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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)**

### **SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

Reference is made to the annual report of Flying Financial Service Holdings Limited (the “**Company**“, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2023 (the “**Annual Report**”) published by the Company on 30 April 2024. Unless otherwise defined, terms used herein shall bear the same meanings as those defined in the Annual Report.

#### **BUSINESS REVIEW**

In addition to the information disclosed in the section headed “BUSINESS REVIEW” under “MANAGEMENT DISCUSSION AND ANALYSIS” in the Annual Report, the Board wishes to provide additional information regarding money lending business during the year ended 31 December 2023 as set out in this announcement.

#### **Business Model**

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. In respect of the provision of entrusted loans and other loan services, the Group would consider a variety of customers including individuals and corporations by providing secured or unsecured loans. The source of customers may consist of past customers or referrals by third parties. The loans may vary from unsecured and secured loans to customers which had a good standing on their background and income proof which may vary from individual or corporation. The Group would also consider if the past customers or referred potential customers are with good standing on the loan and interest repayment. The source of funds for the provision of entrusted loans and other loan services is funded by the internal resources of the Group.

For the year ended 31 December 2023, upon referral, the Group entered into one loan agreement with one borrower which is detailed under sub-heading “Major Terms of Loan Granted” below.

### **Major Terms of Loan Granted**

As at 31 December 2023, loan receivables of approximately RMB77.8 million (2022: RMB40.6 million) were arising from a loan agreement (the “**Loan Agreement**”) between Shenzhen Fengyinhe Technology Company Limited\* (深圳市豐銀禾科技有限公司) (the “**Subsidiary**”), an indirect wholly-owned subsidiary of the Company, as lender and Shenzhen Heshen Shiye Company Limited\* (深圳市和盛實業有限公司) (the “**Borrower**”) as borrower, an independent third party of the Company, dated 1 April 2023 (the “**Loan**”). The Loan was referred and guaranteed by Shenzhen Fengyinhe Small Loan Company Limited\* (深圳豐銀禾小額貸款有限公司) (the “**Guarantor**”), an associate of a substantial shareholder of the Company, Ms. Niu Chengjun, pursuant to the guarantee dated 1 April 2023 between the Guarantor and the Lender (the “**Guarantee**”) and was not secured by the assets of the Group (2022: unguaranteed). Pursuant to the Loan Agreement, the Loan was a revolving loan and the Borrower may draw down up to RMB150 million with an interest rate of 8% per annum during 1 April 2023 to 31 December 2023, which shall be repayable upon request on or before 31 March 2024. The Loan and all interests were fully settled on or before the end of the repayment period being 31 March 2024 which was in accordance with the terms of the Loan Agreement.

Pursuant to the Guarantee, the Guarantor received no payment or benefit from the Borrower. Given the acquaintance and previous business relationship between the substantial shareholder of the Borrower and Ms. Niu, Ms Niu agreed to procure the Guarantor to provide the Guarantee for securing the Loan. Having considered (i) the expected financial status of the Subsidiary in the financial year of 2023, where it was expected that there would be sufficient operating cash generated to cover the other businesses of the Subsidiary during the draw down period of the Loan Agreement; (ii) the background of the substantial shareholder of the Borrower, including his experience as senior management and/or 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, Ms. Liu Yi as the director of the Subsidiary prior to her appointment as an executive director of the Company on 8 June 2023 entered into the Loan Agreement with the Borrower on behalf of the Subsidiary.

### **Loan Impairments Policy**

Any loan impairment was recognised according to the expected credit losses. The Group’s assessment is based on the borrowers’ current financial status by communicating with the borrowers, referring to their past and current repayment records, loan terms, and the value of the collaterals, and will make further additional independent adjustments, to calculate the loan impairment for the year.

## **Risk Management Policy**

The Group manages credit risk through review and credit approval and post-transaction monitoring processes which are performed by management. Before the loans were granted, an independent credit risk assessment has been performed. The independent credit risk assessment including but not limited to the background check, income or asset proof of individual customers and financial reports of corporate customers and the verification of the authenticity of the information provided, to ensure the recovery ability of the loan.

The Company has adopted the procedures on monitoring loan repayment and recovery which involve (a) the borrowers is required to report on the financial or business performance periodically; (b) it is required to report to the Company for any material defaulted loans immediately upon occurrence; In respect of delinquent loans, the standard demand letters will be issued. If no satisfactory response is received, formal legal demand letters will be issued. Thereafter formal legal proceedings may be issued where appropriate.

## **LIQUIDITY AND FINANCIAL RESOURCES**

In addition to the information disclosed in the section headed “LIQUIDITY AND FINANCIAL RESOURCES” under “MANAGEMENT DISCUSSION AND ANALYSIS” in the Annual Report, the board of directors (the “Board”) of the Company wishes to provide additional information about the loan receivable of the Group as set out in this announcement.

### **Loan receivables**

Loan receivables as detailed under sub-heading “Major Terms of Loans Granted” above were fully settled up to the date of the Annual Report.

## **RELATED PARTY TRANSACTIONS**

In relation to “RELATED PARTY TRANSACTIONS” under “REPORT OF THE DIRECTORS” in the Annual Report, the paragraph under the sub-section headed “RELATED PARTY TRANSACTIONS” (Page 60 of the Annual Report) should be amended and replaced entirely with the text below (the relevant amendment has been underlined for easy reference):

“Save for the guarantee by an associate of a substantial shareholder for the Group’s loan receivable, details of the material related party transactions entered into by the Group are set out in note 28 to the consolidated financial statements which do not constitute notifiable or connected transactions under the GEM Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements (if any) in accordance with Chapter 20 of the GEM Listing Rules.”

The above additional information and amendment does not affect other information contained in the Annual Report and save as disclosed above, all other information in the Annual Report remains unchanged.

\* *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).*