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If you have sold or transferred all your shares in Jun Yang Financial Holdings Limited (“**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchasers or transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchasers or transferees.

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Jun Yang Financial Holdings Limited
君陽金融控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 397)

(1) REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES;
(2) RE-ELECTION OF DIRECTOR;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



大有融資有限公司
MESSIS CAPITAL LIMITED

A letter from the Independent Board Committee is set out on page 10 of this circular and a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 20 of this circular.

A notice convening the special general meeting of the Company to be held at 9:30 a.m. on Friday, 29 January 2016 at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

13 January 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company held on 3 June 2015
“associate”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Company”	Jun Yang Financial Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Current Issue Mandate”	the general mandate approved and granted to the Directors at the AGM to allot, issue and deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Refreshed General Mandate
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation under the SFO licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Refreshed General Mandate
“Independent Shareholders”	Shareholders other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, any Directors (excluding independent non-executive Directors) and the chief executive of the Company who shall hold Shares as at the date of the SGM and their respective associates

DEFINITIONS

“Latest Practicable Date”	7 January 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Refreshed General Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the SGM to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 9:30 a.m. on Friday, 29 January 2016 for the purpose of considering, and if thought fit, approving the proposed grant of the Refreshed General Mandate, the notice of which is set out on pages SGM-1 to SGM-3 of this circular
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



Jun Yang Financial Holdings Limited **君陽金融控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 397)

Executive Directors:

Mr. Kwok Sze Yiu, Gordon (*Chairman*)
Dr. Tang Sing Hing, Kenny (*Vice Chairman*)
Mr. Jiang You (*Chief Executive Officer*)
Mr. Siu Kam Chau
Mr. Liu Guangdian

Independent Non-executive Directors:

Mr. Chan Chi Yuen
Mr. Chik Chi Man
Mr. Lam Wing Tai

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and principal place
of business in Hong Kong:*

Unit 1105, 11/F
Wing On Plaza
62 Mody Road
Tsim Sha Tsui East
Kowloon, Hong Kong

13 January 2016

To the Shareholders

Dear Sir/Madam,

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES AND RE-ELECTION OF DIRECTOR

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the SGM regarding (i) the proposed grant of the Refreshed General Mandate; and (ii) the re-election of Director; and to give you notice of the SGM.

LETTER FROM THE BOARD

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

Pursuant to an ordinary resolution passed by the Shareholders at the AGM, the Directors were granted the Current Issue Mandate to allot and issue up to 889,303,646 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. There had not been any refreshment of the Current Issue Mandate since the AGM up to the Latest Practicable Date.

Fund raising activities since the AGM

Save for the fund raising activities mentioned below, the Company has not announced other fund raising activities by way of equity issue since the AGM up to the Latest Practicable Date and which were completed prior to the Latest Practicable Date.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
10 July 2015 and 22 July 2015	Issue of 889,300,000 new Shares at HK\$0.158 per Share under the Current Issue Mandate	HK\$136 million	For operation of the securities business of the Group (“Securities Business”)	Used as intended (Note 1)
10 July 2015, 24 August 2015 and 14 October 2015	Issue of 12,031,350,000 new Shares at HK\$0.113 per Share under specific mandate	HK\$1,314 million	<p>a. Approximately HK\$600 million for assets investment;</p> <p>b. approximately HK\$114 million for the operation of the Securities Business; and</p> <p>c. the remaining approximately HK\$600 million for the Group’s proposed margin financing services business and money lending business</p>	<p>a. Used as intended (Note 2);</p> <p>b. used as intended (Note 1); and</p> <p>c. approximately HK\$383 million has been used for the Group’s money lending business, approximately HK\$145 million has been used for the operation of the Securities Business (Note 1) and the remaining approximately HK\$72 million will be used for the Group’s proposed margin financing services business and money lending business (Note 3)</p>

Notes:

1. The net proceeds of approximately HK\$136 million, HK\$114 million and HK\$145 million have been used to make additional capital contribution to Jun Yang Securities Company Limited, a wholly-owned subsidiary of the Company. Jun Yang Securities Company Limited has utilised these proceeds for its ordinary and usual course of business including but not limited to margin financing business and underwriting business.
2. The net proceeds of approximately HK\$600 million have been used to invest in listed securities and unlisted fund.
3. The remaining approximately HK\$72 million is placed in the Company’s bank account and securities account.

LETTER FROM THE BOARD

Extent of Current Issue Mandate utilised

Subsequent to the completion of the issue of new Shares under the Current Issue Mandate as set out above, there only remained 3,646 Shares issuable under the Current Issue Mandate as at the Latest Practicable Date. Such number only represented approximately 0.00002% of the issued Shares as at the Latest Practicable Date.

Reasons for the proposed grant of the Refreshed General Mandate

The Group is principally engaged in financial service business, solar energy business with a current focus on development, construction, operation and maintenance of power station projects, money lending business and assets investment.

The Board has considered raising funds through debt financing. Although equity financing usually involves commission fee to placing agent, the Directors consider that debt financing will incur interest expenses to the Company until full repayment of the bank loans and thus increase the expenses during the period and the recording of a loan in the books of the Group will also adversely affect the gearing ratio of the Group and thus the financial position of the Group and upon maturity of the bank loans, the Group will be required to repay such bank loans. Based on the enquiry made to the principal bankers of the Group, the current interest rates of bank loans range from 5% to 5.5 % per annum and are higher than the commission rates of placing which range from 2% to 3% and which are one-off in nature. In light of these, the Directors believe that equity financing is more favourable than bank loans.

The Board would like to provide flexibility for the Company to raise funds for its future business development and/or opportunities to be identified by the Company through equity financing. The Company seeks to develop its long-term solar power station projects and further develop its financial service business. Given that equity financing (i) does not incur any interest expenses to the part of the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises, the Board proposes the Refreshed General Mandate shall be granted to the Directors. As at the Latest Practicable Date, the Company had not identified any such business development and/or opportunities and thus did not have any immediate plan or was not contemplating to have further fund raising. However, the Company does not rule out the possibility that it may raise further fund in the coming 12 months to fund its future development of the Group's financial service business and its long-term solar power station projects as disclosed in the circular dated 8 September 2015 of the Company under sub-section headed "Reasons for the SM Placing and use of proceeds". Nonetheless, the Board believes that the availability of the Refreshed General Mandate will reduce uncertainties that a specific mandate to be granted to the Directors may not be obtained from the Shareholders in a timely manner in the event that any such business development and/or opportunities through equity financing has been identified by the Company.

Based on the total number of 19,590,427,345 issued Shares as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company prior to the date of the SGM, the Refreshed General Mandate, if granted, will allow the Directors to allot and issue up to 3,918,085,469 new Shares.

LETTER FROM THE BOARD

The Refreshed General Mandate, if granted, will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the Company is required by the Bye-laws or any applicable laws to hold its next annual general meeting; and (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

RE-ELECTION OF DIRECTOR

Mr. Kwok Sze Yiu, Gordon (“**Mr. Kwok**”) was appointed as the Chairman of the Board and an executive Director by the Board with effect from 6 November 2015. Pursuant to bye-law 102(B) of the Bye-laws, Mr. Kwok shall hold office only until the SGM and shall then be eligible for re-election at the SGM.

Biographical details of Mr. Kwok are as follows:

Mr. Kwok, aged 41, has been the Chairman of the Board and an executive Director since 6 November 2015. He obtained a Bachelor degree of Science in Civil Engineering from Iowa State University of Science and Technology, United States in May 1997 and was awarded a Master degree of Science in Civil and Environmental Engineering from Massachusetts Institute of Technology, United States in February 1999. He has over 15 years of experience in private equity investment, merger and acquisitions and corporate finance in the Greater China region. Prior to joining the Group, Mr. Kwok worked as a senior associate at Olympus Capital from 2005 to 2007. From 2007 to 2012, Mr. Kwok was a Director at The Blackstone Group. From 2012 to July 2015, Mr. Kwok was the Managing Director of Yunfeng Capital.

Pursuant to the appointment letter entered into between the Company and Mr. Kwok, Mr. Kwok was appointed for a fixed term of one year from 6 November 2015 and he is subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Bye-laws. Mr. Kwok is entitled to an annual remuneration of HK\$240,000 which is determined with reference to his responsibilities, the Company’s remuneration policy and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Kwok did not have any interest and short positions in the Shares or underlying Shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, (i) Mr. Kwok did not hold any other major appointment and qualifications or any directorship in other listed companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) Mr. Kwok did not hold any other positions with the Company or other members of the Group; (iii) Mr. Kwok did not have any relationship with any Directors, senior management, substantial or controlling Shareholders (having the meaning ascribed to it in the Listing Rules) of the Company; and (iv) there is no further information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules nor any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of Mr. Kwok as an executive Director.

LETTER FROM THE BOARD

SGM

The SGM will be held at 9:30 a.m. on Friday, 29 January 2016 at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong for the Shareholders to consider and, if thought fit, approve, among other things, the proposed grant of the Refreshed General Mandate and re-election of Director. The notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular.

As the grant of the Refreshed General Mandate is proposed to the Shareholders before the Company's next annual general meeting, pursuant to the Listing Rules, this proposal is subject to the Independent Shareholders' approval by way of poll at the SGM. According to Rule 13.36(4) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the grant of the Refreshed General Mandate.

As at the Latest Practicable Date, to the best knowledge, belief and information of the Directors, the Company had no controlling Shareholder and none of the Directors and the chief executive of the Company and their respective associates held any Shares. Accordingly, to the best knowledge of the Directors, no Shareholder is required to abstain from voting in favour of the resolution for approving the grant of the Refreshed General Mandate at the SGM. The resolution set out in the notice of the SGM will be voted on by way of poll. However, where a Director or the chief executive of the Company or any of his associates becomes a Shareholder as at the date of the SGM, such Shareholder shall abstain from voting in favour of the resolution for approving the grant of the Refreshed General Mandate at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution for approving the re-election of Director at the SGM.

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon full utilisation of the Refreshed General Mandate:

	As at the Latest Practicable Date		Immediately upon full utilisation of the Refreshed General Mandate	
	No. of Shares held	Approximate percentage (%)	No. of Shares held	Approximate percentage (%)
Mr. Bai Liang (<i>Note 2</i>)	612,052,723	3.12	612,052,723	2.60
Mr. Peng Libin (<i>Note 3</i>)	1,275,000	0.01	1,275,000	0.01
Public Shareholders	18,977,099,622	96.87	18,977,099,622	80.72
Shares to be issued under the Refreshed General Mandate	—	—	3,918,085,469	16.67
	<u>19,590,427,345</u>	<u>100.00</u>	<u>23,508,512,814</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

1. The above shareholding table does not take into account the outstanding share options granted by the Company in accordance with its share option schemes.
2. Mr. Bai Liang was appointed as an executive Director on 24 November 2010 and resigned with effect from 6 November 2015. As at the Latest Practicable Date, Mr. Bai Liang is a director of certain subsidiaries of the Company and he and his associate held 612,052,723 Shares.
3. Mr. Peng Libin was appointed as an executive Director on 14 January 2013 and resigned with effect from 6 November 2015. As at the Latest Practicable Date, Mr. Peng Libin is a director of certain subsidiaries of the Company and he held 1,275,000 Shares.
4. The above shareholding table assumes there is no change in the shareholding of each of the core connected persons (as defined in the Listing Rules) of the Company from the Latest Practicable Date up to the date on which the Refreshed General Mandate is fully utilised.

The Independent Board Committee, comprising Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the proposed grant of the Refreshed General Mandate.

You will find enclosed a form of proxy for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM in person should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 10 of this circular and the letter of advice from the Independent Financial Adviser set out on pages 11 to 20 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the best interests of the Company and the Shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favour of the resolution relating to the grant of the Refreshed General Mandate to be proposed at the SGM.

LETTER FROM THE BOARD

Accordingly, the Directors (including the independent non-executive Directors) consider that the grant of the Refreshed General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

The Directors also consider that the re-election of Mr. Kwok as an executive Director is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 document misleading.

Yours faithfully,
On behalf of the Board
Jun Yang Financial Holdings Limited
Kwok Sze Yiu, Gordon
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Jun Yang Financial Holdings Limited **君陽金融控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 397)

13 January 2016

To the Independent Shareholders

Dear Sir/Madam,

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

We have been appointed as the Independent Board Committee to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate, details of which are set out in the circular of the Company to the Shareholders dated 13 January 2016 (“**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the advice of Independent Financial Adviser in relation thereto as set out in the Circular, we are of the view that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the grant of the Refreshed General Mandate.

Yours faithfully,
Independent Board Committee

Mr. Chan Chi Yuen
*Independent Non-executive
Director*

Mr. Chik Chi Man
*Independent Non-executive
Director*

Mr. Lam Wing Tai
*Independent Non-executive
Director*

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



大有融資有限公司
MESSIS CAPITAL LIMITED

13 January 2016

*To: The Independent Board Committee and the Independent Shareholders of
Jun Yang Financial Holdings Limited*

Dear Sir/Madam,

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant of the Refreshed General Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 13 January 2016, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

The Directors propose a refreshment of the Current Issue Mandate by way of granting the Refreshed General Mandate. As the proposed refreshment of the Current Issue Mandate is being made prior to the Company’s next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the grant of the Refreshed General Mandate is subject to the Independent Shareholders’ approval by way of an ordinary resolution at the SGM. As at the Latest Practicable Date, to the best knowledge, belief and information of the Directors, the Company had no controlling Shareholder and none of the Directors and the chief executive of the Company and their respective associates held any shares. Accordingly, to the best knowledge of the Directors, no Shareholder is required to abstain from voting in favour of the resolution for approving the grant of the Refreshed General Mandate at the SGM. In compliance with Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the refreshment of the Current Issue Mandate at the SGM will be taken by way of poll.

The Independent Board Committee comprising all three independent non-executive Directors, namely, Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai, has been established to advise the Independent Shareholders on whether the grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote. We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned appointment would not affect our independence, and that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Current Issue Mandate, we have taken the following principal factors and reasons into consideration:

1. Background of and reasons for the refreshment of the Current Issue Mandate

As advised by the Directors, the Group is principally engaged in (i) financial services business, including provision of margin financing services at the rate of approximately 5% to 8%; (ii) solar energy business with a current focus on development, construction, operation and maintenance of power station projects; (iii) money lending business, which offers loans to both individual and corporate borrowers at the interest rate ranging from approximately 5% to 12%; and (iv) assets investment, including investment in listed and unlisted securities mainly in Hong Kong, as well as investment in funds. As advised by the Directors, the Securities and Future Commission has approved the Group's margin financing business. The Company plans to further develop its financial services business and seeks opportunities to develop its long-term solar power station projects.

At the AGM held on 3 June 2015, the Shareholders approved, among other things, the Current Issue Mandate which authorised the Directors to allot and issue up to 889,303,646 Shares, being 20% of the issued share capital of the Company of 4,446,518,230 Shares as at the date of the AGM. There had not been any refreshment of the Current Issue Mandate since the AGM up to the Latest Practicable Date.

The Current Issue Mandate has been substantially utilised by the Company on 22 July 2015 as a result of the placing of 889,300,000 new Shares at the placing price of HK\$0.158 per placing Share. Details of which are disclosed in the announcements of the Company dated 10 July 2015 and 22 July 2015. The net proceeds of approximately HK\$136 million have been used for the operation of the securities business of the Group.

References are made to the announcements of the Company dated 10 July 2015, 24 August 2015 and 14 October 2015, and the circular of the Company dated 8 September 2015, in relation to the placing of 12,031,350,000 new Shares, under a specific mandate, at the placing price of HK\$0.113 per placing Share. As a result, the issued share capital of the Company has been enlarged to 19,590,427,345 Shares on 14 October 2015. Out of the net proceeds of approximately HK\$1,314 million, HK\$1,242 million have been used for the Group's assets investment, securities business and money lending business, and the remaining HK\$72 million will be used for the Group's proposed margin financing services and money lending business.

Subsequent to the completion of the issue of the new Shares under the Current Issue Mandate and the substantial increase in the issued share capital of the Company aforementioned, only 3,646 Shares can be issued under the Current Issue Mandate, representing less than 0.01% of the issued share capital of the Company of 19,590,427,345 Shares as at the Latest Practicable Date. The Directors consider that the grant of the Refreshed General Mandate will give the Company the required flexibility to raise funds for its future business development and/or opportunities to be identified by the Company through equity financing. The Directors are of the view that equity

LETTER FROM INDEPENDENT FINANCIAL ADVISER

financing (i) does not incur any interest expenses on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises. Accordingly, the Directors consider that the grant of the Refreshed General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

As stated in the Letter from the Board, the Company has not identified any business development and/or opportunities as at the Latest Practicable Date, thus did not have any immediate plan or is not contemplating to have further fund raising. However, the Company does not rule out the possibility that it may raise further fund in the coming 12 months to fund its future development of the Group's financial service business and its long-term solar power station projects as disclosed in the circular dated 8 September 2015 of the Company under sub-section headed "Reasons for the SM Placing and use of proceeds". The Board is now proposing to seek the approval of the Independent Shareholders at the SGM for the grant of the Refreshed General Mandate such that should funding needs arise or attractive terms for investments in the Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly without having first to obtain the consent of the Shareholders in general meeting and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner. As advised by the Directors, apart from equity financing, they have also considered other financing alternatives such as debt financing to fund future business development and expansion and/or investment opportunities. Although equity financing usually involves commission fee to placing agent, the Directors consider that debt financing will incur interest expenses to the Company until full repayment of the bank loans and thus increase the expenses during the period and the recording of a loan in the books of the Group will also adversely affect the gearing ratio of the Group and thus the financial position of the Group and upon maturity of the bank loans, the Group will be required to repay such bank loans. Based on the enquiry made to the principal bankers of the Group, the current interest rates of bank loans range from 5% to 5.5% per annum and are higher than the commission rate of placing which ranges from 2% to 3%, which are one-off in nature. In view of the aforementioned, we concur with the Directors' view that equity financing under general mandates (i) does not incur interest obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising and/or prospective investment opportunity as and when it arises.

We noted that capital raised from various fund raising activities of the Company during the past twelve months has either been utilised or earmarked for different uses as intended. Based on the unaudited management accounts of the Group, as at 31 October 2015, the cash and bank balances of the Company on hand was approximately HK\$535 million. As at the Latest Practicable Date, the Directors have no intention to utilise the proposed Refreshed General Mandate for any potential projects or acquisition on hand and the Company does not have any arrangement, intention, understanding or negotiation about any possible fund raising exercise (both debt and equity financing). Nonetheless, we consider the development and performance of the asset investment businesses as well as the Group's money lending business and the margin financing business, being the Group's latest business venture following its acquisition of E Finance Limited

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in 2012, hinge considerably on the capital base of the Company. According to the Licensing Information Booklet published by the Securities and Futures Commission, a securities dealer shall have a paid up share capital no less than HK\$5 million and shall comply with its requirement of liquid capital/net tangible assets continuously. In view of the above and the nature of the Group's money lending business and assets investment activities, we are of the view that (i) the operation of the financial services business and money lending business of the Group requires relatively more capital; (ii) a relatively higher cash level enables the Group to facilitate more money lending transactions; and (iii) sufficient capital allows the Group to seize suitable investment opportunities and to expand its investment portfolio. We also consider that the Refreshed General Mandate could add further financial flexibility, in addition to the previous fund raising exercises of the Group as mentioned above, to enable the Group to allocate its cash more effectively for its business operation and to meet the stringent regulatory requirements of its finance-related business, including but not limited to the minimum liquid capital requirement for its dealing in securities and margin financing business. We are of the view that the refreshment of the Current Issue Mandate would provide more options and flexibility to the Group for any potential acquisitions, future investments and business developments and that the Company will be able to respond in a timely and effective manner to take advantages of any business opportunities which may arise from time to time for the benefit of the Company and its Shareholders as a whole. As advised by the Directors, such capability is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions.

Having considered the above, in particular, (i) the Current Issue Mandate only represents less than 0.01% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) the next annual general meeting of the Company will only held in around June 2016, which is five months away from the Latest Practicable Date; (iii) the advantages of using equity financing under general mandates to raise funds as discussed above; (iv) the fact that the capital raised from various fund raising activities of the Company during the past twelve months has either been utilised or earmarked for different uses as intended; (v) the grant of the Refreshed General Mandate would provide more options and flexibility to the Group for further development of its business and potential investment as and when such opportunities arise, we concur with the Directors' view that the reasons for the grant of the Refreshed General Mandate are justifiable, and it is in the interests of the Company and the Shareholders as a whole.

2. The Refreshed General Mandate

As at the Latest Practicable Date, the Company had a total number of 19,590,427,345 Shares in issue. Assuming that no Shares will be issued or repurchased by the Company on or before date of the SGM and subject to the passing of the ordinary resolution for the approval for the grant of the Refreshed General Mandate, the Company would be allowed under the Refreshed General Mandate to allot and issue with up to 3,918,085,469 new Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date.

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The Refreshed General Mandate, if granted, will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the Company is required by the Bye-laws or any applicable laws to hold its next annual general meeting; and (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

3. Fund raising activities of the Company during the past twelve months

Set out below are the fund raising activities of the Company during the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds (approximately)	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
13 April 2015 and 9 June 2015	Open offer of not less than 2,223,259,115 offer Shares and not more than 2,224,227,198 offer Shares at HK\$0.26 per offer Share on the basis of one offer Share for every two Shares in issue held on the record date	HK\$563.92 million	(a) Approximately HK\$393 million for further expansion of the Group's solar energy and related business segment; (b) approximately HK\$45 million for operation of the Group's securities trading business operated by Jun Yang Securities Company Limited, a wholly-owned subsidiary acquired by the Group in October 2014; (c) approximately HK\$96 million for the operation of the Group's money lending business; and (d) approximately HK\$29.92 million as the Group's general working capital	(a) Approximately HK\$77.62 million has been used for the Group's solar power station projects; (b) used as intended; (c) used as intended; and (d) used for assets investment in a fund, which is one of the principal businesses of the Group
10 July 2015 and 22 July 2015	Issue of 889,300,000 new Shares at HK\$0.158 per Share under the Current Issue Mandate	HK\$136 million	For operation of the securities business of the Group ("Securities Business")	Used as intended (<i>Note 1</i>)

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Date of announcement	Event	Net proceeds (approximately)	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
10 July 2015, 24 August 2015 and 14 October 2015	Issue of 12,031,350,000 new Shares at HK\$0.113 per Share under specific mandate	HK\$1,314 million	(a) Approximately HK\$600 million for assets investment; (b) approximately HK\$114 million for the operation of the Securities Business; and (c) approximately HK\$600 million for the Group's proposed margin financing services and money lending business	(a) Used as intended (Note 2); (b) used as intended (Note 1); and (c) approximately HK\$383 million has been used for the Group's money lending business, approximately HK\$145 million has been used for the operation of the Securities Business (Note 1) and the remaining approximately HK\$72 million will be used as for the Group's proposed margin financing business and money lending business (Note 3)

Notes:

1. The net proceeds of approximately HK\$136 million, HK\$114 million and HK\$145 million have been used to make additional capital contribution to Jun Yang Securities Company Limited, a wholly-owned subsidiary of the Company. Jun Yang Securities Company Limited has utilised these proceeds for its ordinary and usual course of business including but not limited to margin financing business and underwriting business.
2. The net proceeds of approximately HK\$600 million have been used to invest in listed securities and unlisted fund.
3. The remaining approximately HK\$72 million is placed in the Company's bank account and securities account.

Save as and except the above, the Company had not conducted any other equity fund raising activities during the past twelve months immediately prior to the Latest Practicable Date.

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4. Other financing alternatives

As advised by the Company, apart from equity financing, the Group will also consider other financing alternatives such as debt financing and bank borrowings before making any investment decisions. The Group will consider the cost and other terms of the funding before deciding on the means of financing in order to maximum the benefit to the Shareholders. Furthermore, these alternatives, for example asset-pledge loan from banks, may be subject to lengthy due diligence processes on the assets and negotiations with the lenders. The Group will consider other pre-emptive equity financing methods such as rights issue and open offer as compared with the equity financing under the Refreshed General Mandate, taking into the timing of the funding needs as compared with the time required for carrying a rights issue/open offer, the then market condition, and the interest expressed by and the terms offered by any prospective underwriters in respect of rights issue/open offer, which we consider reasonable factors to take into consideration when deciding the merits of such pre-emptive equity financings. The Directors advised us that they would exercise due and careful consideration when choosing the best method of financing for the Group.

We consider that the grant of the Refreshed General Mandate will provide the Company with an additional financing alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods, among the various means of financing, including but not limited to equity financing either under the Refreshed General Mandate or a specific mandate, pre-emptive equity financing and debt financing, for its future business development and the efficient use of its funds. Based on the above, we are of the view that the grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

5. Potential dilution to Independent Shareholders' shareholdings

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) for illustration purpose only, immediately upon full utilisation of the Refreshed General Mandate (assuming that no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date on which the Refreshed General Mandate, if granted, is exercised in full):

	(i) As at		(ii) Immediately	
	the Latest Practicable Date		upon full utilisation of the Refreshed General Mandate	
	<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Mr. Bai Liang (<i>Note 1</i>)	612,052,723	3.12	612,052,723	2.60
Mr. Peng Libin (<i>Note 2</i>)	1,275,000	0.01	1,275,000	0.01
Existing public Shareholders	18,977,099,622	96.87	18,977,099,622	80.72
Shares to be issued under the Refreshed General Mandate	<u> – </u>	<u> – </u>	<u>3,918,085,469</u>	<u>16.67</u>
Total	<u>19,590,427,345</u>	<u>100.00</u>	<u>23,508,512,814</u>	<u>100.00</u>

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Notes:

1. Mr. Bai Liang was appointed as an executive Director on 24 November 2010 and resigned with effect from 6 November 2015. As at the Latest Practicable Date, Mr. Bai Liang is a director of certain subsidiaries of the Company and he and his associate held 612,052,723 Shares.
2. Mr. Peng Libin was appointed as an executive Director on 14 January 2013 and resigned with effect from 6 November 2015. As at the Latest Practicable Date, Mr. Peng Libin is a director of certain subsidiaries of the Company and he held 1,275,000 Shares.
3. The above shareholding table assumes there is no change in the shareholding of each of the core connected persons (as defined in the Listing Rules) of the Company from the Latest Practicable Date up to the date on which the Refreshed General Mandate is fully utilised.

The table above illustrates that existing Shareholders will be subject to dilution of their shareholding in the Company upon full utilisation of the Refreshed General Mandate. The shareholding of the existing public Shareholders would decrease from approximately 96.87% as at the Latest Practicable Date to approximately 80.72% upon full utilisation of the Refreshed General Mandate, representing a potential maximum decrease in shareholding of approximately 16.15%.

Notwithstanding that the Company has carried out various fund raising activities since the AGM and up to the Latest Practicable Date as set out in section headed “3. Fund raising activities of the Company during the past twelve months” above, and the shareholding of the existing public Shareholders will be diluted by at most 16.15% upon full utilisation of the Refreshed General Mandate as discussed above, taking into account that the grant of the Refreshed General Mandate (i) allows the Company to raise capital by allotment and issuance of new Shares before the next annual general meeting; (ii) would provide an alternative to increase the amount of capital which may be raised thereunder; (iii) would provide more flexibility and options of financing to the Group for the acquisition for future investments and business developments; the Company will be able to respond in a timely and effective manner to take advantages of any business opportunities for the benefit of the Company and its Shareholders as a whole; (iv) can strengthen the capital base of the Company and that any funds raised by utilising the Refreshed General Mandate is non-interest bearing and requires no collaterals or pledge of securities; and (v) the shareholding of all Shareholders will be diluted proportionately to their respective shareholding upon any utilisation of the Refreshed General Mandate, we concur with the Directors’ view that such potential dilution to the shareholdings of the existing public Shareholders is acceptable.

In view of the above, we consider that the grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

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RECOMMENDATIONS

Having taken into account the principal factors and reasons referred to above, we are of the opinion that the terms of the Refreshed General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the grant of the Refreshed General Mandate is in the best interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the grant of the Refreshed General Mandate.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the SFC and regarded as a responsible officer of Mesis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

NOTICE OF SGM



Jun Yang Financial Holdings Limited **君陽金融控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 397)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“**Meeting**”) of Jun Yang Financial Holdings Limited (“**Company**”) will be held at 9:30 a.m. on Friday, 29 January 2016 at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong to consider and, if thought fit, pass the following resolutions as the ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) “**THAT:**

- (a) the general mandate granted to the directors of the Company (“**Directors**”) to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 June 2015 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to the following provisions of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the share capital of the Company (“**Shares**”), and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) of this resolution shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period (as defined below);

NOTICE OF SGM

- (d) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (b) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of the conversion rights attaching to any convertible securities issued by the Company; (iii) the exercise of warrants to subscribe for Shares; (iv) the exercise of options granted under any share option scheme or similar arrangement for the time being adopted by the Company; or (v) an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company (“**Bye-laws**”), shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (e) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act 1981 of Bermuda (as amended) or any other applicable laws of Bermuda to be held; or
- (iii) the date on which such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to the holders of Shares or any class of Shares whose names appear on the registers of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

- (2) “**THAT** Mr. Kwok Sze Yiu, Gordon be re-elected as an executive director of the Company.”

On behalf of the Board
Jun Yang Financial Holdings Limited
Kwok Sze Yiu, Gordon
Chairman

13 January 2016

NOTICE OF SGM

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and principal place
of business in Hong Kong:*

Unit 1105, 11/F
Wing On Plaza
62 Mody Road
Tsim Sha Tsui East
Kowloon, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its behalf. A proxy needs not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the Meeting or any adjournment thereof should he/she so wish, and in such case, the instrument appointing a proxy shall be deemed to be revoked.
4. The above resolutions put to vote at the Meeting will be decided by way of poll as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at the date of this notice, the executive Directors are Mr. Kwok Sze Yiu, Gordon, Dr. Tang Sing Hing, Kenny, Mr. Jiang You, Mr. Siu Kam Chau and Mr. Liu Guangdian, and the independent non-executive Directors are Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai.