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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)

PROFIT WARNING

This announcement is made by Jun Yang Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders (“**Shareholders**”) and potential investors of the Company that the Company is expected to continue to record a significant loss for the year ended 31 December 2017 (the “**FY2017**”) (the “**Profit Warning Statement**”) (for the year ended 31 December 2016: audited loss of approximately HK\$928 million). Based on the information currently available to the Board, such significant loss is principally attributable to the (i) losses of approximately HK\$626 million arising from fair value changes on held-for-trading investments (the “**HFT Investments**”) (comprising both realised losses and unrealised losses); (ii) impairment loss on the HFT Investments, the trading of which on the Stock Exchange has been suspended by the Securities and Futures Commission (the “**SFC**”) (the “**Suspended Investments**”), of approximately HK\$99 million; and (iii) impairment loss on available-for-sale investments of approximately HK\$68 million.

The HFT Investments mainly comprised its investments in companies listed on the Stock Exchange and overseas. The Group recorded a substantial fair value loss in respect of the HFT Investments for the FY2017, as a result of (a) the substantial decline in the market value of the HFT Investments that has led to losses on disposal of part of that portfolio during that period and substantial fair value loss in respect of HFT Investments held as at 31 December 2017 as compared with their market value as at 31 December 2016; and (b) the Board’s decision, for the sake of prudence, to provide for impairment loss in relation to those Suspended Investments and the timing of their resumption is uncertain. Subject to the auditors’ view, the Group’s impairment assessment of the Suspended Investments is made on the basis that the fair value as at 31 December 2017 is to be the lower of the market value by reference to the last traded prices of such Suspended Investments and the proportionate share of the last published net asset value attributable to owners of such Suspended Investments.

The Group is still in the process of finalising its consolidated financial statements for the FY2017. The information contained in this announcement is only based on a preliminary assessment made by the Board with reference to the information currently available, which has not been reviewed by the auditors of the Company or the audit committee of the Board and may be subject to change. The information may also be subject to adjustment after further review and finalisation of the consolidated financial statements for the FY2017 by the Board. Shareholders and potential investors of the Company are advised to refer to the details of the Company's announcement of its final results for the FY2017, which is expected to be published in March 2018.

Reference is also made to the announcement (the "**Offer Announcement**") published by Jicheng Investment Limited (the "**Offeror**") dated 28 November 2017 in which the Offeror proposed to the Board that the Offeror would make pre-conditional voluntary securities exchange partial offers (i) to acquire 1,593,874,096 shares in the share capital of the Company; and (ii) to cancel a maximum of 116,886,645 outstanding share options granted by the Company.

With the publication of the Offer Announcement, the offer period has commenced since 28 November 2017. Pursuant to Rule 10 of the Code on Takeovers and Mergers in Hong Kong (the "**Takeovers Code**"), the Profit Warning Statement constitutes a profit forecast and must be reported on by the Company's financial adviser and auditors or reporting accountants. In view of the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10.4 of the Takeovers Code. The Company would like to draw the attention of the Shareholders and potential investors of the Company that the Profit Warning Statement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code, and thus they are advised to exercise caution in placing reliance on the Profit Warning Statement in assessing the merits and demerits in dealing with the securities of the Company. It is expected that if the response document in connection with the offers referred to in the Offer Announcement is despatched earlier than the Company's announcement of its final results for the FY2017, reports from the Company's financial adviser and auditors or reporting accountants on the Profit Warning Statement will be included in such response document.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Jun Yang Financial Holdings Limited
Choi Chun Chung, Danny
Chairman

5 January 2018

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.