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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)**

### **(1) PROPOSED CAPITAL REORGANISATION; (2) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; AND (3) APPLICATION FOR WHITEWASH WAIVER**

#### **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Sub-division, details of which are as follows:

##### **(1) Share Consolidation**

Every fifty (50) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$5.00 each in the share capital of the Company.

##### **(2) Capital Reduction**

The Capital Reduction will be implemented upon the Share Consolidation becoming effective, pursuant to which (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (b) the par value of each of the then issued Consolidated Shares will be reduced from HK\$5.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$4.99 on each of the then issued Consolidated Shares.

### **(3) Share Sub-division (of authorised but unissued Consolidated Shares)**

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$5.00 each will be sub-divided into five hundred (500) New Shares of par value of HK\$0.01 each.

Based on the 1,731,432,500 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$172,796,963.50 will arise as a result of the Capital Reduction. It is proposed that the total credit arising from the Capital Reduction will be applied towards setting off the accumulated losses of the Company upon the Capital Reduction becoming effective.

### **SUBSCRIPTION OF NEW SHARES**

On 23 May 2022, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 36,042,067 New Shares at the Subscription Price of HK\$0.72 per Subscription Share to the Subscriber.

The Subscription is subject to various conditions set out below under the paragraph headed “Conditions precedent to the Subscription”. The Subscription Shares represent (i) approximately 104% of the existing issued share capital adjusted for the effect of the Capital Reorganisation; and (ii) approximately 51% of the then enlarged issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and adjusted for the effect of the Capital Reorganisation, assuming there will be no other change in the number of issued Existing Shares and New Shares between the date of this announcement and Completion, save for the Capital Reorganisation and the Subscription.

Upon Completion, the Subscriber will then hold 36,042,067 New Shares, representing approximately 51% of the then issued share capital of the Company as enlarged by the Subscription and adjusted for the effect of the Capital Reorganisation (assuming there will be no other change in the number of issued Existing Shares and New Shares between the date of this announcement and Completion, save for the Capital Reorganisation and the Subscription).

The Subscription Price of HK\$0.72 per Subscription Share, represents: (i) a discount of approximately 20% to the adjusted closing price per share of the Company of HK\$0.9 as quoted on the Stock Exchange on 28 March 2021 (being the last trading date before trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and remain suspended until further notice) and adjusted for the effect of the Capital Reorganisation; (ii) a discount of approximately 43.75% to the adjusted average closing price per share of the Company of HK\$1.28 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding 28 March 2021 (being the last trading date before trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and remain suspended until further notice) and adjusted for the effect of the Capital Reorganisation; and (iii) a discount of approximately 44% to the adjusted average closing price per share of the Company of HK\$1.285 as quoted on the Stock Exchange for the last 10 consecutive trading days immediately preceding 28 March 2021 (being the last trading date before trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and remain suspended until further notice) and adjusted for the effect of the Capital Reorganisation.

#### **PROCEEDS FROM THE SUBSCRIPTION**

The gross proceeds from the Subscription are expected to be approximately HK\$25.95 million in aggregate. After deducting related professional fees and all related expenses (assuming about HK\$2 million) which will be borne by the Company, the net proceeds of the Subscription will amount to approximately HK\$23.95 million.

#### **IMPLICATIONS OF THE LISTING RULES AND THE TAKEOVERS CODE**

As at the date of this announcement, the Subscriber is a company indirectly wholly-owned by Ms. Niu Chengjun. Mr. Leung Man Kit, the executive Director of the Company, is also a director of the Subscriber. Accordingly, the Subscriber is a connected person of the Company under Rule 20.07(4) of the GEM Listing Rules. Hence, the Subscription will constitute a connected transaction for the Company, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Subscription Agreement at the EGM.

As at the date of this announcement, neither the Subscriber nor its parties acting in concert holds any Existing Shares. Upon Completion, the shareholding of the Subscriber will increase to approximately 51% of the then issued share capital of the Company as enlarged by the Subscription, thereby triggering a general offer obligation under the Takeovers Code.

An application will be made to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the respective approval of the Independent Shareholders on the Subscription and the Whitewash Waiver taken on a poll at the EGM. As the Whitewash Waiver is one of the non-waivable conditions precedent to the Subscription Agreement, the Subscription will not proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the Independent Shareholders.

## **FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the existing independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder.

The Company will appoint the Independent Financial Adviser with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders on the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder.

## **GENERAL**

### **The EGM**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder.

In accordance with the Listing Rules and the Takeovers Code, (i) the Subscriber and its associates; (ii) any parties acting in concert with the Subscriber and/or Ms Niu; and (iii) the Shareholders involved or interested in the Subscription or the Whitewash Waiver, will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM. No Shareholder has a material interest in the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder, and will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM.

### **The Circular**

The Company will despatch the Circular in accordance with the requirements under the GEM Listing Rules and the Takeovers Code, which will contain, among other things, further details of the Capital Reorganisation, the Subscription and the Whitewash Waiver.

Under Rule 20.66(11) of the GEM Listing Rules, the Company is required to despatch the Circular in relation to the connected transactions within 15 Business Days after the publication of this announcement. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders the Circular in respect of, among other things, the terms of the Subscription and the Whitewash Waiver, within 21 days from the date of publication this announcement, that is, on or before 13 June 2022.

As the Capital Reorganisation is conditional upon the satisfaction of the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” and the Subscription is conditional upon the satisfaction of certain conditions precedent (including the resumption on trading of the Existing Shares and the New Shares on the Stock Exchange and the grant of the Whitewash Waiver by the Executive), it is expected that more time may be needed for the completion of the Capital Reorganisation and the Subscription. When necessary, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular and if the Executive’s consent is obtained, the Company will make further announcement on the expected date of despatch of the Circular.

### **Application for listing**

The Subscription Shares will be allotted and issued under the Specific Mandate to allot, issue and deal with New Shares by an ordinary resolution to be proposed for passing by the Independent Shareholders at the EGM.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon the satisfaction of the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” and the Subscription is conditional upon the satisfaction of certain conditions precedent (including the resumption on trading of the Existing Shares and the New Shares on the Stock Exchange and the grant of the Whitewash Waiver by the Executive). Accordingly, the Capital Reorganisation and the Subscription may or may not proceed.**

**Further, at the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and will remain suspended until further notice. Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt, they should consult their professional advisers.**

### **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and will remain suspended until further notice.

**The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the resumption of trading in Shares given that the Resumption is subject to the fulfilment of other resumption conditions. Therefore, the Resumption may or may not proceed. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.**

On 23 May 2022, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 36,042,067 New Shares at the Subscription Price of HK\$0.72 per Subscription Share to the Subscriber. The Subscription is subject to various conditions set out below under the paragraph headed “Conditions precedent to the Subscription”, one of which being the Capital Reorganisation becomes effective.

## **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Sub-division, details of which are as follows:

### **(1) Share Consolidation**

Every fifty (50) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$5.00 each in the share capital of the Company.

### **(2) Capital Reduction**

The Capital Reduction will be implemented upon the Share Consolidation becoming effective, pursuant to which (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (b) the par value of each of the then issued Consolidated Shares will be reduced from HK\$5.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$4.99 on each of the then issued Consolidated Shares.

### **(3) Share Sub-division (of authorised but unissued Consolidated Shares)**

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$5.00 each will be sub-divided into five hundred (500) New Shares of par value of HK\$0.01 each.

### *Effects of the Capital Reorganisation*

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Existing Shares of par value of HK\$0.10 each of which 1,731,432,500 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, the authorised share capital of the Company will be HK\$500,000,000 divided into 50,000,000,000 New Shares of par value of HK\$0.01 each, of which 34,628,650 New Shares will be in issue and the issued share capital of the Company will be HK\$346,286.50 upon the Capital Reorganisation becoming effective.

Based on the 1,731,432,500 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$172,796,963.50 will arise as a result of the Capital Reduction. It is proposed that the total credit arising from the Capital Reduction will be applied towards setting off the accumulated losses of the Company upon the Capital Reduction becoming effective. Any excess of such credit will be transferred to the distributable reserve account of the Company which will be utilised by the Company in any manner as the Board may deem fit and permitted under all applicable laws and the memorandum and articles of association of the Company. Shareholders and potential investors of the Company should note that the credit arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective. Assuming no further Existing Shares will be issued or repurchased from the date of this announcement up to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation on the share capital structure of the Company is summarised as follows:

	<b>As of the date of this announcement</b>	<b>Immediately after the Capital Reorganisation (without taking into consideration of the Subscription)</b>
Par value	HK\$0.10 per Existing Share	HK\$0.01 per New Share
Amount of authorized share capital	HK\$500,000,000	HK\$500,000,000
Number of authorized shares	5,000,000,000 Existing Shares	50,000,000,000 New Shares
Number of issued shares ( <i>assuming no change in the issued share capital date of this announcement until the effective date of the Capital Reorganisation</i> )	1,731,432,500	34,628,650
Amount of the issued share capital	HK\$173,143,250.00	HK\$346,286.50

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred, the implementation of the Capital Reorganisation will have no material effect on the consolidated net asset value of the Group, nor will they alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders, save for any fractional New Shares to which Shareholders may be entitled. The Directors are of the view that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

#### *Fractional entitlement to New Shares*

Any fractional Shares arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

#### *Conditions of the Capital Reorganisation*

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the second Business Day immediately following the fulfilment of the above conditions.

The Capital Reduction and the Share Sub-division are conditional upon:

- (i) the Share Consolidation becoming effective;
- (ii) the passing of a special resolution by the Shareholders to approve the Capital Reduction and the Share Sub-division at the EGM;

- (iii) the GEM Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the New Shares arising from the Capital Reduction and the Share Sub-division;
- (iv) the Court granting an order confirming the Capital Reduction;
- (v) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (vi) registration by the registrar of companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (vii) the compliance with the relevant procedures and requirements under the applicable laws of Cayman Islands and the GEM Listing Rules to effect the Capital Reduction and the Share Sub-division.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the legal advisers to the Company (as to Cayman Islands Law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

#### *Listing and dealings*

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares and the New Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares and the New Shares on the Stock Exchange, the Consolidated Shares and the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Consolidated Shares and the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares and the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

## REASONS FOR THE CAPITAL REORGANISATION

Pursuant to Rule 17.76 of GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (last updated on 1 October 2020) has stated that (i) the Stock Exchange reserves the right to require an issuer to either change its trading method or to proceed with a consolidation of its securities where the market price of the securities approaches the extremities of HK\$0.01, which the Stock Exchange considers to be any trading price less than HK\$0.10.

Taking into account of the latest closing price of HK\$0.018 per Existing Share as at 28 March 2021 (being the last trading date before trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and remain suspended until further notice), the Capital Reorganisation would enable the Company to comply with the trading requirements under the GEM Listing Rules.

The Share Consolidation will reduce the total number of Existing Shares currently in issue and is expected to bring about a corresponding upward adjustment to the trading price per Share on the Stock Exchange, and hence the transaction costs as a proportion of the market value of each board lot will be lower.

Further, under the Companies Act, the Company is restricted in its ability to issue Shares at a price lower than their par value. The Capital Reduction will reduce the par value of the Consolidated Shares, which will provide the Company with greater flexibility to accommodate the issue of New Shares under the Subscription Agreement, and in the future when necessary.

The New Shares will remain to be traded in board lots of 5,000 New Shares after the Capital Reorganisation having become effective. As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 5,000 Existing Shares. For illustration purpose only, based on the closing price of HK\$0.018 per Existing Share (equivalent to the theoretical closing price of HK\$0.9 per Consolidated Share) as at 28 March 2021 (being the last trading date before trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and will remain suspended until further notice), the value of each existing board lot calculated on the basis of the theoretical closing price of HK\$0.9 per Consolidated Share would be HK\$4,500, assuming the Share Consolidation had become effective.

In view of above, the Capital Reorganisation will also help maintain the transaction amount for each board lot at a reasonable level and attract more investors and provide flexibility for equity fund raising of the Company (under the Subscription Agreement and in the future).

Accordingly, the Directors consider that the Capital Reorganisation are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, save and except to the Subscription, (i) the Company has no intention to carry out other corporate actions in the next 12 months which may affect the trading in the Shares, and (ii) the Company does not have any concrete plan to conduct

any fund-raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

## **OTHER ARRANGEMENTS**

### **No change in board lot size**

The New Shares will remain to be traded in board lots of 5,000 New Shares after the Capital Reorganisation having become effective.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, Shareholders may, during the specified period, submit share certificates for the Existing Shares (in brown colour) to the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, at the expense of the Company, for new share certificates for the Consolidated Shares (in yellow colour) (on the basis of fifty (50) Existing Shares for one (1) Consolidated Share). Thereafter, certificates of Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 each (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher. After the specified time, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction and the Share Sub-division is not ascertainable at present. Should the Capital Reduction and the Share Sub-division become effective, Shareholders may submit share certificates for the Consolidated Shares (in yellow colour) to the Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange for new share certificates for the New Shares (in pink colour), at the expense of the Company within the relevant free exchange period from the effective date of the Capital Reduction and the Share Sub-division. Details of such free exchange of share certificates will be announced as soon as practicable.

### **Odd lots arrangements and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint an agent to provide matching services on a best-efforts basis to the Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Shareholders should note that matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is

recommended to consult his/her/its own professional advisers. Further details in respect of the odd lots trading arrangement will be set out in the circular to be despatched to the Shareholders.

### **Adjustments to the outstanding share options**

As at the date of this announcement, there are outstanding share options for subscription of 4,660,000 Existing Shares under the Share Option Scheme. The Capital Reorganisation may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon exercise of the outstanding options pursuant to the terms and conditions of the Share Option Scheme and the GEM Listing Rules. The Company will make further announcements regarding the adjustments in accordance with the GEM Listing Rules in due course.

Save as disclosed above, as at the date of this announcement, the Company has no other derivatives, options, warrants or other securities in issue which are convertible or exchangeable into any Shares.

### **SUBSCRIPTION OF NEW SHARES**

On 23 May 2022, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 36,042,067 New Shares at the Subscription Price of HK\$0.72 per Subscription Share to the Subscriber.

#### **The Subscription Agreement**

Date: 23 May 2022

Parties: (1) the Company (as issuer); and  
(2) the Subscriber (as subscriber)

As at the date of this announcement, the Subscriber is a company indirectly wholly-owned by Ms. Niu Chengjun. As at the date of this announcement, the Subscriber, its ultimate beneficial owner and each of their associates and parties acting in concert with any of them do not hold any Existing Shares.

#### **The Subscription Shares**

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 36,042,067 New Shares at the Subscription Price of HK\$0.72 per Subscription Share to the Subscriber, with an aggregate consideration of approximately HK\$25.95 million payable by the Subscriber by cheque or bank transfer to the Company upon Completion of the Subscription.

The Subscription Shares represent (i) approximately 104% of the existing issued share capital adjusted for the effect of the Capital Reorganisation; and (ii) approximately 51% of the then enlarged issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and adjusted for the effect of the Capital Reorganisation,

assuming there will be no other change in the number of issued Existing Shares and New Shares between the date of this announcement and Completion, save for the Capital Reorganisation and the Subscription.

Upon Completion, the Subscriber will then hold 36,042,067 New Shares, representing approximately 51% of the then issued share capital of the Company as enlarged by the Subscription and adjusted for the effect of the Capital Reorganisation (assuming there will be no other change in the number of issued Existing Shares and New Shares between the date of this announcement and Completion, save for the Capital Reorganisation and the Subscription). The aggregate nominal value of share capital for the Subscription Shares is approximately HK\$360,421.

### **Subscription Price**

The Subscription Price of HK\$0.72 per Subscription Share represents:

- (i) a discount of approximately 20% to the adjusted closing price (due to the effect of Capital Reorganisation) per share of the Company of HK\$0.9 as quoted on the Stock Exchange as at 28 March 2021 (being the last trading date before trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and remain suspended until further notice);
- (ii) a discount of approximately 43.75% to the adjusted average closing price per share of the Company of HK\$1.28 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding 28 March 2021 (being the last trading date before trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and remain suspended until further notice); and
- (iii) a discount of approximately 44% to the adjusted average closing price per share of the Company of HK\$1.285 as quoted on the Stock Exchange for the last 10 consecutive trading days immediately preceding 28 March 2021 (being the last trading date before trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and remain suspended until further notice).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber taking into account, among others, (i) the financial position of the Group; (ii) the proposed very substantial disposal transaction of the Group as disclosed in the Company's announcement dated 26 January 2022; and (iii) the suspension of trading in the Existing Shares on the Stock Exchange.

The Directors (excluding Mr. Leung Man Kit who abstained from voting on the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder and the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser to be appointed) consider that the terms of the Subscription Agreement (including the issue price of the Subscription Shares) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription are expected to be approximately HK\$25.95 million in aggregate. After deducting related professional fees and all related expenses (assuming about HK\$2 million) which will be borne by the Company, the net proceeds of the Subscription will amount to approximately HK\$23.95 million.

### **Conditions precedent to the Subscription**

Completion is conditional upon fulfillment of the following conditions:

- (i) completion of the Capital Reorganisation;
- (ii) resumption on trading of the Shares on the Stock Exchange;
- (iii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (iv) the Executive granting the Whitewash Waiver pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code to the Subscriber;
- (v) the Independent Shareholders approving the Subscription and the related transactions contemplated thereunder by ordinary resolution(s) and by way of poll; and
- (vi) the Independent Shareholders approving the Whitewash Waiver by special resolution(s) and by way of poll.

In view of the GEM Listing Committee's decision on the cancellation of listing, on 17 May 2022, the Company submitted an application requesting the delisting decision be referred for review. All conditions set out above cannot be waived by the Company or the Subscriber. In the event that any of the conditions of the Subscription is not fulfilled on or before 31 July 2022 (or such later date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement will terminate and all obligations of the Company and the Subscriber under the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other in respect of any matter arising out of or in connection with the Subscription Agreement, except for any antecedent breach of any obligation and any liabilities under the Subscription Agreement.

### **Completion of the Subscription Agreement**

Completion will take place on the third (3rd) Business Day after the date on which all the conditions of the Subscription are fulfilled (or such other date as may be agreed between the Company and the Subscriber in writing).

### **Specific Mandate**

The Subscription Shares will be allotted and issued under the Specific Mandate to allot, issue and deal with New Shares by an ordinary resolution to be proposed for passing by the Independent Shareholders at the EGM.

## **IMPLICATIONS OF THE LISTING RULES AND THE TAKEOVERS CODE**

As at the date of this announcement, the Subscriber is a company indirectly wholly-owned by Ms. Niu Chengjun. Mr. Leung Man Kit, the executive Director of the Company, is also a director of the Subscriber. Accordingly, the Subscriber is a connected person of the Company under Rule 20.07(4) of the GEM Listing Rules. Hence, the Subscription will constitute a connected transaction for the Company, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Subscription Agreement at the EGM.

As at the date of this announcement, neither the Subscriber nor its parties acting in concert holds any Existing Shares. Upon Completion, the shareholding of the Subscriber will increase to approximately 51% of the then issued share capital of the Company as enlarged by the Subscription, thereby triggering a general offer obligation under the Takeovers Code.

An application will be made to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the respective approval of the Independent Shareholders on the Subscription and the Whitewash Waiver taken on a poll at the EGM. As the Whitewash Waiver is one of the non-waivable conditions precedent to the Subscription Agreement, the Subscription will not proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the Independent Shareholders.

The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver and the approval by more than 50% of the Independent Shareholders at the EGM in respect of the Capital Reorganisation and the Subscription, in which Shareholders who are involved in or interested in the Capital Reorganisation and the Subscription will abstain from voting on the relevant resolution(s). The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted, the Capital Reorganisation and the Subscription will terminate forthwith.

## **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

As at the date of this announcement, save for the Subscription Agreement, the Directors confirm that:

1. none of the Subscriber or Ms. Niu Chengjun or any person acting or presumed to be acting in concert with any of them owns or has control or direction over any voting right in or rights over any Existing Shares or any convertible securities, warrants or options in respect of the Existing Shares, or has entered into any outstanding derivatives in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
2. there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Existing Shares or shares of the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement and the Whitewash Waiver, or any agreements or arrangements to which the Subscriber, Ms. Niu Chengjun or any person acting or presumed to be acting in concert with any of them is a party

which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;

3. none of the Subscriber, Ms. Niu Chengjun or any persons acting or presumed to be acting in concert with any of them has received an irrevocable commitment to vote for or against the resolutions relating to the Subscription Agreement and/or the Whitewash Waiver;
4. none of Subscriber, Ms. Niu Chengjun or any persons acting or presumed to be acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
5. the Subscriber, Ms. Niu Chengjun or any persons acting in concert with any of them had not acquired voting rights in the Company during the six months prior to this announcement.

There was no disqualifying transaction (as described in paragraph 3 of Schedule VI to the Takeovers Code) by the Subscriber and/or Ms. Niu or any person acting in concert with any of them in the six months prior to this announcement.

There is no special deal (as defined under Rule 25 of the Takeovers Code between (i) the Subscriber, Ms. Niu Chengjun and any parties acting in concert with any of them; and (ii) the Company.

As at the date of this announcement, apart from the Subscription consideration of approximately HK\$25.95 million, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Subscriber, Ms. Niu Chengjun and parties acting in concert with any of them to the Company in connection with the Subscription.

As at the date of this announcement, there is no understanding, arrangement, agreement, or special deal between (1) any Shareholder; and (2) (a) the Subscriber, Ms. Niu Chengjun and parties acting in concert with any of them, or (b) the Company, its subsidiaries or associated companies.

As at the date of this announcement, the Company does not believe that the proposed transactions give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the proposed transactions do not comply with other applicable rules and regulations.

#### **FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the existing independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder.

The Company will appoint the Independent Financial Adviser with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders on the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder.

## **GENERAL**

### **The EGM**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder.

In accordance with the Listing Rules and the Takeovers Code, (i) the Subscriber and its associates; (ii) any parties acting in concert with the Subscriber and/or Ms. Niu; and (iii) the Shareholders involved or interested in the Subscription or the Whitewash Waiver, will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM. No Shareholder has a material interest in the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder, and will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM.

As at the date of this announcement, the Subscriber is a company indirectly wholly-owned by Ms. Niu Chengjun. Mr. Leung Man Kit, the executive Director of the Company, is also a director of the Subscriber. Accordingly, Mr. Leung Man Kit was considered to have a material interest in the Subscription Agreement, the Whitewash Waiver and the transactions contemplated thereunder by virtue of his being associate to the Subscriber, and had abstained from voting on the Board resolutions approving the Subscription Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

### **The Circular**

The Company will despatch the Circular in accordance with the requirements under the GEM Listing Rules and the Takeovers Code, which will contain, among other things, further details of the Capital Reorganisation, the Subscription and the Whitewash Waiver.

Under Rule 20.66(11) of the GEM Listing Rules, the Company is required to despatch the Circular in relation to the connected transactions within 15 Business Days after the publication of this announcement. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders the Circular in respect of, among other things, the terms of the Subscription and the Whitewash Waiver, within 21 days from the date of publication this announcement, that is, on or before 13 June 2022.

As the Capital Reorganisation is conditional upon the satisfaction of the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” and the Subscription is conditional upon the satisfaction of certain conditions precedent (including the resumption on trading of the Existing Shares and the New Shares on the Stock Exchange and the grant of the Whitewash Waiver by the Executive), it is expected that more time may be needed for

the completion of the Capital Reorganisation and the Subscription. When necessary, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular and if the Executive's consent is obtained, the Company will make further announcement on the expected date of despatch of the Circular.

### **Application for listing**

The Subscription Shares will be allotted and issued under the Specific Mandate to allot, issue and deal with New Shares by an ordinary resolution to be proposed for passing by the Independent Shareholders at the EGM.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Subscriber is a company incorporated in Hong Kong with limited liability, which is an investment holding company. The Subscriber is indirectly wholly-owned by Ms. Niu Chengjun.

Ms. Niu Chengju invested in various private companies in the PRC with principal business of investment in property development, software and information technology projects. She is an experienced investor in the stock markets in Hong Kong and Mainland China and Hong Kong real estate properties. She is also a substantial shareholder of a company listed on GEM. Ms. Niu Chengju started the investments in real estate properties, software and information technology for over 25 years and she has held various positions in her investments, including shareholder, legal representative, executive director and supervisor. She serves as the legal representative, general manager and executive director of Shenzhen Yingxuan Investment Holdings Co., Ltd.\* (深圳市穎軒投資控股有限公司) since March 2021 for which she is responsible for the legal matter and overseeing the business operation of the company; she is the supervisor of Shenzhen Langzhong Culture Communication Co., Ltd.\* (深圳市朗眾文化傳播有限公司) since October 2011 for which she is responsible for the supervising the business operation of the company; she is the supervisor of Shenzhen Anxuan Investment Group Co., Ltd.\* (深圳市安軒投資集團有限公司) since April 2007 for which she is responsible for supervising the business operation of the company. Ms. Niu Chengju currently does not hold any position in any listed company.

The Group's business operations mainly comprise of identifying appropriate opportunities of the investment in property development projects subject to the prevailing market conditions and available funds of the Group; and the operation of the financial service platform (as part of the fin-tech platform) and the provision of consultation services.

The Board noted that the Group is experiencing a liquidity pressure with relatively low working capital. The Directors consider that the Subscription will allow the Company to allocate more financial resources to expand and develop its business operation, to settle part of its indebtedness and further increase the working capital of the Company and hence can strengthen the financial position of the Group. Taken into account the very substantial disposal as announced on 10 May 2022, management considers that the proceed from the Subscription is sufficient for the purposes as mentioned above.

The Company noted that Mr. Zheng Weijing (“**Mr. Zheng**”), who ceased to be a director of the Company on 26 March 2021 and contributed to the loss of the Group in relation to, among others, the offence of illegal absorption of public deposits (as set out in the Company’s announcements dated 8 December 2020, 26 March 2021, 22 February 2022), is one of the substantial shareholders of the Company as of the date of this announcement.

Following the Completion of the Subscription, the Subscriber (which is not connected with or acting in concert with Mr. Zheng, Ms. Guo Chanjiao and three former employees of the Group who committed the offence of illegal absorption of public deposits (as referred to in the Company’s announcement dated 22 February 2022)) will be the controlling shareholder of the Company. The Company believed that in such circumstance, the Subscription could facilitate and strengthen investor confidence that the Company’s management and operation would not be subject to any substantial influence of Mr. Zheng (who has integrity concern).

In view of the above, the Directors (excluding Mr. Leung Man Kit who abstained from voting on the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder and the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser to be appointed) consider that the terms of the Subscription Agreement is on normal commercial terms or better and that the entering into of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP**

The Subscriber intends to continue the existing principal businesses of the Group. The Subscriber has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

The Subscriber and the Company also intend to maintain the listing of the Shares on the GEM following the Subscription Completion.

#### **USE OF PROCEEDS**

The gross proceeds from the Subscription are expected to be approximately HK\$25.95 million in aggregate. After deducting related professional fees and all related expenses (assuming about HK\$2 million) which will be borne by the Company, the net proceeds of the Subscription will amount to approximately HK\$23.95 million. The net proceeds from the Subscription will be applied for the following purposes:

- (i) approximately 41.75%, or approximately HK\$10.00 million, will be utilized for development and operation of the financial service platform (as part of the fin-tech platform) and the provision of consultation services of the Group;
- (ii) approximately 20.88%, or approximately HK\$5.00 million, will be utilized for repayment of indebtedness of the Company; and
- (iii) approximately 37.37%, or approximately HK\$8.95 million, will be utilized for the Company’s general working capital purposes.

The net Subscription Price (calculated as the total Subscription consideration (after deducting related professional fees and all related expenses) divided by the number of Subscription Shares) is approximately HK\$0.66 per Subscription Share.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has not conducted any equity fund raising activities in the past 12 months as at the date of this announcement.

## **CHANGES TO THE SHAREHOLDING STRUCTURE AS A RESULT OF THE CAPITAL REORGANISATION AND THE SUBSCRIPTION**

As at the date of this announcement, the Company has 1,731,432,500 Existing Shares in issue. Set out below is a table showing the shareholding structure of the Group (i) as at the date of this announcement; (ii) immediately upon completion of the Capital Reorganisation; and (iii) immediately upon completion of the Capital Reorganisation and the Subscription (assuming there will be no other change in the issued share capital of the Company, save for the Capital Reorganisation and the Subscription).

Shareholder	As at the date of this announcement		Immediately upon completion of the Capital Reorganisation		Immediately upon completion of the Capital Reorganisation and the Subscription	
	No. of Existing Shares	%	No. of Existing Shares	%	No. of Existing Shares	%
The Subscriber ( <i>Note 1</i> )	—	—	—	—	36,042,067	51%
Mr. Zheng Weijing (鄭偉京先生)	408,369,769 ( <i>Note 2</i> )	23.59%	8,167,395	23.59%	8,167,395	11.56%
Sino-Africa Resources Holdings Limited (中非資源控股有限公司)	255,676,042 ( <i>Note 4</i> )	14.77%	5,113,520	14.77%	5,113,520	7.24%
Mr. Hu Jinxi (胡金喜先生)	167,629,087 ( <i>Note 5</i> )	9.68%	3,352,581	9.68%	3,352,581	4.74%
Upsoar Limited (翔昇有限公司)	155,518,650 ( <i>Note 6</i> )	8.98%	3,110,373	8.98%	3,110,373	4.4%
Other public Shareholders	744,238,952	42.98%	14,884,781	42.98%	14,884,781	21.06%
Total	<u>1,731,432,500</u>	<u>100%</u>	<u>34,628,650</u>	<u>100%</u>	<u>70,670,717</u>	<u>100%</u>

*Notes:*

(1) The Subscriber is indirectly wholly-owned by Ms. Niu Chengjun.

- (2) Among the 408,369,769 Existing Shares, Mr. Zheng Weijing has beneficial interest in 40,630,202 Existing Shares and has interest of controlled corporation in 367,739,567 Existing Shares through Ming Cheng Investments Limited (明晟投資有限公司). With reference to the Company's announcement dated 26 March 2021, Mr. Zheng Weijing has ceased to be a director of the Company with effect from 26 March 2021.
- (3) Sino-Africa Resources Holdings Limited is a company wholly-owned by Mr. Huang Xiguang (黃錫光先生).
- (4) Among the 167,629,087 Existing Shares, Mr. Hu Jinxi has beneficial interest in 22,200,000 Existing Shares and has interest of controlled corporation in 145,429,087 Existing Shares through Peace Bloom Limited (逸隆有限公司).
- (5) Upsoar Limited is a company wholly-owned by Ms. Fu Shanping (傅善平女士).
- (6) Existing Directors do not hold any shares of the Company.

**Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon the satisfaction of the conditions set out in the paragraph headed "Conditions of the Capital Reorganisation" and the Subscription is conditional upon the satisfaction of certain conditions precedent (including the resumption on trading of the Existing Shares and the New Shares on the Stock Exchange and the grant of the Whitewash Waiver by the Executive). Accordingly, the Capital Reorganisation and the Subscription may or may not proceed.**

**Further, at the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and will remain suspended until further notice. Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt, they should consult their professional advisers.**

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and will remain suspended until further notice.

References are made to the announcements of the Company dated 6 May 2022 and 17 May 2022.

The Company received a letter from the Stock Exchange dated 6 May 2022 stating that the GEM Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 9.14A of the GEM Listing Rules as the Company failed to satisfy all the Resumption Guidance by 28 March 2022 (the "**Delisting Decision**").

On 17 May 2022, the Company submitted an application requesting the Delisting Decision be referred to the Listing Review Committee for review.

**The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the resumption of trading in Shares given that the Resumption is subject to the fulfilment of other resumption conditions. Therefore, the Resumption may or may not proceed. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.**

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capital Reduction”	the proposed (a) cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation; and (b) reduction of the par value of each of the then issued Consolidated Shares from HK\$5.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$4.99 on each of the then issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Sub-division
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Circular”	the circular in relation to, among, others, the Capital Reorganisation, the Subscription and the Whitewash Waiver to be despatched by the Company
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	Flying Financial Service Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM (stock code: 8030)

“Completion”	completion of the obligation of parties on the Completion Date with respect to the Proposed Subscription pursuant to the Subscription Agreement
“Completion Date”	within three (3) Business Days after the fulfillment of all the conditions of the Subscription or such other date as the Subscriber and the Company may agree in writing, on which the Completion shall take place
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$5.00 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Share Sub-division becoming effective
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Capital Reorganisation, the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent Board committee, comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than (i) the Subscriber, Ms. Niu and its associates; (ii) any parties acting in concert with the Subscriber or Ms. Niu Chengjun; and (iii) parties involved in or interested in the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities
“New Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Resumption”	the resumption of trading of the Shares (or the Consolidated Shares if the Share Consolidation has become effective) on the Stock Exchange
“Resumption Guidance”	the resumption guidance set out by the Stock Exchange as stated in the announcement of the Company dated 4 June 2021 and 19 November 2021 for the Company to resume the trading of its Shares
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every fifty (50) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$5.00 each

“Share Option Scheme”	the share option scheme of the Company adopted by the Company pursuant to an ordinary resolution of the Shareholders passed on 20 December 2011
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Share of par value of HK\$5.00 each into five hundred (500) New Shares of par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specific Mandate”	the mandate to be granted to the Directors to allot and issue the Subscription Shares at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	OnlyOwner Technology Limited, a company incorporated in Hong Kong with limited liabilities and indirectly wholly-owned by Ms. Niu Chengjun
“Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the agreement dated 23 May 2022 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Shares”	an aggregate of 36,042,067 new Shares to be issued by the Company and subscribed by the Subscriber under the Subscription Agreement
“Takeovers Code”	the Code on Takeovers and Mergers
“Whitewash Waiver”	the waiver by the Executive under Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber to make a general offer to the Shareholders for all issued shares of the Company not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it as a result of the allotment and issue of the Subscription Shares to the Subscriber
“%”	per cent.

The asterisk (\*) denotes English translation of a name of a Chinese company, entity or enterprise, or vice versa, and is provided for identification purposes only.

By the Order of the Board  
**Flying Financial Service Holdings Limited**  
**Zhang Gongjun**  
*Chairman and Chief Executive Officer*

Hong Kong, 23 May 2022

*As at the date of this announcement, the executive Directors are Mr. Zhang Gongjun (Chairman and Chief Executive Officer), Ms. Wan Suyuan, Mr. Leung Man Kit and Ms. Liu Yi; and the independent non-executive Directors are Dr. Vincent Cheng, Dr. Miao Bo, Mr. Hsu Tawei, Mr. Tsao Hoi Ho and Mr. Lau Jing Yeung William.*

*All directors of the company jointly and severally accept full responsibility for the accuracy of information contained in the announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the announcement have been arrived at after due and careful consideration and there are no other facts not contained in the announcement, the omission of which would make any statement in the document misleading.*

*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](http://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](http://www.flyingfinancial.hk).*