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Yunfeng Financial Group Limited

雲鋒金融集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 376)

PROFIT WARNING

The announcement is made by Yunfeng Financial Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the Company’s preliminary unaudited assessment for the year ended 31 December 2016 (the “**2016 Annual**”), the Group is expected to record a consolidated net loss attributable to equity shareholders of the Company for the 2016 Annual of an amount in excess of HK\$310 million, whereas the consolidated net loss attributable to equity shareholders of the Company for the year ended 31 December 2015 (the “**Prior Year**”) was HK\$152.42 million.

As disclosed in the 2015 annual results announcement dated 18 February 2016, the Group put in place new business development strategies. 2016 sets the stage for the Group’s new business strategy. The Group continued to make significant investment in building its financial technologies-based service capabilities including building I.T. and product development team. Accordingly, the corresponding staffing costs for 2016 Annual have increased significantly when compared to the Prior Year. The growth in staffing costs is considered to be consistent with the pace of the Group’s business developments and expansion. In addition, the fair values of certain financial assets (measured at fair value through profit or loss) held by the Group are lower than their values as at 31 December 2015, which resulted in a net loss recognized in the consolidated income statement. The consultancy and advisory revenues from corporate finance segment also decreased significantly compared to the Prior Year as revenues generated from certain major projects had been recorded in the Prior Year. Taking into account with the

abovementioned factors, the Group recorded a consolidated net loss in 2016 Annual.

The above 2016 annual results of the Company are based on preliminary estimates which have not yet been reviewed by the audit committee of the Company and audited by the independent auditor of the Company. If the Company's future estimates differ materially from above estimates, the Company will provide updates on a timely basis. For further details of the Group's results, shareholders of the Company and potential investors should read the announcement for the Group's annual results, which is expected to be published before the end of March 2017.

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

By Order of the Board
Yunfeng Financial Group Limited
Li Ting
Executive Director and Chief Executive Officer

Hong Kong, 24 February 2017

As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive director), Ms. Li Ting and Mr. Huang Xin (who are executive directors), Mr. Ko Chun Shun, Johnson, Ms. Hai, Olivia Ou and Mr. Huang Youlong (who are non-executive directors), and Mr. Lin Lijun, Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Dr. Wong Yau Kar, David, BBS, JP (who are independent non-executive directors).