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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)**

**WRIT ISSUED AGAINST A SUBSIDIARY**

The board (“**Board**”) of directors (the “**Directors**”) of Jun Yang Financial Holdings Limited (the “**Company**”) announces that Classictime Investments Limited (“**Classictime**”), a wholly-owned subsidiary of the Company, is named as one of twenty eight defendants in a writ of summons (“**Writ**”) delivered to the office of the Company on 19 December 2017 on behalf of Convoy Global Holdings Limited (“**Convoy**”), Convoy Collateral Limited (“**CCL**”) and CSL Securities Limited (“**CSL**”, together with Convoy and CCL, the “**Plaintiffs**”) as the plaintiffs under a legal proceeding in the High Court of Hong Kong (the “**Action**”). The Board has also noted media coverage today with respect to the Action.

The statement of claim indorsed on the Writ made allegations with respect to what it calls “Alleged Independent Placees” (which the Plaintiffs assert to include Classictime) of shares of Convoy pursuant to a placing undertaken by Convoy in October 2015 (“**Placing**”), as follows:

1. *“... In exchange for these loans and margin loans, the Alleged Independent Placees agreed to act in accordance with the direction of Roy Cho in respect of all matters relating to their shareholding acquired in Convoy. ...”*
2. *“... the Alleged Independent Placees purported to pay the subscription price only on the condition that such payment would be directly or indirectly funded by Convoy itself ...”*
3. *“... a substantial part of the subscription money paid by the Alleged Independent Placees almost immediately went back in a circle to the Alleged Independent Placees by way of a series of suspicious loans and margin finance granted by CCL and CSL ...”*

4. *“... Roy Cho, Roy Cho’s Associates and/or the Alleged Independent Placees have wrongfully and with intent injure Convoy, CCL and/or CSL by unlawful means conspire and combined together by agreeing tacitly and/or by conduct to carry out the Circular Financing Agreement....”*
5. that certain margin finance granted by CSL to Classictime in the amount of approximately HK\$154.75 million as at 31 December 2015 and approximately HK\$442.38 million as at 29 March 2016 were part of what the Plaintiffs referred to as “Circular Financing Facilities” (“**Alleged Circular Financing Facilities**”) forming part of the alleged “Circular Financing Agreement”.
6. *“... In order to mask the wrongful nature of the initial allotment and subscription, the shares allotted to the Alleged Independent Placees ... were subsequently transferred to Kwok Hiu Kwan (“**Kwok**”) and Chen Pei Xiong (“**Chen**”) from July to October 2017 under suspicious circumstances ... ”.*

In the Action, among other things, Convoy seeks an order against the Alleged Independent Placees that the allotment of shares to the Alleged Independent Placees under the Placing be set aside; CCL and CSL seek an order that the Alleged Circular Financing Facilities be rescinded. The Plaintiffs further seek against all defendants under the Writ, general or special damages, interests, costs and further and/or other reliefs.

With respect to the allegations above, the Company confirms that:

- a. Classictime subscribed for 1,449,996,000 shares (“**Placing Shares**”) in the Placing through SBI China Capital Financial Services Limited (“**SBI**”). The transaction was cash settled by Classictime without any margin financing from SBI, Convoy or any other party. Classictime sold all of the Placing Shares during the period from 15 August 2017 to 29 September 2017 in the open market and not knowingly to any particular person;
- b. Classictime made its decisions to invest in and divest of the Placing Shares as a matter of pure commercial judgment and independent of Roy Cho, his alleged associates in the Writ and the Plaintiffs;
- c. while Classictime had as of 31 December 2015 and 29 March 2016 outstanding margin finance loans from CSL in the amounts stated in the statement of claim and referred to in paragraph 5 above, it was not a party to any circular financing arrangement as alleged in the Writ and referred to in paragraphs 1 to 4 above;
- d. Classictime had no understanding with Roy Cho, his alleged associates in the Writ or any of the Convoy entities with respect to the Placing Shares and did not act in accordance with any of their instructions/directions or in concert with any of them in respect of any of the Placing Shares;

- e. Roy Cho was an executive Director of the Company from 9 July 2007 to 22 October 2009. Kevin Cho was an executive Director of the Company from 14 March 2006 to 1 November 2011. Neither of them was a director or otherwise had any employment or office with any member of the Group from 2015, the year of the subscription of the Placing Shares, up to the date of this announcement.

The Company is seeking legal advice on the matter on the implications of the Writ and its rights.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Jun Yang Financial Holdings Limited**  
**Choi Chun Chung, Danny**  
*Chairman*

Hong Kong, 20 December 2017

*As at the date of this announcement, the executive Directors are Dr. Tang Sing Hing, Kenny, Mr. Wu William Wai Leung and Mr. Sit Sai Hung, Billy; the non-executive Director is Mr. Choi Chun Chung, Danny; and the independent non-executive Directors are Mr. Wong Kun To, Mr. Chu Hau Lim and Ms. Lim Xue Ling, Charlene.*