Third Parties.
- Subscription Shares** : The Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, a total of 200,000,000 Subscription Shares, as to:
- (i) 70,000,000 Subscription Shares by one of the Subscribers;
 - (ii) 50,000,000 Subscription Shares by one of the Subscribers;
 - (iii) 20,000,000 Subscription Shares by each of two of the Subscribers;
 - (iv) 10,000,000 Subscription Shares by each of two of the Subscribers; and
 - (v) 5,000,000 Subscription Shares by each of four of the Subscribers.

The total number of 200,000,000 Subscription Shares (of an aggregate nominal value of HK\$20,000,000) to be allotted and issued under the Subscriptions represents (i) approximately 13.06% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.56% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion other than as a result of the Subscriptions).

Subscription Price : The Subscription Price is HK\$0.945 per Subscription Share, which represents:

- (i) a discount of approximately 10.85% to the closing price of HK\$1.06 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 12.17% to the average closing price of HK\$1.076 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the recent market prices of the Shares. The Directors consider that the Subscription Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Payment : The Subscribers shall pay their respective aggregate Subscription Prices to the Company in cash upon Completion.

Conditions Precedent : Completion of each of the Subscriptions shall be subject to the following conditions being satisfied:

- (1) the Stock Exchange granting the approval for the listing of, and permission to deal in, the respective Subscription Shares; and
- (2) the Company having complied with the applicable requirements under the GEM Listing Rules.

Under each of the respective Subscription Agreements, the conditions precedent are not capable of being waived by either the Company or the relevant Subscriber. If any of the conditions with respect to the respective Subscription Agreement have not been satisfied at or before 4:00 p.m. on 3 June 2016, such Subscription Agreement shall cease and determine, save and except for the provisions governing the confidentiality obligations and other miscellaneous provisions.

Completion Date : Completion of the relevant Subscription shall take place on the tenth Business Day after the satisfaction of conditions precedent under the relevant Subscription Agreement as referred to above (or such other date as may be agreed by the Company and the relevant Subscriber in writing).

- Ranking** : The Subscription Shares, when fully paid and allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of such Subscription Shares, except that holders of the relevant Subscription Shares will not enjoy the right to receive any future dividends and distributions which are declared by the Company before the relevant Completion Date.
- Lock-up Undertaking** : Under each of the Subscription Agreements, each of the Subscribers has undertaken that during a period of six months from the relevant Completion Date (“**Lock-up Period**”), it shall not, without the prior written consent of the Company, transfer or otherwise dispose of nor enter into any memorandum or agreement to transfer or otherwise dispose of the relevant Subscription Shares.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 15 May 2015. Under the General Mandate, the Company is authorised to issue up to 204,111,000 new shares of the Company until the revocation, variation or expiration of the General Mandate. The Company has not exercised the power to allot and issue any new shares of the Company pursuant to the General Mandate prior to the entering into of the Subscription Agreements.

The allotment and issue of the Subscription Shares is not subject to any additional Shareholders’ approval.

APPLICATION FOR LISTING

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

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

The Directors are of the view that the Subscriptions can strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The Subscriptions also represent a good opportunity to broaden the shareholders’ base and the capital base of the Company. The Company understands that each of the Subscribers intends to hold a long-term interest in the Company and the Subscriptions would bring in the Subscribers as strategic investors of the Company. The Directors are of the view that the Subscriptions are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate gross proceeds of the Subscriptions will be HK\$189.0 million and the aggregate net proceeds of the Subscriptions, after deduction of expenses, are estimated to be approximately HK\$188.5 million, representing a net issue price of approximately HK\$0.9425 per Subscription Share. It is intended that all net proceeds from the Subscriptions will be used for investments in potential property development projects and general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activity mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
7 September 2015 and 2 November 2015	Open offer on the basis of one offer share for every two Shares held on the then record date at an offer price of HK\$0.40 per offer share	HK\$201.1 million	(i) approximately HK\$160 million for development and operation of the finance lease business of Zhongxi Rongzi Zulin (Shanghai) Limited, an indirectly wholly-owned subsidiary of the Company; and	(i) approximately HK\$96 million used in the development and operation of the finance lease business of Zhongxi Rongzi Zulin (Shanghai) Limited; and
			(ii) approximately HK\$41.1 million for general working capital of the Group.	(ii) approximately HK\$35 million used for the general working capital of the Group.
			The remaining net proceeds of approximately HK\$70.1 million have remained unused and are intended to be used as planned.	

CHANGES IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company immediately after Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and

up to Completion (other than as a result of the Subscriptions) are set out below:

Shareholder	As at the date of this announcement		Immediately after Completion	
	No. of Shares	%	No. of Shares	%
Mr. Zheng Weijing and his associate (<i>Note 1</i>)	353,369,769	23.08	353,369,769	20.42
Sino-Africa Resources Holdings Limited	255,676,042	16.70	255,676,042	14.77
Mr. Hu Jinxi and his associate (<i>Note 2</i>)	167,629,087	10.95	167,629,087	9.68
Upsoar Limited	155,518,650	10.16	155,518,650	8.98

Public Shareholders:

Subscribers	–	–	200,000,000	11.56
Other public Shareholders	598,638,952	39.11	598,638,952	34.59
Total	<u>1,530,832,500</u>	<u>100.00</u>	<u>1,730,832,500</u>	<u>100.00</u>

Notes:

1. Of these Shares, 40,630,202 Shares are held by Mr. Zheng Weijing (“**Mr. Zheng**”), an executive Director and the chairman of the Board, and 312,739,567 Shares are held by Ming Cheng Investments Limited, a company wholly-owned by Mr. Zheng.
2. Of these Shares, 22,200,000 Shares are held by Mr. Hu Jinxi (“**Mr. Hu**”), and 145,429,087 Shares are held by Peace Bloom Limited, a company wholly-owned by Mr. Hu.

Completion of the Subscriptions is subject to the fulfillment of the conditions as set out in the paragraph headed “The Subscription Agreements – Conditions Precedent” above. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 15 May 2015 at which, among other things, the General Mandate was granted to the Directors
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“Business Day”	a day (excluding a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Flying Financial Service Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Completion”	completion of the relevant Subscription(s)
“Completion Date”	the day on which the completion of the relevant Subscription(s) shall take place and such day shall fall on the tenth Business Day after the satisfaction of the conditions precedent under the relevant Subscription Agreement as set out in the section headed “The Subscription Agreements – Conditions Precedent” in this announcement (or such other date as may be agreed by the Company and the relevant Subscriber in writing)
“Director(s)”	the 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 GEM
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or otherwise deal with additional shares in the capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company
“Last Trading Day”	13 May 2016, the date of the Subscription Agreements
“PRC”	the People’s Republic of China

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, eight individuals and two corporations, and a “Subscriber” shall be construed accordingly
“Subscriptions”	collectively, the subscriptions of the Subscription Shares by the Subscribers, and a “Subscription” shall be construed accordingly
“Subscription Agreements”	collectively, the ten subscription agreements dated 13 May 2016 entered into between by the Company and each of the Subscribers in relation to the subscription of the Subscription Shares, and a “Subscription Agreement” shall be construed accordingly
“Subscription Price”	the subscription price of HK\$0.945 per Subscription Share
“Subscription Shares”	the total of 200,000,000 new Shares to be allotted and issued to the Subscribers under the Subscription Agreements and each, a “Subscription Share”
“%”	per cent.

On behalf of the Board
Flying Financial Service Holdings Limited
Zheng Weijing
Chairman and Chief Executive Officer

Hong Kong, 13 May 2016

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

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 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.