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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, Huilian Business Services, an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreements with the Borrower and the Lending Agent, pursuant to which, Huilian Business Services has agreed to entrust the fund in the total amount of RMB60 million in aggregate (equivalent to approximately HK\$76.2 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 or any of its associates in the preceding 12-month period.

The Directors consider that the Entrusted Loan Agreements were 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 Transactions under the Entrusted Loan Agreements calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Entrusted Loan Agreements and the Transactions contemplated thereunder constitute discloseable transactions 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.

The Board wishes to announce that on the Effective Date, Huilian Business Services, an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreements with the Borrower and the Lending Agent, pursuant to which, Huilian Business Services has agreed to entrust the fund in the total amount of RMB60 million in aggregate (equivalent to approximately HK\$76.2 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 or any of its associates in the preceding 12-month period. The principal terms of the Entrusted Loan Agreements are set out below:

THE ENTRUSTED LOAN AGREEMENTS

Effective Date:

6 December 2013

Parties:

Lender: Huilian Business Services

Borrower: 雲南海運房地產開發經營有限公司
Yunnan Haiyun Property Development Limited*

Lending Agent: 廣東南粵銀行股份有限公司
Guangdong Nanyue Bank*

The Borrower is a limited liability company established in the PRC and its principal business activities include, among others, real estate development, sales of machinery, electronics, construction materials and metals. 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 its connected persons.

Entrustment on the Entrusted Fund

Huilian Business Services will transfer the Entrusted Fund, being RMB60 million in aggregate (equivalent to approximately HK\$76.2 million) to a designated trust account at the Lending Agent on the Effective Date. 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:

RMB60 million in aggregate (equivalent to approximately HK\$76.2 million), representing approximately 13.97% of the total assets of the Group of approximately RMB429.5 million (equivalent to approximately HK\$545.5 million) as at 30 June 2013.

Interest:

Interest rate on the Loan amount shall be charged at the rate of 1.8% per month.

Consultation fee:

Junhao, an indirect non-wholly owned subsidiary of the Company, entered into, among others, the consultation service agreements with the Borrower pursuant to which Junhao shall charge the Borrower a consultation fee at the rate of 0.7% of the Loan amount per month for assisting the Borrower in securing the Loan through the Entrusted Fund.

Term of the Loan:

Six months from the first drawdown date of the Loan according to the terms of the Entrusted Loan Agreements (“**Maturity Date**”).

Security:

The Loan will be secured by the following construction in progress of commercial real properties (“**Commercial Real Properties**”) with a total building area of approximately 10,500 square meters located at Haiyun Garden, the junction of Caiyun North Road and Guangfu Road, Yunnan City (昆明市彩雲北路與廣福路交匯處海運花園) (“**Haiyun Garden**”):

- (i) Shops No. 1 to 13, Block 17 of Haiyun Garden;
- (ii) 1st to 4th Floor, Block 17 of Haiyun Garden (which will be used as mall); and
- (iii) 5th to 9th Floor, Block 17 of Haiyun Garden (which will be used as office).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Commercial Real Properties are not charged to any other parties other than being charged to the Lending Agent.

Guarantees:

Corporate guarantee was provided in favour of the Lending Agent by a PRC company engaging in, among others, real estate development and sales, property management and rental and sales of construction materials. To the best of the knowledge, belief and information of the Directors, such PRC company is independent to the Borrower, the Company and their respective connected persons. In addition, a personal guarantee was given by the chairman of the board of directors of the Borrower, who is also a controlling shareholder of the Borrower, in favour of the Lending Agent to secure the obligations of the Borrower under the Entrusted Loan Agreements.

Prepayment:

Upon obtaining the written consent from Huilian Business Services and the Lending Agent, the Borrower has the right to prepay the Loan prior to the Maturity Date or extend the term of the Loan. The Lending Agent has the right to charge for the interest amount in accordance with the interest rate and terms of the Loan initially stipulated under the Entrusted Loan Agreements despite the prepayment made by the Borrower.

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. 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 connected persons of the Company.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE TRANSACTIONS

Huilian Business Services 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 Huilian Business Services and the Borrower after arm's length negotiations. Junhao is a limited liability company established in Hong Kong and principally engaged in investment holding and the provision of financial consultation services.

The terms of the Loan including the interest rate and the consultation fee charged to 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 Agreements 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 Transactions 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 Transactions under the Entrusted Loan Agreements calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Entrusted Loan Agreements and the Transactions contemplated thereunder constitute discloseable transactions 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”	雲南海運房地產開發經營有限公司 (Yunnan Haiyun Property Development Limited*), a company established in the PRC with limited liability
“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”	6 December 2013, being the effective date of the Entrusted Loan Agreements
“Entrusted Fund”	the entrusted fund of RMB60 million in aggregate (equivalent to approximately HK\$76.2 million) made available by Huilian Business Services to the Borrower entrusted with the Lending Agent subject to and upon the terms and conditions of the Entrusted Loan Agreements
“Entrusted Loan Agreements”	the two entrusted loan agreements each entered into between Huilian Business Services, the Borrower and the Lending Agent on the Effective Date in relation to the provision of the Entrusted Fund to the Borrower
“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
“Huilian Business Services”	廣東匯聯商務服務有限公司 (Guangdong Huilian Business Services Limited*), a wholly-foreign-owned enterprise established in the PRC on 17 May 2013
“Junhao”	Junhao Group Limited (郡豪集團有限公司), a company incorporated in Hong Kong on 30 June 2012, being an indirect non-wholly owned subsidiary of the Company
“Lending Agent”	廣東南粵銀行股份有限公司 (Guangdong Nanyue Bank*), 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 Agreements
“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
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the provision of the financial assistance to the Borrower pursuant to the Entrusted Loan Agreements
“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, 6 December 2013

For ease of reference, sums in HK\$ in this announcement are translated at the rate RMB1 = HK\$1.27. 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*