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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)

- (i) APPOINTMENT OF TRUSTEES OF 2016 SHARE AWARD SCHEME;**
- (ii) ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO 2016 SHARE AWARD SCHEME;**
- (iii) PROPOSED PURCHASE OF EXISTING SHARES PURSUANT TO 2016 SHARE AWARD SCHEME; AND**
- (iv) VOTING AND ADMINISTRATIVE ARRANGEMENTS FOR THE 2016 SHARE AWARD SCHEME**

Reference is made to the announcement of the Company dated 12 December 2016 in relation to the adoption of the 2016 Share Award Scheme.

APPOINTMENT OF TRUSTEES OF THE 2016 SHARE AWARD SCHEME

The Board is pleased to announce that the Board has approved the appointment of TMF Trustee and BoCom Trustee as the trustees for the administration of the 2016 Share Award Scheme pursuant to the Rules.

TMF Trustee shall hold the Grant Shares for the benefit of the Selected Participants who are not connected persons of the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, TMF Trustee and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

BoCom Trustee shall hold the Grant Shares for the benefit of the Selected Participants who are connected persons of the Company. Accordingly, pursuant to Rule 14A.12(1)(b) of the Listing Rules, BoCom Trustee will be an associate of such Selected Participants and hence, a connected person of the Company.

ISSUE OF NEW SHARES TO TMF TRUSTEE UNDER THE GENERAL MANDATE PURSUANT TO THE 2016 SHARE AWARD SCHEME

The Board has resolved on 11 January 2017 that a total of 23,990,000 New Shares shall be allotted and issued to TMF Trustee at a total consideration of HK\$129,546,000, being an issue price of HK\$5.40 per New Share, for satisfaction of any Pool A Share Awards which may be granted to the Pool A Selected Participants. Pursuant to the 2016 Share Award Scheme, the Company shall pay or cause to be paid to TMF Trustee the subscription money for the New Shares from the Company's resources and TMF Trustee shall subscribe the New Shares in cash.

Upon allotment and issue of the New Shares, TMF Trustee shall hold the New Shares on trust for the Pool A Selected Participants and shall transfer the New Shares to the Pool A Selected Participants at nil consideration upon vesting of the Pool A Share Awards.

The New Shares to be issued to TMF Trustee will be issued under the General Mandate and is not subject to approval of the shareholders of the Company.

PROPOSED PURCHASE OF EXISTING SHARES BY BOCOM TRUSTEE PURSUANT TO THE 2016 SHARE AWARD SCHEME

The Board has on 11 January 2017 resolved to pay up to HK\$480 million to BoCom Trustee for the purchase of existing Shares for satisfaction of any Pool B Share Awards which may be granted to the Pool B Selected Participants. Pursuant to the 2016 Share Award Scheme, the Company shall pay or cause to be paid to BoCom Trustee such amounts of funds from the Company's resources as the Board may in its absolute discretion determine, for the purchase of existing Shares (either on-market or off-market) and BoCom Trustee shall after the date of payment of the funds, subject to market conditions and at such time as it may at its absolute discretion determine, purchase existing Shares (either on-market or off-market) and apply the funds to settle the consideration of such purchase and the related costs and expenses. The funds shall be paid by the Company to BoCom Trustee at such time as the Board may at its absolute discretion determine subject to the entering into of the trust deed between the Company and BoCom Trustee in relation to the appointment of BoCom Trustee as a trustee of the 2016 Share Award Scheme.

Upon purchase of the existing Shares, BoCom Trustee shall hold such existing Shares on trust for the Pool B Selected Participants and shall transfer such existing Shares to the Pool B Selected Participants at nil consideration upon vesting of the Pool B Share Awards.

VOTING AND ADMINISTRATIVE ARRANGEMENTS FOR THE 2016 SHARE AWARD SCHEME

Upon the Grant Shares being vested and transferred to the Selected Participants, the Selected Participants shall be entitled to exercise all voting rights in respect of such Grant Shares. For so long as BoCom Trustee and/or TMF Trustee shall hold any Shares for the purpose of the 2016 Share Award Scheme under the Trust, BoCom Trustee and/or TMF Trustee shall not be entitled to exercise any voting rights in respect of any Shares held under the Trust.

Based on the disclosure of interests forms submitted to the Company and within the knowledge of the Company, apart from the Shares held by Jade Passion Limited (representing approximately 55.97% of the number of issued Shares) and the Shares indirectly held by Mr. Ko

Chun Shun, Johnson, a non-executive Director (representing approximately 9.55% of the number of issued Shares), the remaining Shares representing approximately 34.48% of the number of issued Shares are held by members of the public. The Company envisages that it will continue to meet the minimum public float requirement under Rule 13.32(1) of the Listing Rules after completion of the subscription of the New Shares by TMF Trustee and the purchase of existing Shares by BoCom Trustee.

Reference is made to the announcement of Yunfeng Financial Group Limited (the “**Company**”) dated 12 December 2016 in relation to the adoption of the 2016 Share Award Scheme (the “**Announcement**”).

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

APPOINTMENT OF TRUSTEES OF THE 2016 SHARE AWARD SCHEME

The Board is pleased to announce that the Board has approved the appointment of TMF Trust (HK) Limited (“**TMF Trustee**”) and Bank of Communications Trustee Limited (“**BoCom Trustee**”) as the trustees for the administration of the 2016 Share Award Scheme pursuant to the Rules.

TMF Trustee shall hold the Grant Shares for the benefit of the Selected Participants who are not connected persons (as defined under the Listing Rules) of the Company (the “**Pool A Selected Participants**”). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, TMF Trustee and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

BoCom Trustee shall hold the Grant Shares for the benefit of the Selected Participants who are connected persons of the Company (the “**Pool B Selected Participants**”). Accordingly, pursuant to Rule 14A.12(1)(b) of the Listing Rules, BoCom Trustee will be an associate (as defined under the Listing Rules) of the Pool B Selected Participants and hence, a connected person of the Company.

The Company shall enter into trust deeds (the “**Trust Deeds**”) with each of TMF Trustee and BoCom Trustee in relation to their appointments as the trustees of the 2016 Share Awards Scheme. TMF Trustee and BoCom Trustee shall administer the 2016 Share Award Scheme in accordance with the Rules and the Trust Deeds.

ISSUE OF NEW SHARES TO TMF TRUSTEE UNDER GENERAL MANDATE PURSUANT TO THE 2016 SHARE AWARD SCHEME

The Board has resolved on 11 January 2017 that a total of 23,990,000 Shares (the “**New Shares**”) shall be allotted and issued to TMF Trustee at a total consideration of HK\$129,546,000, being an issue price of HK\$5.40 per New Share, for satisfaction of any Share Awards which may be granted to the Pool A Selected Participants (the “**Pool A Share Awards**”). Pursuant to the 2016 Share Award Scheme, the Company shall pay or cause to be paid to TMF Trustee the subscription money for the New Shares from the Company’s resources and TMF Trustee shall subscribe the New Shares in cash. Upon allotment and issue of the New Shares, TMF Trustee shall hold the New Shares on trust for the Pool A Selected Participants and shall

transfer the New Shares to the Pool A Selected Participants at nil consideration upon vesting of the Pool A Share Awards.

The New Shares represent approximately 1% of the number of issued Shares as at the date of this announcement and approximately 0.99% of the issued Shares as enlarged by the issue of the New Shares (assuming no issue or repurchase of Shares other than the issue of the New Shares).

Completion of the issue of the New Shares is conditional upon satisfaction of the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares; and
- (ii) the entering into of the trust deed between the Company and TMF Trustee in relation to the appointment of TMF Trustee as a trustee of the 2016 Share Award Scheme.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares.

The New Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue.

The New Shares to be issued to TMF Trustee will be issued under the general mandate granted to the Board pursuant to a resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 31 May 2016 (the “**General Mandate**”) and is not subject to approval of the shareholders of the Company. Pursuant to the General Mandate, the Company is authorised to issue up to 479,867,278 Shares. No Shares have been issued under the General Mandate as at the date of this announcement.

Further information relating to the issue of the New Shares to TMF Trustee under the 2016 Share Award Scheme is set out below:

Shares to be issued:	23,990,000 Shares
Issue price (net):	<p>An aggregate of HK\$129,546,000, being HK\$5.40 per New Share, the entire sum of which will be paid or cause to be paid by the Company to TMF Trustee pursuant to the 2016 Share Award Scheme and TMF Trustee shall apply the entire sum paid by the Company for the subscription of the new Shares.</p> <p>The issue price of the New Shares was determined by the Board with reference to the prevailing market price of the Shares having regard to the fact that (i) the allotment and issue of the New Shares to TMF Trustee is solely for satisfying the Pool A Share Awards which may be granted to the Pool A Selected</p>

	<p>Participants pursuant to the 2016 Share Award Scheme; and (ii) the entire sum of the consideration will be paid or caused to be paid by the Company.</p> <p>The issue price for the New Shares is HK\$5.40 per New Share and represents:–</p> <p>(i) a premium of approximately 0.75% over the closing price of HK\$5.36 per Share as quoted on the Stock Exchange on 11 January 2017, being the date of this announcement and the date on which the Board approved the issue of the New Shares to TMF Trustee; and</p> <p>(ii) a discount of approximately 1.46% to the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of this announcement and the date on which the Board approved the issue of the New Shares to TMF Trustee.</p>
Funds to be raised:	Nil
Reasons for the issue:	To encourage or facilitate the holding of Shares by the Selected Participants, encourage and retain such individuals to work with the Group and provide additional incentive for them to achieve performance goals
Identity of the allottee:	TMF Trust (HK) Limited, being a trustee of the 2016 Share Award Schemes which holds the New Shares on trust for the Selected Participants who are not connected persons of the Company, or its nominee
Equity fund raising activity in the last 12 months:	The Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement

PROPOSED PURCHASE OF EXISTING SHARES BY BOCOM TRUSTEE PURSUANT TO THE 2016 SHARE AWARD SCHEME

The Board has on 11 January 2017 resolved to pay up to HK\$480 million to BoCom Trustee for the purchase of existing Shares for satisfaction of any Pool B Share Awards which may be granted to the Pool B Selected Participants (the “**Pool B Share Awards**”). Pursuant to the 2016 Share Award Scheme, the Company shall pay or cause to be paid to BoCom Trustee such amounts of funds from the Company’s resources as the Board may in its absolute discretion determine, for the purchase of existing Shares (either on-market or off-market) and BoCom Trustee shall after the date of payment of the funds, subject to market conditions and at such time as it may at its absolute discretion determine, purchase existing Shares (either on-market or off-market) and apply the funds to settle the consideration of such purchase and the related costs and expenses. The funds shall be paid by the Company to BoCom Trustee at such time as the Board may at its absolute discretion determine subject to the entering into of the trust deed between the Company and BoCom Trustee in relation to the appointment of BoCom Trustee as a trustee of the 2016 Share Award Scheme.

Upon purchase of the existing Shares, BoCom Trustee shall hold such existing Shares on trust for the Pool B Selected Participants and shall transfer such existing Shares to the Pool B Selected Participants at nil consideration upon vesting of the Pool B Share Awards.

VOTING AND ADMINISTRATIVE ARRANGEMENTS FOR THE 2016 SHARE AWARD SCHEME

BoCom Trustee and/or TMF Trustee shall hold the Grant Shares on trust for the Selected Participants before the vesting of the Share Awards and shall transfer the Grant Shares to the Selected Participants at nil consideration upon vesting of the Share Awards. For the Share Awards which lapse before vesting, the underlying Shares will not be transferred to the relevant Selected Participants and will continue to be held by the Trustee. Pursuant to the Rules, any lapsed Shares shall be available for future grants of Share Awards.

Upon the Grant Shares being vested and transferred to the Selected Participants, the Selected Participants shall be entitled to exercise all voting rights in respect of such Grant Shares. For so long as BoCom Trustee and/or TMF Trustee shall hold any Shares for the purpose of the 2016 Share Award Scheme under the Trust, BoCom Trustee and/or TMF Trustee shall not be entitled to exercise any voting rights in respect of any Shares held under the Trust.

Since BoCom Trustee shall hold the Grant Shares for the benefit of the Selected Participants who are connected persons of the Company, pursuant to Rule 14A.12(1)(b) of the Listing Rules, BoCom Trustee will be an associate of such Selected Participants and hence, a connected person of the Company. The Grant Shares held by BoCom Trustee shall not be counted towards public float of the Company.

Before giving instructions to BoCom Trustee and/or TMF Trustee for any subscription or purchase of Shares or for any granting of Share Awards, the Board shall assess the public float position of the Company based on the disclosure of interests forms submitted to the Company, the number of Shares then held by BoCom Trustee and/or TMF Trustee and the information otherwise available to the Company in order to ensure that the Company will not, as a result of the subscription or purchase of Shares or the granting of Share Awards, fail to meet the minimum public float requirement under Rule 13.32(1) of the Listing Rules.

In the event it is determined that there will be insufficient public float for any proposed subscription or purchase of Shares or for any proposed grant of Share Awards, the Board will adjust the number of Shares to be subscribed or purchased by BoCom Trustee and/or TMF Trustee or the number of Share Awards to be granted so that the Company will continue to meet the minimum public float requirement under Rule 13.32(1) of the Listing Rules.

Based on the disclosure of interests forms submitted to the Company and within the knowledge of the Company, apart from the Shares held by Jade Passion Limited (representing approximately 55.97% of the number of issued Shares) and the Shares indirectly held by Mr. Ko Chun Shun, Johnson, a non-executive Director (representing approximately 9.55% of the number of issued Shares), the remaining Shares representing approximately 34.48% of the number of issued Shares are held by members of the public. The Company envisages that it will continue to meet the minimum public float requirement under Rule 13.32(1) of the Listing Rules after completion of the subscription of the New Shares by TMF Trustee and the purchase of existing Shares by BoCom Trustee.

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

Hong Kong, 11 January 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).