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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)

QUARTERLY UPDATE ON STATUS OF RESUMPTION

This announcement is made by Flying Financial Service Holdings Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market 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). References are made to (i) the announcements of the Company dated 4 June 2021, 28 June 2021 and 19 November 2021 in relation to, among others, the Resumption Guidance; (ii) the announcements of the Company dated 28 June 2021, 28 September 2021 and 28 December 2021 in relation to, among others, the quarterly update on the status of Resumption; (iii) the announcement dated 24 December 2021 in relation to, among others, the formation of an Independent Investigation Committee (collectively the “**Previous Announcements**”); and (iv) the announcement dated 26 January 2022 in relation to, among others, the very substantial disposal. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Previous Announcements.

QUARTERLY UPDATE ON STATUS OF RESUMPTION

Update on business operations

As at the date of this announcement and with reference to the Previous Announcements, the business operations of the Group have been conducted on a continuing and normal basis in all material respects.

Update on progress of resumption

The Company has continued to take active steps to address and comply with the Resumption Guidance. As at the date of this announcement, the Board continues to seek professional advice from various professionals to comply with the relevant Resumption Guidance. Among other things, the Board has established the Independent Investigation Committee on 20 December 2021 for the purpose of conducting an appropriate independent investigation into

the custody of Mr. Zheng, Ms. Guo and three 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 by a subsidiary of the Company as required under the Resumption Guidance. In response to the requirements of the Resumption Guidance, the Board will assess the impact of the findings on the business operation and financial condition of the Company, announce the findings and take appropriate remedial actions.

The Company has also engaged an internal control consultant to review and enhance the internal control system of the Company to ensure that the Company has an adequate internal control system to meet the obligations of the GEM Listing Rules. Due to the outbreak of COVID-19, the relevant process and implementation in relation to the internal control system have been disrupted and the Company expected that the relevant remedial actions in relation to internal control will be substantially carried out in April 2022 by when the IC advisers will perform a follow-up review to ensure these remedial actions are effectively implemented.

As stated in the announcements of the Company dated 26 January 2022 and 22 February 2022, 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 and the major findings and the relevant opinions of the report of PRC legal adviser in relation to the Custodies have been disclosed.

ESTABLISHMENT OF REMEDIAL COMMITTEE

As stated in the announcement of the Company dated 15 March 2022, the Board resolved on 15 March 2022 to form the Remedial Actions Committee. The main purpose is to allow the members of the Remedial Actions Committee to recommend and facilitate the implementation of remedial actions (with advice of external professional parties) in relation to the loss (the “**Loss**”) incurred by the Company and/or the Seized Assets (including such Loss in relation to the Offence and/or such Loss as identified by the Company (if any)), without limitation to the remedial actions to recover the Loss and the remedial actions concerning corporate governance of the Company.

The Company will keep its shareholders as well as potential investors informed of any significant developments in relation to any material remedial actions taken by the Company in relation to the Loss, by way of further announcement(s) as and when appropriate or as required under the GEM Listing Rules.

VERY SUBSTANTIAL DISPOSAL

In conjunction with the establishment of the Independent Investigation Committee, the engagement of PRC legal adviser to conduct an independent investigation on the Custodies in the PRC, the Board of the Company has also actively made the Group a more cost efficiency and competitive enterprise by optimising the Group’s structure and allocation of corporate resources.

On 26 January 2022, the Company announced a very substantial disposal.

As stated in the announcement dated 26 January 2022, the Directors consider that through the Disposal, the Group will be able to raise cash proceeds in a foreseeable future to repay indebtedness and to increase its working capital, and reallocate more financial resources to its core business and for future development.

On 25 February 2022, the Listing Division of the Exchange issued its first opinion on the draft circular in relation to the Disposal submitted by the Company.

On 4 March 2022, the Company submitted a second draft of the circular as supplemented by the first opinion.

On 10 March 2022, the Listing Division of the Exchange issued its second opinion on the second draft of the circular submitted by the Company in relation to the Disposal. The Company will continue to actively respond to the comments of the Listing Division of the Exchange and strive to submit the new draft circular as early as possible.

On 23 March 2022, the Listing Division of the Exchange issued its third opinion on the third draft of the circular submitted by the Company in relation to the Disposal. The Company will continue to actively respond to the comments of the Listing Division of the Exchange and strive to submit the new draft circular as early as possible.

As such, the circular in relation to the Disposal will be further delayed and the Company will continue to keep close communication with the Listing Division of the Exchange but is currently unable to provide a definitive date as to when the circular will be completed.

Submission of resumption proposal and request for extension

On 13 March 2022, the Company submitted a letter to the Listing Division of the Exchange in relation to resumption proposal and to address the Resumption Guidance given by the Listing Division in resumption proposal on a case-by-case basis, at the same time striving to demonstrate that during the four-month period when the Company started to appoint new directors and acquired funding to support the Company's resumption of trading since December 2021, the Company was able to complete a number of initiatives to resume trading and to put the Group's business back on track during the particularly severe COVID-19 pandemic.

Meanwhile, in its resumption proposal, the Company had filed a petition for the Listing Division to recommend the Listing Committee to extend the deadline for the Company to commence the delisting process by four months. The application of the extension is made because given the Additional Resumption Guidance issued by the Listing Division of the Exchange on 18 November 2021, the Company still tried its best to complete a lot of work with the cooperation and follow-up of the Listing Division of the Exchange in just over four months, even under the environment including Christmas and New Year holidays, coupled with the fact that the COVID-19 pandemic in Hong Kong was uncontrollable during the period and that the Company was required to conduct an internal control investigation in Mainland, especially in Shenzhen, the main area of business of the audit subsidiary of the Company, where the control of the COVID-19 pandemic was particularly stringent. The progress of these resumption works has been disclosed in the Company's announcements published on the HKEXnews of the Stock Exchange since December 2021.

The Directors are confident that once the Company's application for the extension is approved, the aforesaid solutions on the resumption conditions will be implemented with the efforts of the entire staffs of the Company in order to fulfill the resumption conditions and the interests of the shareholders of the Company can be protected.

In relation to the extension application made by the Company, the Listing Division replied that the Company may submit further information in relation to the extension application for consideration no later than 6 April 2022. The Company will continue to commit itself and actively communicate with the Listing Division, in the hope that the Listing Division can support the Company's application for extension.

As always emphasized by the Company, the Company attaches great importance to the interests of the shareholders of the Company. In the event that the application for extension is neither recognized nor supported by the Listing Division and the Listing Committee is advised to delist the Company, the Company will use its best endeavor to act in accordance with the rules and regulations of the Listing Division, make reasonable efforts and never give up the case until the end.

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.

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

Hong Kong, 4 April 2022

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, Mr. Tsao Hoi Ho and Mr. Lau Jing Yeung William.

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 for a minimum period of seven days from the date of its publication and on the Company's website at www.flyingfinancial.hk.