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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)

**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 Jun Yang Financial Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2016 (“**Year**”). Unless the context otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

HELD-FOR-TRADING INVESTMENTS

As at 31 December 2016, the Group’s held-for-trading investments (“**HFT Investments**”) amounted to approximately HK\$1,917 million, of which approximately HK\$1,892 million are investments in equity securities listed in Hong Kong, approximately HK\$14 million are investments in the United States stock market and approximately HK\$11 million are unlisted investment funds. As at 31 December 2016, the Group’s HFT Investments portfolio comprised over 50 equity securities listed in Hong Kong and 6 equity securities listed in the United States. Among them, 52 of such investments accounted for less than 1% of the Group’s audited total assets as at 31 December 2016 and the remaining accounted for approximately 1.11% to approximately 23.82% of the Group’s audited total assets as at 31 December 2016.

Performance and future prospect of significant investments under HFT Investments

The Directors would like to provide additional information on the Group's significant investments under HFT Investments as at 31 December 2016 as below:

Convoy Global Holdings Limited (“Convoy”)

As at 1 January 2016, the Group held 1,483,788,000 shares in the issued share capital of Convoy which amounted to an aggregate carrying amount of approximately HK\$645 million. During the Year, the Group did not purchase or sell any of its shares in Convoy. As at 31 December 2016, the Group held 1,483,788,000 shares of Convoy, which represented approximately 9.93% of the issued shares of Convoy as at 31 December 2016; and the aggregate carrying amount of such investment was approximately HK\$343 million, representing approximately 10.54% of the Group's audited total assets as at 31 December 2016 and approximately 11.93% of the Group's audited net assets as at 31 December 2016. No dividend was received by the Group from Convoy during the Year and the Group recorded a fair value loss of approximately HK\$303 million for its investment in Convoy during the Year.

As disclosed in the annual report of Convoy (“**Convoy Annual Report**”) for the Year, Convoy recorded a consolidated net loss attributable to its owners of approximately HK\$95.5 million for the Year.

With regards to the future prospects of Convoy based on published information, the Directors noted that Convoy would (i) establish a comprehensive financial services platform in Asia, particularly in Hong Kong and Mainland China; (ii) materialise the synergies among different business segments and locations; and (iii) improve the capital structure of its group in order to pursue their vision of becoming one of the leading financial groups across Asia, as disclosed in the Convoy Annual Report.

First Credit Finance Group Limited (“First Credit”)

As at 1 January 2016, the Group did not hold any shares in the issued share capital of First Credit. During the Year, the Group purchased 350,000,000 shares of First Credit in the aggregate amount of approximately HK\$48 million but did not sell any shares in First Credit. As at 31 December 2016, the Group held 350,000,000 shares of First Credit, which represented approximately 9.65% of the issued shares of First Credit as at 31 December 2016; and the aggregate carrying amount of such investment was approximately HK\$163 million, representing approximately 5.00% of the Group's audited total assets as at 31 December 2016 and approximately 5.66% of the Group's audited net assets as at 31 December 2016. The Group did not receive any dividend from First Credit during the Year but a final dividend of HK0.2 cents per share of First Credit for the Year was proposed by the directors of First Credit subject to the approval of its shareholders in its forthcoming annual general meeting. The Group recorded a fair value gain of approximately HK\$115 million for its investment in First Credit during the Year.

As disclosed in the annual report of First Credit (“**First Credit Annual Report**”) for the Year, it recorded a consolidated profit attributable to its owners of approximately HK\$34 million for the Year.

With regards to the future prospects of First Credit based on published information, the Directors noted that First Credit would maintain consistent availability of liquidity for its money lending business and closely monitor its cash position to explore if there are any potential investment proposals or opportunities, including but not limited to investments in bonds, debt instruments, listed equity securities or project-based investments, subject to the prevailing market condition and the position of its group, as disclosed in the First Credit Annual Report.

Town Health International Medical Group Limited (“Town Health”)

As at 1 January 2016, the Group held 372,552,000 shares in the issued share capital of Town Health which amounted to an aggregate carrying amount of approximately HK\$596 million. During the Year, the Group purchased an aggregate of 247,210,000 shares of Town Health in the aggregate amount of approximately HK\$347 million but did not sell any shares in Town Health. As at 31 December 2016, the Group held 619,762,000 shares of Town Health, which represented approximately 7.99% of the issued shares of Town Health as at 31 December 2016; and the aggregate carrying amount of such investment was approximately HK\$775 million, representing approximately 23.82% of the Group’s audited total assets as at 31 December 2016 and approximately 26.95% of the Group’s audited net assets as at 31 December 2016. The Group received a dividend of approximately HK\$5.8 million for its shares held in Town Health during the Year and the directors of Town Health recommended a final dividend of HK0.28 cent per ordinary share to be declared for the Year, subject to the approval of the shareholders of Town Health in its forthcoming annual general meeting. For the Year, the Group recorded a fair value loss of approximately HK\$168 million for its investment in Town Health.

As disclosed in the annual report of Town Health (“**Town Health Annual Report**”) for the Year, it recorded a consolidated profit attributable to its owners of approximately HK\$63 million for the Year.

With regards to the future prospects of Town Health based on published information, the Directors noted that Town Health would continue to focus on developing its quality healthcare businesses both in China and Hong Kong and will expand its healthcare business in China and proactively introduce Hong Kong style healthcare services into the China market with a vision to become the leading healthcare services operator in China, as disclosed in the Town Health Annual Report.

General analysis of the Group's HFT Investments

The Directors expect that the stock market in Hong Kong will continue to be volatile in the coming year and such investment environment may affect the value of both HFT Investments and available-for-sale financial assets of the Group. However, taking into account the future prospects of the three companies mentioned above, the Directors are optimistic about the performance of such companies and the Group would continue to invest in them unless the investment strategy of the Group changes or there exists significant changes in the market. The Group will closely supervise the market prices of these shares and trading of these shares will continue in order to optimise return. To diversify risks, the Group will maintain its current extensive investments portfolio and may consider acquiring shares in other listed companies when opportunity arises.

During the Year, the Group recorded a loss of approximately HK\$790 million for its HFT Investments. Such loss comprised (i) the realised loss of approximately HK\$183 million, which mainly comprised the loss of approximately HK\$83 million recorded for the sale of shares in a company whose shares are listed on the Main Board of the Stock Exchange (“**Listco**”); and (ii) the unrealised loss of approximately HK\$607 million arising from the fair value changes of its HFT Investments during the Year, which mainly included the fair value losses for its investments in Convoy (loss: approximately HK\$303 million) and Town Health (loss: approximately HK\$168 million) as mentioned above and the fair value loss of approximately HK\$248 million recorded for its investment in the Listco, which was partly set-off by the fair value gain in respect of the Group's investment in First Credit as at 31 December 2016. Such fair value losses under HFT Investments were in line with the general downward trend in Hong Kong stock market sentiment in the second half of 2016.

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

Hong Kong, 14 June 2017

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 Ms. Yiu Wai Yee, Catherine.