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## **FLYING FINANCIAL SERVICE HOLDINGS LIMITED**

**匯聯金融服務控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8030)**

### **DISCLOSEABLE TRANSACTION FINANCE LEASE AGREEMENTS**

On 17 October 2014, Zhongxi Finance Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Finance Lease Agreements with Akesai Technology pursuant to which Zhongxi Finance Leasing purchased the Photovoltaic Power Generation Equipments from Akesai Technology at a consideration of RMB19,000,000 (equivalent to approximately HK\$23,940,000) and the Photovoltaic Power Generation Equipments were leased back to Akesai Technology for a term of one year, commencing from 17 October 2014 until 16 October 2015.

In November 2014, the Company reviewed the previous transactions of the Group and regrettably, it was noted by the Company that it had inadvertently overlooked the Finance Lease Agreements and it was then noted that the transaction contemplated thereunder constituted discloseable transaction of the Company. The applicable percentage ratios for the transaction contemplated under the Finance Lease Agreements calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, hence the transaction contemplated under the Finance Lease Agreements constitute a discloseable transaction of the Company under the GEM Listing Rules and is subject to the notification and announcement requirements. The Company admits that the failure to timely comply with the above requirements constituted a breach of the GEM Listing Rules, and has forthwith notified the Stock Exchange and has taken step to rectify the breach as soon as practicable, including by way of this announcement.

This announcement is made to inform the Shareholders of the major terms of the Finance Lease Agreements.

## **THE FINANCE LEASE AGREEMENTS**

### **Date**

17 October 2014

### **Parties**

Lessor: Zhongxi Finance Leasing; and

Lessee: Akesai Technology

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Akesai Technology and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Finance lease arrangement**

Pursuant to the Finance Lease Agreements, Zhongxi Finance Leasing purchased the Photovoltaic Power Generation Equipments from Akesai Technology at a consideration of RMB19,000,000 (equivalent to approximately HK\$23,940,000) and the Photovoltaic Power Generation Equipments were leased back to Akesai Technology for a term of one year, commencing from 17 October 2014 until 16 October 2015.

### **Subject matter of the lease**

The Photovoltaic Power Generation Equipments comprised certain machinery, equipments and cables for photovoltaic power generation by Akesai Technology.

### **Lease rent and principal lease cost**

The lease rent to be paid by Akesai Technology to Zhongxi Finance Leasing was calculated based on the principal lease cost and the lease interest rate. The principal lease cost under the Finance Lease Agreements was RMB19,000,000 (equivalent to approximately HK\$23,940,000).

The interest rate for the lease was calculated at the annualized interest rate of 11% for the Lease Period. The aggregate lease rent payable by Akesai Technology to Zhongxi Finance Leasing under the Lease Period will be RMB2,090,000 (equivalent to approximately HK\$2,633,400), which shall be paid by Akesai Technology to Zhongxi Finance Leasing in twelve installments, i.e. approximately RMB174,167 per installment and payable by the 16th day of every month during the Lease Period. Upon expiry of the Lease Period, Akesai Technology shall repay the principal lease cost of RMB19,000,000 (equivalent to approximately HK\$23,940,000) in full to Zhongxi Finance Leasing.

The terms of the Finance Lease Agreements including the lease rent and the lease interest rate were determined after arm's length negotiation between Akesai Technology and Zhongxi Finance Leasing with reference to the prevailing market rates for finance lease for similar asset(s).

The consideration for the purchase of the Photovoltaic Power Generation Equipments under the Finance Lease Agreements paid by Zhongxi Finance Leasing was determined by reference to the average fair market price of the Photovoltaic Power Generation Equipments of the same kind and after arm's length negotiation between the parties. As at the date of this announcement, the payment of the consideration was already satisfied by Zhongxi Finance Leasing through its internal resources.

### **Ownership of the Photovoltaic Power Generation Equipments**

During the Lease Period, the ownership of the Photovoltaic Power Generation Equipments shall vest in Zhongxi Finance Leasing. Upon expiry of the Lease Period and subject to the full payment of the entire amount of lease rent and principal lease cost under the Finance Lease Agreements, Akesai Technology will have the right to purchase the Photovoltaic Power Generation Equipments at a nominal purchase price of RMB1. Upon full payment of the entire amount of lease rent, principal lease cost and the nominal purchase price by Akesai Technology, the title of and all rights in the Photovoltaic Power Generation Equipments shall vest in Akesai Technology.

### **Guarantee**

Pursuant to the Finance Lease Agreements, 深圳市核電工程建設有限公司 (Shenzhen Municipal Nuclear Power Engineering Construction Co., Ltd.\*), a company established in the PRC with limited liability and is principally engaged in the contract and construction of buildings and the contract and installation of mechanical and electrical equipment and pipeline, provided an unlimited joint and several liability corporate guarantee to secure the obligations of Akesai Technology under the Finance Lease Agreements.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Guarantor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Security Deposit**

A refundable security deposit (the "**Security Deposit**") of RMB1 million was charged by Zhongxi Finance Leasing and paid by Akesai Technology at the time of signing of the Finance Lease Agreements to secure its performance thereunder. The parties thereto agreed that no interests shall be payable for the Security Deposit during the Lease Period.

Pursuant to the Finance Lease Agreements, Zhongxi Finance Leasing is entitled to deduct from the Security Deposit if there is any outstanding payment or penalty resulting from any breach caused by Akesai Technology. Akesai Technology shall forthwith make up for the deduction and restore the amount of Security Deposit to RMB1 million within three business days after such deduction. At the expiry of the Lease Period, the Security Deposit shall be refunded to Akesai Technology or used to offset the entire or part of last installment of the lease rent.

## **INFORMATION OF ZHONGXI FINANCE LEASING AND AKESAI TECHNOLOGY**

Zhongxi Finance Leasing is a company established in the PRC with limited liability and is principally engaged in the finance lease and other leasing business. Zhongxi Finance Leasing is an indirect wholly-owned subsidiary of the Company.

Akesai Technology is a company established in the PRC with limited liability and is principally engaged in the development, investment, contract, design, procurement, construction and operation of solar, hydra and wind power generation project.

## **REASONS FOR THE FINANCE LEASE AGREEMENTS**

The principal activities of the Group are the provision of integrated short-term financing services, including pawn loan services and entrusted loan services. The Group also provides financial consultation services to its customers.

The entering into of the Finance Lease Agreements is in the ordinary and usual course of business of Zhongxi Finance Leasing and will enable Zhongxi Finance Leasing to earn an aggregate lease rent of RMB2,090,000 (equivalent to approximately HK\$2,633,400). Such rental income is expected to be used by the Group as general working capital.

Given that the Finance Lease Agreements are entered into in the ordinary and usual course of business of Zhongxi Finance Leasing and are under normal commercial terms, and that the transaction contemplated thereunder would generate revenue and profit to the Group over the Lease Period, the Directors are of the view that the terms of the Finance Lease Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

In November 2014, the Company reviewed the previous transactions of the Group and regrettably, it was noted by the Company that it had inadvertently overlooked the Finance Lease Agreements and it was then noted that the transaction contemplated thereunder constituted discloseable transactions of the Company. The applicable percentage ratios for the transaction contemplated under the Finance Lease Agreements calculated under Rule 19.07 of the GEM Listing Rules are more than 5% but less than 25%, hence the transaction contemplated under the Finance Lease Agreements constituted a discloseable transaction of the Company under the GEM Listing Rules and is subject to the notification and announcement requirements. The Company admits that the failure to timely comply with the above requirements constituted a breach of the GEM Listing Rules, and has forthwith notified the Stock Exchange and has taken step to rectify the breach as soon as practicable, including by way of this announcement.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Akesai Technology”	中能阿克塞科技有限公司 (Zhongneng Akesai Technology Co., Ltd.*), a company established in the PRC with limited liability, the lessee of the Lease Agreement and the vendor of the Purchase Agreement
“Board”	the board of Directors
“Company”	Flying Financial Service Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the directors of the Company
“Finance Lease Agreements”	collectively, the Lease Agreement and the Purchase Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	深圳市核電工程建設有限公司 (Shenzhen Municipal Nuclear Power Engineering Construction Co., Ltd.*), a company established in the PRC with limited liability, the guarantor for Akesai Technology under the Finance Lease Agreements
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement dated 17 October 2014 between Zhongxi Finance Leasing as lessor and Akesai Technology as lessee, pursuant to which Zhongxi Finance Leasing agreed to lease the Photovoltaic Power Generation Equipments to Akesai Technology for a term of one year in accordance with the term therein
“Lease Period”	a period of one year from 17 October 2014 to 16 October 2015

“Photovoltaic Power Generation Equipments”	certain machinery, equipments and cables for photovoltaic power generation by Akesai Technology
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, Macao Special Administrative Region and Taiwan
“Purchase Agreement”	the sale and purchase agreement dated 17 October 2014 between Zhongxi Finance Leasing as purchaser and Akesai Technology as vendor, pursuant to which Zhongxi Finance Leasing agreed to purchase the Photovoltaic Power Generation Equipments in accordance with the term therein
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongxi Finance Leasing”	中熙融資租賃(上海)有限公司 (Zhongxi Finance Leasing (Shanghai) Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; the lessor of the Lease Agreement and the purchaser of the Purchase Agreement
“%”	per cent.

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.26. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

By order of the Board  
**Flying Financial Service Holdings Limited**  
**Zheng Weijing**  
*Chairman*

Hong Kong, 19 November 2014

*As at the date of this announcement, the executive Director is Mr. Zheng Weijing (Chairman); and the independent non-executive Directors are Mr. Vincent Cheng, Mr. Leung Po Hon and Mr. Zhang Gongjun.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or in this announcement misleading.*

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

*\* For identification purpose only*