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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)**

## **KEY FINDINGS OF INDEPENDENT INVESTIGATION IN RELATION TO THE RELEVANT RESUMPTION GUIDANCE**

Reference is made to the Company's announcement dated 28 December 2021, in relation to, among others, the formation of Independent Investigation Committee with the purpose to commission an independent investigation on the matter to be conducted by independent professional advisor(s) regarding the custody of Mr. Zheng Weijing, Ms. Guo Chanjiao and three former employees of the Group by the Nanshan Branch of Shenzhen Public Security Bureau since December 2020 pending investigation regarding certain suspected illegal absorption of public deposits (the “**Custodies**”), as the request from the Resumption Guidance.

Reference is also made to the Company's announcement dated 26 January 2022, including, among others, the update of independent investigation. Following the formation of the Independent Investigation Committee, the Company has engaged Beijing Dentons Law Offices, LLP, the PRC legal advisers, to conduct independent investigation in relation to the Custodies in the PRC.

The key findings of the report (the “**Report**”) of the PRC legal advisers in relation to the Custodies are summarized below.

## KEY FINDINGS OF THE REPORT IN RELATION TO THE CUSTODIES

### Relevant persons subject to the Custodies

Concerning the Custodies, the following persons were held in custody on 7 December 2020 by the Nanshan Branch of the Shenzhen Public Security Bureau\* (深圳市公安局南山分局) (the “**Bureau**”) for the investigation regarding certain suspected illegal absorption of public deposits:

- (1) Mr. Zheng Weijing (“**Mr. Zheng**”) (鄭偉京) was an executive director of the Company from 4 May 2011 until 26 March 2021. Mr. Zheng was also the chairman, chief executive officer and co-founder of the Company from 4 November 2014 until 26 March 2021 following his resignation;
- (2) Ms. Guo Chanjiao (“**Ms. Guo**”) (郭嬋嬌) was an executive director of the Company from 26 June 2015 until being suspended by the Company on 26 March 2021. As further disclosed in the Company’s announcement dated 28 June 2021, Ms. Guo ceased to be a director of the Company with immediate effect on 28 June 2021; and
- (3) Three former employees of the Group.

### The October 2021 Judgement

Following the relevant investigations of the PRC authority and criminal proceedings of first instance trial in the PRC, a criminal judgement was made by the People’s Court of Nanshan District of Shenzhen (“**SZ Nanshan District Court**”) on 18 October 2021 (the “**October 2021 Judgement**”) in relation to the matters of the Custodies. With reference to the October 2021 Judgement, SZ Nanshan District Court determined that, among others,

- (1) Mr. Zheng was the actual controller of SZ Flying Financial. Mr. Zheng had actually controlled the illegal fundraising activities of SZ Flying Financial (through online and offline channels) and was the decision maker of the use and allocation of the raised funds;
- (2) Ms. Guo was the general manager of SZ Flying Financial, who was responsible for the daily business of SZ Flying Financial including the organization of the fundraising activities (through online and offline channels), the sales of private placement products, etc.;
- (3) the three former employees of the Group were responsible for the relevant matters of operation, finance and risk control of SZ Flying Financial, respectively;
- (4) the Company and SZ Flying Financial were not regarded as subject of crime. The criminal offence of illegal absorption of public deposits (the “**Offence**”) was individually committed by Mr. Zheng, Ms. Guo and the three former employees of the Group;
- (5) Mr. Zheng, Ms. Guo and the three former employees of the Group were all convicted of the Offence and were sentenced to 18 months to 7 years of prison with monetary penalties;

- (6) Mr. Zheng and Ms. Guo confessed to committing the Offence;
- (7) the three former employees of the Group confessed to committing the Offence and their respective sentences; and
- (8) the outstanding amount in relation to the Offence subject to refund to the investors was approximately RMB680 million. The assets seized (which included the Seized Assets) in relation to the Offence shall be distributed to the relevant investors in accordance with the applicable PRC law and regulations.

To the best knowledge and belief of the Board, following Mr. Zheng's confession to the Offence and conclusion of the first instance trial in October 2021, Mr. Zheng requested for second instance trial in October 2021 to request his sentence be reduced, mitigated and change of scope of his joint and several liability for compensation in relation to the Offence. As at the date of this announcement, the second instance trial in relation to Mr. Zheng's appeal has not been concluded.

### **Seized Assets subject to the October 2021 Judgement**

As mentioned in the Company's announcements dated 26 March 2021 and 26 January 2022, certain assets of the Group had been seized by the Bureau during the year ended 31 December 2020. Such seized assets include, among others, (i) investment properties; (ii) investment in unlisted equity securities in a PRC company which conducted micro-lending business; and (iii) three investments in property development projects through certain limited partnerships (collectively, the "**Seized Assets**"). With reference to the October 2021 Judgement, the Seized Assets will be distributed to the relevant investors in accordance with the applicable PRC law and regulations.

### **Findings in relation to existing Directors of the Company**

Following the public search through the China Judgement Online website conducted by the PRC legal advisers, there is no records of any criminal proceeding in the PRC against the Group and the existing Directors of the Company as of the date of the Report. Further, according to the certificates issued by Shenzhen Municipal Public Security Bureau in January 2022, there is no criminal record of Mr. Zhang Gongjun (the executive Director of the Company since 15 July 2015) and Ms. Wan Suyan (the executive Director of the Company since 9 December 2021), for period over 20 years prior to 14 January 2022.

Each of the existing Directors of the Company has confirmed that he/she was not involved in the activities of the Offence (including but not limited to activity of illegal absorption of public deposits and/or assistance of dealing in the proceeds from the activity of the Offence). Following the public search through the China Judgement Online website conducted by the PRC legal advisers, the existing Directors of the Company were not discovered to be subject to record of criminal liability in relation to the Offence.

## **Key conclusive views of the Report**

The key conclusive views of PRC Legal advisers are summarized as below:

- (1) With reference to the October 2021 Judgement, Mr. Zheng actually controlled the illegal fundraising activities of SZ Flying Financial. The proceeds of the illegal fundraising activities were used and allocated by Mr. Zheng. The Offence was individually committed and was not considered as corporate crime of the Company and SZ Flying Financial. In view of the October 2021 Judgement, the Company and the existing Directors shall not be responsible for criminal and civil liabilities in relation to the Offence.
- (2) The probability and feasibility for the Group to recover those Seized Assets (in whole or in part) would be extremely low with reference to the applicable PRC law, the Company's confirmation and the October 2021 Judgement in relation to the Seized Assets.
- (3) The relevant PRC subsidiaries of the Group should update their correspondence address and file any outstanding annual report to avoid being regarded (or continued to be regarded) as corporate with abnormal operations.
- (4) Mr. Zheng, Ms. Guo and the three former employees of the Group who are subject to the October 2021 Judgement shall not be eligible to be a director, supervisor, or senior management of a corporate following the sentencing in accordance with the applicable PRC law and regulations. The Group may consider replacing the management, directorship and supervisor position of the said persons in the relevant PRC subsidiaries of the Group when appropriate and practical.
- (5) Save as to the Seized Assets, there is no clear evidence that the Offence committed by Mr. Zheng, Ms. Guo and the three former employees of the Group have material adverse impact to the operation and financial condition of the Company.

## **BASIC ASSUMPTIONS OF THE REPORT**

The Independent Investigation Committee noted that, in preparing the Report, the PRC legal advisers have conducted due diligence exercises which considered to be necessary by the PRC legal advisers and that the Report is subject to certain basic assumptions, including:

- (1) The information and documents obtained by the PRC legal advisers from the Company for the purpose of the Report would be complete, true and not misleading; and
- (2) Concerning the matters which could not be independently verified by the PRC legal advisers, the PRC legal advisers have relied upon the information of the relevant PRC authority, websites and the Company's information, confirmation and documents.

The Independent Investigation Committee considered that such basic assumptions to be fair and reasonable.

## **VIEWS OF THE INDEPENDENT INVESTIGATION COMMITTEE**

After considering the Report and making necessary enquiries and discussions with the PRC legal advisers, the Independent Investigation Committee is satisfied and agreed with the conclusive views of the independent investigation. In particular, concerning the Offence, the Independent Investigation Committee considered that:

- (i) with reference to the Report and the October 2021 Judgement, the Offence was individually committed by Mr. Zheng, Ms. Guo and the three former employees of the Group;
- (ii) the Company and the existing Directors of the Company shall not be responsible for criminal and civil liabilities in relation to the Offence; and
- (iii) Mr. Zheng and Ms. Guo have ceased to be director of the Company on 26 March 2021 and 28 June 2021 respectively, and they do not have influence over the Company's existing management and operations.

## **VIEWS OF THE BOARD**

The Board has also considered the Report and agrees with the conclusive views of the PRC legal advisers and the Independent Investigation Committee.

The Board considered that the Custodies and the Offence committed by Mr. Zheng, Mr. Guo and the three former employees of the Group do not have material adverse impact to the Company's business operation and financial position. In this regards, the Board considered that:

- (i) the Offence was individually committed by two former directors of the Company (namely Mr. Zheng and Ms. Guo), and the three former employees of the Group, who do not have influence over the Company's existing management and operations; and
- (ii) the Seized Assets (as part of the seized assets to be distributed to the relevant investors in accordance with the applicable PRC law and regulations with reference to the October 2021 Judgement), are part of the assets of the Disposal Group (as defined in the Company's announcement dated 26 January 2022) concerning the Company's very substantial disposal transaction with reference to the terms and conditions of the Sale and Purchase Agreement dated 30 December 2021. The Company and the remaining subsidiaries (i.e. subsidiaries not in the Disposal Group) does not hold any of the Seized Assets. It is expected that the Seized Assets will not be held by the Group following the said disposal.

In view of Mr. Zheng and Ms. Guo are no longer director and management of the Company and with reference to the October 2021 Judgement and the Report, the Board considered that there are no evidence suggesting any reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's existing management and operations, which may pose a risk to investors and damage market confidence.

With reference to the announcement of the Company dated 26 March 2021, Mr. Zheng resigned from all his positions in the Group with effect from 26 March 2021. As to the relevant subsidiaries of the Group which has public record showing Mr. Zheng or Ms. Guo as a director and/or legal representative, (i) most of such subsidiaries are among the subsidiaries of the Disposal Group (as defined in the Company's announcement dated 26 January 2022, concerning the Company's very substantial disposal transaction with reference to the terms and conditions of the Sale and Purchase Agreement dated 30 December 2021); (ii) to the best knowledge and belief of the Board, none of such subsidiaries of the Group are required to conduct any daily business operation as at the date of this announcement; and (iii) the Company is procuring feasible steps to replace and remove their positions in the subsidiaries of the Company which are not part of the Disposal Group.

Reference is made to the Company's announcement dated 28 December 2021, the Company has engaged internal control advisers to review and strengthen the Company's internal control systems, so as to ensure the Company has in place adequate internal control systems to meet the obligations of the GEM Listing Rules. The internal control review is still on-going as at the date of this announcement and is expected to be completed in the first quarter of 2022. The Company will take appropriate measures as soon as possible thereafter to address the deficiencies and implement enhanced internal control procedures, if any. The Company will make further announcement in relation to the internal control review in accordance with the GEM Listing Rules as and when appropriate.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 11:19 a.m. on 29 March 2021 and will remain suspended until further notice.

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

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	board of the Directors
“Company”	Flying Financial Service Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on GEM
“Director(s)”	director(s) of the Company from time to time
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC



“PRC”	the People’s Republic of China, which for the purpose of this announcement only excludes Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ Flying Financial”	深圳市匯聯互聯網金融服務有限公司 (*Shenzhen Flying Financial Internet Financial Services Corporation), a company established in the PRC on 29 May 2014 with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

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

Hong Kong, 22 February 2022

\* *for identification purpose only*

*As at the date of this announcement, the executive Directors are Mr. Zhang Gongjun (Chairman and Chief Executive Officer), Ms. Wan Suyuan and Mr. Leung Man Kit; and the independent non-executive Directors are Dr. Vincent Cheng, Dr. Miao Bo, Mr. Hsu Tawei and Mr. Tsao Hoi Ho.*

*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).*