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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)**

### **INSIDE INFORMATION POSITIVE PROFIT ALERT**

This announcement is made by Yunfeng Financial Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**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, the Group has adopted the new accounting standard of Hong Kong Financial Reporting Standard 17 - Insurance Contracts (the “**New Standard**”) to replace Hong Kong Financial Reporting Standard 4 - Insurance Contracts (the “**Old Standard**”) since the financial year beginning on 1 January 2023. Based on the information currently available to the Company and the preliminary assessment of the unaudited consolidated management accounts of the Company for the six months ended 30 June 2023 (the “**2023 Interim Period**”), prepared on the basis of the New Standard, the Group is expected to record a net profit attributable to the equity shareholders of the Company for 2023 Interim Period of approximately HK\$130 million. After restatement based on the New Standard, a net loss attributable to equity shareholders of approximately HK\$482 million is expected to have been recorded for the six months ended 30 June 2022 (the “**2022 Interim Period**”). Based on the Old Standard, the net loss attributable to equity shareholders recorded for 2022 Interim Period was approximately HK\$199 million.

The expected turnaround for 2023 Interim Period is mainly due to the fair value loss of the Group’s investments having significantly decreased as compared to the same period last year.

The difference between the loss for 2022 Interim Period under the New Standard and the Old Standard is mainly due to the fact that under the New Standard, the changes in the fair value of certain bonds and equity investments held by the Company's principal subsidiary, YF Life Insurance International Limited, are required to be recognized in the income statement, whereas under the Old Standard, such fair value changes were recognized in the fair value reserve.

As mentioned above, under the New Standard, changes in the fair value of certain investment assets are required to be recognized in the income statement, which are expected to cause volatility in the Group's net profit (accounting basis) under the New Standard. Therefore, going forward, the Group will disclose the financial performance measure referred to as "net operating income", which is more reflective of the performance of the Group's core business, in the future interim report and annual report of the Company as additional information for the reference of shareholders and potential investors.

The above estimated 2023 Interim Period results 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 2023 Interim Period results, which is expected to be published before the end of August 2023.

**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**  
**Fang Lin**  
*Executive Director and Chief Executive Officer*

Hong Kong, 23 August 2023

*As at the date of this announcement, the Board comprises Mr. Yu Feng (who is Chairman and non-executive director), Mr. Fang Lin (who is Chief Executive Officer and executive director), Mr. Huang Xin (who is executive director), Mr. Michael James O'Connor and Ms. Hai Olivia Ou (who are non-executive directors), and Mr. Qi Daqing, Mr. Chu Chung Yue, Howard and Mr. Xiao Feng (who are independent non-executive directors).*