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Fengyinhe Holdings Limited

豐銀禾控股有限公司

(formerly known as 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)

VOLUNTARY ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING — INVESTMENT COOPERATION

This announcement is made by Fengyinhe Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) on a voluntary basis to provide the shareholders of the Company and potential investors with the latest information on recent business developments of the Group.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce that, on 29 October 2024 (after the trading hours), the Company entered into a non-legally binding Memorandum of Understanding (the “**MOU**”) with a prospective partner in Hong Kong (the “**Prospective Partner**”) in relation to the investment cooperation (the “**Proposed Cooperation**”).

The Company and the Prospective Partner are in the process of discussing possible ways of cooperation. The Company’s cooperation with the Prospective Partner includes, but is not limited to, business cooperation, technical exchange, equity investment, capital increase and share expansion.

EXCLUSIVITY PROVISIONS

During twelve months from the effective date of the MOU, the Prospective Partner shall not, and shall cause its subsidiaries and their respective officers, directors, agents or representatives not to, discuss the sales and purchase or cooperation matters relating to the MOU, potential transactions and/or equity of the Prospective Partner, directly or indirectly, with any other party other than the Company, and shall agree to immediately terminate any communication (if any) involving the sales and purchase or cooperation matters relating to the MOU, potential transactions and/or equity of the Prospective Partner, with any other party other than the Company.

CONFIDENTIALITY

All the terms and conditions of the MOU and even the existence of the MOU and any related documents shall be confidential information and shall not be disclosed to any person or organisation, except in the following circumstances: (a) the confidential information has been revealed to the public (except for those disclosed to the public without authorization by the party receiving the confidential information); (b) information required to be disclosed by applicable laws and regulations, administrative authorities, judicial bodies or other government departments or exchanges; or (c) information to be disclosed by either party to its company secretary, legal or financial advisor for the purpose of this transaction, and such company secretary, legal or financial advisor shall also be subject to the duty of confidentiality similar to this provision, which shall remain in effect regardless of the termination of the MOU for any reason.

APPLICABLE LAWS AND DISPUTE RESOLUTION

The MOU is governed by the laws of the Hong Kong Special Administrative Region (Hong Kong) of the People's Republic of China.

FORMAL AGREEMENT

All parties to the MOU have agreed to make all reasonable efforts to negotiate the terms and conditions of a legally binding cooperation agreement (the “**Formal Agreement**”) to be entered into between the relevant parties to the Proposed Cooperation.

The MOU shall become effective starting from the signature by both parties and ending on the following date, whichever is the earliest:

- (i) when the parties replace the MOU with a formal sales and purchase agreement or a further agreement in relation to the subject matter of the MOU; or
- (ii) falling twelve months after the signing of the MOU, unless otherwise agreed.

BACKGROUND INFORMATION ON THE PROSPECTIVE PARTNER

Established in December 2020, the Prospective Partner is an enterprise focusing on data security and decentralised data security products and services. The Prospective Partner has developed a number of services and products such as “Owner” and “網靈”. Staff of the Prospective Partner have years of extensive research and development experience and continuous research and development capabilities. In particular, the Prospective Partner has accumulated certain advantages over the years in data encryption and secure communication, and has cooperated with the Hong Kong Polytechnic University in technology research and development. The core technology of the Prospective Partner has already obtained relevant patents in China, and at the same time, PCT-patent applications for this patented technology have been filed in the United States, the European Union, Japan and other countries.

The Prospective Partner and its ultimate beneficial owners are the connected persons (as defined in the GEM Listing Rules).

REASONS FOR AND BENEFITS OF THE MOU

The Company has been investing in the research and development of new businesses related to data security and has intended to develop comprehensive products related to data security as well as decentralised and independent security hardware encryption. Please refer to the business development announcement issued by the Company dated 19 September 2023. The Directors have been actively exploring suitable business opportunities by partnering with companies, aiming to expand the Group's revenue sources through extension of its existing business portfolio, and to engage in new business activities with growth potential. In particular, the Directors believe that the Proposed Cooperation will enable the Group to seize the business opportunities arising therefrom.

The Directors are of the view that the Proposed Cooperation will offer opportunities to expand the revenue sources of the Group if it materialises, and is in the interests of the Company and the shareholders as a whole.

Pursuant to the Proposed Cooperation, the Company will (1) provide subsequent working capital to the Prospective Partner; (2) capitalise on the advantages of its mature sales channels to quickly bring the Prospective Partner's independent zero-trust security products to market; (3) exert great efforts to support the Prospective Partner in product research and development for data encryption and secure communication projects with cross-domain de-networking, and optimise the Company's product structure; and (4) leverage its sales channels to expand the Prospective Partner's data encryption and decentralised security products that are not platform-centric, and strive to rapidly expand business channels, based on the market development trends of data encryption and zero-trust network security.

NATURE OF THE MOU

The MOU does not constitute any legally binding commitment in respect of the relevant potential business cooperation, save and except that each party agrees to be legally bound by certain provisions, including exclusivity period, confidentiality, applicable laws and dispute resolution. The potential business cooperation between the Group and the Prospective Partner will only be finalised after the conclusion of negotiation and execution of the Formal Agreement between the relevant parties.

GENERAL

The Board wishes to emphasise that the Proposed Cooperation contemplated under the MOU may or may not proceed and that the parties have not entered into any legally binding agreement in relation to the transactions contemplated under the MOU as at the date of this announcement. If the transactions contemplated under the MOU materialise, the Company will make further announcements as and when appropriate in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Fengyinhe Holdings Limited
Liu Yi
Executive Director

Hong Kong, 29 October 2024

As at the date hereof, the Board comprises Ms. Liu Yi as executive Director; and Mr. Kam Hou Yin, John, Ms. Chong Kan Yu 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 this announcement or any statement herein misleading.

This announcement will remain on the GEM website at 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.fengyinhe.com.