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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 DECISION OF THE LISTING REVIEW COMMITTEE IN RELATION TO THE DELISTING DECISION

Financial adviser to the Company



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).

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, 28 December 2021, 4 April 2022 and 4 July 2022 in relation to, among others, the quarterly update on the status of Resumption; (iii) the announcement of the Company dated 24 December 2021 in relation to, among others, the formation of an Independent Investigation Committee and the change of auditor; (iv) the announcement of the Company dated 22 February 2022 regarding, among others, the key findings of independent investigation and the key findings of the report of the PRC legal advisers in relation to the Custodies; (v) the announcements of the Company dated 15 March 2022, 4 April 2022 and 25 May 2022 regarding the formation of the Remedial Actions Committee and the key findings of the PRC Further Investigation and HK Legal Opinions; (vi) the announcements of the Company dated 26 January 2022, 1 June 2022 and 29 June 2022 and the circular of the Company dated 10 May 2022 in relation to, among others, the Very Substantial Disposal; (vii) the announcements of the Company dated 6 May 2022, 17 May 2022, 27 May 2022, 9 June 2022 and 10 June 2022 in relation to,

among others, the listing committee decision on cancellation of listing and the review request made by the Company; (viii) the announcements of the Company dated 23 May 2022, 8 July 2022, 22 July 2022 and 2 August 2022 and the circular of the Company dated 8 July 2022 in relation to, among others, the proposed Capital Reorganisation, the Subscription and the Whitewash Waiver; (ix) the audited annual results announcement for the year ended 31 December 2021 dated 30 June 2022 and the annual report of the Company for the year ended 31 December 2021 despatched on 30 June 2022; (x) the announcement of the Company dated 29 July 2022 in relation to, among others, the business update of the Company; and (xi) the announcements of the Company dated 2 August 2022 in relation to, among others, the legal proceedings against former executive Directors (collectively, the “**Previous Publications**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Previous Publications.

DECISION OF THE LISTING REVIEW COMMITTEE IN RELATION TO THE LISTING COMMITTEE DECISION

The Board wishes to inform the shareholder and the inform the shareholders and potential investors that the review hearing (the “**Hearing**”) of the decision of the GEM Listing Committee (the “**Listing Committee Decision**”) by the Listing Review Committee was held on 3 August 2022. On 9 August 2022, the Company received a letter (the “**LRC Decision Letter**”) from the Stock Exchange notifying the Company that the Listing Review Committee, having carefully considered all the facts and evidence, and all the submissions presented by the Company and the Listing Division, the Listing Review Committee decided to remit back to the GEM Listing Committee for re-consideration of the matter on an expedited basis (the “**LRC’s Decision**”).

Background — Resumption guidance of the Company

As disclosed in the announcements of the Company dated 4 June 2021, 28 June 2021, 28 September 2021 and 19 November 2021 in relation to the resumption guidance and resumption progress of the Company, the Resumption Guidance are as follows:

- (I) Conduct an appropriate independent investigation into the Incident (“**RG 1**”);
- (II) Demonstrate that there is no reasonable regulatory concern about management integrity (“**RG 2**”);
- (III) Address the issues giving rise to the disclaimer of opinion in the FY2020 Results (“**RG 3**”);
- (IV) Demonstrate that the Company has in place adequate internal control systems (“**RG 4**”);
- (V) Demonstrate compliance with GEM Rule 17.26 (“**RG 5**”); and
- (VI) Inform the market of all material information (“**RG 6**”).

Background — Update on RG4 and Disclaimer of Opinion of the Auditor of the Company in the 2021 Annual Results

Regarding the RG4 and with reference to the audited annual results announcement for the year ended 31 December 2021 dated 30 June 2022 and the 2021 Annual Report despatch on 30 June 2022, such results were subject to disclaimers by the Company's auditors, including (i) based on material uncertainties relating to going concern ("**Disclaimer A**"); (ii) the auditor's inability to verify opening balances based on the previous disclaimers of the Company's then auditors for the FY2020 results ("**Disclaimer B**"); and (iii) the auditor's inability to obtain certain confirmations from PRC banks due to the absence of Ms. Guo's personal seal ("**Disclaimer C**").

Listing Review Committee's view in the LRC Decision Letter

According to the LRC Decision Letter, the Listing Review Committee arrived at the LRC's Decision for the following reasons:

1. The Listing Review Committee noted that at the time of the Hearing less than three months had elapsed since the Listing Committee Decision dated 6 May 2022. Despite this short passage of time, the Listing Review Committee noted that the Company's situation at the time of the Hearing appeared to be materially different from its position at the time of the Listing Committee Decision. In particular, the Listing Review Committee noted the following developments and related matters.
 - (i) Company had announced on 17 May 2022 results of a further investigation into the Incident and confirmed that no member of its current board had any involvement in the Incident.
 - (ii) The Company had completed the Disposal on 29 June 2022.
 - (iii) The Company announced its audited results for FY2021 on 30 June 2022.
 - (iv) The Company announced that it had obtained a report on its internal controls by an internal controls consultant on 18 July 2022 and implemented relevant recommendations to improve its internal controls.
 - (v) The Company announced on 18 July 2022 its first quarterly results for the 3 months ended 31 March 2022.
 - (vi) The Company announced in a business update announcement on 29 July 2022 (the "**Business Update Announcement**"), that it expected the Interim Results to show a marked improvement of the Company's business performance, including revenue of RMB27.1 million which exceeded its prior forecast. This figure, though not audited, was published in an announcement which if incorrect could attract criminal liability for those who had authorized its publication under the dual filing system.
 - (vii) The Company's shareholders on 2 August 2022 approved the Subscription which (upon completion) was part of a capital reorganisation and diluted the share interest of Mr. Zheng to 11.56% (who was one of the persons responsible for the Incident).

- (viii) The Company announced on 2 August 2022 that it had commenced legal proceedings against two of the Former Employees responsible for the Incident (including Mr. Zheng) seeking substantial compensation for the losses arising from the Incident.
2. The Listing Review Committee noted that at the Hearing, the Listing Division had rightly acknowledged that due to the developments leading up to the Hearing many conditions of the Resumption Guidance had now been fulfilled by the Company and were no longer at issue, including RG, (investigation), RG2 (management integrity), and RG4 (internal controls). At the Hearing, the Listing Division had rightly not taken issue on Disclaimer A regarding material uncertainties relating to going concern and Disclaimer B relating to the opening balances and corresponding figures. RG6 would also naturally be fulfilled upon RG3 and RG5 having been fulfilled.
 3. The Listing Review Committee noted that the only conditions of the Resumption Guidance that therefore remained at issue between the Company and the Listing Division were whether:
 - (i) In relation to RG3, completion of the Disposal had effectively resolved Disclaimer C (and whether all that was outstanding was an assurance from the Company's auditor to that effect); and
 - (ii) In relation to RG5, based on the new information in the Business Update Announcement, the Company had been able to demonstrate that it had now complied with GEM Rule 17.26.
 4. The Listing Review Committee noted that the completion of the Disposal, the shareholders' approval of the Subscription, the improved business results in the Business Update Announcement as well as the Company's FY2021 audited results were all facts not in existence at the time of the Listing Committee hearing. The Listing Review Committee considered that these facts had an impact on the assessment of the only outstanding conditions of the Resumption Guidance as outlined above.
 5. The Listing Review Committee considered that due to these various new developments and the fact that it was conducting a de novo hearing of the case, it was effectively not being asked to review the earlier decision made by the Listing Committee but to consider different facts and circumstances afresh, without the benefit of a first instance decision from the Listing Committee,

Decision of the Listing Review Committee

6. The Listing Review Committee therefore exercised its discretion to remit the matter back to the Listing Committee for the Listing Committee to re-consider the matter on an expedited basis. The Listing Review Committee directed that the Acting Secretary for the Listing Review Committee provide a copy of this decision to the Secretary of the Listing Committee, who shall then make the necessary arrangements, seeking guidance and directions from the Listing Committee Chairman as necessary.

Shareholders and potential investors of the Company note that decisions of the Listing Review Committee do not represent binding precedents, and do not constrain the discretion of or otherwise bind the Stock Exchange or other committees (including without limitation the Listing Review Committee in respect of other matters).

OPINIONS OF THE BOARD TOWARDS THE LRC'S DECISION

The Board welcomes the LRC's Decision and wishes to appreciate the Listing Review Committee for reaching the LRC's Decision which allows the Company to continue its efforts to pursue the resumption of trading of its shares on the Stock Exchange.

The Board also wishes to place special thank to the sales and operating team of the Company as well as the professional parties and advisers to the Company for their efforts and contribution during these periods. The Board believes that the results of the LRC's Decision is an affirmation of the commitment of the aforesaid parties during these periods.

Meanwhile, the Board also expresses the hope that the in re-considering the matter of the resumption of trading of the shares of the Company, the GEM Listing Committee would re-examine and take into account the latest developments and endeavours of the Company.

The Company reiterates that, the Company will actively communicate with the Stock Exchange and keep on trying its best to resolve the issue(s) causing its trading suspension and to fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction and seeking 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 and potential investors of the Company are advised to exercise caution when dealing in the Shares. When in doubt, shareholders and potential investors of the Company are advised to seek advice form 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.