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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Flying Financial Service Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purposes 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of Directors hereby submits the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023, together with the comparative audited figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	4	87,307	76,671
Other income/(expenses), net	6	260	(4,548)
Employee benefit expenses		(5,210)	(7,272)
Other administrative expenses		(52,338)	(52,882)
Loss allowance on financial assets		(2,966)	(2,377)
Finance costs	7	(48)	(72)
		<hr/>	<hr/>
Profit before income tax expense	8	27,005	9,520
Income tax expense	9	(10,143)	(6,700)
		<hr/>	<hr/>
Profit for the year		16,862	2,820
		<hr/>	<hr/>
Other comprehensive (expense)/income			
Item that will not be reclassified to profit or loss			
— Exchange differences on translating presentation currency		(832)	2,391
		<hr/>	<hr/>
Other comprehensive (expense)/income for the year		(832)	2,391
		<hr/>	<hr/>
Total comprehensive income for the year		16,030	5,211
		<hr/> <hr/>	<hr/> <hr/>
Profit for the year attributable to:			
Owners of the Company		16,926	2,605
Non-controlling interests		(64)	215
		<hr/>	<hr/>
		16,862	2,820
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Total comprehensive income for the year attributable to:			
Owners of the Company		16,094	4,996
Non-controlling interests		(64)	215
		<u>16,030</u>	<u>5,211</u>
Earnings per share			
	<i>10</i>		
— Basic (<i>RMB cents</i>)		30.70	7.52
— Diluted (<i>RMB cents</i>)		30.70	7.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		<u>5,128</u>	<u>6,496</u>
		<u>5,128</u>	<u>6,496</u>
Current assets			
Loans and accounts receivables	<i>11</i>	73,116	38,451
Prepayments and other receivables		7,562	5,846
Cash and cash equivalents		<u>16,561</u>	<u>4,912</u>
		<u>97,239</u>	<u>49,209</u>
Current liabilities			
Receipts in advance, accruals and other payables		23,021	24,719
Loan from directors		1,536	1,536
Lease liabilities		1,774	1,774
Current tax liabilities		<u>17,131</u>	<u>6,988</u>
		<u>43,462</u>	<u>35,017</u>
Net current assets		<u>53,777</u>	<u>14,192</u>
Total assets less current liabilities		<u>58,905</u>	<u>20,688</u>
Non-current liability			
Lease liabilities		<u>3,830</u>	<u>5,195</u>
NET ASSETS		<u><u>55,075</u></u>	<u><u>15,493</u></u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
EQUITY		
Equity attributable to owners of the Company		
Share capital	611	142,004
Reserves	54,274	(126,765)
	54,885	15,239
Non-controlling interests	190	254
TOTAL EQUITY	55,075	15,493

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

1. GENERAL

Flying Financial Service Holdings Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands on 4 May 2011. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The principal place of business of the Company is located at Room 1309, 13/F, Mirror Tower Centre, 61 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company’s shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) since 7 May 2012.

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.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Hong Kong Stock Exchange.

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendment to HKFRS17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice statement ²	Disclosure of Accounting Policies

The application of other new and amendments to HKFRSs in the current year had no material impact on the Group’s financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Presentation of Financial Statements	
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ effective for annual periods beginning on or after 1 January 2024

² effective for annual periods beginning on or after 1 January 2025

³ to be determined

4. REVENUE

Revenue, which is also the Group's turnover, represents the income from its principal activities. Revenue recognised during the year are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contract with customers within the scope of HKFRS 15:		
Platform services income	<u>83,408</u>	<u>75,225</u>
Revenue from other sources:		
Interest income	<u>3,899</u>	<u>1,446</u>

5. SEGMENT INFORMATION

Segment information about reportable segments:

(a) Business segments

	Investment in property development projects <i>RMB'000</i>	Operation of financial services platform <i>RMB'000</i>	Provision of entrusted loan, pawn loan, other loan services and financial consultation services <i>RMB'000</i>	Finance lease services <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2023					
Revenue from external customers	–	83,408	3,899	–	87,307
Reportable segment profit	–	36,443	1,704	–	38,147
Items included in the measure of segment profit or loss or segment assets:					
Other income	–	(19)	–	–	(19)
Depreciation of property, plant and equipment	–	15	–	–	15
Loss allowance on financial assets	–	771	2,195	–	2,966
Addition of non-current assets	–	11	–	–	11
Salaries and wages	–	3,925	–	–	3,925

	Investment in property development projects <i>RMB'000</i>	Operation of financial services platform <i>RMB'000</i>	Provision of entrusted loan, pawn loan, other loan services and financial consultation services <i>RMB'000</i>	Finance lease services <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2022					
Revenue from external customers	–	75,225	1,446	–	76,671
Reportable segment (loss)/profit	–	21,903	(1,178)	–	20,725
Items included in the measure of segment profit or loss or segment assets:					
Other expenses/(income), net	–	(9)	–	–	(9)
Depreciation of property, plant and equipment	–	737	–	–	737
Loss allowance on financial assets	–	(247)	2,624	–	2,377
Addition of non-current assets	–	6,935	–	–	6,935
Salaries and wages	–	5,049	–	–	5,049

6. OTHER INCOME/(EXPENSES), NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Bank interest income	194	9
Loss on disposal of subsidiaries	–	(4,557)
Others	66	–
	260	(4,548)

7. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on lease liabilities	48	72

8. PROFIT BEFORE INCOME TAX EXPENSE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Auditor's remuneration	580	790
Depreciation charge		
— Owned property, plant and equipment	15	300
— Right-of-use assets included in other buildings leased for own use carried at cost	1,365	437
Marketing expense	43,756	34,114
Employee benefit expenses including directors' remuneration	5,210	7,273
Salaries and wages	4,734	6,687
Pension scheme contributions — defined contribution plans	476	586

9. INCOME TAX EXPENSE AND DEFERRED TAX LIABILITIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PRC Enterprise Income Tax		
— Provision in current year	10,143	6,700
	10,143	6,700

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Enterprise income tax (“EIT”) arising from the PRC for the year was calculated at 25% (2022: 25%) of the estimated assessable profits of subsidiaries operating in the PRC during the year. According to the EIT law, the taxable income of an enterprise shall be the total revenue of such enterprise, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated tax losses.

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

Withholding tax was calculated at 5% of the dividends declared in respect of profits earned by a PRC subsidiary to its intermediate holding company incorporated in Hong Kong from 1 January 2008 onwards.

10. EARNINGS PER SHARE

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	55,125,000	34,629,000
Effect of exercise of share options		
Weighted average number of ordinary shares for the purpose of diluted earnings per share	—	3,996
	<u>55,125,000</u>	<u>34,632,996</u>

On 22 March 2023, the Company completed a capital reorganisation which involved the consolidation of every 50 ordinary share of the company of HK\$0.1 each into one consolidated share of HK\$5 each. For the years ended 31 December 2023 and 2022, the weighted average number of ordinary share has been adjusted for the effect of the share consolidated.

The computation of diluted earnings per share was reference to the closing price of the Company's share immediately before the suspension of trading of the Company's share.

The diluted loss per share is same as basic loss per share for the years ended 31 December 2022 as the shares issuable in respect of the outstanding share options have an anti-dilutive effect on the basic loss per share.

11. LOANS AND ACCOUNTS RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Account receivables	123	529
Other loan receivables	77,817	40,556
	77,940	41,085
Less: loss allowance of loans and accounts receivables	(4,824)	(2,634)
	73,116	38,451

Based on the commencement date of the loans as stated in the relevant contracts and the service provided date of the amount receivable, the ageing analysis of the gross carrying amounts of the Group's loans and accounts receivables is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0 to 30 days	20,699	12,704
31 to 90 days	30,188	28,174
91 to 180 days	27,028	121
Over 180 days	25	86
	77,940	41,085

12. SUBSEQUENT EVENT

On 9 January 2024, all conditions under the subscription agreement have been fulfilled and completion of the subscription took place on 9 January 2024 in accordance with the terms and conditions of the subscription agreement. 14,134,143 subscription shares, representing approximately 16.67% of the issued share capital of the Company immediately after the completion of the subscription, have been issued to 4 subscribers at the subscription price of HK\$0.315 per subscription share. The gross proceeds of the subscription will be approximately HK\$4.45 million and the net proceeds (after deduction of other fees, costs, charges and expenses of the subscription) will be approximately HK\$4.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the Company's auditor on the Group's consolidated financial statements for the year ended 31 December 2023:

Comparative figures

The auditor's report on the consolidated financial statements for the year ended 31 December 2022 ("**2022 Financial Statements**") contained qualification on the limitation of scope and qualification of the opening balance and corresponding figures (the "**Qualifications**"). Details of which has been set out in the auditor's report for 2022 Financial Statements dated 14 April 2023.

Since this affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening accumulated loss might be necessary for 2022 Financial Statements. Our audit opinion on 2022 Financial Statements was modified accordingly. Our opinion on the current period's financial statement is also modified because of the possible effect of this matter on the comparability of the current period figure and the corresponding figures in the light that 2022 Financial Statements formed the comparative figure in the current period's financial statement.

THE GROUP'S RESPONSE TO THE BASIS OF QUALIFIED OPINION

Except for the audit modification on (1) the opening balances and comparative figures to be stated in the consolidated financial statements of the Group for the year ending 31 December 2022, and (2) the comparative figures to be stated in the consolidated financial statements of the Group for the year ending 31 December 2023, there would not be other audit modifications in respect of the matters referred to above. In respect of the Group's consolidated financial statement for the year ending 31 December 2022 and 2023, any audit modifications should solely relate to the comparability of 2021 and 2022 figures. Accordingly, the issues giving rise to the Qualification will not have any continuing effect on the Group's consolidated financial statements for the year ending 31 December 2024 and the subsequent years.

BUSINESS REVIEW

As at 31 December 2023, the revenue of the Group, profit before income tax expense and profit for the year attributable to the owners of the Company amounted to approximately RMB87.3 million, RMB27 million and RMB16.9 million, respectively.

As at 31 December 2023, the cash and cash equivalents of the Group amounted to approximately RMB16.6 million, which represented an increase of 237.2% as compared to the previous year. The Group recorded a net assets of RMB55.1 million (2022: net assets of RMB15.5 million). The gearing ratio of the Group was approximately 1.5%, representing year-on-year decrease of approximately 1.3 percentage point.

Financial Service Platform

The Company has commenced its operation of financial service platforms since 2015. The Group's financial service platforms initially offer professional financial services in the real estate market. Through the continuous development of such operation, the Group further launched its financial management service platform in 2018 to provide banking and deposit management services. It 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.

It 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.

In view of the tightening regulatory environment in the PRC in 2019, the Group has put great efforts in consolidating and expanding its internet financial business segments and cooperated with internet small loan companies to develop internet small loan business.

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.

Reference is made to the announcement dated 19 September 2023, the Group, through its wholly-owned Hong Kong subsidiary, invests approximately HKD1.5 million to HKD2.0 million for the research and development in the new data security related business. As stated in the Company's annual report for the year ended 31 December 2022, 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.

Cost Reduction and Internal Control

To cope with the industry downturn of its principal business, the Group further reduced its costs and strengthened its internal control. During the year, through optimising human resources and streamlining organizational structure of the Group, the number of staff of the Group decreased from 28 to 22. The operation efficiency and per capita efficiency were further enhanced. In addition, the Group refined its business operation and improved its rules and regulations after assessment and supervision of the internal control of various business segments. Our internal control system was improved through supervising the implementation of remedial measures for the loopholes found during our inspection.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded a turnover of approximately RMB87.3 million, representing an increase of approximately 13.8% from approximately RMB76.7 million in the previous year, 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, representing an increase of approximately 10.9%. Revenue from interest income and finance lease service income for the year under review amounted to approximately RMB3.9 million, representing a year-on-year increase of approximately 169.6%.

Finance Costs

In the year under review, interest expenses of the Group decreased by approximately 33.3% to RMB48,000 from RMB72,000 in the previous year, which mainly resulted from the decrease in bank borrowings and lease liabilities of the Group during the year.

Other Income/(Expenses), Net

The Group's other income/(expenses), net mainly comprised fair value loss on investment properties, recovery of impairment on loans and accounts receivables previously recognised, gain on disposal of a property, plant and equipment, and bank interest income.

In the year under review, the other income of the Group was approximately RMB0.26 million resulted from the bank interest (2022: other expenses of the Group was approximately RMB4.6 million which was resulted from the loss on disposal of subsidiary).

Administrative and Employee Benefit Expenses

Administrative and employee benefit expenses of the Group mainly comprised salaries and employee benefits, rental expenses, and marketing and advertising fees. In the year under review, administrative and employee benefit expenses of the Group was approximately RMB57.5 million, representing year-on-year decrease of 4.3%.

Loss Allowance on Financial Assets

In the year under review, impairment loss on loans and accounts receivables and other receivables aggregated approximately RMB3 million (2022: approximately RMB2.4 million) due to the increase in credit risk of the existing customers.

Profit for the Year Attributable to the Owners of the Company

In the year under review, profit attributable to the owners of the Company was approximately RMB16.9 million (2022: profit approximately RMB2.6 million), which was mainly due to the revenue increase from Financial Service Platform Business.

CAPITAL STRUCTURE

As at 31 December 2023, the Group had equity attributable to owners of the Company of approximately RMB54.9 million (31 December 2022: approximately RMB15.2 million).

As of 31 December 2023, the Group's consolidated net assets was RMB55.1 million, representing an increase of approximately RMB39.6 million as compared with that of RMB15.5 million as at 31 December 2022.

As at 31 December 2023, the Company has 70,670,717 shares of HK\$0.01 each in issue. The value of share capital was approximately RMB611,000 as at 31 December 2023 (31 December 2022 (restated): approximately RMB286,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's bank balances and cash amounted to approximately RMB16.6 million (2022: approximately RMB4.9 million), and the Group's borrowings was approximately RMB1.5 million (2022: approximately RMB1.5 million). The gearing ratio representing the total borrowings of the Group divided by the total assets of the Group was approximately 1.5% (2022: approximately 2.8%). As at 31 December 2023, 100% (2022: approximately 100%) of the Group's borrowings would be due within one year. As at 31 December 2023, 100% of the Group's borrowings was denominated in HKD (2022: 100% was denominated in HKD). As at 31 December 2023, 0% and 100% of the Group's borrowings were carrying interests at fixed rate and interest free, respectively (2022: approximately 0% and 100% of the Group's borrowings were carrying interests at fixed rate and interest free, respectively).

There were no charges on group assets as at 31 December 2023 and 2022.

The Directors considered that, in the foreseeable future, the Group will have sufficient working capital to meet its financial obligations in full when they fall due. In the year under review, the Group did not use any financial instruments for hedging purposes.

THE SUBSCRIPTION NEW SHARES IN 2023

Reference are made to (i) the announcements of the Company dated 23 May 2022, 2 August 2022 and 7 June 2023 and the circular of the Company despatch on 8 July 2022 (the “**Circular**”) in relation to, among others, the proposed Capital Reorganisation, the Subscription and the Whitewash Waiver (collectively, the “**Reorganisation Publications**”). Pursuant to the terms and conditions of the Subscription Agreement, an aggregate of 36,042,067 New Shares, representing (i) approximately 104% of the existing issued share capital adjusted for the effect of the Capital Reorganisation; and (ii) approximately 51% of the then enlarged issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and adjusted for the effect of the Capital Reorganisation, were allotted and issued at the Subscription Price of HK\$0.72 per Subscription Share to the Subscriber or its nominee under the Specific Mandate. The gross and net proceeds from the Subscription are approximately HK\$25.95 million and approximately HK\$23.95 million, respectively, of which (i) as to approximately HK\$10.00 million will be utilised for development and operation of the financial service platform (as part of the fin-tech platform) and the provision of consultation services of the Group; (ii) as to approximately HK\$5.00 million, will be utilised for repayment of indebtedness of the Company; and (iii) as to approximately HK\$8.95 million, will be utilised for the Company’s general working capital purposes, as disclosed in the Circular. The Board would like to provide further information pursuant to Rule 18.32A and Rule 18.32(8) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to the use of the 2023 Net Proceeds as follows:

		Planned use of 2023 Net Proceeds	Actual utilised amount up to 31 December 2023	Unutilised balance as at 31 December 2023	Expected timeline for unutilised 2023 Net Proceeds
	%	RMB million (approximately)	RMB million (approximately)	RMB million (approximately)	
For general working capital:					
Development and operation of the financial service platform	41.8	10	(5)	5	In the mid of 2024
Repayment of indebtedness	20.9	5	(3.3)	1.7	In the mid of 2024
General working capital	37.3	8.95	(3.45)	5.5	In the mid of 2024
	<u>100.0</u>	<u>23.95</u>	<u>(11.75)</u>	<u>12.2</u>	

FUTURE OUTLOOK

Looking forward, we will further enrich our marketed portfolio, we facing potential cooperation opportunities in other market, such as Hong Kong, Macau, Philippines and other Eastern Asia Countries, we will wider our market and try our best for planning and developing the new service platform in relation to financial technology and travelling to capture new market in 2024 onwards.

The Group has been seeking suitable investment and business opportunities in light of the market conditions to create value for its shareholders in a long term and sustainable manner.

PRINCIPAL RISKS AND UNCERTAINTIES

Transformation of the Financial Services Platform

The financial services platform of the Group has undergone strategic transformation according to the requirements of relevant policies and withdrew from the existing development businesses in an orderly and compliant manner. The financial services platform of the Group has also proactively cooperated with internet small loan platforms to develop internet small loan business as part of the transformation, which might last for a relatively longer period of time and be exposed to uncertainties such as loss of customers, increased costs and change of policies. The Group shall oversee the transformation dynamically and make timely adjustments during the process in order to ensure the success of such transformation.

Risks related to Cyber Security

The Group handles significant amount of personal data and credit information of its customers, which is susceptible to cyber threats. The Group's operations, reputation and financial performance could be adversely impacted if the Group suffers from cyber-attacks that disrupt its operations.

The Group makes extensive use of multiple channels to keep informed of emerging cyber security threats to identify and implement measures intended to mitigate the occurrence and/or consequences of such risks.

CAPITAL COMMITMENT AND CAPITAL EXPENDITURE

As at 31 December 2023, the Group did not have any significant capital commitment and capital expenditure (2022: Nil).

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2023, no Group's asset was pledged as security (2022: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group is mainly exposed to the fluctuation of HK\$ against RMB as its certain bank balances are denominated in HK\$ which is not the functional currency of the relevant group entities. The Group has not made other arrangement to hedge against the exchange rate risk. However, the Directors and the management will continue to monitor the foreign exchange exposure and will consider utilising applicable derivatives to hedge out the exchange risk when necessary.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its customers. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of 22 staff (2022: 28). Total staff costs (including Directors' emoluments) were approximately RMB5.2 million for the year ended 31 December 2023 (2022: RMB7.3 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include share option scheme, and contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively. The emoluments of the Directors are reviewed by the remuneration committee of the Board, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group, the Group's operating results and comparable market statistics.

MAJOR INVESTMENTS

The Group, through the Disposal Group (as defined below), invested in property development projects through investments in certain limited partnerships, which engaged in business of property development in the PRC.

With reference to announcement of the Company dated 29 June 2022, the completion of the VSD Transaction (as defined below) took place on 29 June 2022. Following the completion of the VSD Transaction (as defined below), the Disposal Group (as defined below) ceased to be subsidiaries of the Company and the Company ceased to have any interests in the Disposal Group. The financial results, respective assets and liabilities of the Disposal Group would no longer be consolidated into the Group's financial statements.

Accordingly, as at 31 December 2023, the fair values for the investments in property development projects were Nil.

There was no specific plan for material investments or capital assets as at 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the “**Required Standard of Dealings**”) as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. In response to the specific enquiry made by the Company, all Directors confirmed that they fully complied with the Required Standard of Dealings throughout the Reporting Year.

COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

For the Reporting Year, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may complete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which any such persons has or may have with the Group.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) pursuant to the written resolution of the shareholders of the Company on 20 December 2011 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group.

The Share Option Scheme has a term of 10 years from its adoption date and was expired on 19 December 2021. Upon the expiration of the Share Option Scheme, no further options are offered.

As at the date of this announcement, there are no share options remained outstanding under the Share Option Scheme.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend to shareholders of the Company for the financial year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 21 and 22 December 2023 and 9 January 2024, in relation to the subscription of new shares under general mandate. The Subscription Agreement have been fulfilled and completion of the Subscription took place on 9 January 2024 in accordance with the terms and conditions of the Subscription Agreement. 14,134,143 Subscription Shares, representing approximately 16.67% of the issued share capital of the Company immediately after the completion of the Subscription, have been issued to 4 Subscribers at the Subscription Price of HK\$0.315 per Subscription Share. The gross proceeds of the Subscription will be approximately HK\$4.45 million and the net proceeds (after deduction of other fees, costs, charges and expenses of the Subscription) will be approximately HK\$4.4 million. The Company intends to be allocated to the developing the Group's new data security related business.

Reference is made to the announcement of the Company dated 23 February 2024, to cater for the changing need of the market, the Company is in the progress of planning and developing a new service platform and leverage the expertise of the current financial technology service platform to capture new market opportunities.

Reference is made to the announcement of the Company dated 15 March 2024, follow by the announcement of the Company dated 23 February 2024 in relation to business update on a voluntary basis. 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.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditors, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (the "**Audit Committee**") with written terms of reference aligned with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Kam Hou Yin, John, Ms Chong Kan Yu and Mr. Luo Sigang. Mr. Kam Hou Yin, John is the chairman of the Audit Committee. The main role and functions of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control systems.

The Audit Committee has reviewed the annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2023 with the management and the independent auditor of the Company the annual results and the audited consolidated financial statements of the Group for the Reporting Year, which are of the opinion that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance provides a framework that is crucial for effective management, healthy corporate culture, sustainable business growth and promoting shareholders' value. The corporate governance principles of the Company emphasise a quality Board, proper internal controls, and improves transparency and accountability for the benefit of the Shareholders.

During the Reporting Year, the Company has adopted and complied with, where applicable, the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the website of the Company at www.flyingfinancial.hk. The Company's annual report for the year ended 31 December 2023 will in due course be published on the same websites and despatched to the Company's shareholders.

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

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Directors is Ms. Liu Yi; and the independent non-executive Directors are Mr. Kam Hou Yin, John, Ms. Chong Kan Yu and Mr. Luo Sigang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the website of The Stock Exchange of Hong Kong 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.