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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 ACQUISITION OF APPROXIMATELY 1.119% OF THE EQUITY INTEREST OF CHINA RAILWAY TRUST CO., LTD.

THE ACQUISITION

On 5 September 2013, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell the Sale Equity Interest at a consideration of RMB78,309,227.36 (equivalent to approximately HK\$99,061,172.61).

IMPLICATION UNDER THE GEM LISTING RULES

As certain of the relevant percentage ratios for the Acquisition contemplated under the Equity Transfer Agreement calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Equity Transfer Agreement and the transaction contemplated thereunder constitute a discloseable transaction under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 5 September 2013, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell the Sale Equity Interest at a consideration of RMB78,309,227.36 (equivalent to approximately HK\$99,061,172.61).

EQUITY TRANSFER AGREEMENT

Date:

5 September 2013

Parties:

- (1) 深圳市通乾投資股份有限公司 (Shenzhen World-Beater Investment & Trading Co., Ltd.*) as vendor; and
- (2) 梅州市熙信投資諮詢有限公司 (Meizhou Xixin Investment Consulting Co., Ltd.*) as purchaser.

The Vendor is an investment holding company established in the PRC and was interested in approximately 1.119% of the equity interest of the Target Company as at the date of this announcement. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser agreed to purchase, and the Vendor agreed to sell the Sale Equity Interest in the Target Company.

The registered capital of the Target Company is RMB2,000,000,000, of which RMB22,374,064.96 was subscribed by the Vendor, representing approximately 1.119% equity interest in the Target Company. As at the date of the Equity Transfer Agreement, the Vendor has fully paid up its capital commitment in the Target Company in the amount of RMB22,374,064.96.

Consideration and payment terms

The Consideration of RMB78,309,227.36 (equivalent to approximately HK\$99,061,172.61) was determined after arm's length negotiation between the Purchaser and the Vendor on normal commercial terms with reference to, among other matters, (i) the valuation of the Sale Equity Interest held by the Vendor performed by an independent valuer, which the fair value of the Sale Equity Interest is estimated to be ranging from approximately RMB124,000,000 and RMB153,000,000; (ii) the historical results, financial performance, business prospects and growth potential of the Target Company; and (iii) the prospects and development of the trust industry in the PRC.

Pursuant to the Equity Transfer Agreement, the Consideration shall be satisfied by cash with RMB3,000,000 payable by the Purchaser within five working days following the signing of the Equity Transfer Agreement. The remaining balance of RMB75,309,227.36 shall be paid by the Purchaser to the Vendor in cash before 30 September 2013. The Consideration shall be satisfied by the Group's internal resources.

On the date which the Consideration in full was paid by the Purchaser to the Vendor (“Full Payment Date”), the Vendor shall deliver to the Purchaser all necessary documents in connection with the transfer of the Sale Equity Interest and shall use its best endeavor to assist the Purchaser in completing the procedures required for the transfer and registration of the Sale Equity Interest in the Purchaser’s name.

Pursuant to the Equity Transfer Agreement, the parties thereto agreed that, in the event the transfer and registration of the Sale Equity Interest has not been completed within 120 business days from the Full Payment Date, the Equity Transfer Agreement shall cease and terminate, and in such event, the Vendor shall refund the Consideration paid by the Purchaser in full.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC in 1986 with limited liability. The Target Company is principally engaged in the business of management of fund trust, estate trust, real estate trust, securities trust, investment funds, securities underwriting, investment banking, provision of intermediary, advisory, credit investigation, guarantee, money lending and other financial services as well as other businesses approved under the laws and regulations of the PRC or China Banking Regulatory Commission. As at the date of this announcement, the registered capital of the Target Company was RMB2,000,000,000. China Railway Group Limited (中國中鐵股份有限公司) (“**China Railway Group**”), the shares of which are dually listed on the Stock Exchange and Shanghai Stock Exchange, is the controlling shareholder of the Target Company with majority interest.

Set out below is the financial information of the Target Company for the two years ended 31 December 2012 based on the PRC audited financial statements of the Target Company:

	Year ended 31 December	
	2011	2012
	<i>RMB(million)</i> (audited)	<i>RMB(million)</i> (audited)
Revenue	998	1,333
Net profit before tax	777	1,086
Net profit after tax	582	814
Net asset value	2,067	2,933

REASONS FOR THE ACQUISITION

The Company is an investment holding company. The Company, together with its subsidiaries provide intergraded short-term financing services, including pawn loan services, entrusted loan services as well as financial consultation services.

The Group has been identifying and exploring suitable projects and/or investments with good profit potential for acquisition. One of the Group’s strategies is to look for investment opportunities with good potential in order to enhance the Group’s value and profitability.

The trust industry is currently undergone rapid development in the PRC. According to the statistics published by the China Trustee Association (中國信託業協會), the entrusted assets managed by the industry amounted to approximately RMB9,450 billion in aggregate. The Target Company is a leading company in the trust industry controlled by China Railway Group, with its results of operation, revenue and net profits advancing over the years. The Board is optimistic towards the prospects and development of the trust industry in the PRC and in particular, the prospects of the Target Company given its solid shareholding background and management. The Directors believes that the Acquisition will bring attractive return and capital gains to the Group and consider that it is the opportune time to invest in the Target Company through the Acquisition in order to optimize the income structure of the Company and enhance its profitability.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and on normal commercial terms and that the entering into of the Equity Transfer Agreement is in the interests of the Company and its Shareholders as a whole.

IMPLICATION UNDER THE GEM LISTING RULES

As certain of the relevant percentage ratios for the Acquisition contemplated under the Equity Transfer Agreement calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, the Equity Transfer Agreement and the transaction contemplated thereunder constitute a discloseable transaction under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the words and expressions below shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Equity Interest by the Purchaser from the Vendor pursuant to the Equity Transfer Agreement
“Board”	board of Directors
“Company”	Flying Financial Service Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the consideration of RMB78,309,227.36 for the Acquisition
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 5 September 2013 and entered into between the Purchaser and the Vendor in relation to, among others, the Acquisition
“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
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	梅州市熙信投資諮詢有限公司 (Meizhou Xixin Investment Consulting Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interest”	approximately 1.119% equity interest in the Target Company to be acquired by the Purchaser pursuant to the Equity Transfer Agreements
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	中鐵信託有限責任公司 (China Railway Trust Co., Ltd.), a company established in the PRC with limited liability
“Vendor”	深圳市通乾投資股份有限公司 (Shenzhen World-Beater Investment & Trading Co., Ltd.*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.265. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 5 September 2013

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 GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company’s website at www.flyingfinancial.hk.

** For identification purposes only*