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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)**

### **CONNECTED TRANSACTION DISPOSAL OF ENTIRE EQUITY INTEREST IN THE DISPOSAL COMPANY**

On 13 July 2017 (after trading hours), the Company and the Purchaser entered into the Share Sale Agreement, pursuant to which the Company has conditionally agreed to dispose of and the Purchaser has conditionally agreed to acquire the Sale Share at the consideration of approximately HK\$4.6 million (subject to adjustment).

The Purchaser is an investment holding company wholly-owned by Mr. Ko, a non-executive Director, and thus a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempted from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **INTRODUCTION**

On 13 July 2017 (after trading hours), the Company and the Purchaser entered into the Share Sale Agreement, pursuant to which the Company has conditionally agreed to dispose of and the Purchaser has conditionally agreed to acquire the Sale Share at the consideration of approximately HK\$4.6 million (subject to adjustment).

## **THE SHARE SALE AGREEMENT**

Date: 13 July 2017 (after trading hours)

Parties: Vendor: the Company  
Purchaser: Insula Holdings Limited

### **Assets to be disposed**

The Sale Share represents the entire issued share capital of the Disposal Company.

### **Consideration**

The consideration for the Disposal is approximately HK\$4.6 million and shall be payable in cash by the Purchaser to the Company on or before the Completion Date.

The consideration is subject to a downward adjustment in the event that certain overdue receivables as recorded in the financial statements of the JV Company totalling RMB6 million (equivalent to approximately HK\$6.8 million) remain outstanding and unrecovered on the expiry of 12 calendar months after Completion. The Company shall pay an adjustment amount in cash to the Purchaser representing 51% of the value of such outstanding and unrecovered receivables, which is equivalent to: (a) the Company's proportionate interest in the overdue receivables as at the date of the Share Sale Agreement; and (b) the Purchaser's proportionate interest in the overdue receivables after the Completion Date.

The consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) the scale of operations of the Disposal Group; (ii) the Company's interest in the Disposal Group; and (iii) the net assets of the JV Company of approximately HK\$8.9 million as at 31 March 2017 (based on the unaudited management accounts of the JV Company prepared by its management).

### **Completion**

Completion shall take place on the Completion Date or such other date as may be agreed between the Company and the Purchaser.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the Company shall no longer have any interest in the Disposal Group.

## **INFORMATION OF THE DISPOSAL GROUP**

The Disposal Company is an investment holding company which holds 100% of the equity interest of Fast Capital, an investment holding company, which in turn is interested in 51% of the equity interest of the JV Company. Each of the Disposal Company and Fast Capital has not conducted any business since its incorporation save for acting as an investment holding company. The JV Company was established pursuant to a joint venture agreement entered into between Fast Capital and BJ Chengtong on 21 October 2011 and is principally engaged in provision of investment management consulting and advisory services. The remaining 49% equity interest in the JV Company is owned by

BJ Chengtong. The Company does not have any other relationship with BJ Chengtong, save that BJ Chengtong is a minority shareholder of the JV Company.

Set out below is certain unaudited combined financial information of the Disposal Group:

	<b>Year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
Revenue	-	-
Net profit/(loss) before and after tax ( <i>Note</i> )	0.3	(9.5)

*Note: The net profit for the year ended 31 December 2016 included a write back of provision for overdue receivables made in previous year. The net loss for the year ended 31 December 2015 included a provision for overdue receivables.*

The unaudited combined net assets of the Disposal Group attributable to the Company were approximately HK\$1.2 million as at 31 March 2017.

#### **FINANCIAL EFFECT OF THE DISPOSAL**

Following Completion, each member of the Disposal Group will cease to be a subsidiary of the Company, and its assets and liabilities and its profits and losses will no longer be consolidated into the consolidated financial statements of the Company. Upon Completion and subject to audit, the Company expects to record a gain of approximately HK\$3.4 million resulting from the Disposal in its consolidated income statement for the year ending 31 December 2017, based on the consideration of approximately HK\$4.6 million (assuming no occurrence of consideration adjustment) and the carrying value of the Disposal Group as recorded in the consolidated financial statements of the Company as at 31 December 2016.

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

The Group is principally engaged in wealth management, securities brokerage, employee stock ownership plan administration, corporate finance advisory and investment research.

In light of the business of the Disposal Group is not a core business of the Group, the Directors believe that the Disposal is in the interests of the Company and the Shareholders as a whole as it provides an opportunity to the Company in realising its non-core business assets. The proceeds arising from the Disposal will be used as general working capital of the Group.

The Purchaser is an investment holding company wholly-owned by Mr. Ko, a non-executive Director, and thus a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, Mr. Ko was interested in approximately 9.46% of the issued share capital of the Company as at the date of the Share Sale Agreement.

The Directors (including the independent non-executive Directors but excluding Mr. Ko) consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Ko, a non-executive Director who has material interests in the Disposal by virtue of his interest in the Purchaser, has abstained from participating in any deliberations or voting by the board regarding or approving the Disposal or the Share Sale Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempted from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“BJ Chengtong”	Beijing Chengtong Investment Management Company
“Board”	the board of Directors
“Company”	Yunfeng Financial Group Limited 雲鋒金融集團有限公司, a limited company incorporated in Hong Kong, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal under the Share Sale Agreement
“Completion Date”	30 days after the date of the Share Sale Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Company to the Purchaser pursuant to the Share Sale Agreement
“Disposal Company”	Wisdom Star Investments Limited
“Disposal Group”	the Disposal Company and its subsidiaries
“Fast Capital”	Fast Capital Holdings Limited

“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
“JV Company”	Beijing Chengtong Reorient Investment Consultancy Limited (北京誠通瑞東投資顧問有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ko”	Mr. Ko Chun Shun, Johnson
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Insula Holdings Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	means 1 share in the issued share capital of the Disposal Company, representing the entire issued share capital of the Disposal Company as at the date of the Share Sale Agreement
“Share Sale Agreement”	the share sale agreement dated 13 July 2017 entered into between the Company and the Purchaser in relation to the Disposal
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 13 July 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).