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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 TRANSACTION:
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET AND THE SALE LOAN**

DISPOSAL

The Board is pleased to announce that after trading hours on 17 November 2016, the Company and the Purchaser entered into the SP Agreement, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to acquire, the Sale Share and the Sale Loan, at the Consideration of HK\$51,000,000. The Sale Share represents the entire issued share capital of the Target as at the date of this announcement and at Completion. The Sale Loan represents the entire amount owing by the Target to the Company immediately prior to Completion. As at 30 June 2016, the Target owed the Company a sum of approximately HK\$158,978,000.

The Target is principally engaged in investment holding. As at the date of this announcement, the Target holds 31.20% of the issued share capital of the BVI Company, which, in turn, holds the entire issued share capital of the HK Company. The WFOE is a wholly-owned subsidiary of the HK Company and is principally engaged in the money lending business in the PRC. The WFOE is the principal operating company.

As at the date of this announcement, the BVI Company is a joint venture company owned by a total of six shareholders (including the Target).

Immediately after Completion, the Target will cease to be a wholly-owned subsidiary of the Company and the Group will cease to hold any equity interest in each of the Target, the BVI Company, the HK Company and the WFOE.

IMPLICATIONS UNDER THE LISTING RULES

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 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 Board is pleased to announce that after trading hours on 17 November 2016, the Company and the Purchaser entered into the SP Agreement, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to acquire, the Sale Share and the Sale Loan, at the Consideration of HK\$51,000,000.

Major terms of the SP Agreement are set out below.

THE SP AGREEMENT

Date : 17 November 2016

Parties : (1) The Company as the vendor; and
(2) Mr. U Man Iong as the purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

The Company has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share, representing the entire issued share capital of the Target as at Completion, free from all encumbrances together with all rights now or hereafter attaching thereto, including all dividends or distributions which may be declared, made or paid in respect thereof at any time on or after the Completion Date.

The Company has agreed to assign and the Purchaser has agreed to accept the assignment of all the Company's title, right, benefit and interest to, of and in the Sale Loan, representing the entire amount owing by the Target to the Company immediately prior to Completion, free from all encumbrances. As at 30 June 2016, the Target owed the Company a sum of approximately HK\$158,978,000.

Consideration

The Consideration for the Disposal payable by the Purchaser to the Company is HK\$51,000,000, which shall be satisfied by the Purchaser to the Company in cash upon Completion.

Basis of Consideration

The Consideration was arrived after arm's length negotiations between the Company and the Purchaser on normal commercial terms after taking into consideration (i) the unaudited net liabilities of the Target as at 30 June 2016 of approximately HK\$94,211,000; (ii) the face value of the Sale Loan, which amounted to of approximately HK\$158,978,000 as at 30 June 2016; and (iii) a share of the impairment loss of loan receivables and loan interest receivables in the amount of approximately HK\$18,430,000 made in the BVI Company Group subsequent to 30 June 2016.

Completion

Completion shall take place on the 90th day after the signing of the SP Agreement (or such other date as the Company and the Purchaser shall agree in writing).

Immediately after Completion, the Target will cease to be a wholly-owned subsidiary of the Company and the Group will cease to hold any equity interest in each of the Target, the BVI Company, the HK Company and the WFOE.

INFORMATION ABOUT THE TARGET

The Target is an investment holding company incorporated in the BVI with limited liability. As at the date of this announcement, the Target holds 31.20% of the issued share capital of the BVI Company, which, in turn, holds the entire issued share capital of the HK Company. The HK Company directly and wholly owns the entire equity interest of the WFOE. Each of the BVI Company and the HK Company is principally engaged in investment holding and the WFOE is principally engaged in the money lending business in the PRC. The WFOE is the principal operating company.

As at the date of this announcement, the BVI Company is a joint venture company owned by a total of six shareholders (including the Target).

Certain unaudited consolidated financial information of the BVI Company Group for the years ended 31 December 2014 and 2015 respectively are as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Profit/(loss) before taxation	12,633	(134,596)
(Loss) after taxation	(1,001)	(137,623)

The unaudited total assets and the net assets of the BVI Company Group as at 30 June 2016 were approximately HK\$207,644,000 and approximately HK\$207,573,000 respectively.

Certain unaudited consolidated financial information of the Target for the years ended 31 December 2014 and 2015 respectively are as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Profit/(loss) before and after taxation	1,858	(42,472)

The unaudited total assets and the net liabilities of the Target as at 30 June 2016 were approximately HK\$64,767,000 and approximately HK\$94,211,000 respectively.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in financial service business, money lending business and assets investment.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Taking into account the unsatisfactory financial performance of the Target as well as the BVI Company Group in the past two financial years, the Directors are of the view that the Disposal represents an opportunity for the Group to realise its investment in the BVI Company Group (through the Target) and could eliminate the possibility of the Company being required to make further capital contribution to the BVI Company Group as it may need fund for operations in the future. In addition, the Disposal will enable the Company to allocate more financial resources to its existing businesses, in particular, the financial services business.

It is estimated that upon Completion, the Group will record a net loss of approximately HK\$13.77 million, which is calculated with reference to the difference between (i) the Consideration; and (ii) the aggregate amount of the unaudited net liabilities of the Target as at 30 June 2016 (taking into account the share of impairment of the non-recoverable of the loan receivables and loan interest receivables as described above) and the face value of the Sale Loan as at 30 June 2016. 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.

IMPLICATIONS UNDER THE LISTING RULES

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 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.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“BVI Company”	Trillion Epoch Limited, a company incorporated in the BVI with limited liability, which is directly owned as to 31.20% by the Target
“BVI Company Group”	collectively, the BVI Company, the HK Company and the WFOE
“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”	completion of the Disposal in accordance with terms and conditions of the SP Agreement
“Completion Date”	the ninetieth day after the signing of the SP Agreement or such other date as agreed between the Company and the Purchaser in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the sum of HK\$51,000,000 payable by the Purchaser to the Company for the Disposal pursuant to the terms and conditions of the SP Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Company pursuant to the terms and conditions of the SP Agreement
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK Company”	Bravo Star Holdings Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the BVI Company
“Independent Third Party”	third party independent of the Company and its connected persons (as defined in the Listing Rules)
“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”	Mr. U Man Iong
“Sale Loan”	the entire sum owing by the Target to the Company immediately prior to Completion, which amounted to approximately HK\$158,978,000 as at the date of this announcement
“Sale Share”	1 ordinary share of US\$1.00 each in the share capital of the Target, representing its entire issued share capital as at the date of this announcement and at Completion
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SP Agreement”	the sale and purchase agreement dated 17 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”	Top Sense Worldwide Ltd, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

“WFOE”	重慶兩江新區利亨小額貸款有限公司 (in English, for identification purpose only, Chongqing City Liangjiang New Area Li Hang Microfinance Co., Ltd.), a wholly foreign-owned enterprise established in the PRC with limited liability and a direct wholly-owned subsidiary of the HK Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17 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.