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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

Nuada Limited

THE PLACING

The Board is pleased to announce that after the trading hours of 8 September 2016, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 485,280,000 Shares to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties at the Placing Price of HK\$0.18 per Share.

The Placing Price of HK\$0.18 per Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market prices of the Shares and represents: (i) a discount of approximately 18.18% to the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 10.89% to the average closing price of approximately HK\$0.202 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the Last Trading Day.

The maximum number of 485,280,000 Placing Shares represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the existing issued share capital of the Company as enlarged by the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$4,852,800.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be approximately HK\$87.35 million and the net proceeds from the Placing will be approximately HK\$84.12 million (after deduction of commission and other expenses of the Placing). It is expected that the net proceeds from the Placing will be utilised for reducing the indebtedness of the Group so as to reduce the finance cost of the Group and to enhance the gearing ratio of the Company.

GENERAL

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 3 June 2016 and therefore the allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement and the Placing Agent is entitled to terminate the Placing Agreement under certain circumstances as described below, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The Board is pleased to announce that after the trading hours of 8 September 2016, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 485,280,000 Shares to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties at the Placing Price of HK\$0.18 per Share.

Principal terms of the Placing Agreement are summarised below:

THE PLACING AGREEMENT

Date:

8 September 2016

Issuer:

The Company

Placing Agent:

Nuada Limited

The Placing Agent has conditionally agreed to place up to 485,280,000 Shares, on a best endeavour basis, to the Placee(s). The Placing Agent will receive a placing commission of 3.5% of the aggregate Placing Price of the Placing Shares actually placed by or on behalf of the Placing Agent on behalf of the Company in accordance with the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees:

The Placing Shares are expected to be placed to not less than six Placees, who will be individuals, corporate, institutional investors or other investors. The Placees and their respective ultimate beneficial owners shall be Independent Third Parties. The Placing Agent has warranted and undertaken to the Company that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the Listing Rules) of the Company.

Placing Price:

The Placing Price of HK\$0.18 per Share represents:

- (i) a discount of approximately 18.18% to the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 10.89% to the average closing price approximately of HK\$0.202 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the Last Trading Day.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other matters, the prevailing market prices of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Shares:

The maximum number of 485,280,000 Placing Shares represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the existing issued share capital of the Company as enlarged by the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The aggregate nominal value of the maximum number of the Placing Shares will be HK\$4,852,800.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$87.35 million and the net proceeds will be approximately HK\$84.12 million (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$0.17 per Placing Share.

Ranking of the Placing Shares:

The Placing Shares will rank, when issued and fully paid up, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Condition of the Placing:

Completion of the Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement.

Each of the Company and the Placing Agent shall use their respective best endeavours to procure the satisfaction of the above condition by 29 September 2016 (“**Long Stop Date**”). If the above condition is not satisfied by the Long Stop Date, all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of (i) any antecedent breach of any obligation thereunder; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements).

Completion:

Completion of the Placing shall take place on the fifth Business Day after the fulfillment of the above condition or on such other date as the Company and the Placing Agent may agree in writing.

Mandate to allot and issue the Placing Shares:

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to allot and issue up to 485,286,546 Shares until the revocation, variation or expiration of the General Mandate. The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate prior to the date of the Placing Agreement.

The allotment and issue of the Placing Shares are not subject to any additional shareholders' approval.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination:

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or

- (4) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

Upon termination of the Placing Agreement as described above, all liabilities of the parties to the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements.

The Directors are not aware of the occurrence of any of the above events as at the date of this announcement.

Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement and the Placing Agent is entitled to terminate the Placing Agreement under certain circumstances as described above, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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.

As disclosed in the Company's interim results announcement for the six months ended 30 June 2016 dated 26 August 2016, bank and other borrowings of the Group amounted to approximately HK\$712.0 million, which included the 9.25% due 2017 notes issued by the Company in July 2015 in an aggregate principal amount of HK\$180.8 million and other interest-bearing indebtedness.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the net proceeds from the Placing are estimated to be approximately HK\$84.12 million (after deduction of commission and other expenses of the Placing). It is expected that the net proceeds from the Placing will be utilised for reducing the indebtedness of the Group so as to reduce the finance cost of the Group and to enhance the gearing ratio of the Company.

Taking into account of the intended use of net proceeds as discussed above, the Directors are of the view that the Placing can strengthen the financial position of the Group. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities by way of equity issue during the 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds as at the date of this announcement
10 July 2015, 24 August 2015, 25 September 2015 and 14 October 2015	Placing of 12,031,350,000 new Pre-Consolidated Shares at a price of HK\$0.158 per share under specific mandate	Approximately HK\$1,314.00 million	<p>(i) as to approximately HK\$600.00 million for asset investment</p> <p>(ii) as to approximately HK\$600.00 million for proposed margin financing services and money lending business;</p> <p>(iii) as to approximately HK\$114.00 million for the operation of the Group's securities related business operated by Jun Yang Securities Company Limited</p>	<p>(i) use as intended</p> <p>(ii) approximately HK\$423.00 million used for money lending business and HK\$177.00 million used for operation of securities business</p> <p>(iii) use as intended</p>
12 April 2016 and 4 May 2016	Placing of 391,800,000 new Shares at a price of HK\$0.238 per share under general mandate	Approximately HK\$90.10 million	For funding the Group's asset investment segment and for general working capital of the Group	approximately HK\$81.00 million used for the Group's asset investment segment and approximately HK\$9.10 million used for general working capital of the Group

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company, upon completion of the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the shareholding structure of the Company before the issue of the Placing Shares under the Placing) are set out as below:

Shareholders	As at the date of this announcement		Upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Kwok Sze Yiu, Gordon (Note 1)	19,590,000	0.81	19,590,000	0.67
Dr. Tang Sing Hing, Kenny (Note 1)	2,300,000	0.09	2,300,000	0.08
Mr. Ng Tang (Note 1)	19,500,000	0.80	19,500,000	0.67
Mr. Bai Liang and his associate (Note 2)	78,305,272	3.23	78,305,272	2.69
Mr. Peng Libin (Note 3)	17,227,500	0.71	17,227,500	0.59
Placees (Note 4)	–	–	485,280,000	16.67
Other public Shareholders	<u>2,289,509,962</u>	<u>94.36</u>	<u>2,289,509,962</u>	<u>78.63</u>
Total	<u>2,426,432,734</u>	<u>100.00</u>	<u>2,911,712,734</u>	<u>100.00</u>

Notes:

1. Mr. Kwok Sze Yiu, Gordon, Dr. Tang Sing Hing, Kenny and Mr. Ng Tang are executive Directors.
2. Mr. Bai Liang is a director of certain subsidiaries of the Company. Out of the 78,305,272 Shares, (i) 22,055,272 Shares are owned by Mr. Bai Liang in the capacity as beneficial owner; and (ii) 56,250,000 Shares are owned by Silver Idea Investments Limited, a company wholly-owned and controlled by Mr. Bai Liang.
3. Mr. Peng Libin is a director of a subsidiary of the Company.
4. It is a term of the Placing Agreement that none of the Placees shall become a substantial shareholder of the Company upon completion of the Placing.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 3 June 2016 at which the General Mandate was granted to the Directors
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Capital Reorganisation”	the capital reorganisation approved by the shareholders of the Company at the special general meeting of the Company held on 5 April 2016 which involved, among other steps, (i) the share consolidation of 10 Pre-Consolidated Shares into 1 Share of HK\$0.10 and (ii) the reduction of the share capital of the Company whereby the par value of each of the then issued consolidated shares of HK\$0.10 each was reduced from HK\$0.10 to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued consolidated share and thereby creating the Shares and the capital reorganisation became effective on 6 April 2016
“Company”	Jun Yang Financial Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 397)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or otherwise deal with up to 485,286,546 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and not connected with any of the connected persons of the Company or their respective associates
“Last Trading Day”	8 September 2016, being the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual, corporate, institutional investor(s) or other investor(s) to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the placing by the Placing Agent, on a best endeavour basis, of up to 485,280,000 new Shares to be allotted and issued to the Placees pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Nuada Limited (洛爾達有限公司), a licensed corporation to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 8 September 2016 in relation to the Placing
“Placing Price”	the price of HK\$0.18 per Placing Share
“Placing Shares”	up to 485,280,000 Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement which will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Placing Shares and each, a “Placing Share”
“Pre-Consolidated Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company and each a “Share”

“Shareholder(s)” holder(s) of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

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

Hong Kong, 8 September 2016

As at the date of this announcement, the executive Directors are Mr. Kwok Sze Yiu, Gordon, Dr. Tang Sing Hing, Kenny and Mr. Ng Tang; and the independent non-executive Directors are Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Lam Wing Tai.