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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)**

### **MAJOR TRANSACTION IN RELATION TO THE PROVISION OF LOAN**

#### **THE LOAN**

On 1 April 2023, the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower which was secured by the Guarantee. Pursuant to the Loan Agreement, the Borrower may draw-down up to RMB150 million during the Availability Period. Pursuant to the terms of the Loan Agreement and as at the date of this Announcement, the Loan and the interests have been settled in full.

#### **GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under GEM Listing Rules) in respect of the Loan exceeded 100% and the Loan was neither an acquisition nor a disposal, the Loan constituted a major transaction of the Company under Chapter 19 of the GEM Listing Rules and would have been subject to reporting, announcement, circular and shareholders' approval requirements set out in Chapter 19 of the GEM Listing Rules.

As the amount of the Loan exceeded 8% based on the assets ratio as defined in Rule 17.15 of the GEM Listing Rules, the Loan would have also been subject to the general disclosure obligation of Rule 17.17 of the GEM Listing Rules.

## THE LOAN AGREEMENT

**Date:** 1 April 2023

### Parties

**Lender:** Shenzhen Fengyinhe Technology Company Limited\* (深圳市豐銀禾科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

**Borrower:** Shenzhen Heshen Shiye Company Limited\* (深圳市和盛實業有限公司), a company established in the PRC with limited liability

**Draw-down amount:** RMB150 million

**Interest rate:** 8% per annum

**Draw-down Period:** 1 April 2023 to 31 December 2023

**Availability Period:** 1 April 2023 to 31 March 2024

**Repayment:** The Borrower shall repay each draw-down in full, together with any accrued interest upon request before the end of the Availability Period

All principal and interests arising from the Loan have been repaid in full as at the date of this Announcement

**Guarantee:** The Guarantee dated 1 April 2023 provided by the Guarantor

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Borrower and its ultimate beneficial owners are Independent Third Parties.

## THE GUARANTEE

**Date:** 1 April 2023

### Parties

**Lender:** Shenzhen Fengyinhe Technology Company Limited\* (深圳市豐銀禾科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

**Guarantor:** Shenzhen Fengyinhe Small Loan Company Limited\* (深圳豐銀禾小額貸款有限公司), a company established in the PRC with limited liability

**Consideration:** Nil

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, at the time of providing the Guarantee, the Guarantor and its ultimate beneficial owners were Independent Third Parties.

## INFORMATION OF THE GROUP AND THE LENDER

The Company is an investment holding company and Lender is the main operating subsidiary of the Company based in the PRC. The Group is principally engaged in its operation of financial service platforms. The financial service platforms have established comprehensive business process and technology system covering customer acquisition, risk identification, risk assessment, loan distribution channel, payment channel and big data analysis.

In recent years, the Group has explored ways to utilise resources from its financial business segments to develop loan-related businesses including provision of entrusted loans and other loan services, financial consultation services and finance lease services mainly in the PRC.

## INFORMATION OF THE BORROWER AND THE GUARANTOR

To the best of the Directors' knowledge, information and belief, the Borrower is a company established in 2015 based in Shenzhen, PRC with limited liability, principally engaged in the provision of software and information technology services. The Borrower is directly owned by (i) Mr. Huang Binghui as to 24.5%; (ii) Mr. Jiang Zhenhua (“**Mr. Jiang**”) as to 24.5%; and (iii) Shenzhen Taikun Group Company Limited\* (深圳市泰坤集團有限公司) by 51%, which is directly owned by Mr. Jiang as to 70% and Mr. Wang Caian (王財安) as to 30%.

To the best of the Directors' knowledge, information and belief, the Guarantor is a company established in 2013 based in Shenzhen, PRC with limited liability, principally engaged in the provision of financial services. The Guarantor is directly owned by Shenzhen Anxuan Group Company Limited\* (深圳市安軒投資集團有限公司), which is directly owned by Mr. Chen Hung\* (陳洪) (“**Mr. Chen**”) as to 94% and Ms. Niu Chengjun\* (“**Ms. Niu**”) as to 6%. To the best of the Directors' knowledge, information and belief, Mr. Chen is spouse of Ms. Niu. By the completion of the subscription of 36,042,067 Shares under specific mandate which took place on 7 June 2023, Ms. Niu became a substantial shareholder of the Company holding approximately 51% of the then total issued Shares of the Company. As at the date of this Announcement, Ms. Niu holds 146,748,268 Shares, representing approximately 43.26% of the total issued Shares of the Company.

## **REASONS FOR AND BENEFITS OF THE LOAN AND THE GUARANTEE**

To the best of the Directors' knowledge, information and belief, the Borrower was interested in obtaining additional liquidity for operation of its business and was recommended by Ms. Niu to Ms. Liu Yi (“**Ms. Liu**”), director of the Lender prior to her appointment as an executive director of the Company on 8 June 2023 and an executive director of the Company since. Given the acquaintance and previous business relationship between Mr. Jiang and Ms. Niu, Ms. Niu agreed to procure the Guarantor to provide the Guarantee for securing the Loan. Pursuant to the Guarantee, the Guarantor received no payment or benefit from the Borrower.

In view of (i) the expected financial status of the Lender in the financial year ending 31 December 2023, where it was expected that there would be sufficient operating cash generated to cover the operation of other businesses of the Lender during the Draw-down Period; (ii) the background of the substantial shareholder of the Borrower, including his experience as senior management and investor of other companies in the PRC; (iii) the Borrower's need for liquidity; (iv) the Guarantee provided by the Guarantor; and (v) the reasonable interest rate of the Loan, the Lender entered into the Loan Agreement with the Borrower and the Guarantee with the Guarantor. Due to a lack of understanding of the relevant requirements under the GEM Listing Rules, the management of the Lender only considered that the terms of the Loan were (a) agreed after arm's length negotiation; and (b) in the interests of the Lender at the time when entering into the Loan Agreement.

The Board was subsequently informed of the aforementioned and that the omission of the Lender was wholly unintentional. Having considered the above and reviewed the terms of the Loan Agreement and the Guarantee, the Board is of the view that the terms and conditions of the Loan Agreement and Guarantee were on normal commercial terms and were fair and reasonable, and that the Loan Agreement and the Guarantee were in the interests of the Company and its shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS OF THE LOAN AND THE GUARANTEE**

As the highest applicable percentage ratio (as defined under GEM Listing Rules) in respect of the Loan exceeded 100% and the Loan was neither an acquisition nor a disposal, the Loan constituted a major transaction of the Company under Chapter 19 of the GEM Listing Rules and would have been subject to reporting, announcement, circular and shareholders' approval requirements set out in Chapter 19 of the GEM Listing Rules.

As the amount of the Loan exceeded 8% based on the assets ratio as defined in Rule 17.15 of the GEM Listing Rules, the Loan would have also been subject to the general disclosure obligation of Rule 17.17 of the GEM Listing Rules.

During the course of preparing the audited financial results of the Group for the year ended 31 December 2023, it was revealed that the Loan and the Guarantee had taken place. After seeking legal consultation, it came to the attention of the Board that the Loan constituted a major transaction on the part of the Company under 19.06 of the GEM Listing Rules. The Board considers the failure to comply with the GEM Listing Rules was inadvertent and can be avoided going forward. The Board also regrets its omission and is of the view that the shareholder's interest has not been materially affected given that the Loan and the interests have been settled by the Borrower in full.

Since the Loan Agreement has lapsed, all the Loan and the interests have been settled in full and that such transactions cannot be reversed, the Company intends not to put forward a resolution at a general meeting of the Company to ratify the entering into the Loan Agreement.

In order to prevent the occurrence of similar non-compliance incidents in the future and to comply with the requirements under the GEM Listing Rules, the Company has and/or intends to adopt the following remedial measures:

1. The Company has reviewed its internal control manual that was prepared by its external internal control consultant for the period between 1 January 2021 and 28 February 2022 and realised that, in particular, the monthly report from the management of the subsidiaries to the Board may have been omitted and that such procedure shall be further strengthened in order to ensure the transactions would be reported to the Board in a timely manner.
2. To prevent similar incident from occurring again due to the inadequate awareness of the GEM Listing Rules amongst the personnel responsible for the operation of the Company's PRC subsidiaries, from 25 July 2024, one-off or aggregated transactions involving loan that exceeds RMB5 million through the Company's PRC subsidiaries would require the approval from the financial controller of the Company.

3. In view of the internal control procedures that need to be further maintained and strengthened since the review in 2022, the Company will appoint an internal control consultant of the Company to (i) identify weaknesses and deficiencies in the Company's internal control; and (ii) formulate remedial action plans thereafter. In particular, to improve the current relevant risk management system for credit risk review, credit approval and loan repayment monitoring processes.
4. The Company will engage an adviser for compliance to ensure the Company's compliance with the GEM Listing Rules, corporate governance code and all applicable laws, rules, codes and guidelines, including to ensure that the internal control plans formulated will be followed strictly by the Group.
5. The Company will organise regular training session on notifiable and connected transaction under the GEM Listing Rules. In particular, training sessions regarding the compliance requirements of the GEM Listing Rules (in particular, chapters 17, 19 and 20 of the GEM Listing Rules) will be held for the senior management including the financial controller and the directors of the Company on an annual basis.
6. The Company will arrange for the internal audit team to closely monitor the effectiveness and adequacy of internal control measures of the Group and report their review results and findings to the Board on a quarterly basis. The Board will examine the report and make recommendations.

Going forward, the Company will strengthen its review of the transactions to be carried by its subsidiaries and work more closely with its legal advisers, and compliance adviser and internal audit team on compliance issues and shall, as and when appropriate and necessary, consult other professional advisers before entering into any potential notifiable or connected transaction. Where necessary, the Company will consult the Stock Exchange on the proper treatment of the proposed transaction.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Availability Period”	1 April 2023 to 31 March 2024
“Board”	the board of Directors
“Borrower”	Shenzhen Heshen Shiye Company Limited* (深圳市和盛實業有限公司), a company established in the PRC with limited liability

“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Flying Financial Service Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Draw-down Period”	1 April 2023 to 31 December 2023
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee dated 1 April 2023 provided by the Guarantor to the Lender for securing the Borrower’s repayment of the Loan
“Guarantor”	Shenzhen Fengyinhe Small Loan Company Limited* (深圳豐銀禾小額貸款有限公司), a company established in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party who is not a connected person of the Company and is independent of the Company and its connected parties
“Lender”	Shenzhen Fengyinhe Technology Company Limited* (深圳市豐銀禾科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Loan”	the loan with the draw-down limit of up to RMB150 million at an interest rate of 8% per annum granted by the Lender to the Borrower
“Loan Agreement”	the loan agreement dated 1 April 2023 between the Lender and the Borrower in relation to the Loan
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“%”	per cent

\* For identification purpose only

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

Hong Kong, 23 August 2024

*As at the date hereof, the Board comprises Ms. Liu Yi as executive Directors; Mr. Kam Hou Yin, John, Ms. Chong Kan Yu, Mr. Luo Sigang and Mr. Qi Zhenping as independent non-executive Directors.*

*This announcement, for which the directors of the Company 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 this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at [www.flyingfinancial.hk](http://www.flyingfinancial.hk).*