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If you are in any doubt as to any aspect of this circular 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 advisers.

If you have sold or transferred all your shares in Flying Financial Service Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Flying Financial Service Holdings Limited

匯聯金融服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8030)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY ONE SHARE
HELD ON THE RECORD DATE;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser



瑞盛資本有限公司
Draco Capital Limited

**Independent Financial Adviser to
the Independent Board Committee and Independent Shareholders**



首盛資本集團

Alpha Financial Group

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 6 to 26 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 27 of this circular. A letter from Alpha Financial containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 48 of this circular.

It should be noted that the Shares will be dealt in on an ex-right basis from Wednesday, 19 June 2024. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 3 July 2024 to Wednesday, 10 July 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable) and dealings in the nil-paid Rights Shares are accordingly subject to the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at 11:00 a.m. on Monday, 17 June 2024 at Units 5906–5912, 59/F, The Center, 99 Queen's Road Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of certain conditions. There is no minimum amount to be raised under the Rights Issue. Please refer to the section headed "Letter from the Board — Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Placing. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when all the conditions to which the Rights Issue is subject are fulfilled.

23 May 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	iii
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	27
LETTER FROM ALPHA FINANCIAL	28
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1
NOTICE OF EGM	EGM-1

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue and the Placing which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	2024
Latest time for lodging transfers of Existing Shares in order to qualify for attendance and voting at the EGM	4:30 p.m., Friday, 7 June
Register of members closes (both dates inclusive).....	Tuesday, 11 June to Monday, 17 June
Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM).....	11:00 a.m., Saturday, 15 June
Record date for determining attendance and voting at the EGM	Monday, 17 June
Expected date and time of the EGM.....	11:00 a.m., Monday, 17 June
Announcement of the poll result of the EGM	Monday, 17 June
Register of members re-opens.....	Tuesday, 18 June
Last day of dealings in Shares on a cum-rights basis	Tuesday, 18 June
First day of dealings in Shares on a ex-right basis.....	Wednesday, 19 June
Latest time to the shareholders to lodge transfer of Shares in order to qualify for the Right Issue	4:30 p.m., Thursday, 20 June
Closure of register of members of the Company for the Rights Issue (both dates inclusive)	Friday, 21 June to Thursday, 27 June
Record Date for determining entitlements under the Rights Issue.....	Thursday, 27 June
Register of members reopens.....	Friday, 28 June
Prospectus Documents to be despatched	Friday, 28 June
First day of dealing in nil-paid Rights Shares	Wednesday, 3 July
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m., Friday, 5 July
Last day of dealing in nil-paid Rights Shares	Wednesday, 10 July

EXPECTED TIMETABLE

Event	2024
Latest time for acceptance of and payment for the Rights Shares.....	4:00 p.m., Monday, 15 July
Announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements	Tuesday, 23 July
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent.....	Wednesday, 24 July
Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent.....	6:00 p.m. on Friday, 26 July
Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares to become unconditional	4:00 p.m. on Monday, 29 July
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per NQS Unsold Rights Share under the Compensatory Arrangements)	Monday, 5 August
Refund cheques, if any, to be despatched (if the Rights Issue does not proceed)	Tuesday, 6 August
Certificates for fully-paid Rights Shares to be despatched	Tuesday, 6 August
Expected commencement of dealings in fully-paid Rights Shares.....	9:00 a.m. on Wednesday, 7 August

Notes:

- (1) Shareholders should note that the dates and deadlines specified in the above timetable, and in other parts of this circular are indicative only and subject to change. Further announcement(s) will be made if there is any change to the expected timetable.
- (2) All references to times and dates are references to Hong Kong times and dates.

All times and dates in this circular refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Monday, 15 July 2024 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions” is:

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

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this circular may be affected. An announcement will be made by the Company in such event as soon as possible.

DEFINITIONS

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

“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or a Sunday or public holiday or a day on which “extreme conditions” is announced by the Government of Hong Kong or a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Flying Financial Service Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(b) of the GEM Listing Rules
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue

DEFINITIONS

“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser” or “Alpha Financial”	Alpha Financial Group Limited, a licensed corporation to carry out Type 1 (Dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Parties”	third parties independent of and not connected with the Company and its connected person
“Last Trading Day”	Friday, 26 April 2024, the last day on which the Existing Shares were traded on the Stock Exchange immediately preceding the announcement of the Rights Issue
“Latest Practicable Date”	21 May 2024, being the latest practicable date prior to printing of this circular for ascertaining certain information referred to in this circular

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Monday, 15 July 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Net Gain”	The premium paid by the Placees over the Subscription Price for the Placing Shares placed by the Placing agent
“Nil-Paid Rights”	Rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action Shareholders”	Qualifying Shareholders or their renouces who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or such persons who are the holders of Nil-Paid Rights when such Nil-Paid Rights lapse
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s), to whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary or expedient not to offer the Rights Issue 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
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholders”	Shareholders whose address on the register of members of the Company are outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing Agent”	Tiger Faith Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activities under the SFO

DEFINITIONS

“Placing Agreement”	the placing agreement dated Friday, 26 April 2024 entered into between the Company and the Placing Agent in relation to the placing arrangement of the Rights Issue
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 28 June 2024 (or such later date as may be determined by the Company) for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Public Float Requirement”	the public float requirement under Rule 11.23(7) of the GEM Listing Rules
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at 4:00 p.m. on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 27 June 2024 or such other date as may be determined by the Company for determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of three (3) Rights Shares for every one (1) Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Placing Agreement and the Prospectus Documents
“Rights Share(s)”	New Shares proposed to be offered to the Qualifying Shareholders pursuant to the Rights Issue
“SFO”	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	the Existing Share(s) and/or the Share(s) (as the case may be)

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.25 per Rights Share
“Substantial Shareholder(s)”	has the meaning described to it under the GEM Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buybacks
“Unsubscribed Rights Shares”	means those (if any) of the Rights Shares in respect of which valid application under the PALs (accompanied by remittances for the relevant amounts payable on acceptance or application) have not been received on or before the Latest Time for Acceptance
“%”	per cent

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 Director:

Ms. Liu Yi

Independent non-executive Directors:

Mr. Luo Sigang

Mr. Kam Hou Yin, John

Ms. Chong Kan Yu

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of

business in Hong Kong:

Room 1007, 10/F,

West Wing, Tsimshatsui Centre

66 Mody Road

Tsim Sha Tsui

Kowloon, Hong Kong

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

Room 902, Block A

Xiangnian Plaza

No. 4060, Qiaoxiang Road

Gaofa Community

Shahe Street, Nanshan District

Shenzhen, China

23 May 2024

*To the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders
(if any)*

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY ONE SHARE
HELD ON THE RECORD DATE;**

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information on the Rights Issue and certain financial information and other general information of the Group.

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

Details of the proposed Rights Issue are summarised below:

Rights Issue Statistics

Assuming no change in the number of issued Shares on or before the Record Date:

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.25 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	84,804,860 Shares
Number of Rights Shares	:	Not less than 254,414,580 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date)
Amount to be raised by the Rights Issue before expenses	:	Approximately HK\$63.6 million

The Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the 254,414,580 Rights Shares to be allotted and issued pursuant to the Rights Issue represent (i) 300% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 75.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Save for the connected transaction in relation to subscription of new shares under specific mandate and the subscription of new shares under general mandate, the Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of Placing Agreement. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent

LETTER FROM THE BOARD

Places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, a Qualifying Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Qualifying Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Qualifying Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

Ms. Niu also irrevocably and unconditionally undertake to the Company that she will subscribe for any amount of shares under the proposed issue of 254,414,580 Rights Shares at HK\$0.25 per Rights Share on the basis of three (3) Rights Share for every one (1) Shares with the said amount of shares being scaled down to a level which does not trigger an obligation on Ms. Niu's part to make a general offer under The Hong Kong Code on Takeovers and Mergers. The maximum number of Shares that may be subscribed by Ms. Niu is (i) 1,085,502 Shares (42.50% (being the lowest percentage) +2% "creeper" minus 43.22% (percentage as at the Latest Practicable Date)) times 84,804,860 Existing Shares if nil acceptance of the Rights Shares by all other Shareholders; and (ii) 109,956,201 Shares (being 36,652,067 Existing Shares times three) if all the Rights Issue has been fully subscribed or placed.

Undertaking

Except for the undertaking by Ms. Niu as stated per above, as at the Latest Practicable Date, the Company has not received any indication from any Substantial Shareholder of the Company whether or not they intend to take up their entitlement under the Rights Issue.

Any Shareholder, together with parties acting in concert with it (if any), who as a result of the Rights Issue collectively hold 30% or more of the voting rights in the Company will, subject to any waiver which may be granted by the Securities and Futures Commission, be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already held by it. Shareholders are reminded that for his/her/its assured entitlement under the Rights Issue, they could apply for scale down to a level which does not trigger an obligation on part of the relevant Qualifying Shareholder to make a general offer under the Takeovers Code. For details, you may refer to "PROPOSED RIGHTS ISSUE — Non-underwritten basis" (from page 7) about the scale down arrangement (second paragraph on page 8).

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price of HK\$0.25 per Rights Share, is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or a transferee of nil paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 24.2% to the closing price of HK\$0.33 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 22.8% to the average closing price of approximately HK\$0.324 per Existing Share for the last five (5) consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 22.4% to the average closing price of approximately HK\$0.322 per Existing Share for the last ten (10) consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 31.5% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a discount of approximately 7.4% to the theoretical ex-rights price of approximately HK\$0.25 per Share based on the benchmarked price of approximately HK\$0.27 per Share;
- (vi) a discount of approximately 64.8% to the net asset value per Share of approximately HK\$0.71 (based on the latest audited consolidated net asset value of the Group of approximately HK\$60.5 million as at 31 December 2023 as disclosed in the annual report of the Company for the financial year ended 31 December 2023 and 84,804,860 Shares); and
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.79%, represented by the theoretical diluted price of approximately HK\$0.25 per Share to the benchmarked price of approximately HK\$0.33 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.33 per Existing Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.324 per Existing Share).

The Directors consider that the discount of the Subscription Price would be necessary to enhance the attractiveness of, and to encourage Shareholders to participate in, the Rights Issue, in particular in view of the sustained low trading volume and low market price of the Shares in recent years, and accordingly to maintain their shareholdings in the Company and to participate in the growth and development of the Group going forward. Despite the dilutive impact of the Rights Issue on those Shareholders who do not take up their entitlements to the Rights Shares, the Directors consider that the significant discount of the Subscription Price provides all

LETTER FROM THE BOARD

Shareholders with the opportunity to maintain their shareholding in the Company at a lower cost through this fund raising, and that this approach balances the interests of both the Company and the Shareholders in the exercise. Taking into account the reasons for the Rights Issue as stated in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” below, the Directors believe that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to participate in the future growth of the Group. The Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from Alpha Financial) considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The estimated net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.24.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the passing by the Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date);
- (ii) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only by the Prospectus Posting Date; and
- (v) the Placing Agreement not being terminated.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As the Rights Issue is subject to the above conditions, it may or may not proceed.

LETTER FROM THE BOARD

As at the Latest Practicable Date, none of the conditions has been satisfied or fulfilled.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date.

To qualify for the Rights Issue, a Shareholder must (i) be registered as a member of the Company on the Record Date and (ii) not be a Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies or held in CCASS should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies or held in CCASS are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 20 June 2024.

The last day for dealing in the Shares on a cum-rights basis is Tuesday, 18 June 2024. The Shares will be dealt with on an ex-rights basis from Wednesday, 19 June 2024.

The latest time for acceptance of and payment for the Rights Shares is expected to be at 4:00 p.m. on Monday, 15 July 2024.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

LETTER FROM THE BOARD

In compliance with Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company notes the requirements specified in section 140 of the Companies Ordinance and Rule 17.41(1) of the GEM Listing Rules and will only exclude the Overseas Shareholders from the Rights Issue whom the Directors, after making enquiries, consider it necessary or expedient to exclude on account of either the legal restrictions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not less than HK\$100. In view of administrative costs, the Company will retain individual amount of less than HK\$100 for its own benefit.

Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Compensatory Arrangements together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

The Overseas Shareholders

The Company has obtained preliminary advice from legal adviser. Meanwhile, the Directors are of the same view of the legal adviser that the relevant overseas legal restrictions and requirements of the relevant regulatory body or the Stock Exchange do not make it

LETTER FROM THE BOARD

necessary or expedient to exclude the Overseas Shareholders with registered addresses in the PRC from the Rights Issue. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC.

If a Shareholder resides in the PRC and/or any other PRC resident wishes to invest in the nil-paid Rights Shares or the fully-paid Rights Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses or damages due to noncompliance with the relevant laws of the PRC by any such Shareholder and/or the PRC resident, the Shareholder and/or the PRC resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or the fully-paid Rights Shares to any such Shareholder and/or PRC resident, if issuing the nil-paid Rights or the fully-paid Rights Shares to them does not comply with the relevant laws of the PRC.

Based on the register of members of the Company as at the Latest Practicable Date, there were three Shareholders with registered addresses situated in the PRC, details of which are as follows:

Country	Number of Shareholder(s)	Total Shareholdings	% of Issued Shares
The PRC	<u>3</u>	<u>698,879</u>	<u>0.82</u>
Total	<u><u>3</u></u>	<u><u>698,879</u></u>	<u><u>0.82</u></u>

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares then in issue in all respects. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Procedures in respect of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent Places for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

LETTER FROM THE BOARD

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders and the Non-Qualifying Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

The Placing Agreement

On 26 April 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Compensatory Arrangement are as follows:

- | | | |
|--------------------------|---|--|
| Date | : | 26 April 2024 (after trading hours) |
| Parties | : | (i) the Company, as issuer; and (ii) the Placing Agent |
| Placing Agent | : | Tiger Faith Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities. As at the date hereof, it is independent of and not connected with the Company or its connected persons. |
| Number of placing Shares | : | Up to 254,414,580 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date) |

LETTER FROM THE BOARD

- Fees and expenses : (i) 3% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and NQS Unsold Rights Shares, that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement or (ii) HK\$800,000, whichever is higher, and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
- Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Shares (as the case may be) : The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be not less than the Subscription Price.
- The final price determination will depend on the demand and market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of Placing.
- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue, in order to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company and none of the placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.
- Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Shares then in issue.

LETTER FROM THE BOARD

Termination : The Compensatory Arrangements shall end on Monday, 29 July 2024 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions (the "**Conditions**") being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares);
- (ii) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and

LETTER FROM THE BOARD

- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the Conditions (other than those set out in paragraph (ii) above) by notice in writing to the Company.

Completion : Placing completion shall take place at the offices of the Placing Agent within five Business Days after publication of an announcement of results of the Rights Issue or waiver (as the case may be) of the Conditions or such other date as the Company and the Placing Agent may agree in writing.

Pursuant to the Placing Agreement, the Placing Agent shall ensure that (1) each of the places procured by the Placing Agent shall be an Independent Third Party of and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; (2) the Public Float Requirement be complied with by the Company upon completion of the Rights Issue; and (3) each placee procured by the Placing Agent (together with parties acting in concert with the respective placees or any of the connected persons or associates of the respective placees) shall not hold in aggregate 30% (or such percentage which will trigger any mandatory general offer obligation under the Takeovers Code) or more of the voting rights of the Company immediately after the Rights Issue.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its associates do not hold any Shares as at the Latest Practicable Date. The Placing Agent and its ultimate beneficial owners are independent third parties and not connected with the Company or its connected persons as defined under the GEM Listing Rules.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company and is on normal commercial terms with reference to the market conditions, the existing financial position of the Group and the size of the Rights Issue. The Board considers the terms of the Placing Agreement (including the commission payable) are on normal commercial terms.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

LETTER FROM THE BOARD

Eligibility for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange or such other date as may be 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 settlement 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.

The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 5,000 Shares per each board lot.

Dealings in the Rights Shares in both their nil-paid and fully paid forms, which are registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy, and any other applicable fees and charges in Hong Kong.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully paid forms, which are registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy, and any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

LETTER FROM THE BOARD

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for and paid for the Rights Shares on or before Tuesday, 6 August 2024 by ordinary post at their own risk. If the Rights Issue is terminated or for unsuccessful application for Rights Issue, refund cheques in respect of the acceptance for Rights Shares are expected to be posted on or before Tuesday, 6 August 2024 by ordinary post to the applicants at their own risk.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 21 June 2024 to Thursday, 27 June 2024, both dates inclusive, to determine entitlements of the Qualifying Shareholders to participate in the Rights Issue. No transfer of Shares will be registered during this period.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in its operation of financial service platforms. Such financial service platform has established comprehensive business process and technology system covering customer acquisition, risk identification, risk assessment, loan distribution channel, payment channel and big data analysis.

Reference is made to the announcements of the Company as at 23 February 2024 and 15 March 2024, the Company is in the progress of setting up subsidiaries in Hong Kong, Macau and Philippines for planning and developing the new service platform in relation to financial technology and travelling to capture new market opportunities. The Company's executive Director, Ms. Liu Yi, has developed connection and management experience in travel industry besides her experience in finance industry. The Company plans to adopt an open platform business model (open for fleets and travelers to join the platform) to (i) identify the opportunity of improving personal mobility by matching fleets and travelers; (ii) create the value proposition for each group and have competitive pricing and reduced wait times; (iii) create cross-referral opportunities between the Company's existing financial platform and the new platform and (iv) develop and offer travel package to customers of the new platform so as to catch opportunities of the recovered travelling industry. The budgeted capital investment of the new service platform is approximately HK\$11.8 million and the budgeted capital investment for the development of existing financial service platform is approximately HK\$7.8 million. As disclosed in the latest published financial statement as at 31 December 2023, the Company's cash and bank balance is approximately RMB16,561,000. The estimated general working capital requirement of the Group in the next 18 months is over RMB100 million. The Company has funds in PRC, the Company does not transfer funds from PRC to Hong Kong because of foreign exchange control of PRC. As at the Latest Practicable Date, the cash and bank balance of the Company in Hong Kong is insufficient to meet the upcoming planned development and general working capital requirement of the Group, including staff costs, rental costs, professional fees and other overhead expenses in the next 18 months. As such, the net proceeds of the proposed Rights Issue are intended to be applied primarily for the

LETTER FROM THE BOARD

upcoming development and general working capital of the Group for the next 18 months. If the rights issue does not proceed, the Company would delay or scale down the upcoming planned development to ensure sufficient working capital. The Company does not have any intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) to downsize or dispose of the existing business.

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$63.6 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$3.3 million) are estimated to be approximately HK\$60.3 million (assuming no other change in the number of Shares in issue on or before the Record Date), which are intended to be applied in following manner:

- (i) HK\$19.6 million, representing approximately 32.5% of the net proceeds, shall be applied for the development and operation of the data center of the Group, out of which approximately 20% is for staff costs, approximately 60% is for the acquisition cost of the data center, approximately 20% is for the purchases of computer and equipments; and
- (ii) HK\$19.6 million, representing approximately 32.5% of the net proceeds, shall be applied for development and operation of new service platform in relation to financial technology and travelling in Hong Kong, Macau out of which approximately 50% is for staff costs, approximately 30% is for the office rental cost, approximately 20% is for the purchases of computer and equipments; and
- (iii) HK\$9 million, representing approximately 15% of the net proceeds, shall be applied for development and operation of new service platform in relation to financial technology and travelling in Philippines; and
- (iv) HK\$12.1 million, representing approximately 20% of the net proceeds, shall be applied for general working capital of the Company in Hong Kong.

The Board has considered other fund-raising alternatives before resolving to the proposed Rights Issue, including but not limited to debt financing, placing and open offer. As debt financing would result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations, the Board does not consider it to be beneficial to the Group. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for placing of new Shares, taking into account that (i) it is relatively smaller in scale as compared to fund raising through rights issue; (ii) it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company, it was not considered by the Board to be the most suitable fund-raising method for the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil paid rights attaching thereto.

LETTER FROM THE BOARD

The Board considers that the Rights Issue, when compared with other forms of equity fund raising, would offer the Qualifying Shareholders the opportunity to subscribe for Rights Shares in proportion to their existing shareholdings in the Company without having their relative shareholdings being diluted and the Board considers that the terms of the Rights Issue are fair and reasonable and in the best interest of the Shareholders as a whole as it allows Qualifying Shareholders to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Company and it will improve the capital base and gearing ratio of the Company. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The Company choose to conduct the Rights Issue on the non-underwritten basis because fully underwritten basis would not be feasible for the Company after consulting financial adviser under the current market condition and with reference to the drop-off of fund raising activities of the initial public offerings in the recent years; if the Company cannot raise sufficient funds for the intended uses, the Company will delay to proceed with the new service platform or scale down the development if it cannot obtain the required funds. The overall allocation of the proceeds will decrease proportionally if the Company raised less than the target fund.

The Company will fully utilized the proceeds around June 2024 raised from the connected transaction announced in May 2022 and the subscription under general mandate announced in December 2023. Since the process of Rights Issue usually takes around three to four months to complete, therefore the Company needs to conduct the Rights Issue.

In view of the above, the Board considered that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below sets out some possible changes in the shareholding structure of the Company arising from the Rights Issue which are for illustrative purpose only.

As at the Latest Practicable Date, the Company has 84,804,860 Shares in issue. Set out below is the shareholding structures of the Company (i) as at the Latest Practicable Date of this circular, (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of the Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders (Note 2)		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent (Note 2)		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Shareholders								
Ms. Niu Chengjun (Note 1)	36,652,067	43.22	146,608,268	43.22	36,652,067	43.22	36,652,067	10.80
Public Shareholders								
Sino-Africa Resources Holdings Limited (Note 2)	5,113,520	6.03	20,454,080	6.03	5,113,520	6.03	5,113,520	1.51
Independent Placees (Note 3)	—	—	—	—	—	—	254,414,580	75
Other public Shareholders	43,039,273	50.75	172,157,092	50.75	43,039,273	50.75	43,039,273	12.69
Total	84,804,860	100	339,219,440	100	84,804,860	100	339,219,440	100

Notes:

- (1) The maximum number of Shares that may be subscribed by Ms. Niu is (i) 1,085,502 Shares if nil acceptance of the Rights Shares by all other Shareholders; and (ii) 109,956,201 Shares if all the Rights Issue has been fully subscribed or placed. For any amount of Shares that Ms. Niu would subscribe, the amount of Shares will be scaled down to a level which does not trigger an obligation on Ms. Niu's part to make a general offer under The Hong Kong Code on Takeovers and Mergers.
- (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.

LETTER FROM THE BOARD

- (3) Per Placing Agreement, the Placing Agent shall ensure that (1) each of the placees procured by the Placing Agent shall be an Independent Third Party of and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; (2) the Public Float Requirement be complied with by the Company upon completion of the Rights Issue. Therefore, the Independent Placees will be public shareholders.

The public float under the scenario “Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders”, “Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent” and “Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent” will be 56.78%, 56.78% and 89.2%, respectively.

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 Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

EQUITY FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE LATEST PRACTICABLE DATE

The Company had carried out the following equity fund-raising activities in the 12 months immediately preceding the Latest Practicable Date:

Date of initial announcement	Fund raising activity	Net proceeds raised <i>Approximate (HK\$)</i>	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
23 May 2022	Connected transaction in relation to subscription of new shares under specific mandate	23.95 million	Development and operation of the financial service platform; Repayment of indebtedness of the Company; Company’s general working capital	To be fully utilized in mid-2024
21 December 2023	Subscription of new shares under general mandate	4.35 million	Development of the Group’s new data security related business	To be fully utilized in mid-2024

LETTER FROM THE BOARD

As at the Latest Practicable Date, save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund raising activity for the Group in the coming 12 months; and the Company has no intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

IMPLICATIONS UNDER THE GEM LISTING RULES

Rights Issue

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 months period immediately preceding the Latest Practicable Date, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM. As at the Latest Practicable Date, Ms. Niu is a controlling shareholder which owns 36,652,067 Existing Shares, representing approximately 43.22% of the issued share capital of the Company, as such she and her associates shall abstain from voting in favour of the resolutions to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder respectively at the EGM.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. In this connection, Alpha Financial has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

WARNING ON THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in this circular. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

LETTER FROM THE BOARD

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Wednesday, 19 June 2024. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 3 July 2024 to Wednesday, 10 July 2024 (both dates inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares and any dealings in the Rights Shares in their nil-paid form from Wednesday, 3 July 2024 to Wednesday, 10 July 2024 (both dates inclusive) will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

GENERAL — EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Rights Issue. A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of Rights Issue; (iii) a letter of advice from Alpha Financial to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched on or before 23 May 2024 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

The Prospectus Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Friday, 28 June 2024. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for information purposes only but will not send any PAL to them.

RECOMMENDATION

Having considered the above-mentioned benefits to the Group, the Board considered that Rights Issue is in the interest of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue.

LETTER FROM THE BOARD

CLOSURE OF BOOKS

For determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Monday, 17 June 2024 (both dates inclusive) during which period no transfer of the Shares will be registered. In order to be qualified for the entitlement to attend and vote at the EGM, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Friday, 7 June 2024.

ADDITIONAL INFORMATION

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

For and on behalf of
Flying Financial Service Holdings Limited
Liu Yi
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.



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)

23 May 2024

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD ON
THE RECORD DATE**

We refer to the circular of the Company dated 23 May 2024 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and are fair and reasonable so far as the Independent Shareholders are concerned.

Alpha Financial has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

Having taken into account the terms of the Rights Issue, and the advice from Alpha Financial, we are of the opinion that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee
Flying Financial Service Holdings Limited

LETTER FROM ALPHA FINANCIAL

The following is the full text of the letter from Alpha Financial Group Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Alpha Financial Group Limited

Room A, 17/F
Fortune House
61 Connaught Road Central
Central, Hong Kong

23 May 2024

*To the Independent Board Committee and the Independent Shareholders of
Flying Financial Service Holdings Limited*

Dear Sirs or Madams,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue and the transactions contemplated thereunder, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 23 May 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Announcement, in relation to, among other things, the Rights Issue. The Company proposes to raise up to approximately HK\$63.6 million before expenses by way of a rights issue of 254,414,580 Rights Shares at the Subscription Price of HK\$0.25 each and on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date (assuming no change in the issued share capital of the Company on or before the Record Date). The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be approximately HK\$60.3 million.

LETTER FROM ALPHA FINANCIAL

GEM LISTING RULES IMPLICATIONS

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 months period immediately preceding the Latest Practicable Date, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the Latest Practicable Date, Ms. Niu, being a controlling shareholder of the Company, directly holds 36,652,067 Shares (representing approximately 43.22% of the issued share capital of the Company as at the Latest Practicable Date). Accordingly, Ms. Niu and her associates (if any) shall abstain from voting in favour of the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules.

Save for the connected transaction in relation to subscription of new shares under specific mandate and the subscription of new shares under general mandate (details can be referred to in the announcements of the Company dated 21 December 2023 and 9 January 2024), the Company did not conduct any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Kam Hou Yin, John, Ms. Chong Kan Yu and Mr. Luo Sigang, all being independent non-executive Directors, has been established to advise the Independent Shareholders regarding advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser. We, Alpha Financial Group Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

OUR INDEPENDENCE

During the last two years, we were engaged as an independent financial adviser to the Company in respect of the subscription of new shares, the issuance of new shares under specific mandate, the whitewash waiver and all the transactions contemplated thereunder (details can be referred to in the announcements of the Company dated 23 May 2022 and 1

LETTER FROM ALPHA FINANCIAL

June 2022 and the circular of the Company dated 8 July 2022). As at the Latest Practicable Date, we do not have any relationship with, or have any interest in, the Group and its associates that could reasonably be regarded as relevant to our independence. As at the Latest Practicable Date, apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser and the engagement as stated above, no other arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence as defined under Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information.

We have assumed that all the information provided, and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon and continue to be so up to the date of the EGM. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and continue to be so up to the date of the EGM and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM. Independent Shareholders will be informed of any material change of information and the representations made or referred to in the Circular as soon as possible up to the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. In formulating our recommendation in relation to the Rights Issue and pursuant to Rule 17.92 of the GEM Listing Rules, we have obtained and reviewed the relevant information in relation to the Rights Issue, among others, (i) the annual report for the year ended 31 December 2023 of the Company (the “**2023 Annual Report**”); (ii) the annual report for the year ended 31 December 2022 of the Company (the “**2022 Annual Report**”); and (iii) the recent announcements of the Company; and (iv) the information set out in the Circular.

LETTER FROM ALPHA FINANCIAL

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made, or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1 BACKGROUND AND FINANCIAL INFORMATION OF THE GROUP

1.1 Information on the Group

The Group, comprising the Company and its subsidiaries, currently engages in 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"). The Company acts as an investment holding company.

1.2 Financial information of the Group

Set out below is a summary of the audited consolidated financial results of the Group for the three years ended 31 December 2023, 2022 and 2021 ("FY2023", "FY2022" and "FY2021", respectively) as extracted from the 2023 Annual Report and the 2022 Annual Report:

	FY2023 <i>RMB'000</i> (audited)	FY2022 <i>RMB'000</i> (audited)	FY2021 <i>RMB'000</i> (audited)
Revenue	87,307	76,671	20,059
Profit/(loss) for the year attributable to owners of the Company	16,926	2,605	(265,276)

LETTER FROM ALPHA FINANCIAL

	As at 31 December 2023 RMB'000 (audited)	As at 31 December 2022 RMB'000 (audited)	As at 31 December 2021 RMB'000 (audited)
Non-current assets	5,128	6,496	71,358
Current assets	97,239	49,209	16,847
Total assets	102,367	55,705	88,205
Non-current liabilities	3,830	5,195	—
Current liabilities	43,462	35,017	92,470
Total liabilities	47,292	40,212	92,470
Cash and cash equivalents	16,561	4,912	14,086
Net current assets/(liabilities)	53,777	14,192	(75,623)
Equity attributable to owners of the Company	54,885	15,239	10,243

FY2022 vs FY2021

For FY2022, the Group recorded a turnover of approximately RMB76.7 million, representing a significant increase of approximately 282.2% from approximately RMB20.1 million for FY2021, primarily due to the increase of platform service income during the year. In terms of revenue breakdown, revenue from financial service platforms amounted to approximately RMB75.2 million for FY2022, representing an increase of approximately 282.7% and revenue from interest income and finance lease service income amounted to approximately RMB1.4 million for FY2022, representing a year-on-year increase of approximately 260.6%.

For FY2022, profit attributable to the owners of the Company was approximately RMB2.6 million (FY2021: loss of approximately RMB265.3 million), which was primarily due to the revenue increase from financial service platform business. It is also worth noting that the Group recorded a fair value loss on financial assets at fair value through profit of loss of approximately RMB196.0 million, which contributed to its loss for FY2021.

The Group's financial position remained tight with relatively low working capital and net current assets of approximately RMB14.2 million as at 31 December 2022 (31 December 2021: net current liabilities of approximately RMB75.6 million). The Group had total liabilities of approximately RMB40.2 million (31 December 2021: approximately RMB92.5 million) and the total assets of approximately RMB55.7 million (31 December 2021: approximately RMB88.2 million) as at 31 December 2022, of which bank balances and cash amounted to approximately

LETTER FROM ALPHA FINANCIAL

RMB4.9 million (31 December 2021: approximately RMB14.1 million). The Group reported negative operating cash flow of approximately RMB16.8 million for FY2022 (FY2021: positive operating cash flow of approximately RMB5.1 million).

FY2023 vs FY2022

The Group's revenue slightly increased by approximately 13.9% from approximately RMB76.7 million for FY2022 to approximately RMB87.3 million for FY2023, mainly due to the increase of platform service income during the year. In terms of revenue breakdown, revenue from financial service platforms amounted to approximately RMB83.4 million for FY2023, representing an increase of approximately 10.9% and revenue from interest income and finance lease service income for the year under review amounted to approximately RMB3.9 million for FY2023, representing a year-on-year increase of approximately 169.6%.

For FY2023, profit attributable to the owners of the Company was approximately RMB16.9 million (FY2022: approximately RMB2.6 million), which was primarily due to the revenue increase from financial service platform business.

The Group's financial position improved with net current assets of approximately RMB53.8 million as at 31 December 2023 (31 December 2022: approximately RMB14.2 million). As at 31 December 2023, the Group had total liabilities of approximately RMB47.3 million (31 December 2022: approximately RMB40.2 million) and total assets of approximately RMB102.4 million (31 December 2022: approximately RMB55.7 million), of which cash and cash equivalents amounted to approximately RMB16.6 million (31 December 2022: approximately RMB4.9 million). The Group reported negative operating cash flow of approximately RMB10.0 million for FY2023 (FY2022: negative operating cash flow of approximately RMB16.8 million).

2 REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

As disclosed in the Letter from the Board, and with reference to the announcements of the Company as at 23 February 2024 and 15 March 2024, the Company is in the progress of setting up subsidiaries in Hong Kong, Macau and the Philippines for planning and developing the new service platform in relation to financial technology and travelling to capture new market opportunities. We understand from the Management that the Company aims to leverage its experience from the current operations and the customer base in its financial services platform, and develop its new service platform in relation to financial services and travelling sector. Having recovered since the COVID-19 pandemic and leveraging on the management experience of Ms. Liu Yi (executive Director of the Company) in the travel industry, we understand that the Directors are of the view that such represents a good opportunity for the Company to tap into the market and capture the potential future growth of the sector.

We understand from the Board that the cash and bank balance of the Company in Hong Kong is insufficient to meet both the upcoming planned development under the use of proceeds and general working capital requirement of the Group, including staff costs, rental costs,

LETTER FROM ALPHA FINANCIAL

professional fees and other overhead expenses in Hong Kong in the next 18 months. We also note that the Company recorded net cash used in operating activities of approximately RMB16.8 million and RMB10.0 million for FY2022 and FY2023, respectively. Accordingly, the Company may need to secure additional funds for the upcoming planned development as disclosed the Letter from the Board. As such, the net proceeds of the proposed Rights Issue are intended to be applied primarily for the upcoming development and general working capital of the Group for the next 18 months in Hong Kong.

If the Rights Issue does not proceed, the Company would delay or scale down the upcoming planned development under the use of proceeds to ensure sufficient working capital. According to the Letter from the Board, the Company does not have any intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) to downsize or dispose of the existing business.

With reference to the Letter from the Board, assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$63.6 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$3.3 million) are estimated to be approximately HK\$60.3 million (assuming no other change in the number of Shares in issue on or before the Record Date), which are intended to be applied in following manner:

- (i) HK\$19.6 million, representing approximately 32.5% of the net proceeds, shall be applied for the development and operation of the data center of the Group, out of which approximately 20% is for staff costs, approximately 60% is for the acquisition cost of the data center, approximately 20% is for the purchases of computer and equipments;
- (ii) HK\$19.6 million, representing approximately 32.5% of the net proceeds, shall be applied for development and operation of new service platform in relation to financial technology and travelling in Hong Kong, Macau out of which approximately 50% is for staff costs, approximately 30% is for the office rental cost, approximately 20% is for the purchases of computer and equipments;
- (iii) HK\$9 million, representing approximately 15% of the net proceeds, shall be applied for development and operation of new service platform in relation to financial technology and travelling in the Philippines; and
- (iv) HK\$12.1 million, representing approximately 20% of the net proceeds, shall be applied for general working capital of the Company in Hong Kong.

We understand from the Letter from the Board that, the Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and issue of new shares. We also noted that the Board considers that debt financing will result in additional interest burden which interest rate currently is already extremely high, higher gearing ratio of the Group and subject the Group to repayment obligations, and equity financing methods such as placing or subscription of new shares is not a better alternative as

LETTER FROM ALPHA FINANCIAL

the Company has conducted subscription of new Shares under general mandate on 21 December 2023 and such subscription was completed on 9 January 2024. Accordingly, the Company has utilised almost the entire general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 20 June 2023 to allot and issue new Shares.

Should the Company fail to raise the sufficient funds from the Rights Issue for aforementioned intended uses, we understand that the Directors intend to delay the commencement of the new service platform, or scale down the development by reducing the application of the proceeds proportionally.

We also understand that the Directors expect to fully utilise the proceeds previously raised from the connected transaction announced in May 2022 and the subscription of new shares under general mandate announced in December 2023 in accordance to the respective intended uses around June 2024.

For further details of the proposed use of proceeds as well as the expected timetable for the respective utilization, please refer to the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” in the Letter from the Board.

3 THE PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$63.6 million before expenses by way of a rights issue of 254,414,580 Rights Shares at the Subscription Price of HK\$0.25 each and on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date (assuming no change in the issued share capital of the Company on or before the Record Date). The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s) (if any).

Further details of the Rights Issue are set out below:

3.1 Rights issue statistics

Basis of the Rights Issue:	Three (3) Rights Shares for every one (1) Existing Share held by on the Record Date
Subscription Price:	HK\$0.25 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	84,804,860 Shares
Number of Rights Shares:	Not less than 254,414,580 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date)
Maximum amount to be raised before expenses:	Approximately HK\$63.6 million

LETTER FROM ALPHA FINANCIAL

As at the Latest Practicable Date, the Company does not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares.

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date, the 254,414,580 Rights Shares to be allotted and issued pursuant to the Rights Issue represent (i) 300% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 75.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Save for the connected transaction in relation to subscription of new shares under specific mandate and the subscription of new shares under general mandate, the Company did not conduct any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

3.2 Subscription price

The Subscription Price of HK\$0.25 per Rights Share, is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 24.2% to the closing price of HK\$0.33 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 22.8% to the average closing price of approximately HK\$0.324 per Existing Share for the last five (5) consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 22.4% to the average closing price of approximately HK\$0.322 per Existing Share for the last ten (10) consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 7.4% to the theoretical ex-rights price of approximately HK\$0.25 per Share based on the benchmarked price of approximately HK\$0.27 per Share;
- (v) a discount of approximately 64.8% to the net asset value per Share of approximately HK\$0.71 (based on the latest audited consolidated net asset value of the Group of approximately HK\$60.5 million as at 31 December 2023 as disclosed in the annual report of the Company for the financial year ended 31 December 2023 and 84,804,860 Shares); and

LETTER FROM ALPHA FINANCIAL

- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.8%, represented by the theoretical diluted price of approximately HK\$0.25 per Share to the benchmarked price of approximately HK\$0.33 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.33 per Existing Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day of approximately HK\$0.324 per Existing Share).

According to the Letter from the Board, the Subscription Price was determined with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions; the overall downward trend of the Existing Shares during the six months prior to the date of the Announcement; and the reasons for the Rights issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE” in the Letter from the Board.

The estimated net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.24.

3.3 Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placées under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

3.4 Undertaking

According to the Letter from the Board, Ms. Niu irrevocably and unconditionally undertake to the Company that she will subscribe for any amount of shares under the proposed issue of 254,414,580 Rights Shares at HK\$0.25 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share with the said amount of shares being scaled down to a level which does not trigger an obligation on Ms. Niu's part to make a general offer under The Hong Kong Code on Takeovers and Mergers.

LETTER FROM ALPHA FINANCIAL

Please refer to the paragraphs headed “PROPOSED RIGHTS ISSUE — Non-underwritten basis” in the Letter from the Board for further details.

The maximum number of Shares that may be subscribed by Ms. Niu is (i) 1,085,502 Shares (representing approximately 42.5% of the issued share capital of the Company, being the lowest percentage holding of Ms. Niu in the preceding 12-month period, +2% “creeper” minus approximately 43.2% of the issued share capital of the Company, being the percentage shareholding of Ms. Niu as at the Latest Practicable Date, times 84,804,860 Existing Shares, being the total issued shares of the Company as at the Latest Practicable Date) assuming nil acceptance of the Rights Shares by all other Shareholders; and (ii) 109,956,201 Shares (being 36,652,067 Existing Shares held by Ms. Niu as at the Latest Practicable Date times three, the basis of the Rights Issue) if all the Rights Issue has been fully subscribed or placed.

Except for the undertaking by Ms. Niu as stated per above, as at the Latest Practicable Date, the Company has not received any indication from any Substantial Shareholder of the Company whether or not they intend to take up their entitlement under the Rights Issue.

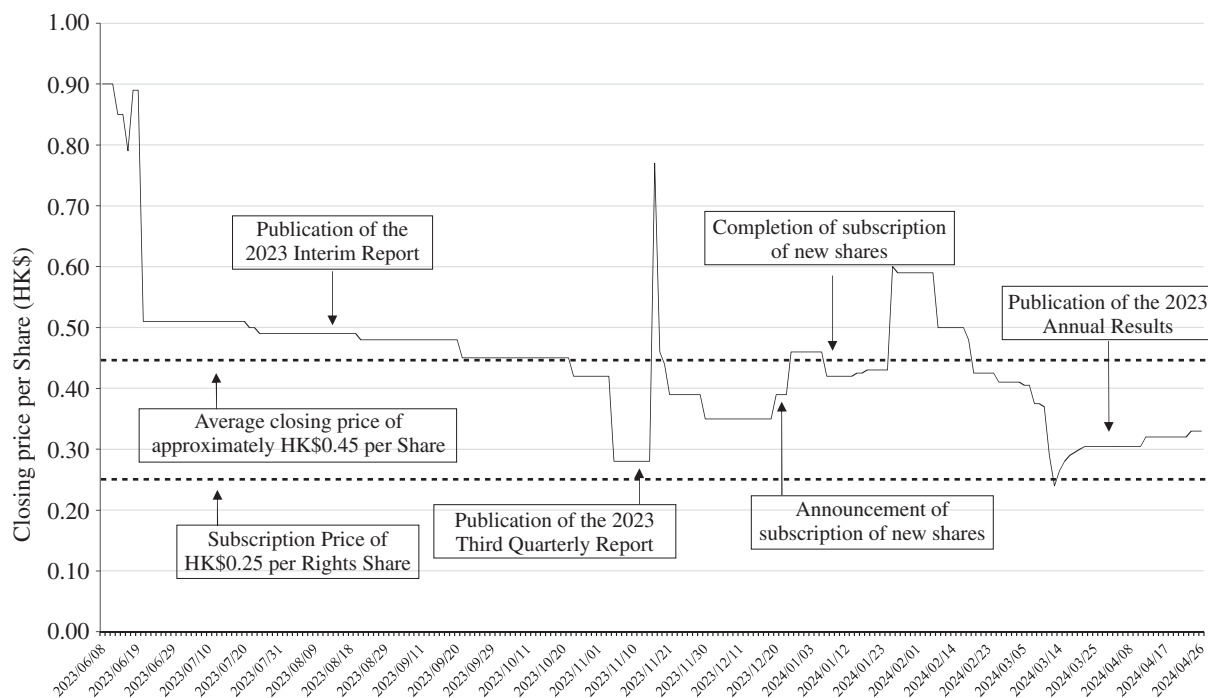
4 HISTORICAL PRICE AND TRADING PERFORMANCE OF THE SHARES

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily closing prices and trading volume of the Shares from 8 June 2023 (being the date of resumption of trading in the Shares) up to and including the Last Trading Day (the “**Review Period**”) (being a period of approximately 11 months prior to and including the Last Trading Day) and compared with the Subscription Price. We consider that the Review Period is adequate and representative to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Announcement and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the share price before the Announcement represent a fair market value of the Company the Shareholders had expected, while that after the Announcement, the value may have taken into account the potential effect of the Rights Issue which may distort the analysis.

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4.1 Share prices

The chart below shows the daily closing prices of the Shares as quoted on the Stock Exchange during the Review Period:



Source: the website of the Stock Exchange

During the Review Period, the closing prices of the Shares were between a low of HK\$0.24 per Share on 13 March 2024 and a high of HK\$0.9 per Share from 8 to 12 June 2023, with an average closing price of approximately HK\$0.45 per Share.

We noted that, after the sharp drop in the closing price of the Shares to HK\$0.51 per Share on 20 June 2023, the closing price of the Shares remained generally stable until around the publication of the 2023 Third Quarterly Report. Subsequent to the publication of the 2023 Third Quarterly Report, the closing price of the Shares experienced a sharp increase to HK\$0.77 per Share on 16 November 2023. After that, the closing prices of the Shares again remained generally stable until mid-March of 2024, save for the period from 26 January to 6 February 2024. Prior to the publication of the 2023 Annual Results, the closing price of the Shares experienced a sharp drop to HK\$0.24 per Share on 13 March 2024. The closing price of the Shares then slowly recovered to HK\$0.33 per Share up to and including the Last Trading Day.

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We are unable to point out the definitive reason for such fluctuations in our capacity as the Independent Financial Adviser. We have made inquiry to the Management which is also not aware of any other reasons for the aforementioned fluctuations in the closing price of the Shares.

We noted that the Subscription Price of HK\$0.25 per Rights Share is generally below the closing prices of the Shares throughout the Review Period. While the Subscription Price represents a discount of approximately 43.6% to the average closing price of the Shares during the Review Period of approximately HK\$0.45 per Share, we noted that the closing prices of the Shares has been demonstrating an overall downward trend, especially in the recent months since February 2024.

With reference to the paragraphs headed “COMPARATIVE ANALYSIS ON THE PROPOSED TERMS OF THE RIGHTS ISSUE” below, we noted that it is a common market practice that the subscription price of a rights issue represents a discount to the prevailing market closing prices to encourage the existing shareholders to participate in a rights issue as to meet the need of the fund raising. Accordingly, we are of the view that the Subscription Price being set at a discount to the prevailing market prices of the Shares is in line with the general market practice and is acceptable.

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4.2 Trading volumes

Set out below is the average daily trading volume of the Shares per relevant month/period, and the respective percentage of the average daily trading volume of the Shares to the total number of issued Shares as at the end of relevant month/period, in the Review Period:

Month/period	Total trading volume of the Shares	Number of trading days	Average daily trading volume of the Shares	Percentage of average daily trading volume of total issued Shares as at the end of relevant month/period
2023				
June (from 8 June)	129,700	16	8,106	0.0070%
July	25,600	20	1,280	0.0011%
August	5,000	23	217	0.0002%
September	5,000	19	263	0.0002%
October	6,300	20	315	0.0003%
November	316,098	22	14,368	0.0125%
December	5,500	19	289	0.0003%
2024				
January	39,000	22	1,773	0.0015%
February	814,000	19	42,842	0.0373%
March	2,830,100	20	141,505	0.1230%
April (until the Last Trading Day)	15,100	18	839	0.0007%

Source: the website of the Stock Exchange

It is noted that the average daily trading volume of the Shares per relevant month/period accounted for only a small portion of the total number of issued Shares as at the end of the relevant month/period, which ranges from approximately 0.0002% to approximately 0.1230% per month/period during the Review Period. The Shares were generally illiquid in the open market given there were 180 days with nil trading volume of the Shares during the Review Period.

Having considered the thin trading volume of the Shares, we are of the view that the Company is unlikely to be able to raise equity funds from third parties without a substantial discount to the prevailing Share price. It is also difficult to attract the existing Shareholders to reinvest in the Company through the Rights Issue if the Subscription Price was not set at discount to the historical closing prices of the Shares. To attract the

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Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the development of the Group, we consider that the Subscription Price being set at discount to the prevailing market price of the Shares is reasonable and acceptable.

After taking into consideration the aforementioned reasons, we consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5 COMPARATIVE ANALYSIS ON THE PROPOSED TERMS OF THE RIGHTS ISSUE

In order to assess the fairness and reasonableness of the proposed terms of the Rights Issue, we have identified a list of 16 companies (the “**Comparable(s)**”) listed on the Main Board or GEM of the Stock Exchange which announced a rights issue during 3-month period ended on the date of the Announcement, i.e. 26 April 2024, which we believe is exhaustive.

Although the Comparables include rights issues in different scale, engaged in different business or have different financial performance and funding needs from the Company, having considered (i) all of the Comparables and the Group are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the principal terms of the rights issues and we are not aware of any established evidence showing any correlation between scale of the rights issue and its underlying principal terms; (iii) including transactions conducted by the Comparables with different funding needs and business represents a more comprehensive overall market sentiment in our comparable analysis; (iv) a 3-month period for the selection of the Comparables has generated a reasonable and meaningful number of sample size of 16 Hong Kong listed issuers to reflect the market practice regarding recent rights issue, whereas if a longer period (e.g. 6 months) is used, that would have generated way too many comparable rights issues making the analysis less meaningful with a wider range of premium and discount of the relevant subscription prices; and (v) the 16 Comparables identified during the aforementioned period were exhaustively included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for similar transactions conducted by other Hong Kong listed issuers, we consider that the Comparables are fair and representative samples.

Based on the above, we are of the view that our comparable analysis based on the above criteria is meaningful for us to form our view regarding the fairness and reasonableness of the Subscription Price. To the best of our knowledge and as far as we are aware of, the Comparables represent an exhaustive list of all relevant companies fitting our search criterion as mentioned above, and we consider that such Comparables can provide a reference on the recent rights issues given the sufficient number of transactions in such period resulting in a reasonable sample size.

It should be noted that all the subject companies constituting the Comparables may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, and the circumstances leading to the subject companies to proceed with the rights issues may also be different from that of the Company.

LETTER FROM ALPHA FINANCIAL

Company name (Stock Code)	Announcement date	Basis of entitlement	(Discount)/Premium of subscription price (to)/over			Closing price (%)	5-day average (%)	theoretical ex-entitlement price (%)	consolidated net asset value per share ⁽¹⁾ (%)	Potential maximum dilution of shareholding (%)	Theoretical dilution effect (%)	Excess application (Y/N)	Fully underwritten (Y/N)	Underwriting commission (%)	Placing commission (%)
			(%)	(%)	(%)										
Singsia Holdings Limited (8293)	30/01/2024	2-for-1	(11.5)	(18.7)	(3.8)	(67.3)	66.7	(14.2)	N	N	N	N	N	1.5 (or HK\$100,000)	
Goldstone Capital Group Limited (1160)	01/02/2024	1-for-2	(69.9)	(69.9)	(60.7)	49.1 ⁽³⁾	33.3	(23.3)	N	N	N	N	N	3.5	
Wuxi Life International Holdings Group Limited (8148)	09/02/2024	2-for-1	(20.0)	(25.9)	(10.4)	381.0 ⁽⁴⁾	66.7	(17.3)	Y	N	Y	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	
Ta Yang Group Holdings Limited (1991)	19/02/2024	1-for-2	(9.8)	(11.8)	(13.0)	26.4	33.3	(3.7)	Y	N	Y	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	
Green Economy Development Limited (1315)	21/02/2024	1-for-2	(15.3)	(15.7)	(10.6)	(25.3)	33.3	(5.3)	Y	N	Y	N/A ⁽²⁾	N/A ⁽²⁾	N/A ⁽²⁾	
Guoen Holdings Limited (8121)	21/02/2024	2-for-1	(33.3)	(35.3)	(14.3)	(60.9)	66.7	(23.6)	Y	Y	Y	Y	7.07	N	
Basetrophy Group Holdings Limited (8460)	23/02/2024	3-for-1	(31.8)	(26.4)	(10.4)	(77.4)	75.0	(23.9)	N	N	N	N	N	3.5	
Raily Aesthetic Medicine International Holdings Limited (2135)	26/02/2024	1-for-3	(74.0)	(75.3)	(69.5)	(66.7)	25.0	(18.8)	Y	Best effort	Y	Best effort	0.5	N	
Space Group Holdings Limited (2448)	01/03/2024	4-for-1	(19.1)	(18.3)	(4.5)	(93.3)	80.0	(15.2)	N	N	N	N	N	0.5	
Aidigong Maternal & Child Health Limited (286)	20/03/2024	1-for-3	(38.2)	(42.5)	(8.8)	(80.0)	25.0	(10.9)	Y	Y	Y	Y	7.07	N	
Kingbo Strike Limited (1421)	22/03/2024	1-for-2	(9.1)	(6.1)	(6.3)	(78.1)	33.3	(3.0)	N	N	N	N	N	1.5	
Zijing International Financial Holdings Limited (8340)	25/03/2024	5-for-1	(20.5)	(25.0)	(4.0)	(52.0)	83.3	(20.3)	N	N	N	N	N	0.7	
Heng Tai Consumables Group Limited (197)	08/04/2024	1-for-2	0.0	0.0	0.0	(96.0)	33.3	0.0	Y	Y	Y	N	N	N	
China Uptown Group Company Limited (2330)	08/04/2024	2-for-1	(31.8)	(31.8)	(22.7)	(71.2)	66.7	(22.7)	Y	Y	Y	N	N	2.5	
Walnut Capital Limited (905)	09/04/2024	1-for-2	(45.1)	(31.9)	(35.5)	62.0	33.3	(14.9)	N	N	N	N	N	1.0	
Shin Hwa World Limited (582)	18/04/2024	2-for-1	(33.3)	(32.3)	(22.3)	(98.2)	66.7	(22.2)	Y	Best effort	Y	Best effort	1.0	N	
		Highest	0.0	0.0	0.0	69.2									
		Lowest	(74.0)	(75.3)	(69.5)	(98.2)									
		Average	(28.9)	(29.2)	(18.6)	(47.3)									
The Company (8030)	28/04/2024	3-for-1	(24.2)	(22.8)	(22.4)	(65.0)	75.0	(23.8)	N	N	N	N	N/A	3.0 (or HK\$800,000)	

Source: the website of the Stock Exchange

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Notes: Information has been extracted from the relevant announcements or circulars of the rights issue of the respective Comparables

- (1) calculated based on the latest audited or unaudited consolidated net assets of the Comparables as announced prior to the relevant announcements of the rights issues as set out in their respective annual/interim reports
- (2) denotes that the respective Comparables did not involve underwriter/placing agent
- (3) calculated based on the unaudited net asset value per share of approximately HK\$0.065 as at 31 December 2023, which was the latest available information announced in accordance with rule 2.07C of the Listing Rules prior to the announcement of its rights issue, as Goldstone Capital Group Limited (1160) is an investment company listed under chapter 21 of the Listing Rules
- (4) considered as an outlier, and has been excluded from the analysis

As shown by the above table, the premium/discount as represented by the subscription prices of Comparables to (i) the respective closing price per share on last trading day immediately prior to publication of announcement in relation to the respective rights issue ranged from discount of approximately 74.0% to at par (the “**LTD Discount Market Range**”); (ii) the average closing price per share for the last five consecutive trading days immediately prior to publication of announcement in relation to the respective rights issue ranged from discount of approximately 75.3% to at par (the “**5 Days Discount Market Range**”); (iii) the respective theoretical ex-rights price per share based on the benchmarked price in relation to the respective rights issue ranged from discount of approximately 69.5% to at par (the “**TERP Discount Market Range**”); and (iv) the respective net asset value per share based on the latest financial information prior to publication of announcement in relation to the respective rights issue ranged from discount of approximately 98.2% to premium of approximately 69.2% (the “**NAV Discount/Premium Market Range**”).

We noted that:

- (i) each of the LTD Discount and the 5 Days Discount represented lesser discount to the respective average of Comparables;
- (ii) the NAV Discount represented lesser discount to the median of the Comparables;
- (iii) the TERP Discount falls within the interquartile range of the Comparables; and
- (iv) more than one-third of the Comparables demonstrated a theoretical dilution effect of more than 20%.

Having considered that:

- (i) it is reasonable to offer discount for the Subscription Price to promote the attractiveness of the Rights Shares (or the Unsubscribed Rights Shares and the NQS Unsold Rights Shares) given the generally thin liquidity of the Shares during the Review Period;
- (ii) it is a common market practice that the pricing of a rights issue represents a discount to the prevailing closing share prices prior to the announcement of the rights issue;

LETTER FROM ALPHA FINANCIAL

(iii) the interests of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; and

(iv) the further analysis of the Comparables as set out above,

we consider the Subscription Price to be fair and reasonable.

6 PLACING COMMISSION

Pursuant to the Placing Agreement, the Company shall pay to the Placing Agent a placing commission (the “**Placing Commission Rate**”) of 3% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement. As advised by the Company, the terms of the Placing Agreement (including the Placing Commission Rate) were determined after arm’s length negotiations between the Placing Agent and the Company and is on normal commercial terms with reference to the market conditions, the existing financial position of the Group and the size of the Rights Issue.

For detailed terms of the Placing Agreement, please refer to the section headed “THE PLACING AGREEMENT” in the Letter of the Board.

From the Comparables table as set out above, we noted that the commission rates payable to underwriters or placing agents of the Comparables ranged from 0.5% to 7.07%. The Placing Commission Rate of 3% is slightly above the average commission rates payable of the Comparables of approximately 2.5%. We noted that the Comparables listed on GEM, which has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached, have generally higher commission rates payable with an average of approximately 3.2%, where the Company is also listed on GEM. Accordingly, we are of the opinion that the Placing Commission Rate of 3% (which is within the aforesaid range) is fair and reasonable.

Taking into account the principal terms of the Rights Issue as highlighted above, we consider that the terms of the Rights Issue (including the Placing Price and the Placing Commission Rate) are on normal commercial terms and are fair and reasonable.

7 DILUTION EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDING INTERESTS

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Referring to the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY” in the Letter from the Board, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue and their aggregate shareholding interests in the Company may be reduced by a maximum of approximately 75%.

LETTER FROM ALPHA FINANCIAL

It should be noted that the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including but not limited to the results of acceptance of the Rights Issue.

Having taken into account (i) all Qualifying Shareholders are provided an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; (ii) the Qualifying Shareholders have the opportunity to sell their nil-paid Rights Shares in the market if they do not wish to take up the Rights Issue entitlements; and (iii) shareholding dilution is generally inherent in all rights issue, we are of the view that the potential dilution effect on the shareholding is acceptable.

8 POTENTIAL EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company, assuming there is no further issue or repurchase of Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue, assuming full acceptance of the Rights Shares by the Qualifying Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
	No. of Shares	Approx %	No. of Shares	Approx %	No. of Shares	Approx %	No. of Shares	Approx %
Shareholders								
Ms. Niu Chengjun ⁽¹⁾	36,652,067	43.22	146,608,268	43.22	36,652,067	43.22	36,652,067	10.80
Sino-Africa Resources Holdings Limited ⁽²⁾	5,113,520	6.03	20,454,080	6.03	5,113,520	6.03	5,113,520	1.51
Independent Places ⁽³⁾	—	—	—	—	—	—	254,414,580	75.00
Other public Shareholders	43,039,273	50.75	172,157,092	50.75	43,039,273	50.75	43,039,273	12.69
Total	84,804,860	100.00	339,219,440	100.00	84,804,860	100.00	339,219,440	100.00

LETTER FROM ALPHA FINANCIAL

Note:

- (1) The maximum number of Shares that may be subscribed by Ms. Niu is (i) 1,085,502 Shares if nil acceptance of the Rights Shares by all other Shareholders; and (ii) 109,956,201 Shares if all the Rights Issue has been fully subscribed or placed. For any amount of Shares that Ms. Niu would subscribe, the amount of Shares will be scaled down to a level which does not trigger an obligation on Ms. Niu's part to make a general offer under The Hong Kong Code on Takeovers and Mergers.
- (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.
- (3) According to the Placing Agreement, the Placing Agent shall ensure that (1) each of the placees procured by the Placing Agent shall be an Independent Third Party of and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; (2) the Public Float Requirement be complied with by the Company upon completion of the Rights Issue. Therefore, the Independent Placees shall be public shareholders.

The public float under the scenario "Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders", "Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent" and "Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent" shall be approximately 56.8%, 56.8% and 89.2%, respectively.

9 POTENTIAL FINANCIAL EFFECT OF THE RIGHTS ISSUE

The unaudited pro forma statement of unaudited consolidated net tangible assets of the Group attributable to the owners of the Company (the "**Pro Forma Statement**") adjusted for the effect of the Rights Issue as at 31 December 2023, which is prepared as if the Rights Issue had taken place on 31 December 2023, is set out under Appendix II to the Circular.

According to the Pro Forma Statement, the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 was approximately HK\$60.4 million and would be approximately HK\$120.7 million (based on 254,414,580 Rights Shares to be issued) as if the Rights Issue had taken place on 31 December 2023.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

LETTER FROM ALPHA FINANCIAL

OPINION AND RECOMMENDATION

Taking into consideration of the above principal factors and reasons, we are of the opinion that the terms of the Rights Issue (including the Subscription Price and the potential dilution effect) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) proposed at the EGM thereby approving the Rights Issue. However, we do not envisage our role as to opine on, and our opinion herein does not in any manner address to or imply, whether Qualifying Shareholders should or should not accept the Rights Shares.

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited

Cheng Chi Ming, Andrew
Managing Director

Irene Ho
Vice President

Mr. Cheng Chi Ming, Andrew is the Managing Director of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheng has over 19 years of experience in the corporate finance industry in Hong Kong.

Ms. Irene Ho is the Vice President of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activities. Ms. Ho has over 9 years of experience in the corporate finance industry in Hong Kong.

1. FINANCIAL INFORMATION SUMMARY OF THE GROUP

The financial information of the Group for the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.flyingfinancial.hk):

- (i) the audited financial information of the Group for the year ended 31 December 2023 is disclosed in the annual report of the Company for the year ended 31 December 2023 published on 30 April 2024, from pages 62 to 160 (<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0430/2024043002052.pdf>);
- (ii) the audited financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 16 April 2023, from pages 115 to 232 (<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0416/2023041600029.pdf>);
- (iii) the audited financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 30 June 2022, from pages 125 to 258 (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0630/2022063003275.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at 10 May 2024, the Group had lease liabilities of RMB1,774,000 representing present value of the remaining lease payments for certain office equipment and leased property, discounted by the Group's incremental borrowing rates in accordance with HKFRS 16.

Save as disclosed above and otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have, at the close of business on 10 May 2024, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or contingent liabilities. To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 10 May 2024 and up to the Latest Practicable Date.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including internally generated funds, available facilities and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its requirements for at least the next twelve months from the Latest Practicable Date.

4. MATERIAL CHANGE

Save that the Company proposed to conduct the Rights Issue to raise estimated net proceeds of approximately HK\$60.3 million of the Group, the Directors confirmed that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

5. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECT

The Group's business operations mainly comprise of the operation of the financial service platform (as part of the fin-tech platform) and the provision of consultation services.

As at the Latest Practicable Date, the financial service platform of the Group serves as a platform to bridge small loan customers referred by the enterprise customers and internet small loan companies and to provide consultation services to the customers. Under the financial service platform, the Group makes use of its established business process and technology system to collect information from individual customers and conduct credit risk assessment, the results of which will be provided to the partnered internet small loan companies. The Group charges the enterprise customers a financial consultation service fee for each successful small loan.

Such financial technology service platform has established comprehensive business process and technology system covering customer acquisition, risk identification, risk assessment, loan distribution channel, payment channel and big data analysis through cooperating with Tencent Cloud and other licensed institutions. Business needs of the Group's partners can be fulfilled through quick access to the technologies.

The Group had operated in compliance with the requirements of the regulatory department at material time. Besides, such platform has risk control module to prevent corporate customers from duplicate borrowing and to identify fraud and tax payment pattern and development data.

As at the Latest Practicable Date, the Group does not hold any immovable properties and interests in property development projects. Having considered that (i) the existing operation of financial service platform and consultation services of the Group do not depend on any continuing ownership of any particular investments, immovable properties or heavy assets; and (ii) development opportunities subject to the prevailing the Group shall continue to identify appropriate market conditions and available funds of the Group, the Company considered that the operation of the Group could be sustained without reliance upon continuous ownership of any particular investments, immovable properties or heavy assets.

The Group actively seeks various business opportunities from time to time, in order to expand and diversify the Group's revenue sources. During the Group's ordinary and usual course of business in operating the financial service platform, various clients and counterparties have been indicating to Group's management that data security has been an increasingly critical topic in financial service industry and data security service could be compliment/an ancillary service to the Group's already operating financial service platform which the Group find this comment not unreasonable. Accordingly, the Directors are of the

view that the expansion of the business scope of the Group into data security related segment is in line with the Group's business development and expansion plan, which will bring better returns to the Shareholders and the Directors consider the above products is also enhance and assist the group original business in the future.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

STATEMENT OF UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (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 Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 31 December 2023.

Capitalised terms used herein shall have the same meanings as those defined in this circular unless the context otherwise requires. The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 31 December 2023, as extracted from the audited consolidated financial statements for the year ended 31 December 2023 set out in the published 2023 annual report of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue HK\$'000	Unaudited consolidated net tangible assets per Share attributable to the owners of the Company as at 31 December 2023 HK\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company after completion of the Rights Issue HK\$ (Note 4)
Based on					
254,414,580					
Rights Shares to be issued at a Subscription Price of HK\$0.25 per Rights Share	60,393	60,301	120,694	0.712	0.3558

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company had the Rights Issue been completed as at 31 December 2023 or at any future date.

Notes:

1. The audited consolidated net tangible assets of the Group as at 31 December 2023 is based on the consolidated net assets of the Group, extracted from the annual report after the exchange translation at the rate as at 31 December 2023.
2. The estimated net proceeds from the right issue are based on 254,414,580 Rights Shares at subscription prices of HK\$0.25, after deduction of the estimated related fees and expenses paid/payable by the Company of approximately HK\$3,303,000.
3. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per Share before completion of right issue is based on the unaudited pro forma adjusted consolidated net tangible assets as at 31 December 2023 divided by 84,804,860 shares.
4. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per Share after completion of right issue is based on the unaudited pro forma adjusted consolidated net tangible assets as at 31 December 2023 divided by the 339,219,440 shares assuming the 254,414,580 right shares to be taken place.
5. No adjustments have been made to the unaudited pro forma financial information to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2023.

The following is the text of the independent reporting accountants' assurance report received from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 ("**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets as at 31 December 2023, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out in Appendix II of the circular issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II of this circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of three rights share at the subscription price of HK\$0.250 per rights share (the "**Rights Share**") for every one share held on the record date (the "**Rights Issue**") as if the transaction had taken place as at 31 December 2023. As part of this process, information about the audited consolidated statement

of financial position of the Group as at 31 December 2023, as extracted by the Directors from the Company's annual report for the year ended 31 December 2023, on which audit 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 GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Hong Kong Standard on Quality Management “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the 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 accountants 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 of the GEM Listing Rules and with reference to AG 7 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 the Unaudited Pro Forma Financial Information included in a circular is solely to illustrate the impact of the significant transaction on consolidated net tangible assets 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 event or transaction at 31 December 2023 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 event or 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 accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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 on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31 (1) of the GEM Listing Rules.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 23 May 2024

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular 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 Rights Issue (assuming there is no change in the number of issued Shares and that all Shareholders have taken up all their entitled Rights Shares) will be as follows:

(i) As at the Latest Practicable Date

		<i>HK\$</i>
Authorised share capital:		
50,000,000,000	Existing Shares of HK\$0.01 each	500,000,000
Issued and fully paid:		
84,804,860	Existing Shares of HK\$0.01 each	848,048.60

(ii) Immediately following the completion of the Rights Issue (assuming there is no change in the number of issued Shares and that all Shareholders have taken up all their entitled Rights Shares)

		<i>HK\$</i>
Authorised share capital:		
50,000,000,000	Existing Shares of HK\$0.01 each	500,000,000
Issued and fully paid:		
339,219,440	Existing Shares of HK\$0.01 each	3,392,194.40

The Rights Shares, when issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.

The Company did not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is 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 the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

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

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

As at the Latest Practicable Date, none of the Directors nor chief executive of the Company had or was deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to Sections 324 and 347 of the SFO of the Model Code to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange as required to be disclosed under the Takeovers Code.

(ii) Interests and short positions of the substantial shareholders in shares and underlying shares of the company

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following person, other than a Director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the Shares

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of the issued shares
Ms. Niu Chengjun	Beneficial owner	36,652,067	43.22
Sino-African Resources Holdings Limited (Note 1)	Beneficial owner	5,113,520	6.03
Mr. Huang Xiguang (Note 1)	Interest of controlled corporation	5,113,520	6.03

Note:

- These shares were held by Sino-African Resources Holdings Limited as beneficial owner. Sino-Africa Resources Holdings Limited is a company wholly owned by Mr. Huang Xiguang.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons or corporations (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

Ms. Liu Yi, being executive Director, has renewed or entered his/her service contract with the Company on 23 May 2022, for a term of three years. The aforementioned service contracts with the Company for the executive Directors shall be terminated by not less than three months' notice in writing served by either party.

Each of Mr. Kam Hou Yin, John, Ms. Chong Kan Yu and Mr. Luo Sigang, being the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of two years commencing 23 February 2023 and 8 June 2023, respectively. The aforementioned appointment letters with the Company for each of the independent non-executive Directors shall be automatically renewed and extended for successive term of one year and may be terminated either after the initial term by either party by giving at least three months' notice in writing or be terminated after one year of the initial term.

Save as disclosed above, none of the Directors had entered, or been proposed to enter, into any service contract with the Company or any other member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, had 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.

There were no contracts or arrangements subsisting as at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.

7. ADDITIONAL DISCLOSURE

As at the Latest Practicable Date,

- (i) save as disclosed in the shareholding structure table as set out in the section headed "Shareholding structure of the Company" in the "Letter from the Board" of this circular, none of the Director, or any parties acting in concert with any one of them own, control or have control or direction over any voting rights and right over Shares, convertible securities, warrants, options or derivatives of the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) (the "**Relevant Securities**") of the Company;
- (ii) none of the parties have received any irrevocable commitment from any Shareholders to vote for or against the proposed resolutions relating to the Rights Issue and/or the Placing Agreement;

- (iii) none of the parties have received any irrevocable commitment from any Shareholders to accept or reject the relevant Rights Shares to be provisionally allotted to the relevant party under the Rights Issue;
- (iv) save for the Placing Agreement, none of the parties have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the Relevant Securities of the Company, which might be material to the Rights Issue;
- (v) the Independent Financial Adviser does not own or control or have control or direction over any Relevant Securities of the Company and had not dealt for value in any such securities of the Company during the relevant Period;
- (vi) none of the parties or the Company or any of the Directors have borrowed or lent any Relevant Securities of the Company;
- (vii) no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Rights Issue;
- (viii) there was no agreement, arrangement or understanding (including any compensation arrangement) and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Rights Issue;
- (ix) there is no agreement or arrangement to which any parties is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue;
- (x) no subsidiaries of the Company, pension funds of the Company or of any subsidiaries of the Company or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code own, control or have control or direction over any Relevant Securities of the Company and there were no such aforesaid parties who had dealt for value in any such securities of the Company during the Relevant Period;
- (xi) save for the Placing Agreement, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed;
- (xii) save for the Placing Agreement entered between the Company and the Placing Agent, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and none of the aforesaid parties had dealt for value in any Relevant Securities of the Company during the relevant Period;

- (xiii) no Relevant Securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and the aforesaid parties had not dealt for value in any Relevant Securities of the Company during the relevant Period;
- (xiv) there was no agreement or arrangement between any of the Directors and any other person which was conditional or dependent on the outcome of the Rights Issue or otherwise connected with the Rights Issue; and
- (xv) apart from the Rights Shares to be subscribed, the Company has not paid and will not pay any consideration, compensation or benefit in whatever form to any parties in connection with the Rights Issue.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group during two years preceding the date of this circular and are or maybe material:

- (i) the Placing Agreement

9. LITIGATION

Save as to such litigation and legal proceedings as disclosed in the circular of the Company dated 10 May 2022 and as disclosed in the Company's announcements dated 26 March 2021, 26 January 2022 and 22 February 2022, as at the Latest Practicable Date, no member of the Group 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.

10. EXPERTS AND CONSENTS

The qualification of the experts who have given their opinions in this circular are as follows:

Name	Qualification
Alpha Financial Group Limited	A licensed corporation to carry out Type 1 (Dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder
Elite Partners CPA Limited	Certified public accountants

The above experts have given and confirmed that the experts have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter, report, advice, opinion and/or references to their name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, the above experts did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. EXPENSES

The expenses payable by the Company in connection with the Rights, including printing, registration, translation, legal, financial advisory, accounting and other professional fees, are estimated to be approximately HK\$3.3 million.

12. DIRECTORS OF THE COMPANY

Name	Address
<i>Executive Directors</i>	
Ms. Liu Yi	Room 1007, 10/F, West Wing Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui Kowloon, Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Luo Sigang	Room 1007, 10/F, West Wing Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui Kowloon, Hong Kong
Mr. Kam Hou Yin, John	Room 1007, 10/F, West Wing Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui Kowloon, Hong Kong
Ms. Chong Kan Yu	Room 1007, 10/F, West Wing Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui Kowloon, Hong Kong

13. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered Office and Principal Place of Business in Hong Kong	Room 1007, 10/F West Wing Tsim Sha Tsui Centre 66 Mody Road, Tsim Sha Tsui Kowloon, Hong Kong
Authorised representatives	Liu Yi Leung Man Kit
Company Secretary	Leung Man Kit Flat B, 48/F., Block 9 Le Point Tseung Kwan O New Territories, Hong Kong
Financial Adviser to the Company	Draco Capital Limited 4/F, Connaught Harbour Front House 35-36 Connaught Road West Sheung Wan Hong Kong

Auditors	Elite Partners CPA Limited Certified Public Accountants 10th Floor, 8 Observatory Road Tsim Sha Tsui, Kowloon Hong Kong
Principal share registrar and transfer office in Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchin Drive, P. O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F. Far East Finance Centre 16 Harcourt Road 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
Legal advisors to the Company as to Hong Kong laws	Yick & Chan, Solicitors Suite A1, 11th Floor One Capital Place 18 Luard Road Wanchai Hong Kong
Independent financial adviser to the Independent Board Committee and the Independent Shareholders	Alpha Financial Group Limited Room A, 17th Floor Fortune House 61 Connaught Road Central Central Hong Kong
Placing Agent	Tiger Faith Securities Limited Suit 1502, 15th Floor The Chinese Bank Building Nos. 61–65 Des Voeux Road Central Hong Kong

14. BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Ms. Liu Yi (劉毅女士), aged 40, was appointed as an executive Director with effect from 23 May 2022. Prior to the Appointment, Ms. Liu served various microcredit and money lending companies in the People's Republic of China (the "PRC") and is well experienced in the money lending business sector. Ms. Liu graduated from Huazhong University of Science and Technology (華中科技大學) in June 2007 with a bachelor degree in financial management (財務管理專業學士).

Independent non-executive Directors

Mr. KAM Hou Yin, John (金孝賢先生), aged 51, is a member of Standing Committee of National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會) of Futian District, Shenzhen. Mr. Kam holds the degree of Master of Business Administration from The Tsinghua University in China and The University of Manchester in the United Kingdom. He is a fellow member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Certified Public Accountants. Mr. Kam has over 20 years' experience in corporate, personal and interbank business. Mr. Kam was the Senior Partner of Shenzhen Zhujin Supply Chain Management Co. Ltd. from November 2018 to December 2020. He was appointed as an Executive Director and Chief Executive Officer of Century Ginwa Retail Holdings Limited from 2 May 2017 to October 2018 and was Zone Manager — Corporate Banking Division and General Manager of Shenzhen Branch of The Bank of East Asia (China), Limited from July 2012 to March 2017 and Zone Manager (Western China) — Corporate Banking Division and General Manager of Xi'an Branch of The Bank of East Asia (China), Limited from November 2006 to June 2012. Mr. Kam was appointed as Co-Chief Executive Officer of DTXS Silk Road Investment Holdings Company Limited from 12 March 2021 and he was an executive director and chief executive officer of DTXS Silk Road Investment Holdings Company Limited (Stock code: 620) during the period from September 2021 to November 2022. Mr. Kam has been an independent non-executive director of China Ocean Group Development Limited (Stock code: 8047) since March 2020.

Ms. CHONG Kan Yu (莊瑾瑜女士), age 59, been a general manager of Nam Yu International Investment Company Limited (藍瑜國際投資有限公司) since 1989, a company principally engaged in business of cross-border logistic and sea freight forwarding. Ms. Chong has been a director of Vigor Development (China) Company Limited (龍駿發展(中國)有限公司) since 1992 and a director of Bestowal Investment Holdings Limited (龍澤投資集團有限公司) since 2000. Ms. Chong has over 20 years' experience in trading, logistic and real estate and property development. Ms. Chong holds various positions in different social and commercial associations. She was the special committee member of Chinese People's Political Consultative Conference of Dongguang (Hong Kong and Macau) (東莞市(港澳)中國人民政治協商會議), the honorary chairman of the Women's Federation of Guangdong Provincial Association for the Promotion of Exchanges Across Taiwan Straits (廣東省海峽兩岸交流促進會婦女聯會) and the vice-chairman of the Houjie branch of Dongguan Waishang Investment Enterprise Association (東莞外商企業協會厚街分會) and the honorary chairman of Overseas

Friendship Association of Dongguan (東莞市海外聯誼會). Ms. Chong is currently a special representative of Shenzhen of All-China Women's Federation Hong Kong Delegates (港區婦聯代表聯誼會), a consultant of Friendship Association of Hong Kong Xiamen (香港廈門聯誼總會), and the vice-chairman of the Agriculture Committee of Guangdong Provincial Association for the Promotion of Exchanges Across Taiwan Straits (廣東省海峽兩岸交流促進會農業委員會).

Mr. LUO Sigang (羅思剛先生), aged 42, is currently working as a manager in Shenzhen Wantong Financing Guarantee Co., Ltd. (深圳市萬通融資擔保有限公司) since 2014, a company principally engaged in financing and secured loan business. Mr. Luo holds the degree of Computer Science and Technology from the Beijing University of Aeronautics and Astronautics. Mr. Luo has over 20 years' experience in financial services and professional legal knowledge and has also participated in handling litigation and other legal aspects of work. He was appointed as a manager of Shenzhen Real Estate Financing Guarantee Co., Ltd. (深圳市不動產融資擔保有限公司) during the period from April 2011 to November 2014. He has also worked as the director of the Yushan Judicial Office in Bazhong City, Sichuan Province from August 2001 to August 2003.

Company secretary

Mr. Leung Man Kit (梁文傑先生), ("Mr. Leung") aged 46, was appointed as a Company Secretary on 23 February 2023, he is a Fellow Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants as well as a Fellow Member of the Association of International Accountants, Fellow Member of the Taxation Institute of Hong Kong and also an Associate Member of The Society of Chinese Accountants and Auditors. He obtained a Master Degree of Business Administration in Financial Management from The University of Hull in the United Kingdom. Mr. Leung has many years of audit and tax experience from various listed and private companies in Hong Kong and the PRC. Mr. Leung was appointed as an executive director on 1 February 2022 and appointed as a Compliance Officer on 23 May 2022. He was resigned as an executive director on 5 December 2022.

15. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is Room 1007, 10/F, West Wing, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (c) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Investor Services Limited, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary of the Company is Mr. Leung Man Kit. Mr. Leung was appointed as the company secretary of the Company on 23 February 2023.

- (e) The compliance officer of the Company is Mr. Leung Man Kit. Mr. Leung was appointed as compliance officer on 23 May 2022.
- (f) The company's audit committee (the “**Audit Committee**”) currently comprises all three independent non-executive Directors, namely, Mr. Luo Sigang, Mr. Kam Hou Yin, John and Ms. Chong Kan Yu. The primary duties of the Audit Committee are, among others, to review and oversee the financial reporting principles and practices adopted as well as internal control procedures and issues of the Group. It also reviews quarterly, interim and the final results of the Group prior to recommending the same to the Board for consideration. Mr. Kam Hou Yin, John has appropriate professional qualifications, accounting and financial management expertise as required under the GEM Listing Rules. For further information in relation to the background and directorships (and past directorships), if any, of members of the Audit Committee, please refer to the 2023 Annual Report published on 30 April 2024.
- (g) The principal place of business of Draco Capital Limited is 4/F, Connaught Harbour Front House, 35–36 Connaught Road West, Sheung Wan, Hong Kong.
- (h) The principal place of business of Elite Partners CPA Limited is 23rd Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.
- (i) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.

16. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection online on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.flyingfinancial.hk) from the date of this circular up to and including the date of EGM:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for each of the two financial years ended 31 December 2022 and 2023;
- (iii) the letter from the Board, the text of which is set out on pages 6 to 26 of this circular;
- (iv) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 27 of this circular;
- (v) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 28 to 48 of this circular;

- (vi) the report from the Certified Public Accountants on the unaudited pro forma financial information of the Group in respect of the Rights Issue, the text of which is set out in Appendix II to this circular;
- (vii) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix;
- (viii) the material contracts referred to in the paragraph headed “Material contracts” in this appendix; and
- (ix) this circular.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Flying Financial Service Holdings Limited (the “**Company**”) will be held at Units 5906–5912, 59/F, The Center, 99 Queen’s Road Central, Hong Kong at 11:00 a.m. on Monday, 17 June 2024 for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions of the Company:

ORDINARY RESOLUTION(S)

1. “**THAT** conditional upon (i) all other resolutions set out in this notice being passed by the shareholders of the Company (the “**Shareholders**”); (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Rights Shares (as defined below) (in their nil-paid and fully paid forms); and (iii) the filing and registration of all documents relating to the Rights Issue (as defined below) required to be filed or registered 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):
 - (a) the issue by way of rights (the “**Rights Issue**”) of 254,414,580 new Shares (the “**Rights Shares**”) at a subscription price of HK\$0.25 per Rights Share (the “**Subscription Price**”) on the basis of three (3) Rights Share for every one (1) Share held by the Shareholders whose names shall appear on the register of members of the Company on Thursday, 27 June 2024 (the “**Qualifying Shareholders**”), or such other date as the Company may agree to be the record date for determination of the entitlements of the Shareholders to the Rights Issue (the “**Record Date**”) (excluding those Shareholders (the “**Non-Qualifying Shareholders**”) whose addresses on the register of members of the Company are outside Hong Kong on the Record Date in respect of whom the Director(s), after making relevant enquiries, consider it necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant statutory body or stock exchange in that (those) place(s)), and substantially on the terms and conditions set out in the circular of the Company dated 23 May 2024 (the “**Circular**”) (a copy of which marked “A” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved and the Directors be and are hereby

NOTICE OF EGM

authorised to issue and allot such Rights Shares by way of rights and otherwise on the terms set out in such document, and the placing agreement dated 26 April 2024 entered into between the Company and Tiger Faith Securities Limited (the “**Placing Agreement**”) in relation to the placing of a maximum of 254,414,580 Rights Shares that are not subscribed by the Qualifying Shareholders (the “**Unsubscribed Rights Shares**”) and the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company (the “**NQS Unsold Rights Shares**”), at the placing price of not less than the Subscription Price per Unsubscribed Rights Share or NQS Unsold Rights Share (as the case may be) on a best effort basis first (a copy of the Placing Agreement marked “B” is produced to the meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

- (b) the board of Directors (the “**Board**”) or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro-rata to the Qualifying Shareholders and, in particular, the Board may make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as it may deem necessary or expedient having regard to the legal restrictions under the laws of, or the requirements of the relevant regulatory body or stock exchange in, any territory outside Hong Kong; and
- (c) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.”

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

Hong Kong, 23 May 2024

Notes:

1. A form of proxy for use at the meeting is enclosed with the circular of the Company dated 23 May 2024. Such form is also available at the website of the GEM and the website of the Company.
2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him in accordance with the Company’s articles of association. A proxy need not be a member of the Company but must be present in person to represent the member.

NOTICE OF EGM

3. To be valid, a form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should they so wish, and in such event, the instrument appointing a proxy shall be revoked.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. The register of members of the Company will be closed from Tuesday, 11 June 2024 to Monday, 17 June 2024 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. Shareholders whose names appear on the Company's register of members on Monday, 17 June 2024 will be eligible for attending and voting at the EGM. In order to be eligible for attending and voting at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong Time) on Friday, 7 June 2024.
7. As at the date hereof, the Board comprises (i) one executive Director, namely Ms. Liu Yi; and (ii) three independent non-executive Directors, namely Mr. Kam Hou Yin, John, Ms. Chong Kan Yu and Mr. Luo Sigang.