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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 six months ended 30 June 2017 (the “**2017 Interim**”), the Group is expected to record a consolidated net loss attributable to equity shareholders of the Company for the 2017 Interim of an amount in excess of HK\$230 million, whereas the consolidated net loss attributable to equity shareholders of the Company for the six months ended 30 June 2016 (the “**Prior Period**”) was HK\$221 million.

The Group's major revenue includes subscription fees and management fees for products launched by the Group, platform fees for distribution of third-parties products, administration fee for employees stock ownership plan management services, brokerage commission income and corporate advisory fee income, etc. The Group is still in the process of building its client base and scale of asset under management. Apart from this, due to the increase in number of staff in 2016 and certain contracts of equipment and system entered into in 2016, their related expenses are fully recorded in 2017 Interim. The amortization expense in relation to share award granted by the Company in January 2017 is also recorded in 2017 Interim. In addition, the fair values of certain financial assets (measured at fair value through profit or loss) held and disposed by the Group in 2017 Interim are lower than their values as at 31 December 2016, which resulted in a net loss recognized in the consolidated income statement. Taking into account the abovementioned factors, the Group recorded a consolidated net loss in 2017 Interim.

Despite the net loss recorded in 2017 Interim, the financial position of the Group remains strong. The unaudited consolidated net asset value as at 30 June 2017 is more than HK\$4,200 million in which cash and bank deposits is more than HK\$3,500 million. The Group does not have any external borrowing as at 30 June 2017.

The above 2017 interim results of the Company are based on preliminary estimates which have not yet been reviewed by the audit committee of the Company and 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 interim results, which is expected to be published before the end of August 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, 14 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).