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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement dated 28 November 2017 issued by the Offeror, namely Jicheng Investment Limited, and the announcement dated 29 November 2017 issued by Jun Yang Financial Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) in relation to the pre-conditional voluntary securities exchange Partial Offer and Option Offer by the Offeror (together the “**Announcements**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The board of directors of the Company (the “**Board**”) has noted press reports (“**Reports**”) on 13 December 2017 on the subject matter of the announcement issued by the Company dated 12 December 2017 in connection with Dr. Tang Sing Hing, Kenny (“**Dr. Tang**”), the business direction of the Group and the Offers and clarifies as follows:

Dr. Tang

In accordance with the Takeovers Code and in view of the Announcements, Dr. Tang may not resign until the first closing date of the Offers or the date when the Offers becomes or is declared unconditional, whichever is the later except with the consent of the Executive.

Business plans

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are, among others, investment holding, securities trading, personnel management, provision for money lending, carry on regulated activity in connection with dealing in securities, asset management, corporate finance and property holding. As stated in its 2017 interim report, the Group will seek to regulate its investment portfolio and enlarge its service offerings to cover merger and acquisitions, asset management, margin and IPO financing. Since the publication of the interim report and their respective appointments,

Mr. Sit Sai Hung, Billy and Mr. Wu William Wai Leung have been reviewing and are planning to strengthen the internal control and governance systems of the Group. In addition as reported in the Reports, they have recommended to the Board that in implementing the Group's business plans, the Group may in the near term seek to unwind its proprietary investments when appropriate opportunities arise, recruit suitably qualified staff to bolster its operations and service offerings and to develop a stronger institutional and professional investor client base.

The Offers

The Board refers to the Announcement and confirms that, as stated in the Reports:

- (a) the Offers were not solicited by or resulted from any discussion or agreement with the Company or, so far as the Board is aware, the management of the Group or the substantial shareholder of the Company, Mr. Choi Chun Chung, Danny (who is also a director of the Company). On this basis, the Offers could be regarded as a "hostile bid";
- (b) based on the 2017 interim report of the Company as at 30 June 2017, the unaudited consolidated net asset value of the Company was approximately HK\$2,217,961,000 or approximately HK\$0.762 per share and based on the 2017 interim report of China Jicheng as at 30 June 2017 and the "monthly return of equity issue on movements in securities for the month ended 30 June 2017", the unaudited consolidated net asset value of China Jicheng was approximately RMB438,523,000 (equivalent to approximately HK\$517,457,140) or approximately RMB0.006 (equivalent to approximately HK\$0.007) per China Jicheng Share. Accordingly, Mr. Wu William Wai Leung and Mr. Sit Sai Hung, Billy, both executive directors of the Company, are of the view that they will recommend that the holders of shares or other securities of the Company should consider not to accept the Offers; and
- (c) Mr. Choi Chun Chung, Danny beneficially owns 822,480,000 shares of the Company representing approximately 28.25% of the issued share capital of the Company as at the date of this announcement, has confirmed to the Board that he will not accept the Offers on terms as stated in the Announcements. **Holders of shares and other securities of the Company should note that this is the personal position of Mr. Choi Chun Chung, Danny.**

Following the issue by the Offeror of its Offer Document in relation to the Partial Offer and the Option Offer, the Company will publish its response document as required by the Takeovers Code and will include the recommendations of the Board, the independent board committee ("IBC") to be established to make recommendations to the independent shareholders of the Company in relation to the Offers and the advice of an independent financial adviser to advise the IBC and independent shareholders of the Company on the same. Holders of shares and other securities of the Company and investors should review both the Offer Document and the response document before making an informed decision with respect to the shares or other securities of the Company.

WARNING

As disclosed in the Announcements, the making of the Offers is subject to, inter alia, the satisfaction or waiver (as applicable) of the Pre-Conditions, and as such the Offers are a possibility only and may or may not be made. Jun Yang Shareholders, Jun Yang Optionholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Jun Yang Shares, exercising the Jun Yang Options or other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

By order of the Board
Jun Yang Financial Holdings Limited
Choi Chun Chung, Danny
Chairman

Hong Kong, 13 December 2017

As at the date of this announcement, the executive Directors are Dr. Tang Sing Hing, Kenny, Mr. Wu William Wai Leung and Mr. Sit Sai Hung, Billy; the non-executive Director is Mr. Choi Chun Chung, Danny; and the independent non-executive Directors are Mr. Wong Kun To, Mr. Chu Hau Lim and Ms. Lim Xue Ling, Charlene.

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

* *The RMB:HKD exchange rate adopted in this announcement is 1:1.18*