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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)**

### **FURTHER INFORMATION IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

Reference is made to the annual report (“**Annual Report**”) of Flying Financial Service Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2016. Unless the context otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

The Board wishes to provide, for the purpose of the Annual Report, the following additional information for the year ended 31 December 2016 in relation to the available-for-sale investments of the Group (“**AFS**”) and the Convertible Bonds.

## THE AFS

As disclosed in the Annual Report, as at 31 December 2016, the Group held AFS of approximately RMB459,028,000. Details of significant AFS as at 31 December 2016, which individually constituted 10% or more of the total amount of the AFS as at 31 December 2016 and represented 5% or more of the total assets of the Group as at 31 December 2016, are set out below:

Description of the AFS	Capital contribution by the Group <i>RMB'000</i>	Change in the interests in the AFS		
		Interest income/ dividend income for the year ended 31 December 2016 <i>RMB'000</i>	Impairment loss for the year ended 31 December 2016 <i>RMB'000</i>	Reason and basis for impairment loss for the year ended 31 December 2016
Investment in Partnership_ Shenzhen_1601 ( <i>note a</i> )	60,000	–	–	Not applicable
Investment in Partnership_ Shenzhen_1602 ( <i>note b</i> )	60,000	–	–	Not applicable
Investment in Partnership_ Shenzhen_1501 ( <i>note c</i> )	50,000	59,600	–	Not applicable

### Notes:

- (a) As at 31 December 2016, the Group invested in a limited partnership in the PRC which was engaged in a property development project in Shenzhen (“**Partnership\_Shenzhen\_1601**”) and acted as a limited partner with floating return based on the performance of the project. Based on the financial statements of Partnership\_Shenzhen\_1601 for the year ended 31 December 2016, it recorded a loss of approximately RMB10,438,000. Partnership\_Shenzhen\_1601 is expected to benefit from the property development project and generate profit in the coming two years.
- (b) As at 31 December 2016, the Group invested in a limited partnership in the PRC which was engaged in a property development project in Shenzhen (“**Partnership\_Shenzhen\_1602**”) and acted as a limited partner with floating return based on the performance of the project. Based on the financial statements of Partnership\_Shenzhen\_1602 for the year ended 31 December 2016, it recorded a loss of approximately RMB6,779,000. Partnership\_Shenzhen\_1602 is expected to benefit from the property development project and generate profit in the coming two years.
- (c) As at 31 December 2016, the Group invested in a limited partnership in the PRC which was engaged in a property development project in Shenzhen (“**Partnership\_Shenzhen\_1501**”) and acted as a limited partner with floating return based on the performance of the project. Based on the financial statements of Partnership\_Shenzhen\_1501 for the year ended 31 December 2016, it recorded a profit of approximately RMB70,298,000. The Group is expected to recover the principal amount of its investment in Partnership\_Shenzhen\_1501 in the next year.

The fair value gain of the above AFS is not disclosed as the fair value cannot be measured reliably. There is no open market on the unlisted investments.

Looking ahead, the Board is of the view that as a result of the PRC's economy's relatively rapid growth and greater demand for commodity housing in the first and second tier cities, the real estate industry is expected to maintain a momentum of long-term development given its indispensable role in the national economy. On the other hand, with the control measures such as region-specific regulatory policies and category-specific guidance implemented by the government, the real estate market shall see its development pace slowed down for adjustment, which intensified market segregation and accelerated consolidation of enterprises.

The Group had invested in property development projects (including urban redevelopment projects) in, among others, Shenzhen, Dongguan, Fujian, Xiangyang and Wuhan in the PRC. The Group will closely monitor the changes in policies and market dynamics in different places and adjust the investment direction and strategies of the Group in accordance with the characteristics of different places and projects in due time. The Group is actively looking for investment and development opportunities of Guangdong-Hong Kong-Macao Bay Area and Beijing-Tianjin-Hebei Area and is committed to bringing the underlying value of the urban redevelopment projects, with a view to securing the returns to the shareholders of the Company.

## **CONVERTIBLE BONDS**

On 27 July 2016, the Company issued the Convertible Bonds to the Convertible Bonds Subscriber.

Assuming that there is no change in share capital of the Company since 31 December 2016 and the conversion rights attached to the Convertible Bonds (“**Conversion Rights**”) are exercised in full at the initial conversion price of HK\$1.01, the number of issued shares of the Company will be increased by 99,009,900, representing approximately 5.72% of the issued share capital of the Company as at 31 December 2016 (i.e. 1,731,432,500 Shares) and approximately 5.41% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares. Such allotment and issue of the conversion shares will result in the respective shareholdings of the shareholders being diluted by approximately 5.41%.

Assuming there is no change in the shareholdings of the substantial shareholders (within the meaning of the GEM Listing Rules) of the Company since 31 December 2016, the shareholdings of the substantial shareholders of the Company as at 31 December 2016 immediately before and after the full exercise of the Conversion Rights are set out below for illustration purposes:

Name of Shareholder	Shareholding immediately before the full exercise of the Conversion Rights		Shareholding immediately after the full exercise of the Conversion Rights	
	Number of Shares held	Approximate percentage of shareholding	Number of Shares held	Approximate percentage of shareholding
Ming Cheng Investments Limited (note 1)	367,739,567	21.24%	367,739,567	20.09%
Zheng Weijing	40,630,202	2.35%	40,630,202	2.22%
Sino-Africa Resources Holdings Limited (note 2)	255,676,042	14.77%	255,676,042	13.97%

Notes:

1. These Shares were held by Ming Cheng Investments Limited, a company wholly owned by Mr. Zheng Weijing, an executive Director, the Chairman and the Chief Executive Officer of the Company.
2. These Shares were held by Sino-Africa Resources Holdings Limited, a company wholly owned by Mr. Huang Xiguang.

### **Dilution impact on earnings per share**

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

*For the year ended 31 December 2016*

Profit for the year ended 31 December 2016 attributable to owners of the Company	RMB101,323,000
Adjustment for interest expense of the Convertible Bonds for the year	RMB6,266,000
Profit attributable to owners of the Company for diluted earnings per share	RMB107,589,000
Weighted average number of Shares in issue as at 31 December 2016	1,642,931,000
Adjustment for weighted average number of Shares increased by assumed conversion of the Convertible Bonds	42,588,000

Weighted average number of Shares for diluted earnings per share	1,685,519,000
Basic earnings per share	RMB6.17 cents
Diluted earnings per share ( <i>note</i> )	RMB6.17 cents

*Note:* Diluted earnings per share is the same as basic earnings per share as the potential ordinary Shares on exercise of the Conversion Rights are anti-dilutive.

Based on the cash and cash equivalents as at 31 December 2016 and the cash flow from the operation of the Company, the Company has the ability to meet its redemption obligation under the Convertible Bonds. The maturity date of the Convertible Bonds is 26 July 2018.

Based on the implied internal rate of returns of the Convertible Bonds, the share price at 31 December 2017 at which it would be equally financially advantageous for the Convertible Bonds Subscriber to convert or redeem was HK\$1.195.

By the Order of the Board  
**Flying Financial Service Holdings Limited**  
**Zheng Weijing**  
*Chairman and Chief Executive Officer*

Hong Kong, 19 October 2017

*As at the date of this announcement, the executive Directors are Mr. Zheng Weijing (Chairman and Chief Executive Officer), Mr. Zhang Gongjun, and Ms. Guo Chanjiao; and the independent non-executive Directors are Mr. Vincent Cheng, Mr. Leung Po Hon and Dr. Miao Bo.*

*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 this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the date of its publication and on the Company’s website at [www.flyingfinancial.hk](http://www.flyingfinancial.hk).*