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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 2017 (the “**2017 Annual**”), the Group is expected to record a net loss attributable to equity shareholders of the Company for the 2017 Annual of an amount in excess of HK\$375 million. The net loss attributable to equity shareholders of the Company for the year ended 31 December 2016 (the “**Prior Year**”) was HK\$317 million.

The Group's revenue primarily 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 assets under management. The amortization expense in relation to share awards granted by the Company in January 2017 is recorded in 2017 Annual. As disclosed in the announcement of the Company dated 17 August 2017, the legal and professional fees incurred in relation to the acquisition of 60% of the issued share capital of MassMutual Asia Limited are recorded in 2017 Annual. As the fair values of certain financial assets (measured at fair value through profit or loss) held and disposed by the Group in 2017 Annual are lower than their values as at 31 December 2016, a net loss is recognized in 2017 Annual as a result. Taking into account the abovementioned factors, the Group is expected to record a net loss in 2017 Annual.

Despite the net loss recorded in 2017 Annual, the financial position of the Group remains strong. The unaudited consolidated net asset value as at 31 December 2017 is more than HK\$4,100 million. The Group does not have any external borrowing as at 31 December 2017.

The above 2017 annual results of the Company are based on preliminary estimates which have not yet been reviewed by the audit committee of the Company nor 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 2018.

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, 15 February 2018

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 and Ms. Hai, Olivia Ou (who are non-executive directors), and Mr. Lin Lijun, Mr. Qi Daqing and Mr. Chu Chung Yue, Howard (who are independent non-executive directors).