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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)**

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This announcement is made by Flying Financial Service Holdings Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcement of the Company dated 8 December 2020 (the “**Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

### **UPDATE ON THE CUSTODIES**

Since the Group became aware of the Custodies of (i) Mr. Zheng Weijing (“**Mr. Zheng**”), the chairman (the “**Chairman**”), chief executive officer (the “**Chief Executive Officer**”) and an executive Director (the “**Director(s)**”) of the Company; (ii) Ms. Guo Chanjiao (“**Ms. Guo**”), an executive Director of the Company; and (iii) three employees of the Group, the Company has been taking active steps to ascertain the reasons of and/or incidents leading to the Custodies, including but not limited to (i) engaging a PRC legal counsels (the “**PRC**

**Legal Counsels**”) to provide relevant legal advice to the Group in relation to the incidents, (ii) making enquiries to the Nanshan Branch of the Shenzhen Public Security Bureau\* (深圳市公安局南山分局) (the “**Bureau**”) to obtain further information and updates regarding the Custodies; and (iii) approaching Mr. Zheng through the PRC Legal Counsels regarding further details in relation to the Custodies.

As advised by the PRC Legal Counsels, investigations regarding suspected illegal absorption of public deposits (非法吸收公衆存款罪) by the Bureau is still ongoing as at the date of this announcement. During the due diligence process of the PRC Legal Counsels, the Board became aware that certain assets of the Group had been seized by the Bureau (“**Seized Assets**”), including, among others, 12 investment properties and the equity interests of the Group in certain property development projects through limited partnerships. These assets were either owned by Shenzhen Flying Financial Internet Financial Services Limited\* (深圳市匯聯互聯網金融服務有限公司), the company principally engaged in the operation of the then financial service platform of the Group which ceased operation in the fourth quarter of 2019 (the “**Financial Service Platform**”) or owned by other subsidiaries of the Group which are subject to certain guarantees provided by these subsidiaries of the Group (the “**Guarantee Documents**”) for certain unsettled repayment of funds to the lenders involved in the Financial Service Platform (the “**Unsettled Repayment**”).

Due to the tightening regulatory environment in the PRC in 2019, our Group ceased the operation of the Financial Service Platform in the fourth quarter 2019. The Board recently became aware of the Guarantee Documents when investigation was made by the Board and the PRC Legal Counsels in relation to the Custodies. The Board was informed by Mr. Zheng that, as part of the liquidation plan of the Financial Service Platform, certain assets of the Group were pledged pursuant to the Guarantee Documents for the settlement of the Unsettled Repayment in November 2019.

The Company will continue to take active steps to obtain the latest updates and information in relation to incidents leading to the Custodies, including but not limited to the potential impact and consequence to the Group in relation to the Seized Assets.

## **LITIGATION INVOLVING THE DIRECTORS, THE COMPANY AND THE SUBSIDIARIES OF THE COMPANY**

The Board also recently became aware a writ (the “**Writ**”) of civil summons dated 28 October 2020 was served by the People’s Court of Qianhai Shenzhen City Guangdong Province\* (廣東省深圳前海合作區人民法院) against Mr. Zheng, Ms. Guo, and two PRC subsidiaries of the Company (the “**Relevant Subsidiaries**”) in relation to the repayment of certain loans and interest accrued thereon (the “**Lawsuit**”).

Pursuant to the Writ, (i) Mr. Zheng was demanded for the repayment of an aggregate amount of RMB16,306,300 (the “**Claimed Amount**”), alleging to be the principal and interest accrued thereon pursuant for a loan agreement dated 18 September 2019 where Mr. Zheng is the

borrower of the relevant loan; and (ii) Ms. Guo, the Company, the Relevant Subsidiaries and a number of PRC companies independent to the Group were alleged to be the guarantors of the Claimed Amount under a guarantee dated 18 September 2019 in favour of the claimant under the Writ to secure the Claimed Amount (the “**Loan Guarantee**”).

The Board was not aware of the Lawsuit until investigation was made by the Board and the PRC Legal Counsels in relation to the Custodies. Upon the Board’s further investigation into the matter and making enquiries with the management of the Company, the Board was notified by the head of the legal department of the Company (the “**Head of the Legal Department**”) that he received the Writ in early November 2020. Upon receiving such relevant documents of the Writ, the Head of the Legal Department immediately informed Mr. Zheng about the Lawsuit. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Mr. Zheng informed the Head of Legal Department that he would actively liaise with the claimant of the Lawsuit to resolve the matter and would notify the Board regarding the matter as soon as possible. As a result, the Head of Legal Department did not inform the Board in relation to the Lawsuit in early November 2020.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the executions of Loan Guarantee by the Company and the Relevant Subsidiaries were conducted solely by Mr. Zheng’s without authorisation by the Company and the Relevant Subsidiaries. The Board has instructed the PRC Legal Counsels to obtain further information and relevant documents and to advise on the potential legal consequences for the Group in relation to the Lawsuit.

The Company will make further announcement(s) in a timely manner on any substantial progress in relation to the Custodies, the Seized Assets, the Lawsuit and the relevant matters as and when required in compliance with the GEM Listing Rules. At the date of this announcement, to the best knowledge, information and belief of the Directors, save for the Custodies and the Lawsuit, no member of the Group is engaged in any material litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to the Directors to be pending or threatened against any member of the Group.

## **CHANGE OF CHAIRMAN, CEO, AUTHORIZED REPRESENTATIVE AND COMPLIANCE OFFICER**

The Board announces that, Mr. Zheng has tendered his resignation as the chairman, executive Director, Chief Executive Officer (the “**CEO**”), authorised representative and compliance officer of the Company with effect from 26 March 2021 in view of, among others, his custody by the relevant PRC authorities. He has also resigned from all his other positions in the Group with effect from 26 March 2021.

Mr. Zheng confirmed that, save as disclosed in this announcement, he has no disagreement with the Board and there is no other matter which needs to be brought to the attention of the shareholders of the Company (the “**Shareholders**”) in relation to his resignation.

## **SUSPENSION OF DUTIES AND POWERS OF AN EXECUTIVE DIRECTOR**

In view of the custody of Ms. Guo in December 2020, the Board considers that Ms. Guo has not been able to fulfill her duties as an executive Director. The Board further announces that it has resolved, among other matters, to temporarily suspend the executive and/or administrative duties and powers of Ms. Guo as an executive Director, a member of the nomination committee of the Company (the “**Nomination Committee**”), and all of her other positions in the Group, as permitted by law with effect from 26 March 2021. The Board considers that the suspension of duties and powers of Ms. Guo is in the best interests of the Company and the Shareholders as a whole.

## **CHANGE OF CHAIRMAN, CHIEF EXECUTIVE OFFICER, AUTHORIZED REPRESENTATIVE AND COMPLIANCE OFFICER**

The Board further announces that Mr. Zhang Gongjun (“**Mr. Zhang**”), an executive Director, has been redesignated as the chairman, CEO, authorised representative and compliance officer of the Company to replace Mr. Zheng with effect from 26 March 2021.

The biographical details of Mr. Zhang are as follows:

Mr. Zhang, aged 55, was appointed as an independent non-executive Director on 20 December 2011 and redesignated to an executive Director on 15 July 2015. Mr. Zhang obtained the certificate of master’s degree in business administration from the Peking University in July 2013.

Prior to being re-designated as an executive Director, Mr. Zhang was the managing director of Shenzhen Sino-investment Management Company Limited, responsible for overall operational management. From August 2008 to January 2012, Mr. Zhang served as a non-executive director of Sino Grandness Food Industry Group Limited, a company incorporated in the Republic of Singapore whose shares are listed on the main board of the Singapore Exchange Securities Trading Limited with stock code T4B. Mr. Zhang currently is also an independent director of SZZT Electronics Co., Ltd, a company listed on the Shenzhen Stock Exchange (stock code: 002197) with the appointment date of 21 June 2019. Save as disclosed herein, in the three years preceding the date of this announcement, Mr. Zhang did not hold any directorship in other listed public companies in Hong Kong or overseas.

Save as disclosed, there is no other information in relation to Mr. Zhang which is required to be disclosed pursuant to Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders in relation to such redesignation.

## **CHANGE IN COMPOSITION OF THE BOARD COMMITTEES**

Following the resignation of Mr. Zheng as, among others, an executive Director, he has also ceased to be the chairman of the Nomination Committee of the Board with effect from 26 March 2021.

The Board is pleased to announce that Mr. Zhang has been appointed as the Chairman of the Nomination Committee to replace Mr. Zheng with effect from 26 March 2021.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By the Order of the Board  
**Flying Financial Service Holdings Limited**  
**Zhang Gongjun**  
*Chairman and Chief Executive Officer*

Hong Kong, 26 March 2021

\* *For identification purposes only*

*As at the date of this announcement, the executive Directors are Mr. Zhang Gongjun (Chairman and Chief Executive Officer), and Ms. Guo Chanjiao (duties suspended); and the independent non-executive Directors are Dr. Vincent Cheng, Dr. Miao Bo and Mr. Hsu Tawei.*

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

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