

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Flying Financial Service Holdings Limited (“Company”), you should at once hand this prospectus to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies” in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange and HKSCC take no responsibility for the contents of this prospectus, make no representation as to their 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 prospectus.



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)

OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Financial Adviser



Underwriters



Ming Cheng Investments Limited

Terms used in this cover page have the same meanings as those defined in this prospectus.

The Open Offer is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions of the Open Offer” in the section headed “Letter from the Board” on page 26 of this prospectus.

The Underwriting Agreement contains provisions granting GF Securities (for itself and on behalf of the Underwriters), by notice in writing, any time prior to the Latest Time for Termination, the right to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as more particularly described in the section headed “Termination of the Underwriting Agreement” in this prospectus. The Open Offer is therefore subject to GF Securities (for itself and on behalf of the Underwriters) not terminating the Underwriting Agreement prior to the Latest Time for Termination. Accordingly, the Open Offer may or may not proceed.

The Latest Time for Acceptance of and payment for Offer Shares is 4:00 p.m. on Friday, 23 October 2015. The procedure for acceptance of and payment for the Offer Shares are set out on pages 17 to 18 of this prospectus. Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Friday, 25 September 2015 and that dealings in the Shares may take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be at or before 4:00 p.m., on Wednesday, 28 October 2015), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

8 October 2015

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CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it by the Takeovers Code
“Acquisition”	the acquisition of the 51% of the issued share capital of Profit Success Technology Limited by the Group at the consideration of RMB70,500,000, completion of which has taken place on 30 September 2015, details of which are set out in the Company’s announcements dated 17 February 2015, 6 March 2015 and 30 September 2015
“Announcement”	the announcement of the Company dated 7 September 2015 in relation to, among other things, the Open Offer
“Application Form(s)”	the form(s) of application in respect of the Open Offer
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and public holiday and any day on which a tropical cyclone warning 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 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 open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Committed Shares”	the MCI Committed Shares, the Zheng Committed Shares, the SARH Committed Shares, the Upsoar Committed Shares, the PB Committed Shares and the Hu Committed Shares
“Committing Shareholders”	MCI, Mr. Zheng, SARH, Upsoar, PB and Mr. Hu

DEFINITIONS

“Company”	Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application in respect of the Offer Shares in excess of the respective assured entitlements of the Qualifying Shareholder(s)
“Enlarged Group”	the Group as enlarged by the Acquisition
“Excluded Shareholders”	the Overseas Shareholders whom the Board, based on legal opinions provided by legal advisers if the Board considers it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GF Securities”	GF Securities (Hong Kong) Brokerage Limited (廣發證券(香港)經紀有限公司), a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hu Committed Shares”	being 7,400,000 Offer Shares which Mr. Hu has irrevocably undertaken to accept as assured entitlement under the Open Offer pursuant to the PB & Hu Undertakings
“Independent Third Party”	a third party independent of the Company and the connected persons of the Company
“Last Trading Day”	7 September 2015, being the date of the Announcement
“Latest Practicable Date”	2 October 2015, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Friday, 23 October 2015 or such later time as may be agreed between the Company and the Underwriters, being the latest time for acceptance of the offer of the Offer Shares and application and payment for excess Offer Shares
“Latest Time for Termination”	4:00 p.m. on Wednesday, 28 October 2015 or such later time to be agreed between the Company and the Underwriters, being the latest time for the Underwriters to terminate the Underwriting Agreement
“MCI”	Ming Cheng Investments Limited, a Substantial Shareholder and a company wholly-owned by Mr. Zheng
“MCI & Zheng Undertakings”	the irrevocable undertakings in relation to the acceptance of the MCI Committed Shares and the Zheng Committed Shares executed by MCI and Mr. Zheng and delivered to the Company and the Underwriters as one of the conditions to the obligations of the Underwriters to underwrite the Underwritten Shares pursuant to the Underwriting Agreement
“MCI Committed Shares”	being 104,246,522 Offer Shares which MCI has irrevocably undertaken to accept as assured entitlement under the Open Offer pursuant to the MCI & Zheng Undertakings
“Mr. Hu”	Mr. Hu Jinxi, a Substantial Shareholder

DEFINITIONS

“Mr. Zheng”	Mr. Zheng Weijing, an executive Director, the chairman and the chief executive officer of the Company
“Offer Share(s)”	510,277,500 new Shares to be issued by the Company pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of open offer on the basis of one Offer Share for every two Shares held on the Record Date to the Qualifying Shareholders on the terms set out in the Prospectus Documents
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company at the close of business on the Record Date) which is/are outside Hong Kong
“PB”	Peace Bloom Limited, a company wholly-owned by Mr. Hu
“PB & Hu Undertakings”	the irrevocable undertakings in relation to the acceptance of the PB Committed Shares and the Hu Committed Shares executed by PB and Mr. Hu and delivered to the Company and the Underwriters as one of the conditions to the obligations of the Underwriters to underwrite the Underwritten Shares pursuant to the Underwriting Agreement
“PB Committed Shares”	being 48,476,362 Offer Shares which PB has irrevocably undertaken to accept as assured entitlement under the Open Offer pursuant to the PB & Hu Undertaking
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	this prospectus in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form and the EAF

DEFINITIONS

“Prospectus Posting Date”	Thursday, 8 October 2015, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	Wednesday, 7 October 2015
“SARH”	Sino-Africa Resources Holdings Limited, a Substantial Shareholder and a company wholly owned by Mr. Huang Xiguang
“SARH Committed Shares”	being 85,225,347 Offer Shares which SARH has irrevocably undertaken to accept as assured entitlement under the Open Offer pursuant to the SARH Undertakings
“SARH Undertakings”	the irrevocable undertakings in relation to the acceptance of the SARH Committed Shares executed by SARH and delivered to the Company and the Underwriters as one of the conditions to the obligations of the Underwriters to underwrite the Underwritten Shares pursuant to the Underwriting Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.4 per Offer Share
“Substantial Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“Underwriters”	collectively, MCI and GF Securities and “Underwriter” shall mean either of them
“Underwriting Agreement”	the underwriting agreement dated 7 September 2015 entered into between the Company and the Underwriters in relation to the Open Offer
“Underwritten Shares”	the Offer Shares (other than the Committed Shares), being 200,999,652 Offer Shares, to be underwritten by the Underwriters pursuant to the Underwriting Agreement
“Upsoar”	Upsoar Limited, a Substantial Shareholder and a company wholly owned by Ms. Fu Shanping
“Upsoar Committed Shares”	being 51,839,550 Offer Shares which Upsoar has irrevocably undertaken to accept as assured entitlement under the Open Offer pursuant to the Upsoar Undertakings
“Upsoar Undertakings”	the irrevocable undertakings in relation to the acceptance of the Upsoar Committed Shares executed by Upsoar and delivered to the Company and the Underwriters as one of the conditions to the obligations of the Underwriters to underwrite the Underwritten Shares pursuant to the Underwriting Agreement
“Zheng Committed Shares”	being 12,090,067 Offer Shares which Mr. Zheng has irrevocably undertaken to accept as assured entitlement under the Open Offer pursuant to the MCI & Zheng Undertakings
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Open Offer. The expected timetable may be subject to changes and the Company will notify the Shareholders on any changes to the expected timetable as and when appropriate.

Event	Time and Date
Latest Time for Acceptance of and payment for the Offer Shares and application for and payment for excess Offer Shares	4:00 p.m. on Friday, 23 October 2015
Expected time for the Open Offer to become unconditional	Wednesday, 28 October 2015
Announcement of results of the Open Offer to be published on the GEM website	Monday, 2 November 2015
Despatch of certificates for the Offer Shares	Tuesday, 3 November 2015
Despatch of refund cheques in respect of wholly or partly unsuccessful excess applications or if the Open Offer is terminated	Tuesday, 3 November 2015
Dealings in the Offer Shares expected to commence	9:00 a.m. on Wednesday, 4 November 2015

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

All times and dates specified in this prospectus refer to Hong Kong local times and dates. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Friday, 23 October 2015, being the date of the Latest Time for Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

Dates stated in this prospectus for event mentioned in the timetable are indicative only and may be extended or varied. If the Latest Time for Acceptance does not take place on Friday, 23 October 2015, the dates mentioned in the ‘Expected timetable’ section may be affected. Any changes to the expected timetable for the Open Offer will be announced as and when appropriate in accordance with the GEM Listing Rules.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement contains provisions granting GF Securities (for itself and on behalf of the Underwriters), by notice in writing, the right to terminate the Underwriters' obligations thereunder on the occurrence of certain events. GF Securities (for itself and on behalf of the Underwriters) may terminate the Underwriting Agreement on or before the Latest Time for Termination if prior to the Latest Time for Termination:

- (1) in the sole and absolute opinion of GF Securities (for itself and on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of GF Securities (for itself and on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of GF Securities (for itself and on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of GF Securities (for itself and on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
 - (e) the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a

TERMINATION OF THE UNDERWRITING AGREEMENT

change in currency conditions including a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of GF Securities (for itself and on behalf of the Underwriters) makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (3) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the sole and absolute opinion of GF Securities (for itself and on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position of the Group as a whole; or
- (4) the Prospectus in connection with the Open Offer when published contain information (either as to the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of GF Securities (for itself and on behalf of the Underwriters) is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to apply for its assured entitlements of Offer Shares under the Open Offer.

If the Underwriting Agreement is terminated by GF Securities (for itself and on behalf of the Underwriters) on or before the Latest Time for Termination or does not become unconditional, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriters shall have any claim against the other party for costs, damages, compensation or otherwise and the Open Offer will not proceed.

Pursuant to the Underwriting Agreement, GF Securities (for itself and on behalf of the Underwriters) is entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any breach of any of the warranties or undertakings of the Company contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties and undertakings of the Company contained in the Underwriting Agreement untrue or incorrect in any respect representations, comes to the knowledge of the Underwriters.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zheng Weijing (*Chairman and
Chief Executive Officer*)
Mr. Zhang Gongjun
Ms. Guo Chanjiao

Registered office:

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. Vincent Cheng
Mr. Leung Po Hon
Dr. Miao Bo

Principal place of business in Hong Kong:

Room 801A and 807B, 8/F.
Tsim Sha Tsui Centre
66 Mody Road
Tsim Sha Tsui
Kowloon, Hong Kong

*Head office and principal place of
business in PRC:*

18th Floor, Block C, Building 1
Shenzhen Software Industry Base
High-tech Industrial Park
Nanshan District
Shenzhen, China

8 October 2015

To the Qualifying Shareholders

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF
ONE OFFER SHARE
FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement in relation to the Open Offer. The Board announced that the Company proposed to raise approximately HK\$204.1 million before expenses by way of Open Offer, on the basis of one Offer Share for every two Shares held on the Record Date at the Subscription Price of HK\$0.4 per Offer Share.

LETTER FROM THE BOARD

The purpose of this prospectus is to provide you with details regarding the Open Offer, including information on dealing in, transfer and acceptance of the Offer Shares and other information in respect of the Group.

TERMS OF THE OPEN OFFER

Details of the Open Offer are set out as below:

Issue statistics

Basis of the Open Offer : One Offer Share for every two Shares held on the Record Date

Number of Shares in issue as at the Record Date : 1,020,555,000 Shares

Number of Offer Shares : 510,277,500 Offer Shares

The aggregate nominal value of the Offer Shares will be HK\$51,027,750.

On the basis that 510,277,500 Offer Shares are allotted and issued under the Open Offer, the net subscription price for each Offer Share is approximately HK\$0.39.

Number of Committed Shares : 309,277,848 Offer Shares. Details of the undertakings of the Committing Shareholders are set out under the paragraph headed "Underwriting Agreement – Irrevocable undertakings given by Committing Shareholders" in this prospectus

Number of Underwritten Shares : 200,999,652 Offer Shares

Subscription Price : HK\$0.4 per Offer Share

Underwriters : Ming Cheng Investments Limited and GF Securities (Hong Kong) Brokerage Limited

Enlarged issued share capital of the Company upon the completion of the Open Offer : 1,530,832,500 Shares

Funds raised before expenses : Approximately HK\$204.1 million

LETTER FROM THE BOARD

Based on 1,020,555,000 in issue as at the Record Date, the aggregate number of 510,277,500 Offer Shares proposed to be allotted and issued pursuant to the Open Offer represent: (i) 50% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 33.33% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares.

As at the Latest Practicable Date, the Company had no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (without the Application Form and the EAF), for information only, to the Excluded Shareholders.

To qualify for the Open Offer, Shareholders must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

The invitation to subscribe for the Offer Shares made to the Qualifying Shareholders is not transferable.

Save for the Committing Shareholders, who have irrevocably undertaken to the Company and the Underwriters respectively to accept and pay for their respective Committed Shares (being all of their respective assured entitlements under the Open Offer based on their respective shareholdings in the Company as at the date of the Underwriting Agreement), as at the Latest Practicable Date, the Board had not received any information from any other Shareholders of their intention to take up any Offer Shares under the Open Offer.

Excluded Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Open Offer. Based on the latest available register of members of the Company, there were four Overseas Shareholders situated in the PRC.

The Company has complied with all necessary requirements specified in Rule 17.41(1) of the GEM Listing Rules (including notes 1 and 2 thereto) and has made enquiry with its legal advisers regarding the feasibility of extending the Open Offer to the Overseas Shareholders under the laws of the relevant place and the requirements of the relevant regulatory body or the stock exchange.

Based on the advice and replies provided by the relevant foreign legal adviser, the Directors are of the view that it is expedient to extend the Open Offer to the Overseas Shareholders in the PRC as there are no legal restrictions prohibiting the making of the Open Offer in such jurisdiction and no local legal or regulatory compliance is required to be made nor approval, permit or consent from relevant governmental authorities is required to be obtained in such jurisdiction. Accordingly there are no Excluded Shareholders.

LETTER FROM THE BOARD

It is the responsibility of the Shareholders, including the Overseas Shareholders, to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Offer Shares and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Offer Shares.

Subscription Price

The Subscription Price is HK\$0.4 per Offer Share, payable in full when a Qualifying Shareholder accepts his/her/its assured entitlements under the Open Offer.

The Subscription Price represents:

- (1) a discount of approximately 48.05% to the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 48.85% to the average closing price of HK\$0.782 per Share quoted on the Stock Exchange for the five trading days immediately before the Last Trading Day;
- (3) a discount of approximately 38.18% to the theoretical ex-entitlement price of approximately HK\$0.647 per Share based on the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (4) a discount of approximately 38.46% to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price also represents a premium of approximately 37.93% over the audited consolidated net asset value per Share of approximately HK\$0.29 as at 31 December 2014 (based on the audited consolidated net asset value of the Group over the number of Shares in issue as at 31 December 2014). The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to the prevailing market condition, trading liquidity of the Shares and the funding needs of the Group. The Directors consider that the Open Offer will enable all Qualifying Shareholders to subscribe for the Offer Shares at the same Subscription Price in proportion to their shareholdings held on the Record Date. In addition, taking into account the recent uncertainties in the financial market in Hong Kong as a result of, among others, the uncertainties stemming from fluctuating market sentiment, capital flow and trend of interest rate, the Directors consider that it will be difficult to attract the Qualifying Shareholders to further invest in the Company through the Open Offer if the Subscription Price was not set at a relatively deep discount to the recent historical trading prices of the Shares so as to encourage existing Shareholders to take up their entitlements and to participate in the future development of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Status of the Offer Shares

Each of the Offer Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of their allotment and issue. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Offer Shares. Dealings in the Offer Shares will be subject to payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Share certificate of the Offer Shares and refund cheques

Subject to the fulfilment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Tuesday, 3 November 2015 to those entitled thereto by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are also expected to be posted to the applicants on or before Tuesday, 3 November 2015 by post at their own risk. One share certificate will be issued for all Offer Shares allotted and issued to an applicant.

Application for listing

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

No part of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the grant of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer 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. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Offer Shares in their fully-paid form to be admitted into CCASS.

LETTER FROM THE BOARD

Fractions of the Offer Shares

Entitlements to the Open Offer will be rounded down to the nearest whole number. No fractional entitlements to the Offer Shares will be allotted and issued to the Qualifying Shareholders. All fractions of the Offer Shares will be aggregated and made available for application by the Qualifying Shareholders in excess of their assured entitlements.

No odd lot matching services will be provided for the Offer Shares.

Application for excess Offer Shares

Qualifying Shareholders shall be entitled to apply for, (i) Offer Shares representing the entitlement of the Excluded Shareholders; (ii) any Offer Shares not accepted by the Qualifying Shareholders; and (iii) the aggregation of the fractional entitlements of the Qualifying Shareholders as described in the paragraph headed “Fractions of the Offer Shares” above. Application may be made by completing the EAF for excess Offer Shares and lodging the same with a separate remittance for the excess Offer Shares being applied for with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than the Latest Time for Acceptance. The Board will allocate the excess Offer Shares at its discretion on a fair and equitable basis, in proportion to the number of excess Offer Shares being applied for under each application, except that preference will be given to applications for less than a board lot of Offer Shares where it appears to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse the mechanism.

The Board will reject any application for excess Offer Shares at its sole discretion in the event that the Board noted that there are unusual patterns of excess application and have reason(s) to believe that such application may have been made with the intention to abuse the mechanism.

Shareholders should note that the number of excess Offer Shares which may be allocated to them may be different where they make applications for excess Offer Shares by different means, such as making applications in their own names as against through nominees who also hold Shares for other Shareholders/investors. Investors with their Shares held by a nominee company should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Offer Shares will not be extended to beneficial owners individually. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Any Offer Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

LETTER FROM THE BOARD

Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

Procedure for acceptance and payment for the Offer Shares

Application Form

For each Qualifying Shareholder, an Application Form is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Offer Shares shown thereon. If the Qualifying Shareholder(s) wish(es) to accept all the Offer Shares allocated to him/her/them on assured basis as specified in the Application Form or any lesser number of such Offer Shares, he/she/they must lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Friday, 23 October 2015. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Flying Financial Service Holdings Limited — Open Offer Account**" and crossed "Account Payee Only".

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, have been lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. on Friday, 23 October 2015 by a Qualifying Shareholder, his/her/its entitlement to apply under the Open Offer will be deemed to have been declined and will be cancelled. All cheques or banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such application monies (if any) will be retained for the benefit of the Company. Any Application Form in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation is liable to be rejected, and, in such event, the relevant entitlements thereunder will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any Application Form or any application monies received.

If GF Securities (for itself and on behalf of the Underwriters) exercises the rights to terminate the Underwriting Agreement or if the conditions of the Open Offer are not fulfilled, the monies received in respect of acceptances of the Offer Shares will be refunded to the Qualifying Shareholders or in case of joint applicants, to the first-named applicant, without interest by means of cheques despatched by ordinary post to their respective registered addresses at their own risk as soon as practicable thereafter.

LETTER FROM THE BOARD

EAF

If a Qualifying Shareholder wishes to apply for any Offer Shares in excess of his/her/its own assured entitlements under the Application Form(s), he/she/it should complete and sign the EAF accompanying this prospectus and lodge the same in accordance with the instructions printed thereon, together with a separate remittance for the full amount payable in respect of such number of excess Offer Shares applied for, with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Friday, 23 October 2015. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Flying Financial Service Holdings Limited — Excess Application Account**" and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed EAF, together with the appropriate remittance, have been lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. on Friday, 23 October 2015 by a Qualifying Shareholder, the EAF will be rejected. It should also be noted that the lodging of the EAF does not assure the Qualifying Shareholder of being allocated any Offer Shares in excess of those of his/her/its assured entitlements.

All cheques or banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such application monies (if any) will be retained for the benefit of the Company. Any EAF in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation is liable to be rejected. No receipt will be issued in respect of any EAF or any application monies received.

The Company will notify the Qualifying Shareholders the allocation result of the excess application for Offer Shares on Monday, 2 November 2015 by way of announcement.

If no excess Offer Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder or in case of joint applicants, to the first-named applicant, in full by ordinary post at his/her/its own risk on or before Tuesday, 3 November 2015.

If the number of excess Offer Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application money are also expected to be returned by refund cheque to that Qualifying Shareholder or in case of joint applicants, to the first-named applicant, by ordinary post at his/her/its own risk on or before Tuesday, 3 November 2015. One share certificate will be issued for all Offer Shares accepted by each applicant.

LETTER FROM THE BOARD

UNDERWRITING AGREEMENT

The principal terms of the Underwriting Agreement are as follows:

- Date : 7 September 2015
- Parties : (1) the Company; and
- (2) the Underwriters:
- (a) MCI; and
- (b) GF Securities.

MCI is a Substantial Shareholder and wholly-owned by Mr. Zheng, an executive Director, chairman and the chief executive officer of the Company. As at the Latest Practicable Date, MCI and parties acting in concert with it were beneficially interested in 232,673,180 Shares, representing approximately 22.80% of the issued share capital of the Company. Of these Shares, 208,493,045 Shares were held in the name of MCI, and 24,180,135 Shares were held in the name of Mr. Zheng. The ordinary course of business of MCI is investment holding and does not include underwriting of securities.

LETTER FROM THE BOARD

GF Securities is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO. As at the Latest Practicable Date, amongst other parties, MCI entered into a facility agreement with GF Securities, pursuant to which GF Securities agreed to grant to MCI a term loan facility of up to a principal amount of HK\$40 million for financing the settlement of consideration payable by MCI and Mr. Zheng under the Open Offer. The term loan shall bear interest on its outstanding amount from and including the drawdown date to the maturity date at the interest rate of 10% per annum. The relevant interest expenses shall be paid by MCI. Pursuant to the provisions of the facility agreement, among other things, MCI and Mr. Zheng will charge 208,493,045 Shares and 24,180,135 Shares respectively and the Offer Shares to be allotted and issued to MCI and Mr. Zheng pursuant to the Open Offer in favour of GF Securities to secure MCI's repayment obligations. Other than the foregoing, each of GF Securities and its ultimate beneficial owners is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, an Independent Third Party.

LETTER FROM THE BOARD

During the negotiation of the Underwriting Agreement, MCI showed its interest in underwriting part of the Underwritten Shares. After considering the commercial terms of the Open Offer being offered including (i) the amount and size of the gross proceeds of the Open Offer; (ii) the Company is not required to pay any underwriting commission to MCI as MCI is not entitled to any underwriting commission in respect of its underwriting of the Open Offer and it will pay and bear all costs and expenses incurred by it in connection with the Open Offer; and (iii) the Open Offer being fully underwritten, the Directors are of the view that it is fair and reasonable to engage MCI as one of the Underwriters notwithstanding the aforementioned arrangement and that the ordinary course of business of MCI does not include underwriting of securities and the Company decided to choose the Underwriters to underwrite the Open Offer.

MCI has no present intention to dispose any of the Underwritten Shares.

Commitment of MCI under the Underwriting Agreement	:	108,709,148 Offer Shares.
Commitment of GF Securities under the Underwriting Agreement	:	92,290,504 Offer Shares.
Number of Underwritten Shares	:	The Offer Shares other than the Committed Shares, being 200,999,652 Offer Shares.

The aggregate nominal value of the Underwritten Shares will be HK\$20,099,965.2.

LETTER FROM THE BOARD

Commission and expenses : The Company shall pay to GF Securities a commission in respect of its underwriting of the Open Offer at 2.5% of the aggregate Subscription Price in respect of the portion of the Underwritten Shares agreed to be underwritten by GF Securities.

Under the Underwriting Agreement, MCI shall not be entitled to any underwriting commission in respect of its underwriting of the Open Offer and MCI shall pay and bear all costs and expenses incurred by it in connection with the Open Offer.

The commission payable to GF Securities were determined after arm's length negotiations between the Company and GF Securities. The Directors consider that such amount is on normal commercial terms and is comparable with market rate.

Under the Underwriting Agreement, if the conditions of the Open Offer are fulfilled on or before the Latest Time for Termination (or such later time and/or date as the Company and the Underwriters may determine in writing) and the Underwriting Agreement becomes unconditional and is not terminated in accordance with the terms thereof, and in the event that by the Latest Time for Acceptance any of the Underwritten Shares have not been taken up ("**Untaken Shares**"), the Company shall as soon as practicable thereafter and in any event before 4:00 p.m. on the first Business Day after the Latest Time for Acceptance, notify or procure the branch share registrar and transfer office of the Company in Hong Kong on behalf of the Company to notify the Underwriters in writing of the number of Underwritten Shares not taken up for the Underwriters to subscribe for or procure subscription for the Untaken Shares.

Pursuant to the Underwriting Agreement, the Underwriters shall subscribe or procure subscription on the terms of the Prospectus Documents (so far as the same are applicable) for the Untaken Shares in the following order of priority:

- (1) firstly, MCI shall subscribe on the terms of the Prospectus Documents (so far as the same are applicable) for such Untaken Shares (to the extent of 108,709,148 Offer Shares, being the commitment of MCI under the Underwriting Agreement), provided that if MCI and/or Mr. Zheng had applied for and have been successfully allocated any excess Offer Shares under the Open Offer, the maximum number of Untaken Shares to be subscribed by MCI (as an Underwriter) shall be the difference between (aa) 108,709,148 Offer Shares, being the commitment of MCI under the Underwriting Agreement and (bb) the sum of such number of excess Offer Shares which has been successfully allocated to MCI and Mr. Zheng; and

LETTER FROM THE BOARD

- (2) secondly, GF Securities shall subscribe or procure subscription on the terms of the Prospectus Documents (so far as the same are applicable) for such Untaken Shares (to the extent of 92,290,504 Offer Share, being the commitment of GF Securities under the Underwriting Agreement).

Pursuant to the Underwriting Agreement, when any of the Underwriters is being called upon to subscribe for or procure subscription for the Untaken Shares:

- (1) such Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 30% of the then issued share capital of the Company;
- (2) GF Securities shall ensure that none of the subscribers of the Untaken Shares will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company as a result of such subscription and such subscriber, together with parties acting in concert with it, shall not be holding 30% or more of the issued share capital of the Company upon the allotment and issue of the Offer Shares;
- (3) GF Securities shall use all reasonable endeavours to procure that each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriters), shall be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company (within the meaning of the GEM Listing Rules) or any of its subsidiaries and their respective close associates; and
- (4) in the event that there is insufficient public float of the Company within the meaning of the GEM Listing Rules immediately upon completion of the Open Offer solely because of such Underwriter's performance of its obligations pursuant to the Underwriting Agreement, such Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 11.23(7) of the GEM Listing Rules.

Irrevocable undertakings given by Committing Shareholders

Each of the Committing Shareholders, being MCI, Mr. Zheng, SARH, Upsoar, PB and Mr. Hu, has agreed to take up all of their respective assured entitlements under the Open Offer. Save that the Committing Shareholders are Substantial Shareholders, MCI is wholly-owned by Mr. Zheng and PB is wholly-owned by Mr. Hu, there is no other additional relationship between each of the Committing Shareholders. The respective undertakings of the Committing Shareholders are set out below.

LETTER FROM THE BOARD

MCI & Zheng Undertakings

As one of the conditions precedent to the obligations of the Underwriters to underwrite the Underwritten Shares under the Underwriting Agreement, the Company has obtained the MCI & Zheng Undertakings pursuant to which MCI and Mr. Zheng have, on joint and several basis, irrevocably and unconditionally undertaken and warranted to the Company and the Underwriters that:

- (1) MCI shall accept and pay for the MCI Committed Shares and undertake to lodge or procure to be lodged with the Company, acceptance in respect of such MCI Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance;
- (2) the aggregate of 208,493,045 Shares currently beneficially owned by MCI will remain beneficially owned by MCI at the close of business on the Record Date as they are as at the date thereof free from encumbrances and that it will not change its registered address in the register of members of the Company (unless such change is to change to an address in Hong Kong);
- (3) Mr. Zheng shall accept and pay for the Zheng Committed Shares and undertake to lodge or procure to be lodged with the Company, acceptance in respect of such Zheng Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance; and
- (4) the aggregate of 24,180,135 Shares currently beneficially owned by Mr. Zheng will remain beneficially owned by Mr. Zheng at the close of business on the Record Date as they are as at the date thereof free from encumbrances and that he will not change his address in the register of members of the Company (unless such change is to change to an address in Hong Kong).

SARH Undertakings

As one of the conditions precedent to the obligations of the Underwriters to underwrite the Underwritten Shares under the Underwriting Agreement, the Company has obtained the SARH Undertakings pursuant to which SARH has irrevocably and unconditionally undertaken and warranted to the Company and the Underwriters that:

- (1) SARH shall accept and pay for the SARH Committed Shares and undertake to lodge or procure to be lodged with the Company, acceptance in respect of such SARH Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance; and
- (2) the aggregate of 170,450,695 Shares currently beneficially owned by SARH will remain beneficially owned by SARH at the close of business on the Record Date as they are as at the date thereof free from encumbrances and that it will not change its registered address in the register of members of the Company (unless such change is to change to an address in Hong Kong).

LETTER FROM THE BOARD

Upsoar Undertakings

As one of the conditions precedent to the obligations of the Underwriters to underwrite the Underwritten Shares under the Underwriting Agreement, the Company has obtained the Upsoar Undertakings pursuant to which Upsoar has irrevocably and unconditionally undertaken and warranted to the Company and the Underwriters that:

- (1) Upsoar shall accept and pay for the Upsoar Committed Shares and undertake to lodge or procure to be lodged with the Company, acceptance in respect of such Upsoar Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance; and
- (2) the aggregate of 103,679,100 Shares currently beneficially owned by Upsoar will remain beneficially owned by Upsoar at the close of business on the Record Date as they are as at the date thereof free from encumbrances and that it will not change its registered address in the register of members of the Company (unless such change is to change to an address in Hong Kong).

PB & Hu Undertakings

As one of the conditions precedent to the obligations of the Underwriters to underwrite the Underwritten Shares under the Underwriting Agreement, the Company has obtained the PB & Hu Undertakings pursuant to which PB and Mr. Hu have, on joint and several basis, irrevocably and unconditionally undertaken and warranted to the Company and the Underwriters that:

- (1) PB shall accept and pay for the PB Committed Shares and undertake to lodge or procure to be lodged with the Company, acceptance in respect of such PB Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance;
- (2) the aggregate of 96,952,725 Shares currently beneficially owned by PB will remain beneficially owned by PB at the close of business on the Record Date as they are as at the date thereof free from encumbrances and that it will not change its registered address in the register of members of the Company (unless such change is to change to an address in Hong Kong);
- (3) Mr. Hu shall accept and pay for the Hu Committed Shares and undertake to lodge or procure to be lodged with the Company, acceptance in respect of such Hu Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance; and
- (4) the aggregate of 14,800,000 Shares currently beneficially owned by Mr. Hu will remain beneficially owned by Mr. Hu at the close of business on the Record Date as they are as at the date thereof free from encumbrances and that he will not change his address in the register of members of the Company (unless such change is to change to an address in Hong Kong).

LETTER FROM THE BOARD

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

- (1) the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in all the Offer Shares on or before the Latest Time for Termination;
- (2) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) by no later than the Prospectus Posting Date;
- (3) the posting of the Prospectus Documents to Qualifying Shareholders by the Prospectus Posting Date;
- (4) delivery to the Underwriters on the date of the Underwriting Agreement (i) the MCI & Zheng Undertakings duly executed by MCI and Mr. Zheng; (ii) the SARH Undertakings duly executed by SARH; (iii) the Upsoar Undertakings duly executed by Upsoar; and (iv) the PB & Hu Undertakings duly executed by PB and Mr. Hu;
- (5) compliance with and performance by each of MCI, Mr. Zheng, SARH, Upsoar, PB and Mr. Hu of the MCI & Zheng Undertakings, the SARH Undertakings, the Upsoar Undertakings and the PB & Hu Undertakings on or before the Latest Time for Acceptance;
- (6) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement on or before the Latest Time for Termination; and
- (7) the Underwriting Agreement not being terminated by the Underwriters pursuant to the terms thereof on or before the Latest Time for Termination.

None of the conditions precedent as set out above are capable of being waived by any party to the Underwriting Agreement.

If the conditions precedent as set out above are not satisfied by the respective dates as set out above (or such later time and/or date as the Underwriters may agree with the Company in writing), the Underwriting Agreement shall terminate (save for any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise.

As at the Latest Practicable Date, other than the condition (4) above, none of the conditions has been satisfied.

LETTER FROM THE BOARD

CHANGE IN SHAREHOLDING STRUCTURE

The table below set out the shareholding structure of the Company assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately after the completion of the Open Offer. For illustrative purposes:

If the Open Offer is to proceed, set out below is the shareholding structure of the Company:

Shareholder	(1) As at the Latest Practicable Date and up to the Record Date		(2) Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares)		(3) Immediately upon completion of the Open Offer (assuming no Shareholder (other than the Committing Shareholders who have taken up the Committed Shares) has taken up the Offer Shares)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
MCI (Note 2)	208,493,045	20.43	312,739,567	20.43	421,448,715	27.53
Mr. Zheng	24,180,135	2.37	36,270,202	2.37	36,270,202	2.37
SARH (Note 3)	170,450,695	16.70	255,676,042	16.70	255,676,042	16.70
Upsoar (Note 4)	103,679,100	10.16	155,518,650	10.16	155,518,650	10.16
PB (Note 5)	96,952,725	9.50	145,429,087	9.50	145,429,087	9.50
Mr. Hu	14,800,000	1.45	22,200,000	1.45	22,200,000	1.45
<i>Public Shareholders:</i>						
GF Securities or subscribers procured by it (Note 1)	-	-	-	-	92,290,504	6.03
Other public Shareholders	401,999,300	39.39	602,998,952	39.39	401,999,300	26.26
Total:	1,020,555,000	100.00	1,530,832,500	100.00	1,530,832,500	100.00

Notes:

- Pursuant to the Underwriting Agreement, each of the Underwriters has undertaken to the Company that when such Underwriter is being called upon to subscribe for or procure subscription for the Untaken Shares: (1) such Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 30% of the then issued share capital of the Company; (2) GF Securities shall ensure that none of the subscribers of the Untaken Shares will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company as a result of such subscription and such subscriber, together with parties acting in concert with it, shall not be holding 30% or more of the issued share capital of the Company upon the allotment and issue of the Offer Shares; and (3) GF Securities shall use all reasonable endeavours to procure that each of the subscribers of the Untaken Shares

LETTER FROM THE BOARD

(including any direct and indirect sub-underwriters), shall be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company (within the meaning of the GEM Listing Rules) or any of its subsidiaries and their respective close associates.

2. MCI is wholly-owned by Mr. Zheng, an executive Director, the chairman and the chief executive officer of the Company.
3. SARH is wholly-owned by Mr. Huang Xiguang.
4. Upsoar is wholly-owned by Ms. Fu Shanping.
5. PB is wholly-owned by Mr. Hu.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Open Offer are subject to various factors, including the results of acceptance of the Offer Shares. Further announcements will be made by the Company in accordance with the GEM Listing Rules following the completion of the Open Offer upon which the Offer Shares are allotted and issued.

REASONS FOR THE OPEN OFFER

The Group is principally engaged in provision of pawn loans, entrusted loans and financial consultation services.

The Directors are of the view that the Open Offer will enable the Company to raise funds for further investment in the financial services business of the Group and for general operation. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Qualifying Shareholders to participate in the future development of the Company. The Directors have considered other alternative fund raising methods such as issue of new Shares, bank borrowings and rights issue, and consider that it is prudent to finance the Group's long term growth preferably in the form of equity which will not increase the Group's finance costs. The Directors have also considered a rights issue as an alternative means of fund raising to the Open Offer in which a rights issue is similar to an open offer except that it enables the Shareholders to trade in nil-paid rights. Considering the current monetary value per board lot, the Board is of the opinion that the trading of nil-paid rights will incur a higher transaction cost, which would not be economical and commercially preferred. Further, if the Company is to carry out a rights issue instead of the Open Offer, additional administrative work would be involved by the Company for arranging the trading of nil-paid rights and liaising with other parties such as the Company's share registrar and transfer office and other professional advisers, and it is estimated that additional costs and expenses of around HK\$210,000 would be incurred for such administrative work and the arrangement of trading the nil-paid rights. As compared to a rights issue, the absence of trading of nil-paid rights in the Open Offer reduces associated administrative work and costs and requires less time for completion. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement are fair and reasonable and that the Underwriting Agreement and the Open Offer are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

USE OF PROCEEDS FROM THE OPEN OFFER

The Company will raise approximately HK\$204.1 million before expenses from the Open Offer. The Company intends to use the net proceeds from the Open Offer, being approximately HK\$201.1 million as to (i) approximately HK\$160 million for development and operation of the finance lease business of Zhongxi Rongzi Zulin (Shanghai) Limited (“**Zhongxi**”), an indirectly wholly-owned subsidiary of the Company; and (ii) approximately HK\$41.1 million for general working capital of the Group. Such allocation of the net proceeds is based on the development need of the finance lease business of the Group which the Group had commenced in the second half of 2014. Zhongxi was established in February 2014 and has obtained the licence for financing and leasing in Shanghai Free Trade Zone in the first half of 2014. Apart from one subsisting finance lease service agreement entered into by Zhongxi in the second half of 2014, Zhongxi is currently in the process of negotiating the provision of finance lease services with several target customers, all of which are small and medium enterprises in the PRC. Accordingly, the Group is in need of funds to further develop its finance lease business and in view of the above, considering that the development of the finance lease business is consistent to the long-term strategic development of the Group, the Directors consider it prudent to have the funds readily available such that the Company will not be required to conduct any fund raising exercise when such funds are required for further development of the Group’s finance lease business and hence result in hampering of its development when such need arises.

The estimated expenses in relation to the Open Offer, including underwriting commission, financial, legal and other professional expenses, of approximately HK\$3 million, will be borne by the Company.

As at the Latest Practicable Date, the Directors considered that no fund raising activities will be carried out for at least the next twelve months due to insufficiency of general working capital of the Group. In addition, as at the Latest Practicable Date, save for the Open Offer, the Company did not have any immediate plan or was not contemplating to have further fund raising for at least the next twelve months for financing its business or investments referred to in this prospectus and any other potential projects or transactions of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not carried out any fund raising activities during the past twelve months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

RISKS WHICH ARE RELEVANT TO THE INDUSTRY AND MARKET IN WHICH THE GROUP OPERATES

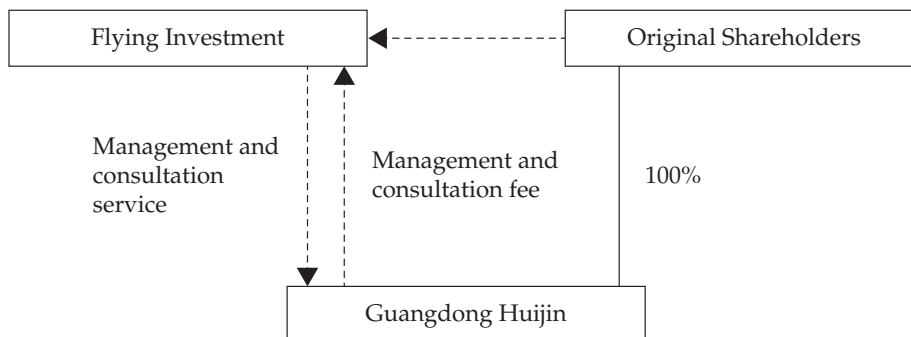
The Group currently engages in provision of pawn loans, entrusted loans, finance lease services, other loans and financial consultancy services. In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which includes, but does not limit to, the following:

Risks relating to the structured agreements

Arrangement under the Structured Agreements

The following simplified diagram illustrates the flow of economic benefits from Guangdong Huijin Pawn Stock Company Limited ("**Guangdong Huijin**") to Flying Investment Services (Shenzhen) Company Limited ("**Flying Investment**") stipulated under the Exclusivity Agreement (as defined in the prospectus of the Company dated 20 April 2012 ("**Listing Prospectus**") and set out below), the Equity Pledge Agreement (as defined in the Listing Prospectus and set out below), the Exclusive Option and Equity Custodian Agreement (as defined in the Listing Prospectus and set out below), the Power of Attorney (as defined in the Listing Prospectus and set out below) and the Supplemental Agreement (as defined in the Listing Prospectus) (collectively, the "**Structured Agreements**"):

- (1) Power of attorney to exercise all shareholders' rights in Guangdong Huijin
- (2) Exclusive option to acquire all or part of the equity interest in Guangdong Huijin
- (3) Flying Investment as custodian to manage the entire equity interest in Guangdong Huijin
- (4) First priority security interest over the entire equity interest in Guangdong Huijin



"——" denotes direct legal and beneficial ownerships in the equity interest and
"----->" denotes contractual relationship.

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Operation of the Structured Agreements

In accordance with the Structured Agreements, the Original Shareholders (as defined in the Listing Prospectus), being immediate shareholders who are interested in, in aggregate, the entire equity interest in Guangdong Huijin, have granted an exclusive and irrevocable option to Flying Investment or its nominee(s) to acquire all or part of the equity interest in Guangdong Huijin held by the Original Shareholders as permitted by the then PRC laws and regulations. The Group has the intention to acquire Guangdong Huijin or the pawn business it is carrying on when PRC laws and regulations allow the operation of such business by foreign invested enterprises. When Flying Investment or its nominee(s) exercise the option and acquire all of the equity interest in Guangdong Huijin, the Structured Agreements will be terminated. The Group has been advised that it is sufficient for all immediate shareholders of Guangdong Huijin (but not tracing to the ultimate beneficial owners of the corporate shareholders of Guangdong Huijin) to enter into the Structured Agreements. Subject to compliance with the PRC laws, Flying Investment or its nominee(s) may exercise the option mentioned above at any time and in any manner at their sole discretion.

The Structured Agreements, taken as a whole, enable the financial results of Guangdong Huijin and the economic benefits of its business to flow onto Flying Investment. In addition, all the directors, general manager and senior management staff of Guangdong Huijin (except those elected by the employee representatives) are to be nominated by Flying Investment. Through its control over and supervision of the directors, general manager and senior management of Guangdong Huijin, Flying Investment is able to effectively manage the business, financial and operating activities of Guangdong Huijin so as to obtain benefits from its activities and to ensure due implementation of the Structured Agreements. The Structured Agreements also enable Flying Investment to, if and when permitted by PRC law, acquire the equity interests in Guangdong Huijin in accordance with PRC law. The Directors are of the view that the Structured Agreements enable the Group to be managed coherently with the power to govern the business, financial and operating activities of Guangdong Huijin for the benefit of the Group as a whole. Based on the Structured Agreements, taken as a whole, the Directors consider that, notwithstanding the lack of equity ownership in Guangdong Huijin, the Group controls Guangdong Huijin in substance. On this basis, the Group is regarded as a continuing entity resulting from these Structured Agreements such that the financial position and operating results of Guangdong Huijin are included in the Group's consolidated financial statements.

The following is a summary of the principal terms of the Structured Agreements:

(1) *Exclusivity Agreement*

Flying Investment and Guangdong Huijin entered into the Exclusivity Agreement (as supplemented by the Supplemental Agreement) on 1 August 2011, pursuant to which, among other matters:

- Guangdong Huijin agreed to engage Flying Investment on an exclusive basis irrevocably to provide management and consultation services in

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connection with its operations, including but not limited to assisting in formulating the company management mode and operation plans, assisting in formulating market development plans, providing market information and customer source information, being appointed to conduct specific market research and investigation, providing staff training, assisting in establishing sales channel, providing management, financial or other services in relation to Guangdong Huijin's operations, assisting in locating suitable fund-raising channels for Guangdong Huijin's operational capital needs, assisting in provision of customer maintenance and management and assisting in provision to the clients of Guangdong Huijin of feasible fund-raising solutions and procuring the implementation of such solutions;

- unless having obtained Flying Investment's consents in writing in advance, Guangdong Huijin shall not accept management and consultation services provided by any third party;
- the board of directors of Guangdong Huijin shall be nominated by Flying Investment, and such board of directors shall determine the corporate management and business development and expansion strategy of Guangdong Huijin according to the actual circumstances of its operations;
- Flying Investment shall be solely responsible for selection of Guangdong Huijin's senior management and employees, its finance, management and daily operations, and Guangdong Huijin shall comply with all directions and opinions from Flying Investment; and
- Guangdong Huijin shall pay to Flying Investment on a monthly basis (or other methods agreed by both parties), management and consultation fees equivalent to the total revenue less all the related costs, expenses and taxes payable by Guangdong Huijin. Flying Investment shall be entitled to appoint its employees or external auditors to inspect the financial conditions of Guangdong Huijin to audit the exact amount of the management and consultation fees.

The Exclusivity Agreement (as supplemented by the Supplemental Agreement) commenced from 1 August 2011 and will expire on the date on which all the equity interests in Guangdong Huijin are transferred to Flying Investment or its nominee(s) and such transfers are registered.

(2) *Equity Pledge Agreement*

Flying Investment, Guangdong Huijin and the Original Shareholders entered into the Equity Pledge Agreement (as supplemented by the Supplemental Agreement) on 1 August 2011, pursuant to which, among other matters:

- the Original Shareholders agreed to grant to Flying Investment a first priority security interest over all their respective direct equity interest in Guangdong Huijin and all related rights and revenue for

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guaranteeing the performance of obligations of the Original Shareholders and Guangdong Huijin under the Exclusivity Agreement and the Exclusive Option and Equity Custodian Agreement, such obligations include, among others, payment of management and consultation fees for the management and consultation service, interests, compensation etc.;

- during the term of the pledge, Flying Investment shall be entitled to all dividends or distribution in any other forms derived from the pledged equity interests and to exercise its right to deal with the pledged equity interest in a manner permitted by the relevant PRC laws if Guangdong Huijin and/or the Original Shareholders cannot fully perform their respective obligations under the Exclusivity Agreement and/or the Exclusive Option and Equity Custodian Agreement; and
- during the term of the Equity Pledge Agreement, the Original Shareholders shall not transfer, create or permit the existence of other security interest over the pledged equity interests in Guangdong Huijin without prior written consent of Flying Investment.

The Equity Pledge Agreement (as supplemented by the Supplemental Agreement) is effective from the date on which it has been executed by the parties thereto while the pledge created thereunder shall become effective upon such pledge having been duly registered in Guangdong Huijin's register of members and having been duly registered with the relevant Administration for Industry and Commerce of the PRC, and it will remain effective until the termination of either the Exclusivity Agreement (as supplemented by the Supplemental Agreement) or the Exclusive Option and Equity Custodian Agreement (as supplemented by the Supplemental Agreement), whichever is later. The pledges under the Equity Pledge Agreement were duly registered on 5 August 2011 with 河源市工商行政管理局 (Heyuan Administration for Industry and Commerce Bureau).

(3) *Exclusive Option and Equity Custodian Agreement*

Flying Investment, Guangdong Huijin and the Original Shareholders entered into the Exclusive Option and Equity Custodian Agreement (as supplemented by the Supplemental Agreement) on 1 August 2011, pursuant to which, among other matters:

- the Original Shareholders granted, at nil consideration, an exclusive and irrevocable option to Flying Investment or its nominee(s) to acquire all or part of the equity interest in Guangdong Huijin held by the Original Shareholders as permitted by the then PRC laws and regulations during the term of the Exclusive Option and Equity Custodian Agreement at nil consideration or the minimum amount as permitted by the applicable PRC laws. The Original Shareholders further covenant that if such minimum amount is required to be paid by Flying Investment or its nominee(s) to the Original Shareholders as consideration for the acquisition of the equity interest of Guangdong

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Huijin, such amount would be waived by the Original Shareholders subject to compliance with the then PRC laws and hence there should not be any cash outflow or adverse financial impact on the Group. If such option is exercised in full by Flying Investment or its nominee(s), the Group will be interested in the entire equity interest of Guangdong Huijin;

- subject to compliance with the PRC laws, Flying Investment or its nominee(s) may exercise the option mentioned above at any time and in any manner at their sole discretion;
- pending the acquisition of the entire equity interest in Guangdong Huijin by Flying Investment or its nominee(s), the Original Shareholders shall not, among other matters, transfer, pledge or grant a custodian right over such equity interest in Guangdong Huijin to any third parties without prior written consent of Flying Investment and Guangdong Huijin;
- the Original Shareholders, jointly and severally, irrevocably granted, at nil consideration, a right to Flying Investment or its nominee(s) to manage the entire equity interest in Guangdong Huijin as custodian during the term of the Exclusive Option and Equity Custodian Agreement;
- the Original Shareholders and Guangdong Huijin covenanted that, among others:
 - (a) Flying Investment or its nominee(s) shall exercise all shareholders' right of the Original Shareholders in Guangdong Huijin, further details are set out in the paragraph headed "Power of Attorney" below;
 - (b) Flying Investment shall have the exclusive right to nominate directors, general manager and other senior management staff of Guangdong Huijin, and the Original Shareholders shall appoint such nominees as directors, general manager and other senior management staff of Guangdong Huijin;
- During the term of the Exclusive Option and Equity Custodian Agreement, the Original Shareholders and Guangdong Huijin shall not engage in any transactions which will materially affect the assets, business, rights, operation or management of Guangdong Huijin without prior written consent from Flying Investment, including but not limited to the following:
 - (a) to amend the constitutional documents of Guangdong Huijin;
 - (b) to increase or reduce the registered capital of Guangdong Huijin;

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- (c) during the term of the Exclusive Option and Equity Custodian Agreement, the Original Shareholders and/or Guangdong Huijin shall not transfer, mortgage, pledge or otherwise deal with the assets of Guangdong Huijin; and
- in case of liquidation or dissolution of Guangdong Huijin, Flying Investment or its nominee(s) shall have the right to appoint a liquidator to manage the assets of Guangdong Huijin as permitted by the PRC laws and regulations.

The Exclusive Option and Equity Custodian Agreement (as supplemented by the Supplemental Agreement) is effective from 1 August 2011 and will expire on the date on which all the equity interests in Guangdong Huijin are transferred to Flying Investment or its nominee(s) and such transfers are registered.

(4) *Power of Attorney*

Flying Investment and each of the Original Shareholders entered into the Power of Attorney (as supplemented by the Supplemental Agreement) on 1 August 2011, pursuant to which, among other matters, Flying Investment or its nominee(s), including its directors (and their successors) were authorised by each of the Original Shareholders to exercise their respective shareholders' right in Guangdong Huijin including the rights to elect and change the directors and supervisors who are not elected by the employee representatives, the rights to decide the increase or reduction of the registered capital and the rights to receive or decline the dividends or other distribution on behalf of the Original Shareholders

The Power of Attorney (as supplemented by the Supplemental Agreement) is effective from 1 August 2011 and will expire on the date on which all the equity interests in Guangdong Huijin are transferred to Flying Investment or its nominee(s) and such transfers are registered.

The PRC Government may determine that the Structured Agreements are not in compliance with applicable PRC laws, rules, regulations or policies.

The pawn loan business currently engaged by Guangdong Huijin is regulated by, amongst others, the Measures for the Administration of Pawning (典當管理辦法), which was jointly issued by the Ministry of Commerce of the PRC (中華人民共和國商務部) (“MOFCOM”) and the Ministry of Public Security on 9 February 2005 and came into effect on 1 April 2005 (“**Pawning Measures**”). The Pawning Measures, which regulate the pawn loan business, do not explicitly permit foreign invested companies to operate a pawn loan business in the PRC. According to article 71 of the Pawning Measures, rules and regulations governing the investment by foreign invested companies in pawn loan business in the PRC shall be separately announced by MOFCOM and other relevant authorities. According to the Foreign Investment Catalogue (Amended) jointly promulgated by the National Development and

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Reform Commission and the MOFCOM on 10 March 2015, foreign investment in the pawn loan business is neither expressly prohibited nor restricted.

As at the Latest Practicable Date, no relevant rules and regulations have been promulgated by MOFCOM, 深圳市科技工貿和信息化委員會 (Science, Industry, Trade and Information Commission of Shenzhen Municipality) or 廣東省經濟和信息化委員會 (The Economic and Information Commission of Guangdong Province). According to the Administrative Licensing Law of the PRC (中華人民共和國行政許可法), administrative licensing regimes may only be set up and implemented where there are established laws setting out relevant procedures, parameters, conditions and scope of administrative power. As the approval of investment in a pawn loan business by foreign invested companies in the PRC falls under an administrative act, no approval can be granted and no licence can be issued to a foreign invested company if there are no established laws governing the investment by foreign invested companies in a pawn loan business.

Given the above, the Pawning Measures relate only to domestic investment in the pawn loan industry, and as Pawn Operations Business Licence (典當經營許可証) issued by MOFCOM to a pawn loan provider pursuant to the Pawning Measures for operating pawn loan business in the PRC ("**Pawn Operations Business Licences**") may not be directly issued to foreign invested enterprises, the Group has established what is commonly referred to as a "variable interest entity" or "VIE" structure in order to operate the Group's business in the PRC as has been done in a number of other industries in the PRC in which similar legal and regulatory restrictions apply.

To operate the pawn loan business of the Group, the Group relies on the Structured Agreements to control Guangdong Huijin and their operation, under which all the business, financial and operating activities of Guangdong Huijin are managed by Flying Investment and all economic benefits and risks arising from the business, financial and operating activities of Guangdong Huijin are transferred to Flying Investment by means of management and consultation fees payable by Guangdong Huijin to Flying Investment.

There can be no assurance that these contractual arrangements will be determined by the PRC Government to be in compliance with the licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future, or that these contractual arrangements may be effectively enforced without limitation, and possibility could not be ruled out that the PRC Government may restrict or impose additional requirements regarding overseas listing of PRC companies engaging in pawn loan business or entrusted loan business by way of the arrangement of the structured agreements in the future. If the Structured Agreements are adjudicated to be in violation of any applicable PRC laws, rules or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including revoking the business and operating licences of Guangdong Huijin, imposing economic penalties, imposing conditions or requirements with which the Group may not be able to comply, requiring the Group to restructure the relevant

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ownership structure or operations, taking other regulatory or enforcement actions that could adversely affect the business of the Group. Any of these actions could have a material adverse impact on the Group's business, prospect, financial condition and results of operation.

The Group depends upon the Structured Agreements in conducting its pawn loan business in the PRC and receiving payments through Guangdong Huijin, which may not be as effective as direct ownership.

The Group conducts the pawn loan business in the PRC and generates the relevant revenues through the Structured Agreements. If the Group had direct ownership of Guangdong Huijin, the Group would be able to exercise its rights as a shareholder to effect changes in the board of directors of the Guangdong Huijin, which in turn could effect changes at the management level. As the Group relies on the Structured Agreements to control Guangdong Huijin and their operation, the Structured Agreements may not be as effective in providing the Group with control over Guangdong Huijin as direct ownership.

The Group operates its pawn loan business in the PRC on the basis of the Pawn Operations Business Licence and 特種行業許可證 (Special Industry Licence) as well as other requisite licences held by Guangdong Huijin. If Guangdong Huijin is not able to renew its licences or certificates when their terms expire with substantially similar terms as the ones they currently hold, the Group's operations, reputation and business could be materially affected.

The Structured Agreements may not be effective in providing control over the application for and maintenance of the licences required for the Group's business operations. Guangdong Huijin could violate the Structured Agreements, go bankrupt, suffer from difficulties in its business or otherwise become unable to perform its obligations under the Structured Agreements and, as a result, the Group's operations, reputation and business could be materially affected.

Any deterioration of the relationship between Guangdong Huijin and the Group could materially and adversely affect the overall business operation of the Group.

The Structured Agreements are governed by PRC law. Accordingly, the Structured Agreements would be interpreted in accordance with PRC law and any disputes would be finally resolved by negotiation between the parties and/or arbitration. If Guangdong Huijin or any of the Original Shareholders fails to perform its obligations under the Structured Agreements, the Group may have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which may not be effective. As the legal environment in the PRC is not as developed as in other jurisdictions, uncertainties in the PRC legal system could limit the ability of the Group to enforce the Structured Agreements. Any inability to enforce the Structured Agreements or limitation thereon could disrupt the business of the Group and have a material adverse impact on the Group's business, prospects and results of operation.

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The dispute resolution clause of the Structured Agreements provides for the resolution of disputes through arbitration in accordance with the arbitration rules of Huanan branch of China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會華南分會) and that the arbitrators may award remedies in rem over the shares or assets of Guangdong Huijin, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Guangdong Huijin in arbitration.

If the Group were not able to obtain such injunctive relief or winding up order from the tribunal, the Group may not be able to prevent the Original Shareholders and/or Guangdong Huijin from ceasing business, transferring assets or harming the interests of Flying Investment before the tribunal renders an arbitral award.

The Group's ability to acquire or manage the equity interests and/or assets in Guangdong Huijin may be subject to various limitations

Pursuant to the Structured Agreements, Flying Investment was granted the exclusive option to acquire all or part of the equity interests in Guangdong Huijin. However, any acquisition of the equity interest and/or assets in Guangdong Huijin may only be conducted to the extent as permitted by applicable PRC laws and will be subject to required approvals and procedures under applicable PRC laws.

The Structured Agreements also provide Flying Investment with a right to appoint a liquidator to manage the assets of Guangdong Huijin in the case of liquidation of Guangdong Huijin and prevent the Original Shareholders and/or Guangdong Huijin from transferring, mortgaging, pledging or otherwise deal with the assets of Guangdong Huijin during the term of the Exclusive Option and Equity Custodian Agreement. If Flying Investment is not able to appoint a liquidator in the case of liquidation of Guangdong Huijin, the assets of Guangdong Huijin will be liquidated in accordance with the PRC law. The liquidated assets, after paying off relevant liquidation expenses, wages, social insurance premiums, compensations, taxes and debts, will be distributed to the Original Shareholders.

Uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of the current corporate structure of Guangdong Huijin, corporate governance, business operations and financial results

The MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in the PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalise its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. While the MOFCOM solicited comments on this draft earlier

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this year, substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the entire legal framework regulating the foreign investments in the PRC and may also impact the viability of the current corporate structure of Guangdong Huijin, and its corporate governance, business operations and financial results to some extent.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign invested enterprise, or an FIE. The draft Foreign Investment Law specifically provides that entities established in the PRC but “controlled” by foreign investors will be treated as FIEs, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOFCOM or its local counterparts, treated as a PRC domestic investor provided that the entity is “controlled” by PRC entities and/or citizens. In this connection, “control” is broadly defined in the draft law to cover any of the following summarised categories: (i) holding 50% or more of the voting rights or similar equity interest of the subject entity; (ii) holding less than 50% of the voting rights or similar equity interest of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to material influence on the board, the shareholders’ meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial matters or other key aspects of business operations. Once an entity is determined to be an FIE, and its investment amount exceeds certain thresholds or its business operation falls within a “negative list” to be separately issued by the State Council in the future, market entry clearance by the MOFCOM or its local counterparts would be required. Otherwise, all foreign investors may make investments on the same terms as Chinese investors without being subject to additional approval from the government authorities as mandated by the existing foreign investment legal regime.

The “variable interest entity” structure, or VIE structure, has been adopted by many PRC-based companies, including Guangdong Huijin, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in the PRC. Under the draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangements would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. Therefore, for any companies with a VIE structure in an industry category that is on the “negative list”, the existing VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC state owned enterprises or agencies, or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the “negative list” without market entry clearance may be considered as illegal. In this regard, the Company will seek legal advice when the enacted version of the Foreign Investment Law comes into effect as to whether the Company’s existing VIE structure will be considered as legitimate under such law.

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The draft Foreign Investment Law has not taken a position on what will happen to the existing companies with a VIE structure, although a few possible options were proffered at the comment solicitation stage. Under these options, a company with VIE structures and in the business on the “negative list” at the time of enactment of the new Foreign Investment Law has either the option or obligation to disclose its corporate structure to the authorities, while the authorities, after reviewing the ultimate control structure of the company, may either permit the company to continue its business by maintaining the VIE structure (when the company is deemed ultimately controlled by PRC citizens), or require the company to dispose of its businesses and/or VIE structure based on circumstantial considerations. Moreover, it is uncertain whether the current businesses that Guangdong Huijin operates will be subject to the foreign investment restrictions or prohibitions set forth in the “negative list” to be issued.

If the enacted version of the Foreign Investment Law and the final “negative list” mandate further actions, such as the MOFCOM market entry clearance, to be completed by companies with existing VIE structure like Guangdong Huijin, Guangdong Huijin faces uncertainties as to whether such clearance can be timely obtained, or at all. Furthermore, it cannot be assured that Guangdong Huijin will still be controlled. If such corporate structure is required to be changed, further actions required to be taken by Guangdong Huijin under the enacted Foreign Investment Law may materially and adversely affect the business and financial condition of Guangdong Huijin.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact the corporate governance practice and increase the compliance costs of Guangdong Huijin. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

Risks relating to the Group’s business

The collateral securing the Group’s loans may not be sufficient, and the Group may be unable to realise the value of the collateral in a timely manner or at all.

For the Group’s entrusted loan operation, the entrusted loan agreement is entered into among the Group, acting as trustor, the entrusted bank, acting as lender, and the customer, acting as borrower, there is no direct credit relationship between the Group and the customer. In case of default of loan, the Group will need to seek assistance from the bank to recover the full loan from the customer. At the Group’s request, the bank may, but does not have an obligation to, file a suit to the People’s Court and rely on the notarised entrusted loan documentation and charge documents (if any) together with the

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compulsory enforcement agreement to expedite the legal proceedings to enforce the security and auction or sell the collateral to recover the full loan, if collateral has been given to secure the entrusted loan.

In addition, the procedures for liquidating or otherwise realising the value of collateral of borrowers in the PRC may be protracted or ultimately unsuccessful, and the enforcement process in the PRC may be difficult for legal and practical reasons in accordance with the Guarantee Law, the Property Law and other relevant laws and regulations.

The total revenue generated from the Group's pawn loan operations were partly secured by equity rights comprised of listed and unlisted shares and partly secured by real estate. For listed shares, all of the shares provided by the Group's customers as collateral are securities listed on the PRC stock markets, but some of such listed shares are restricted circulation shares and are not freely transferable. For unlisted shares, there is no open market for the transfer of such shares. Besides, any sudden downturn in the PRC market may adversely affect the value of the pledged shares. For the real estate, its appraised value may fluctuate and decline due to various factors, including those affecting the PRC economy in general. Apart from the PRC economy, the growth of the real estate industry and price of real estate properties in the PRC are significantly influenced by macroeconomic policies of the PRC Government, such as interest rate and credit policies.

The Group is therefore exposed to the risk that it may not be able to realise the value of collateral securing its loans in a timely manner or at all and its business, financial condition and results of operation may be adversely affected.

The Group's entrusted loan operation may be subject to higher risk than its pawn loan business.

The nature and risk profile of entrusted loans are different from that of its established pawn loan business. Besides, an entrusted loan may not be secured by collaterals if the Group considers the borrower has a good credit record or other form of security (eg. a surety) has been provided. In the event that the borrower is in default of part or all of the loan amount, and the Group is not able to recover the loan in part or at all, its financial condition and results of operation may be adversely affected.

Relative limited experience in finance lease business.

The Group commenced its finance lease business in the second half of 2014. Therefore, the results of the Group's finance lease operations are based on a relatively short operating history and such results may not be representative of the results of its operations in the future. The Group may not be successful in developing its finance lease business, which may face competition from similar services offered by its competitors and other factors which are beyond its control, including the market demand for this service and the level of competition. The Group must also be able to anticipate and respond effectively to competition posed by its competitors. If the Group fails to expand its business as planned or if it is unable to compete effectively with its competitors, its business, financial condition and results of operations may be materially and adversely affected.

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Risks relating to the industry in which the Group operates

The Group's revenue and profitability are on a project basis.

The Group's revenue from the financial consultation services are primarily generated from mandates on a project basis, each of which may vary in scope, size and complexity of services to be rendered. In addition, terms and conditions of each mandate, including its payment schedule, are negotiated and determined on a project basis. Fees charged by the Group in respect of its financial consultation business to a large extent are success-based or performance-based. In some of the transactions with trust companies, the Group will not be entitled to receive any fee if the trust fund fails to be set up. If a project cannot be carried through to completion, or there is no successful underlying transaction, or performance target cannot be attained, or where the project is put on hold by client, the Group might not receive such portion or all of the fees (as the case may be) even if substantial amount of time and effort has been expended. As a result, the income and profitability of the Group may be unpredictable.

Furthermore, although the Group had entered into framework agreements with certain trust companies, those trust companies are not obliged to enter into any financial consultation agreement with the Group under such framework agreements. As such, the Group may not eventually enter into any financial consultation agreement with the trust companies by virtue of such framework agreements nor generate any revenue therefrom. There is no assurance that a customer will retain the Group to provide financial consultation services in the future. Should the Group fail to be awarded new projects in the future, its revenue would be adversely affected.

For the Group's entrusted loan and pawn loan operations, these businesses are short term in nature and may fluctuate from time to time. As the future trend of the economy and the stock market in the PRC is unpredictable, the Group cannot assure that its short-term financing business, in particular, equity pawn loan and entrusted loan business will continue to grow in the future. The Group's revenue may be adversely affected in case of any deterioration of the overall economy and stock market in the PRC.

Therefore, a substantial portion of the revenue generated by the Group is short term in nature and may fluctuate from time to time. Accordingly, high levels of revenue in one period are not necessarily predictive or indicative of continued high levels of revenue in any future period.

The pawn loan industry in which the Group operates is strictly regulated and any failure by the Group to adhere to relevant laws and regulations and/or obtain requisite licences and permits may have a significant impact on the Group's business, results of operation and financial conditions.

The Group's pawn loan business operations are strictly regulated by the PRC Government. For example, in accordance with current PRC laws and regulations, the Group must ensure the proper maintenance of paperwork for the receipt, preservation and redemption of pledged property; engage security personnel with requisite qualifications and experience; install security video and sound recording equipment; and

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install security vaults and safes adequate for the safe and secure storage of pledged property. Any failure by the Group to establish or to properly implement procedures for the discharge of these obligations may result in the imposition of economic penalties, regulatory action by relevant PRC government departments and/or the revocation of the Group's Pawn Operations Business Licence. Any of these actions could have a material adverse impact on the Group's business, financial conditions and results of operation.

In addition, these laws and regulations and governmental policies are subject to change which may impose significant costs or limitations on the way the Group conducts or expands its business, such as those affecting the extent to which the Group can engage in, or charge fees for, specific businesses. As the Group may develop new services, it may be subject to additional regulations and governmental policies. The PRC Government may tighten the issuance of Pawn Operations Business Licences and Special Industry Licences in the future and additional requirements may be imposed for renewal of any of such licenses or such licences may not be renewed upon their expiry. The changes in the laws and regulations and other governmental policies may materially and adversely affect the Group's business, financial condition and results of operation, and the Group may not be able to adapt to all such changes on a timely basis. Moreover, there may be uncertainties regarding the interpretation and application of new laws and regulations and other governmental policies. Failure to comply with the applicable laws and regulations and other governmental policies may result in fines, restrictions on the Group's activities or revocation of its licences, which could have a significant impact on its business.

The growth of the PRC pawn loan industry may not be sustainable.

The relatively simple and fast loan application procedures of pawn loan providers compared to that of banks and other financial institutions allow borrowers to obtain financing to cater for their urgent needs. In this way, pawn loans complement traditional financing through banks and other financial institutions in the PRC. Financial institutions are materially affected by fiscal policies and credit policies. Under restrictive fiscal policy, banks will curtail lending and grant loans to large and competitive corporations with high quality and good reputation. Small and medium enterprises are hard to obtain loans and will turn to pursue short-term financing from pawn loan providers. As such, pawn loan industry will play an active role and is expected to grow at a higher level.

If the People's Bank of China relaxes the fiscal policy, the customers may prefer obtaining credits from the traditional banks rather than from the pawn loan providers due to lower borrowing costs offered by the banks. The Group cannot assure that the growth and development of the PRC pawn loan industry will be sustainable. If the rate of growth of the PRC pawn loan industry slows down, the Group's business, financial conditions and results of operations may be materially and adversely affected.

LETTER FROM THE BOARD

Risks related to politics, economics and regulations

The business operations of the Group are primarily based in the PRC. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in the PRC. Any changes in the political and economic policies/environments of the PRC (including, but not limited to, government policies, political instability, expropriation, laws, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions) may adversely affect Group's business and results of operations as well as its ability to sustain its expansion strategies and thus future growth.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional, among other things, upon the obligations of the Underwriters under the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares. Any Shareholders or other persons contemplating dealing in the Shares are recommended to consult their own professional advisers.

Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Wednesday, 28 October 2015), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholders or other persons contemplating dealing in the Shares, who is in any doubt about their position, is recommended to consult their own professional advisers.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

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

1. FINANCIAL INFORMATION OF THE COMPANY

The audited consolidated financial statements of the Company for the years ended 31 December 2012, 31 December 2013 and 31 December 2014, including the notes thereto, have been published in the annual reports of the Company for the years ended 31 December 2012 (pages 43 to 85), 31 December 2013 (pages 42 to 95) and 31 December 2014 (pages 43 to 99), which are incorporated by reference into this prospectus. The said annual reports of the Company are available on the Company's website at http://www.flyingfinancial.hk/attachment/2013081614231017_en.pdf (for the year ended 31 December 2012), http://www.flyingfinancial.hk/attachment/2014051417020200223_en.pdf (for the year ended 31 December 2013) and http://www.flyingfinancial.hk/attachment/201503302102010003260_en.pdf (for the year ended 31 December 2014) and the website of the Stock Exchange at www.hkexnews.hk.

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 August 2015, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had an outstanding borrowing of RMB10,975,000, which was an unsecured and unguaranteed short term borrowing due to a shareholder of the Company.

Banking facilities

As at the close of business on 31 August 2015, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group did not have any banking facilities.

Contingent liabilities

As at the close of business on 31 August 2015, the Enlarged Group did not have any significant contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and others payables in the ordinary course of business, the Enlarged Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 31 August 2015.

The Company does not have exposure to foreign exchange liabilities. The Company will have sufficient foreign exchange to pay forecasted or planned dividends and to meet its foreign exchange liabilities as they become due.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources presently available to the Group, in the absence of unforeseeable circumstance, the Group has sufficient working capital for its present requirements that is for at least the next twelve months following the date of this prospectus.

4. MATERIAL ADVERSE CHANGE

As the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECTS

Outlook

As the economic growth of China slows down, demand for diversified and personalised financing services of enterprises in China increases. Financing channels in the market have penetrated into different sectors.

The Group is actively remodeling its business to improve all business operation of customized financial services and financial services for the entire industry chain. The Group is keen to develop internet financing and online wealth managements business, and to customize an online platform of peer to peer internet financing services for the domestic real estate market. In addition, the Group is negotiating with various well-known real estate developers in China for the provision of related financial services for their real estate projects. By establishing an internet platform and promoting internet financing services, the Group is confident that this will further expand the Group's business and broaden the Group's sources of income and enhance the Group's revenue.

Finance lease, being an important mechanism for allocation of resources, effectively resolves financing difficulties of the small and medium enterprises. Small and medium enterprises can acquire or import new machine for operation through finance lease arrangement to alleviate their financial pressure. In other words, growth of finance lease business would boost the real economy. Although the degree of market penetration and coverage of finance lease business against the whole economy of the PRC are much less than that of the developed countries, finance lease business has sharply grown in the PRC for the recent years. In view of the supportive policies for finance lease business adopted by the PRC government, the Group is confident that there is room for development of finance lease business which will bring a long-term profitable stream for the Group.

For the new investments in certain limited partnerships which are engaged in property development business in the PRC, the Group is confident that the new investments represent a good investment opportunity with reasonable returns in the medium term.

The Group will adopt a strict monitoring over costs and operating expenses so as to increase the overall profitability of the Group and maximize the returns for shareholders of the Company.

REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group for the purpose of incorporation in this prospectus.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the "Unaudited Pro Forma Financial Information") prepared in accordance with paragraph 7.31 of GEM Listing Rules is set out below, for the purpose of illustrating the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 June 2015.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer actually taken place 30 June 2015 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group derived from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015, as extracted from the published unaudited interim report of the Company for the six months ended 30 June 2015 and is adjusted for the effects of the Open Offer.

	Unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2015 (Note (1)) RMB'000	Estimated net proceeds from the Open Offer (Note (2)) RMB'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company RMB'000	Unaudited consolidated net tangible assets attributable to owners of the Company per Share as at 30 June 2015 (Note (3)) RMB	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 30 June 2015 (Note (4)) RMB
Based on 510,277,500 Offer Shares to be issued at Subscription Price of HK\$0.4 per Offer Share	249,926	167,272	417,198	0.24	0.27

Notes:

- (1) The unaudited consolidated net tangible assets per Share attributable to the owners of the Company as at 30 June 2015 is extracted from the unaudited interim financial information as set out in the interim report of the Group for the six months ended 30 June 2015.
- (2) The estimated net proceeds from the Open Offer are based on 510,277,500 Offer Shares to be issued (in the proportion of one Offer Share for every two Shares held as at the Record Date) at the Subscription Price of HK\$0.4 per Offer Share, after deduction of the estimated expenses of approximately RMB2,495,000 directly attributable to the Open Offer.
- (3) The unaudited consolidated net tangible assets per Share attributable to the owners of the Company as at 30 June 2015 is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015 of RMB249,926,000 and 1,020,555,000 Shares in issue as at 30 June 2015.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Open Offer is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company of RMB417,198,000 and 1,530,832,500 Shares in issue following the completion of the Open Offer, which is 1,020,555,000 Shares in issue as at 30 June 2015 as detailed above, increased by 510,277,500 Offer Shares issued under the Open Offer assuming the Open Offer had been completed on 30 June 2015.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2015.
- (6) In this Unaudited Pro Forma Financial Information, unless otherwise specified, conversion of HK\$ into RMB is based on the exchange rate of HK\$1.2023 to RMB1, for information purpose only. Such conversion should not be construed as a representation that relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

**(B) ASSURANCE REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF
ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the text of an accountant's report, prepared for the sole purpose of inclusion in this Prospectus, received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.



Tel: +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

8 October 2015

The Board of Directors
Flying Financial Service Holdings Limited

Room 801A and 807B, 8/F
Tsim Sha Tsui Centre
66 Mody Road
Tsim Sha Tsui
Kowloon, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Flying Financial Service Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2015 and related notes (the “**Unaudited Pro forma Financial Information**”) as set out in Part A of Appendix II on pages II-1 to II-2 to the prospectus issued by the Company dated 8 October 2015 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Part A of Appendix II on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact in respect of the proposed open offer of the Company (the “**Open Offer**”) on the Group’s unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2015 as if the Open Offer had taken place at 30 June 2015. As part of this process, information about the Group’s financial position as at 30 June 2015 has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2015, on which an unaudited interim report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guidance 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(1) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 7.31(1) of the GEM Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Open Offer of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully
BDO Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This prospectus, 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 regarding the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Open Offer were/will be as follows:

(a) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares	<u>500,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>		<i>HK\$</i>
<u>1,020,555,000</u>	Shares	<u>102,055,500</u>

(b) Immediately following completion of the Open Offer

<i>Authorised:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares	<u>500,000,000</u>
<i>Issued and fully paid or credited as fully paid</i>		<i>HK\$</i>
1,020,555,000	Shares in issue as at the Record Date	102,055,500
<u>510,277,500</u>	Offer Shares to be allotted and issued under the Open Offer	<u>51,027,750</u>
<u>1,530,832,500</u>	Shares in issue upon completion of the Open Offer	<u>153,083,250</u>

All the Shares in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Offer Shares.

No part of the share capital or any other securities of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

The Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares and rights to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends were waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(i) **Directors' interests and short position in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to

be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors were as follows:

(a) *Long position in the Shares*

Name of Director	Capacity	Number of Shares held	Approximate
			Percentage of interest (Note 1)
Mr. Zheng	Interest of controlled corporation (Note 2)	421,448,715	27.53%
	Beneficial owner	36,270,202	2.37%

Notes:

- This is based on the total issued Shares upon completion of the Open Offer, i.e. 1,530,832,500 Shares.
- These Shares are held by MCI, a company wholly-owned by Mr. Zheng.

(b) *Long position in associated corporation — 廣東匯金典當股份有限公司 (for identifications purpose only, Guangdong Huijin Pawn Stock Company Limited) (“Guangdong Huijin”)*

Name of Director	Nature of interest	Amount of registered capital	Approximate
			percentage of equity interest
Mr. Zheng	Interest of controlled corporation (Note)	RMB71,240,000	70.53%

Note:

Such registered capital was contributed by 匯聯資產管理有限公司 (for identification only, Huilian Assets Management Company Limited) (“**Huilian Assets Management**”). 深圳市智匯投資諮詢有限公司 (for identification only, Shenzhen Zhihui Investment Consulting Company Limited) (“**Shenzhen Zhihui**”) was interested in 72% of the entire equity interest of Huilian Assets Management. Shenzhen Zhihui was owned as to 45% by Mr. Zheng.

(ii) **Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and are interested in 10% or more of the issued voting shares of any member of the Group**

As at the Latest Practicable Date, so far as was known to any Director, the following persons, other than a director or chief executive of the Company, had interest or a short position in the shares, underlying shares or debenture of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group:

(a) *Long position in the Shares*

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of interest (Note 1)
<i>Substantial Shareholders</i>			
MCI	Beneficial owner (Note 2)	421,448,715	27.53%
Ms. Zhang Chushan	Interest of spouse (Note 3)	457,718,917	29.90%
SARH	Beneficial owner (Note 4)	255,676,042	16.70%
PB	Beneficial owner (Note 5)	145,429,087	9.50%
Upsoar	Beneficial owner (Note 6)	155,518,650	10.16%
Mr. Huang Xiguang	Interest of controlled corporation (Note 4)	255,676,042	16.70%
Mr. Hu	Interest of controlled corporation (Note 5)	145,429,087	9.50%
	Beneficial owner	22,200,000	1.45%
Ms. Fu Shanping	Interest of controlled corporation (Note 6)	155,518,650	10.16%
<i>Other persons</i>			
GF Securities	Beneficial owner (Note 7)	92,290,504	6.03%
	Person having a security interest in shares (Note 8)	232,673,180	15.20%
GF Holdings (Hong Kong) Corporation Limited	Interest of controlled corporation (Note 7)	92,290,504	6.03%
	Interest of controlled corporation (Note 8)	232,673,180	15.20%
GF Securities Co., Ltd.	Interest of controlled corporations (Note 7)	92,290,504	6.03%
	Interest of controlled corporation (Note 8)	232,673,180	15.20%

Notes:

1. This is based on the total issued Shares upon completion of the Open Offer, i.e. 1,530,832,500 Shares.
2. MCI is a company wholly-owned by Mr. Zheng.
3. Ms. Zhang Chushan is the spouse of Mr. Zheng.
4. SARH is a company wholly-owned by Mr. Huang Xiguang.
5. PB is a company wholly-owned by Mr. Hu.
6. Upsoar is a company wholly-owned by Ms. Fu Shanping.
7. Based on the notices of disclosure of interests filed by each of GF Securities, GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. dated 10 September 2015, these Shares are held by GF Securities which is directly wholly-owned by GF Holdings (Hong Kong) Corporation Limited, which in turn is wholly-owned by GF Securities Co., Ltd. Under the SFO, GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. are deemed to be interested in the Shares held by GF Securities.
8. Based on the notices of disclosure of interests filed by each of GF Securities, GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. dated 10 September 2015, these Shares are held by GF Securities which is directly wholly-owned by GF Holdings (Hong Kong) Corporation Limited, which in turn is wholly-owned by GF Securities Co., Ltd. Under the SFO, GF Holdings (Hong Kong) Corporation Limited and GF Securities Co., Ltd. are deemed to be interested in the Shares held by GF Securities.

(b) *persons interested in 10% or more of the issued voting shares of any member of the Group*

Name of member of the Group	Name of shareholder	Number of shares held	Approximate percentage of shareholding (Note 1)
Rich Right Limited	Yueheng Group Co., Limited	10	10%

Save as disclosed in this prospectus, as at the Latest Practicable Date, so far as was known to any Director, there was no other person who had interest or a short position in the shares, underlying shares or debenture of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO or, who were expected, directly or indirectly, to be interested in 10% or more of the issued voting shares of any member of the Group.

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective close associates had any business which competes or may compete with the business of the Group. As at the Latest Practicable Date, the Company did not have any controlling Shareholders.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors is materially interested in contract or arrangement subsisting as at the date of this prospectus which is significant in relation to the business of the Group, nor has any Director had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Company were made up.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

During the two years immediately preceding the date of this prospectus, the following contracts (not being contracts entered into in the ordinary course of business of the Company) have been entered into by the Group and are or may be material:

- (a) the asset management agreement ("**Original Asset Management Agreement**") dated on 22 August 2013 entered into between 前海匯聯金融服務(深圳)有限公司 (in English for identification purpose only, Qianhai Flying Financial (Shenzhen) Services Co., Ltd.) ("**Qianhai Flying Financial**"), an indirect wholly-owned subsidiary of the Company, as the assets trustor, 五礦證券有限公司 (Minmetals Securities Co., Ltd.) as the manager and 寧波銀行股份有限公司 (Bank of Ningbo Co., Ltd.) as the custodian in relation to the investment and management of the entrusted assets in a total amount of RMB90 million (equivalent to approximately HK\$113.85 million), further details of which are set out in the announcement of the Company dated 22

August 2013. A supplemental asset management agreement was entered into between the parties to the Original Asset Management Agreement on 4 September 2014 to renew the Original Asset Management Agreement for a period of three years commencing from the expiry date of the Original Asset Management Agreement, further details of which are set out in the announcement of the Company dated 4 September 2014;

- (b) the equity transfer agreement dated 5 September 2013 entered into between 梅州市熙信投資諮詢有限公司 (in English for identification purpose only, Meizhou Xixin Investment Consulting Co., Ltd.) (“**Meizhou Xixin**”), an indirect wholly-owned subsidiary of the Company, as the purchaser and 深圳市通乾投資股份有限公司 (in English for identification purpose only, Shenzhen World-Beater Investment & Trading Co., Ltd.) (“**Shenzhen World-Beater**”) as the vendor, pursuant to which Meizhou Xixin agreed to purchase, and Shenzhen World-Beater agreed to sell the approximately 1.119% equity interest in 中鐵信託有限責任公司 (China Railway Trust Co., Ltd.) at a consideration of RMB78,309,227.36 (equivalent to approximately HK\$99,061,172.61), as supplemented by the supplemental agreement dated 17 March 2014 between the parties and terminated by a termination agreement dated 30 May 2014 between the parties, further details of the agreements are set out in the announcements of the Company dated 5 September 2013, 17 March 2014 and 30 May 2014;
- (c) the second supplemental single fund trust agreement dated 30 October 2014 entered into between Qianhai Flying Financial, an indirect wholly-owned subsidiary of the Company, and 四川信託有限公司 (Sichuan Trust Co., Ltd.) (“**Sichuan Trust**”), pursuant to which, upon expiry of the single fund trust agreement (as supplemented by a supplemental agreement dated 30 October 2013) (“**Old Single Fund Trust Agreement**”) entered into in September 2012 between Sichuan Trust as trustee and an independent third party as the single trustor and the single beneficiary in relation to a single fund trust established by Sichuan Trust as trustee (“**Old Single Fund Trust**”) on 29 October 2014, Qianhai Flying Financial agreed to invest the entrusted assets (“**Entrusted Assets**”) under the Old Single Fund Trust, being 200,000 notes of enterprise bonds with the total principal amount of RMB700 million issued by 萬正投資集團有限公司 (Vanzip Investment Group Co., Ltd.) of RMB100 each, into the new collective trust plan and subscribe for 20,000,000 trust units under the new collective trust plan with Sichuan Trust as trustee, further details of which are set out in the announcement of the Company dated 30 October 2014;
- (d) the new collective trust plan agreement I dated 30 October 2014 entered into between Qianhai Flying Financial and Sichuan Trustee, pursuant to which Qianhai Flying Financial agreed to invest the Entrusted Assets and subscribe for 20,000,000 trust units of the new collective trust plan phase I in accordance with the new collective trust plan agreement I, further details of which are set out in the announcement of the Company dated 30 October 2014;

- (e) the trust beneficial right transfer agreement dated 29 November 2013 entered into between Qianhai Flying Financial as transferee and 深圳市匯聯優債八號投資管理合夥企業(有限合夥) (in English for identification purpose of only, Shenzhen Huilian Preference Debt No. 8 Investment Management Partnership (Limited Partnership)) (“**Shenzhen Huilian**”) as the transferor, whereby Shenzhen Huilian agreed to transfer its then subsisting rights and obligations as the single trustor and the single beneficiary under the Old Single Fund Trust Agreements to Qianhai Flying Financial at a consideration of RMB10,000, further details of which are set out in the announcement of the Company dated 30 October 2014;
- (f) the share purchase agreement dated 17 February 2015 entered into between the Company as purchaser and Mr. Liu Weidong (劉偉東) (“**Mr. Liu**”) as vendor, pursuant to which the Company conditionally agreed to acquire from Mr. Liu and Mr. Liu conditionally agreed to sell fifty-one (51) ordinary shares of the Profit Success Technology Limited (“**Profit Success**”) (representing 51% of the issued share capital of Profit Success) at a total consideration of RMB70,500,000 (equivalent to approximately HK\$87,420,000), as supplemented by the supplemental agreement dated 30 September 2015 between the parties, further details of which are set out in the announcements of the Company dated 17 February 2015 and 30 September 2015;
- (g) the limited partnership agreement dated 29 July 2015 entered into between Qianhai Flying Financial, a wholly-owned subsidiary of the Company, and the general partner of the Limited Partnership, namely 深圳市碧桂融鑫投資管理有限公司 (in English for identification purpose only, Shenzhen Bigui Rongxin Investment Management Co., Limited) pursuant to which the parties agreed to form 深圳市碧桂融鑫四十八號投資管理合夥企業 (in English for identification purpose only, Shenzhen Bigui Rongxin No.48 Investment Management Partnership Enterprise), a limited partnership to be established under the laws of the PRC pursuant to the limited partnership agreement, further details of which are set out in the announcement of the Company dated 29 July 2015; and
- (h) the Underwriting Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this prospectus:

Name	Qualification
BDO Limited	Certified Public Accountants, Hong Kong

BDO Limited has given, and has not withdrawn, its written consent to the issue of this prospectus with the inclusion of its letter and report and reference to its names, as the case may be, in the form and context in which it appears.

As at the Latest Practicable Date, BDO Limited did not have any direct or indirect shareholding interest in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, BDO Limited did not have any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of by or leased to any member of the Group, respectively, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

10. DIRECTORS OF THE COMPANY

Particulars of Directors

Name	Correspondence Address
<i>Executive Director</i>	
Mr. Zheng Weijing	Room 801A and 807B, 8/F., Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
Mr. Zhang Gongjun	Room 801A and 807B, 8/F., Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
Ms. Guo Chanjiao	Room 801A and 807B, 8/F., Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
<i>Independent non-executive Director</i>	
Mr. Vincent Cheng	Room 801A and 807B, 8/F., Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
Mr. Leung Po Hon	Room 801A and 807B, 8/F., Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong
Dr. Miao Bo	Room 801A and 807B, 8/F., Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong

Biographies of the Directors

Executive Directors

Mr. ZHENG Weijing (鄭偉京先生), aged 42, the co-founder of our Group, is the chairman and chief executive officer of the Company. Mr. Zheng has been our vice president of the Company since September 2008 and was appointed as an executive Director on 4 May 2011 and re-designated as Chairman and chief

executive officer on 4 November 2014. He is responsible for strategic planning and overseeing the overall operation, general management and risk control of the Group.

Mr. Zheng finished the professional postgraduate course in Finance from Finance faculty of Graduate School of The Chinese Academy of Social Sciences in May 2007, and he has been attending courses for Executive Master of Business Administration of Peking University HSBC School of Business since February 2010.

Mr. ZHANG Gongjun (張公俊先生), aged 48, was appointed as an independent non-executive Director on 20 December 2011 and redesignated to an executive Director on 15 July 2015. Mr. Zhang obtained the certificate of master's degree in business administration from the Peking University in July 2013. Prior to being redesignated as an executive director of the Company, Mr. Zhang was the managing director of Shenzhen Sinoinvestment Management Company Limited, responsible for overall operational management. From August 2008 to January 2012, Mr. Zhang served as a non-executive director of Sino Grandness Food Industry Group Limited, a company incorporated in the Republic of Singapore whose shares are listed on the main board of the Singapore Exchange Securities Trading Limited with stock code T4B.

Ms. GUO Chanjiao (郭嬋嬌女士), aged 34, was appointed as an executive Director on 26 June 2015. Ms. Guo graduated with a master's degree in business administration from the New York Institute of Technology in May 2012, and a bachelor's degree in international trading in Nankai University in 2003. Ms. Guo is the assistant to chairman of the board and corporate development director of China Fortune Land Development Co. Ltd. from 2006 to 2008. She is the assistant to chairman of the board of Shenzhen Efung Capital Fund Management Co. Ltd. from 2009 to 2010. From 2011 to 2013, Ms. Guo is the corporate development director of Sino Singapore Tianjin Eco-City. Currently, Ms. Guo is the chief operating officer and vice president of the Company.

Independent non-executive Directors

Mr. Vincent CHENG (鄭嘉福先生), aged 51, *F CPA (Aust), F CPA (HK), FCIS, FTI (HK)*, was appointed as an independent nonexecutive Director on 20 December 2011. Mr. Cheng obtained a master degree in business administration from Deakin University in Australia, and a bachelor of arts degree in accountancy from the City University of Hong Kong. Mr. Cheng was admitted as a fellow of CPA Australia, the Institute of Chartered Secretaries and Administrators, Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong.

From December 1987 to September 2000, Mr. Cheng was employed by a financial planning firm and the last post was finance director. During October 2000 and February 2002, he worked as project manager to assist a company to seek its listing status in Hong Kong. From May 2003 to July 2010, he joined a listed company in Hong Kong and acted as qualified accountant & company secretary.

On 10 August 2013, Mr. Cheng was appointed as an independent non-executive director of Nanjing Sinolife United Company Limited* (南京中生聯合股份有限公司), a company which is a nutritional supplements retailer and listed on Main Board of the Stock Exchange (stock code: 3332). He is the independent non-executive Director who has the qualifications and experience (as mentioned above) to meet the requirements under Rules 5.05(2) of the GEM Listing Rules.

Mr. LEUNG Po Hon (梁寶漢先生), aged 51, *FCCA, CPA (Practising)*, was appointed as an independent non-executive Director on 15 August 2014. Mr. Leung graduated and obtained a Professional Diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1987. Mr. Leung holds a Master Degree in Business Administration of University of Bradford of the United Kingdom. He is also a member of Hong Kong Institute of Certified Public Accountants and a fellow member of Chartered Association of Certified Accountants.

Mr. Leung is currently a practicing director of Poon and Tong C.P.A. Limited, which he joined in 2001. Mr. Leung has more than 20 years of experience in accounting, auditing and financial management.

Mr. Leung has served as an independent non-executive director of China Investment Fund Company Limited (stock code: 0612), a company listed on the Main Board of the Stock Exchange, since 1 May 2015. Mr. Leung has also served as an independent non-executive director of C Y Foundation Group Limited (stock code: 1182), a company listed on the Main Board of the Stock Exchange, since 16 July 2015.

Dr. MIAO Bo (苗波博士), aged 37, was appointed as an independent non-executive Director on 15 July 2015. Dr. Miao graduated with a bachelor of laws from the China University of Political Science and Law in 2000, a master of laws in Tsinghua University in 2003 and a doctor of philosophy in laws from the Macquarie University in 2007. From 2008 to present, Dr. Miao is an assistant professor in the Department of Asian and International Studies from the City University of Hong Kong.

Biography of senior manager of the Company

Company secretary and chief financial officer

Mr. CHOW Chi Wing (周志榮先生), aged 37, was appointed as the company secretary and chief financial officer of the Company on 16 July 2015. Mr. Chow is responsible for the overall financial and company secretarial matters of the Group. Mr. Chow holds a Bachelor Degree of Business Administration (Hons.) (majoring in Accountancy) from The Hong Kong Baptist University. He is a fellow member of the Association of Chartered Certified Accountants and member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow has extensive experience in auditing with an international accounting firm.

11. CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Room 801A and 807B, 8/F. Tsim Sha Tsui Centre 66 Mody Road Tsim Sha Tsui Kowloon, Hong Kong
Head office and principal place of business in PRC	18th Floor, Block C, Building 1 Shenzhen Software Industry Base High-tech Industrial Park Nanshan District Shenzhen, China
Auditors	BDO Limited <i>Certified Public Accountants</i> 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Principal share registrar and transfer office in Cayman Island	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Mr. Zheng Weijing Mr. Chow Chi Wing, <i>CPA, FCCA</i>
Company secretary	Mr. Chow Chi Wing, <i>CPA, FCCA</i> Room 801A and 807B, 8/F. Tsim Sha Tsui Centre 66 Mody Road Tsim Sha Tsui Kowloon, Hong Kong

Compliance officer	Mr. Zheng Weijing
Underwriters	Ming Cheng Investment Limited GF Securities (Hong Kong) Brokerage Limited
Financial Advisor	GF Capital (Hong Kong) Limited 29th–30th Floor Li Po Chun Chambers 189 Des Voeux Road Central, Hong Kong
Legal adviser to the Company in relation to the Open Offer	<i>As to Hong Kong law</i> Leung & Lau Units 7208–10, 72nd Floor The Center, 99 Queen’s Road C Central, Hong Kong
Principal banker	Industrial and Commercial Bank of China Shenzhen Excellence Century Centre Branch 1/F, No. 3, Excellence Century Centre Fuhua Three Road Futian District Shenzhen, China

12. AUDIT COMMITTEE

An audit committee of the Company (“**Audit Committee**”) was established with written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules and Code Provision C.3.3. The Audit Committee must consist of a minimum of three members, all of whom must be non-executive Directors, at least one of whom must have appropriate professional qualification or accounting or related financial management expertise. There are three members in the Audit Committee comprising the three independent non-executive Directors, namely Mr. Vincent Cheng, Mr. Leung Po Hon, Dr. Miao Bo and Dr. Miao Bo is the chairman of the Audit Committee.

The primary duties of the Audit Committee are mainly to review the Company’s financial information, reporting process, internal control procedures, risk management system, audit plan, relationship with external auditors and to review arrangements to enable employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

13. BINDING EFFECT

The Prospectus Documents and all acceptance of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed “Expert and consent” in this appendix, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:30 p.m. on any Business Day at the office of Messrs. Leung & Lau at Units 7208–10, 72nd Floor, The Center, 99 Queen’s Road C., Central, Hong Kong from the date of this prospectus up to and including 23 October 2015:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2012, 31 December 2013 and 31 December 2014;
- (c) the report on the unaudited pro forma financial information on the Group as set out in Appendix II to this prospectus;
- (d) the material contracts referred to in the paragraph headed “Material contracts” in this Appendix;
- (e) the written consent from BDO Limited referred to in the section headed “Expert and consent” of this Appendix; and
- (f) the Prospectus Documents.