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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)

**INSIDE INFORMATION
FINDINGS OF AGREE-UPON PROCEDURES REPORT
IN RELATION TO
THE INTERIM RESULTS OF THE COMPANY
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

Financial adviser to the Company



瓏盛資本有限公司
Draco Capital Limited

This announcement is made by Flying Financial Service Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference are made to the announcements of the Company (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 29 July 2022 in relation to, among other, the latest business update of the Group for the six months ended 30 June 2022 (collectively, the “**Previous Announcements**”); and (iii) the annual report of the Company for the year ended 31 December 2021 published on 30 June 2022 (the “**2021 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Previous Announcements and the 2021 Annual Report.

AGREE-UPON PROCEDURES ENGAGEMENT WITH AUDITOR

As disclosed in the announcement of the Company dated 19 November 2021, the Stock Exchange set forth the Resumption Guidance, among other things, required the Company to (i) address the issues giving rise to the disclaimer of opinion on the Annual Results Announcement, provide comfort that the disclaimer of opinion in respect of such issues would no longer be required and disclose sufficient information to enable investors to make an informed assessment of its financial positions as required under Rule 17.49B of the GEM Listing Rules; and (ii) demonstrate the Company's compliance with Rule 17.26 of the GEM Listing Rules.

In order to provide more supportive evidence to the shareholders and potential investors of the Company as well as the Stock Exchange in relation to the progress of the fulfilment of the Resumption Guidance before the publication of the interim results of the Company for Interim 2022, which is expected to be announced on 12 August 2022, the Board has therefore engaged the auditor of the Company (the “**Auditor**”) on 6 August 2022 to conducted the agree-upon procedures engagement in accordance with the Hong Kong Standard on Related Services (HKSRS) 4400 (Revised) “Agreed-Upon Procedures Engagements” (“**HKSRS 4400 (Revised)**”) for the purpose of assisting the Group in determining whether:

- (i) the Group's revenue for Interim 2022 is supported by relevant service agreements/sales contract and payment records in all material aspect; and
- (ii) the Group's bank balances are not held by the group entities which legal representative is Ms. Guo Chanjiao (“**Ms. Guo**”), the former executive Director (collectively, the “**AUP Procedures**”).

The Auditor has issued the respective agree-upon procedures report (the “**AUP Report**”) on 9 August 2022. The Company would like to update its shareholders and set out the findings of the AUP Report in this announcement.

Revenue of the Group for Interim 2022

After the continuing focus on the development of its financial consultation services platforms and the expansion of its core customer base, there is a significant increase in revenue for Interim 2022 as compared to Interim 2021, which has been announced by the Company on 29 July 2022. In relation to such revenue of the Group for Interim 2022, the procedures performed by the Auditor and the findings of the AUP Procedures on confirming the Group's revenue for Interim 2022 is supported by relevant service agreements/sales contract and payment records in all material aspect are summarised as follows:

Procedures	Findings
1.1 Obtain the Group's consolidated management accounts for the six months ended 30 June 2022;	The Auditor have obtained and agreed the consolidated management accounts of the Company for Interim 2022;
1.2 Obtain the Group's revenue breakdown for the six months ended 30 June 2022 and agree the revenue breakdown to the Group's consolidated management accounts set out in procedures 1.1; and	The Auditor agreed the consolidated revenue of approximately RMB27 million for Interim 2022 stated in the consolidated management accounts set out in procedures 1.1 to the revenue breakdown; and
1.3 Obtain the relevant service agreement/sales contracts and payment records and agree to the Group's revenue breakdown set out in procedures 1.2 on a sampling basic.	The Auditor agreed sales transactions in the breakdown are supported by relevant service agreement/sales contracts and payment records on a sampling basic.

Address Issues Giving Rise to the disclaimer of opinion on the 2021 Annual Report

As disclosed in sections headed "Disclaimer of Opinion" and "Basis for Disclaimer of Opinion" in the independent auditor's report contained on pages 120 to 124 of the 2021 Annual Report, the Auditor did not express an audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 as a result of the following matters:

- (i) Material uncertainties relating to going concern (the "**Disclaimer 1**");
- (ii) Scope limitation on PRC bank related balances (the "**Disclaimer 2**"); and
- (iii) Opening balances and corresponding figure (the "**Disclaimer 3**").

As stated in the section headed "THE GROUP'S RESPONSE TO THE BASIS OF DISCLAIMER OF OPINION" of the 2021 Annual Report, the Board's view towards the aforesaid disclaimer of opinion are as follows:

- (i) In response to the Disclaimer 1, the Board considers that after completion of the VSD Transaction, the Company had obtained sales proceeds of HK\$15.0 million to repay its indebtedness and enhance the general working capital.

On the other hand, the Company had entered into the Subscription Agreement with the Subscriber to conduct the Subscription (with net proceeds of HK\$23.95 million) to strengthen the business operation of the Company. Coupled with the steady development of the financial platform services of the Group, the Board and the audit committee of the Company are confident that the Group could continue to operate as least 18 months after the year ended 31 December 2021.

- (ii) In response to the Disclaimer 2, the Board is of the view that almost all PRC subsidiaries that Ms. Guo is the director and legal representative included in the disposal group of the VSD Transaction. The Board and the audit committee of the Company concur with the view and consider that the issue would be resolved during the year of 2022.
- (iii) Regarding the Disclaimer 3, the Auditor is of the view that the qualifications in the auditors' report for the year ended 31 December 2020 would affect the opening balances, corresponding figure and related disclosures in the consolidated financial statements for the year ended 31 December 2021.

As such, in response to the Disclaimer 3, the Board and the audit committee of the Company concur with the view and consider that the qualifications in the auditors' report for the year ended 31 December 2020 had been resolved during the year ended 31 December 2021.

In order to update the shareholders of the Company regarding the progress on resolving the Disclaimer 2 as at the date of this announcement, the procedures performed by the Auditor and the findings of the AUP Procedures on confirming the Group's bank balances are not held by the group entities which legal representative is Ms. Guo are summarised as follows:

Procedures	Findings
2.1 Obtain the detailed breakdown of the Group's bank balances as at 30 June 2022 and agree the balances to the documents obtained in procedure 1.1;	The Auditor have obtained and reviewed the detailed breakdown of the Group's bank balances as at 30 June 2022, and agreed to agree the balances to the consolidated management accounts for Interim 2022 obtained in procedure 1.1;
2.2 Perform company search on the Company's subsidiaries which have bank balances as at 30 June 2022 to confirm Ms. Guo is not the legal representative/directors of those subsidiaries as at 30 June 2022 and up to the date of the AUP Report.	The Auditor performed company search on the Company's subsidiaries which have bank balances as at 30 June 2022. Except for the bank balance of RMB569 which held by Hui Lian Yuan Jing Investment Management (Beijing) Co., Ltd.* 匯聯遠景投資管理(北京)有限公司 (“ Hui Lian MGT ”), a wholly-owned subsidiary of the Company, no Group's bank balances as at 30 June 2022 was held by a subsidiary of which Ms Guo was the legal representative and/or director.

From the company search records of the Auditor, Ms. Guo is the legal representative and the sole director of Hui Lian MGT as at 30 June 2022 and up to the date of the AUP Report.

According to the instrument of transfer of Forever Intelligent Enterprises Limited (“**Forever Intelligent**”), a direct wholly owned subsidiary of the Company as at 30 June 2022, the Company disposed of the entire equity interest of Forever Intelligent to the independent third party which is not the subsidiary of the Company on 2 July 2022. Hui Lian MGT is the indirect wholly owned subsidiary of Forever Intelligent. After the disposal of Forever Intelligent by the Company, Hui Lian MGT is not a subsidiary of the Company since 2 July 2022.

Limitation of the AUP Procedures

The Auditor confirmed that their engagement of regarding the AUP Procedures is conducted in accordance with HKSRs 4400 (Revised) which involves the Auditor’s performing the procedures that have been agreed with the Directors, and reporting the findings, which are the factual results of the AUP Procedures performed. The Auditor make no representation regarding the appropriateness of the AUP Procedures. The AUP Procedures is not an assurance engagement and the Auditor does not express an opinion or an assurance conclusion.

OPINIONS OF THE BOARD

The Board have acknowledged that the AUP Procedures are appropriate for the purpose of the engagement. The Directors are responsible for the subject matter on which the AUP Procedures are performed.

Based upon the results of the above-mentioned AUP Procedures and having considered the findings of the AUP Report, the Board are of the view that:

- (i) the improvement of the business operation for Interim 2022 has sufficiently demonstrate the Company’s compliance with Rule 17.26 of the GEM Listing Rules; and
- (ii) the issue in relation to the Disclaimer 2 has been resolved as at the date of this announcement based on the findings of the AUP Report. As such the Company shall has addressed the issues giving rise to the disclaimer of opinion on the 2021 Annual Report.

As such, the Company considers that the relevant Resumption Guidance mentioned above in this announcement as fulfilled.

During the recent months, the Company has already taken several appropriate steps to resolve the issue(s) causing its trading suspension and to fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction. The Company will continue to commit itself and actively communicate with the Stock Exchange and seek to resume trading of its shares on the Stock Exchange as soon as possible.

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 the Company fulfils the Resumption Guidance.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares. When in doubt, shareholders of the Company and potential investors are advised to seek advice from professional or financial advisers.

By the Order of the Board
Flying Financial Service Holdings Limited
Mr. Leung Man Kit
Executive Director

Hong Kong, 9 August 2022

As at the date of this announcement, the executive Directors are Mr. Zhang Gongjun (Chairman and Chief Executive Officer), Ms. Wan Suyuan, Mr. Leung Man Kit and Ms. Liu Yi; 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 website of the Stock Exchange at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the Company's website at www.flyingfinancial.hk.

* For identification purpose only