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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION: DISPOSAL OF APPROXIMATELY 5% OF THE ISSUED SHARE CAPITAL OF THE TARGET**

#### **DISPOSAL**

The Board is pleased to announce that, after trading hours on 1 November 2016, the Company and the Purchaser entered into the SP Agreement, pursuant to which the Company has sold, and the Purchaser has acquired, the Sale Shares, representing approximately 5% of the issued share capital of the Target as at Completion, at the Consideration of HK\$5,790,000.

The Target is principally engaged in investment holding and the Target Group is principally engaged in solar energy business with a focus on development, construction, operation and maintenance of power station projects in the PRC.

Completion took place immediately after the signing of the SP Agreement.

Immediately after Completion, the Company is now holding approximately 47.5% of the issued share capital of the Target. All members of the Target Group have ceased to be subsidiaries of the Company.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all relevant percentage ratios in respect of the Disposal are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

The First Disposal, the Second Disposal and the Disposal, when aggregated as a whole, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Purchaser is holding approximately 30% of the issued share capital of the Target immediately before Completion and is thus a connected person of the Company at subsidiary level. Accordingly, the Disposal also constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. Given that the Board has approved the Disposal and the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the Disposal is exempt from the circular, independent financial advice and shareholders' approval requirements.

The Board is pleased to announce that, after trading hours on 1 November 2016, the Company and the Purchaser entered into the SP Agreement, pursuant to which the Company has sold, and the Purchaser has acquired, the Sale Shares, representing approximately 5% of the issued share capital of the Target as at Completion, at the Consideration of HK\$5,790,000.

Major terms of the SP Agreement are set out below.

## **THE SP AGREEMENT**

Date : 1 November 2016

Parties : (1) The Company as the vendor; and

(2) The Purchaser, Lucky Famous Limited, a wholly-owned subsidiary of the GET Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on GEM of the Stock Exchange (stock code: 8100). GET and its subsidiaries are principally engaged in (i) research, development and distribution of personal computer performance software, anti-virus software, mobile phone applications and toolbar advertisement, (ii) investment securities, (iii) money lending business, (iv) provision of insurance and mandatory provident fund schemes brokerage business and (v) provision of corporate management solutions and information technology contract services.

As at the date of this announcement and immediately before Completion, the Purchaser is interested in approximately 30% of the issued share capital of the Target, which were acquired from the Company under the First Disposal.

### **Assets disposed of by the Company**

The Purchaser has acquired, and the Company has sold, the Sale Shares, representing approximately 5% of the issued share capital of the Target as at Completion, free from all encumbrances, and together with all rights and benefits attaching thereto on or after Completion.

## Consideration

The Consideration is HK\$5,790,000 and was paid by the Purchaser to the Company upon Completion.

## Basis of Consideration

The Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to the unaudited consolidated net asset value of the Target as at 30 September 2016 of approximately HK\$115,822,000.

## Completion

Completion took place immediately after the signing of the SP Agreement.

Immediately after Completion, the Company is now holding approximately 47.5% of the issued share capital of the Target. All members of the Target Group have ceased to be subsidiaries of the Company and the financial results of the Target Group will cease to be consolidated with the results of the Group upon Completion.

## INFORMATION ABOUT THE TARGET GROUP

The Target is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. As at the date of the SP Agreement and immediately before Completion, the Target is owned as to 52.5% by the Company and the Target owns a number of subsidiaries in the British Virgin Islands, Hong Kong and the PRC. The Target Group is principally engaged in solar energy business with a current focus on the development, construction, operation and maintenance of power station projects in the PRC.

Set out below is a summary of key financial information of the Target for the two years ended 31 December 2014 and 31 December 2015:

	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2015</b>
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Net loss (before taxation)	(20,803)	(36,558)
Net loss (after taxation)	(21,116)	(36,271)

The unaudited total asset value and net asset value of the Target as at 30 September 2016 were approximately HK\$778,589,000 and HK\$115,822,000 respectively.

## **INFORMATION ABOUT THE GROUP**

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

As discussed above, the financial results of the Target Group will cease to be consolidated with the results of the Group upon Completion. As such, upon Completion, the Group will cease to be engaged in the solar energy business and it is the current intention of the Company to hold the remaining stake in the Target Group as investment.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

In line with the Company's business plans, the Group has been continuously shifting its resources from solar power business to financial services business and the Directors consider that the Disposal, which is subsequent to the First Disposal and the Second Disposal, aligns with the development plan of the Company. The Directors are also of the view that the Disposal will allow the Company to realise its investment in the Target at a reasonable price and is in the interest of the Company.

It is estimated that upon Completion, the Group will record a net loss of approximately HK\$1,100, which is calculated with reference to the difference between the Consideration and the unaudited net asset value of the Target Group of approximately HK\$115,822,000 as at 30 September 2016 without taking into account the profit and loss effect of the Target Group after 30 September 2016, after deduction of expenses of approximately HK\$60,000 in connection with the Disposal, including the legal and professional fees. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditors of the Company.

The Company intends to use the net proceeds from the Disposal for general working capital of the Group and/or its financial services business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all relevant percentage ratios in respect of the Disposal are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

The First Disposal, standing alone, constituted a discloseable transaction under Chapter 14 of the Listing Rules and the details of which were disclosed in the announcement of the Company dated 19 August 2016. The Second Disposal, standing alone, did not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

The First Disposal, the Second Disposal and the Disposal, when aggregated as a whole, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Purchaser is holding approximately 30% of the issued share capital of the Target immediately before Completion and is thus a connected person of the Company at subsidiary level. Accordingly, the Disposal also constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. Given that the Board has approved the Disposal and the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms and in the interest of the Company and the Shareholders as a whole, the Disposal is exempt from the circular, independent financial advice and shareholders' approval requirements.

None of the Directors had a material interest in the Disposal and was required to abstain from voting on the resolution approving the Disposal.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	Jun Yang Financial Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consideration”	the sum of HK\$5,790,000, being the aggregate consideration for the sale and purchase of the Sale Shares
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms and conditions of the SP Agreement
“First Disposal”	the disposal of 10,670 shares of the Target, representing approximately 30% of its issued share capital, by the Company to the Purchaser on 19 August 2016, details of which are disclosed in the announcement of the Company dated 19 August 2016
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GET”	GET Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on GEM
“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 PRC
“Independent Third Party”	a third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Lucky Famous Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of GET

“Sale Shares”	1,778 ordinary shares of the Target of US\$1.00 each, representing approximately 5% of the issued share capital of the Target as at Completion
“Second Disposal”	the disposal of 6,224 shares of the Target, representing approximately 17.5% of its issued share capital, by the Company to an Independent Third Party on 13 October 2016
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SP Agreement”	the sale and purchase agreement dated 1 November 2016 entered into between the Purchaser and the Company in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Jun Yang Solar Power Investment Holdings Limited 君陽光電投資控股有限公司, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target and its subsidiaries

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

Hong Kong, 1 November 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.*