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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 21 December 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, a total of 14,134,143 Subscription Shares at the Subscription Price of HK\$0.312 per Subscription Share. The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM.

The total number of 14,134,143 Subscription Shares to be issued and allotted under the Subscription Agreement represents (i) approximately 20% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion Date save for the issue of the Subscription Shares) as enlarged by the issue and allotment of the Subscription Shares.

The Directors considered that the Subscription represents an opportunity to raise capital for the business operations of the Group while broadening the Shareholder base of the Company. The gross proceeds of the Subscription will be HK\$4.4 million.

After taking into account the estimated expenses related to the Subscription, the estimated net proceeds of the Subscription will be approximately HK\$4.35 million, representing the net price of approximately HK\$0.308 per Subscription Share. The Company intends to apply the net proceeds for the purposes of developing the Group's new data security related business. Completion of the Subscription is subject to the satisfaction of the conditions precedent under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Shareholders and potential investors of the Company should note that the Subscription is subject to the fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

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THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarised below:

Date : 21 December 2023 (after trading hours)

Issuer : The Company

Subscriber : (1) Mr. Zhang Yabin
(2) Ms. Zhao Ying
(3) Ms. Cai Yanhong; and
(4) Ms. Yang Ling

Mr. Zhang Yabin is a Research Assistant in the School of Accounting and Finance of The Hong Kong Polytechnic University. The Hong Kong Polytechnic University is a leading university and one of the best global universities in HK with world-class research in multiple disciplines making bold advances to break new ground. With over 80 years of proud tradition, The Hong Kong Polytechnic University is a world-class research university, ranking among the world's top 100 institutions.

Ms. Zhao Ying is the Chief Executive Officer of Zhenzhuo Media Limited. Zhenzhuo Media Limited is principally engaged in the media business in the People's Republic of China.

Ms. Cai Yanhong is a professional investor who is familiar in the R&D, production and overseas trade of maternal and infant products in the People's Republic of China for many years.

Ms. Yang Ling is a professional investor, she engaged in garment foreign export business in the People's Republic of China for more than ten years.

The Subscribers do not hold any Share as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscribers are Independent Third Parties.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber — Mr. Zhang Yabin has conditionally agreed to subscribe for 3,634,143 Subscription Shares; the Subscriber — Ms. Cai Yanhong has conditionally agreed to subscribe for 3,500,000 Subscription Shares; the Subscriber — Ms. Zhao Ying has conditionally agreed to subscribe for 3,500,000 Subscription Shares and the Subscriber — Ms. Yang Ling has conditionally agreed to subscribe for 3,500,000 Subscription Shares. The total number of 14,134,143 Subscription Shares represents (i) approximately 20% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion Date save for the issue of the Subscription Shares) as enlarged by the issue and allotment of the Subscription Shares. Based on the closing price of the Shares of HK\$0.312 per Share on 21 December 2023, being the date of the Subscription Agreement, the Subscription Shares have a market value of approximately HK\$4.4 million. The aggregate nominal value of the Subscription Shares is HK\$141,341.43.

Subscription Price

The Subscription Price is HK\$0.312 per Subscription Share, representing:

- (i) a discount of approximately 20.0% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 12.85% to the average closing price of HK\$0.358 per Share as quoted on the Stock Exchange in the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

Each of the Subscribers shall pay total Subscription Consideration for their respective Subscriptions of approximately HK\$1.1 million to the Company by cashier's order in full at Completion. The total Subscription Consideration under the Subscriptions is HK\$4.4 million.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscribers with reference to the prevailing market price of the Shares and the market condition. The Board considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONDITIONS PRECEDENT TO COMPLETION

Completion is conditional upon the satisfaction of the following conditions by 5:00 p.m. on the Long Stop Date (the “**Conditions Precedent**”):

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares, and such permission not having been subsequently revoked or withdrawn;
- (ii) all approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any governmental authority, regulatory body (including the Stock Exchange and the SFC) or other third party necessary for the consummation of the transactions contemplated in the Subscription Agreement having been obtained by the parties to the Subscription Agreement and remaining in full force and effect;
- (iii) the representations and warranties given by the Company remaining true, accurate and complete in all material respects; and
- (iv) there being no applicable law or regulations which prohibits, restricts or imposes conditions or limitations (save for the permission required under Condition Precedent (i) above) on the consummation of any of the transactions contemplated in the Subscription Agreement.

Save for Condition Precedent (iii) above, none of the Conditions Precedent can be waived by any party to the Subscription Agreement. If any of the Conditions Precedent is not fulfilled (or waived, as appropriate) on or before 5:00 p.m. on the Long Stop Date, the Subscription Agreement shall terminate and cease to be of any affect and the parties to the Subscription Agreement shall be released from all obligations thereunder, save for certain provisions relating to confidentiality and certain miscellaneous matters and save for liabilities for any antecedent breaches thereof.

COMPLETION

Completion shall take place within four (4) Business Days (or such later date as the parties to the Subscription Agreement may agree) after the day on which the last of the Conditions Precedent is satisfied in accordance with the terms of the Subscription Agreement.

RANKING OF SUBSCRIPTION SHARES

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue including the right to participate in all dividends, bonuses or distributions declared or paid by the Company on or after the Completion Date.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate, which has been granted to the Directors at the AGM to allot, issue and deal with up to 14,134,143 Shares, representing 20% of the total number of issued Shares as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no Shares have been allotted and issued by the Company under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares and the issue of the Subscription Shares is not subject to further approval by the Shareholders.

APPLICATION FOR LISTING

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

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is the holding company of the Group. Its subsidiaries are principally engaged in provision of investment in property development projects, operation of financial services platform, provision of entrusted loans and other loan services, financial consultation services and finance lease services mainly in the People's Republic of China (the "PRC").

In view of the current market conditions, the Directors consider that the Subscription represents a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for its operation and future business developments. The gross proceeds of the Subscription will be HK\$4.4 million. After taking into account the estimated expenses related to the Subscription, the estimated net proceeds of the Subscription will be approximately HK\$4.35 million, representing the net price of approximately HK\$0.308 per Subscription Share. The Company intends to apply the net proceeds from the Subscription for developing the Group's new data security related business of approximately HK\$4.35 million.

The Board considers the terms of the Subscription Agreement to be on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OVER THE PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company has not conducted any other fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of Proceeds (up to this announcement date)
7 June 2023	Placing of 36,042,067 new ordinary shares of HK\$0.01 each under Subscription Agreement at the subscription price of HK\$0.72 per share to the Subscriber or its nominee under the Specific Mandate who and whose respective ultimate beneficial owners shall be independent third parties (closing price per Share on the date of the Subscription agreement was HK\$0.90)	Approximately HK\$23.95 million	Intended to be used for (i) HKD10 million for development and operation of the financial service platform (as part of the fin-tech platform) and the provision of consultation service of the group; (ii) HKD5 million for repayment of indebtedness of the Company; (iii) HKD8.95 million for utilized of the general working capital purpose.	(i) HKD5 million was utilized as intended (ii) HKD3.3 million was utilized as intended (iii) HKD3.45 million was utilized as intended which is salaries expenses, rental expenses for PRC Shenzhen and Hong Kong premises and legal profession fee and other administrative expenses.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 70,670,717 Shares in issue. The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion Date save for the issue of the Subscription Shares):

	As at the date of this announcement		Immediately upon completion (assuming all the Subscription Shares are fully Subscribed)	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Shareholders				
Ms. Niu Chengjun	36,042,067	51.00	36,042,067	42.50
Ming Cheng Investments Limited (Note 1)	7,354,791	10.41	7,354,791	8.67
Zheng Weijing	812,604	1.15	812,604	0.96
Sino-Africa Resources Holdings Limited (Note 2)	5,113,520	7.24	5,113,520	6.03
Public Shareholders				
The Subscribers	—	0.00	14,134,143	16.67
Other public Shareholders	<u>21,347,735</u>	<u>30.20</u>	<u>21,347,735</u>	<u>25.17</u>
Total	<u>70,670,717</u>	<u>100.00</u>	<u>84,804,860</u>	<u>100.00</u>

Notes:

- (1) These shares were held by Ming Cheng Investments Limited as beneficial owner. Ming Cheng Investments Limited is a company wholly owned by Mr. Zheng Weijing.
- (2) These shares were held by Sino-Africa Resources Holdings Limited as beneficial owner. Sino-Africa Resource Holding Limited is a company wholly owned by Mr. Huang Xiguang.

Shareholders and potential investors of the Company should note that the Subscription is subject to the fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 20 June 2023
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal 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 signal 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 throughout their normal business hours
“Company”	Flying Financial Service Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands
“Completion”	completion of the Subscription in accordance with the terms of the Subscription Agreement
“Completion Date”	the date on which Completion takes place in accordance with the terms of the Subscription Agreement, which is within four (4) Business Days (or such later date as the parties to the Subscription Agreement may agree) after the day on which the last of the Conditions Precedent is satisfied
“Director(s)”	Directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the rules governing the listing of securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, pursuant to which the Directors are authorised to allot, issue and deal in not more than 14,134,143 new Shares, representing 20% of the issued share capital of the Company as at the date of the AGM
“Group”	The Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the GEM Listing Rules)
“Long Stop Date”	11 January 2024, or such later date as the parties to the Subscription Agreement may agree
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Mr. Zhang Yabin, Ms. Cai Yanhong, Ms. Zhao Ying and Ms. Yang Ling, being the subscribers of the Subscription
“Subscription”	the subscription of an aggregate of 14,134,143 Subscription Shares at the Subscription Price by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscribers dated 21 December 2023 in relation to the Subscription
“Subscription Price”	HK\$0.312 per Subscription Share
“Subscription Shares”	14,134,143 new Shares to be allotted and issued by the Company to the Subscribers pursuant to the terms of the Subscription Agreement
“%”	per cent.

By order of the Board
Flying Financial Service Holdings Limited
Liu Yi
Executive Director

Hong Kong, 21 December 2023

As at the date hereof, the Board comprises Ms. Liu Yi as executive Directors; Mr. Kam Hou Yin, John, Ms. Chong Kan Yu and Mr. Luo Sigang as independent non-executive Directors.

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

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.flyingfinancial.hk.