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FREEMAN FINANCIAL CORPORATION LIMITED

民眾金服控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

(1) DISCLOSEABLE TRANSACTION IN RELATION TO SHARE BUY-BACK FROM HDL

AND

(2) MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO SHARE BUY-BACK FROM CO-LEAD

DISCLOSEABLE TRANSACTION IN RELATION TO SHARE BUY-BACK FROM HDL

On 17 August 2015, FCL proposed to buy back an aggregate of 81,717,607 FCL Shares from HDL (representing approximately 6.50% equity interest in FCL) at HK\$1.23 per FCL Share. The aggregate of the First Buy-Back Price for the First Buy-Back Shares is HK\$100,512,656.61.

Upon completion of the First Buy-Back, the Group will hold approximately 67.02% equity interest in FCL.

MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO SHARE BUY-BACK FROM CO-LEAD

On 17 August 2015, FCL proposed to buy back an aggregate of 414,627,220 FCL Shares from Co-Lead (representing approximately 32.98% equity interest in FCL) at HK\$1.23 per FCL Share. The aggregate of the Second Buy-Back Price for the Second Buy-Back Shares is HK\$509,991,480.60.

Upon completion of the Second Buy-Back and cancellation of the First Buy-Back Shares and Second Buy-Back Shares, FFIC will hold 100% equity interest in FCL and FCL will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

(1) FIRST BUY-BACK

Following the completion of the First Buy-Back, the Group's equity interest in FCL will be increased from approximately 60.52% to 67.02%.

To the best of the Director's knowledge, information and belief after having made all reasonable enquiry, HDL and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. None of the Directors has a material interest in the First Buy-Back.

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the First Buy-Back exceed 5% but are not more than 25%, the First Buy-Back constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

(2) SECOND BUY-BACK

Following the completion of the Second Buy-Back and cancellation of the First Buy-Back Shares and Second Buy-Back Shares, the Group's equity interest in FCL will be increased to 100% and FCL will become an indirect wholly-owned subsidiary of the Company.

FCL is a subsidiary of the Company and owned as to approximately 60.52% by FFIC and approximately 32.98% by Co-Lead (before the First Buy-Back and Second Buy-Back). Therefore, Co-Lead is a connected person of the Company at the subsidiary level. Since the Second Buy-Back is on normal commercial terms or better and (i) the Board has approved the Second Buy-Back and (ii) the independent non-executive Directors have confirmed that the Second Buy-Back is fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Second Buy-Back constitutes a connected transaction of the Company and is subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Buy-Back exceed 25% but are not more than 100%, the Second Buy-Back constitutes a major transaction of the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Accordingly, the Company will seek Shareholders' approval at the EGM by way of poll for the Second Buy-Back and the transactions contemplated therein. Co-Lead together with its ultimate beneficial owners are considered to have a material interest in the Second Buy-Back and will abstain from voting in favour of the resolution relating to the Second Buy-Back to the extent of the Shares it holds (if any) at the EGM. None of the Directors has a material interest in the Second Buy-Back.

A Circular containing, among other things, further details of the Second Buy-Back and other information required under the Listing Rules in respect of the Second Buy-Back, and the notice of the EGM, is expected to be despatched to the Shareholders on or before 15 September 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

As the completion of Second Buy-Back is conditional upon satisfaction of the condition precedent as set out under the section headed "Condition Precedent" in this announcement, the Second Buy-Back may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DISCLOSEABLE TRANSACTION IN RELATION TO SHARE BUY-BACK FROM HDL

On 17 August 2015, FCL proposed to buy back an aggregate of 81,717,607 FCL Shares from HDL (representing approximately 6.50% equity interest in FCL) at HK\$1.23 per FCL Share. The aggregate of the First Buy-Back Price for the First Buy-Back Shares is HK\$100,512,656.61.

Upon completion of the First Buy-Back, the Group will hold approximately 67.02% equity interest in FCL.

First Buy-Back Price

The First Buy-Back Price is HK\$1.23 per First Buy-Back Share which was determined after arm's length negotiation between the parties with reference to (i) the financial information in past years of FCL Group; (ii) the prospects and potentials of the business of FCL Group; (iii) the price-to-earnings ratio of 3.6 times with reference to the unaudited net profit after tax of FCL Group for the year ended 31 March 2015 of approximately HK\$429.4 million; and (iv) the reasons for and benefits of the First Buy-Back as described under the paragraph headed "REASONS FOR AND BENEFITS OF THE TRANSACTIONS" below.

Consideration

The consideration for the First Buy-Back Shares shall be HK\$100,512,656.61, which shall be satisfied by HDL Note to be issued by the Company to HDL or its nominee on the date of completion of First Buy-Back.

The Company may prepay all or part of the principal amount of HDL Note at any time without penalty provided that the Company shall have given to the holder(s) of HDL Note not less than one(1) Business Day's prior written notice specifying the amount and date of prepayment. The HDL Note is freely transferrable to any third party without any restrictions.

MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO SHARE BUY-BACK FROM CO-LEAD

On 17 August 2015, FCL proposed to buy back an aggregate of 414,627,220 FCL Shares from Co-Lead (representing approximately 32.98% equity interest in FCL) at HK\$1.23 per FCL Share. The aggregate of the Second Buy-Back Price for the Second Buy-Back Shares is HK\$509,991,480.60.

The Second Buy-Back is subject to the Shareholders' approval. FCL will cancel the First Buy-Back Shares and Second Buy-Back Shares upon the condition precedent to the Second Buy-Back are fulfilled.

Upon completion of the Second Buy-Back and cancellation of the First Buy-Back Shares and Second Buy-Back Shares, FFIC will hold 100% equity interest in FCL and FCL will become an indirect wholly-owned subsidiary of the Company.

Condition Precedent

The completion of the Second Buy-Back shall be conditional upon the passing of the necessary resolution(s) by the Shareholders (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at the EGM to approve the Second Buy-Back and the transactions contemplated thereunder.

Second Buy-Back Price

The Second Buy-Back Price is HK\$1.23 per Second Buy-Back Share which was determined after arm's length negotiation between the parties with reference to (i) the financial information in past years of FCL Group; (ii) the prospects and potentials of the business of FCL Group; (iii) the price-to-earnings ratio of 3.6 times with reference to the unaudited net profit after tax of FCL Group for the year ended 31 March 2015 of approximately HK\$429.4 million; and (iv) the reasons for and benefits of the Second Buy-Back as described under the paragraph headed "REASONS FOR AND BENEFITS OF THE TRANSACTIONS" below.

The original acquisition cost per FCL Share held by Co-Lead was amounted to approximately HK\$2.82.

Consideration

The consideration for the Second Buy-Back Shares shall be HK\$509,991,480.60, which shall be satisfied by Co-Lead Note to be issued by the Company to Co-Lead or its nominee on the date of completion of Second Buy-Back.

The Company may prepay all or part of the principal amount of Co-Lead Note at any time without penalty provided that the Company shall have given to the holder(s) of Co-Lead Note not less than one(1) Business Day's prior written notice specifying the amount and date of prepayment. The Co-Lead Note is freely transferrable to any third party without any restrictions.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

It is the intention of the Company to strengthen its control over FCL Group by buying back the minority interests therein.

The Board believes that the First Buy-Back and Second Buy-Back could streamline the principal businesses of the Group through centralising the profits attributable to the Shareholders from FCL Group from approximately 60.52% to 100%. Also, the Company is of the view that the First Buy-Back and Second Buy-Back would broaden the source of income for future growth and development of the Group under new banner “民眾金服” in order to enhance values to its Shareholders.

The Directors consider the First Buy-Back and Second Buy-Back are negotiated at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding.

INFORMATION ON FCL

FCL is an indirect non-wholly owned subsidiary of the Company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. FCL and its subsidiaries are principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding. As at 10 August 2015, FCL Group has an unaudited net asset value of approximately HK\$513.1 million.

Set out below is the consolidated financial information of FCL Group for the two financial years ended 31 March 2014 and 2015.

	For the year ended 31 March 2014 <i>HK\$'000</i> (Audited)	For the year ended 31 March 2015 <i>HK\$'000</i> (Unaudited)
Net profit before tax	585,920	472,211
Net profit after tax	583,174	429,396

INFORMATION OF HDL

HDL is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

INFORMATION OF CO-LEAD

Co-Lead is an indirect non-wholly owned subsidiary of Mason and is an investment holding company. Mason and its subsidiaries are principally engaged in business of trading of investments, provision of financial services, property investment and investment holding.

LISTING RULES IMPLICATIONS

(1) FIRST BUY-BACK

Following the completion of the First Buy-Back, the Group's equity interests in FCL will be increased from approximately 60.52% to 67.02%.

To the best of the Director's knowledge, information and belief after having made all reasonable enquiry, HDL and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. None of the Directors has a material interest in the First Buy-Back.

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the First Buy-Back exceed 5% but are not more than 25%, the First Buy-Back constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

(2) SECOND BUY-BACK

Following the completion of the Second Buy-Back and cancellation of the First Buy-Back Shares and Second Buy-Back Shares, the Group's equity interests in FCL will be increased to 100% and FCL will become an indirect wholly-owned subsidiary of the Company.

FCL is a subsidiary of the Company and owned as to approximately 60.52% by FFIC and approximately 32.98% by Co-Lead (before the First Buy-Back and Second Buy-Back). Therefore, Co-Lead is a connected person of the Company at the subsidiary level. Since the Second Buy-Back is on normal commercial terms or better and (i) the Board has approved the Second Buy-Back and (ii) the independent non-executive Directors have confirmed that the Second Buy-Back is fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Second Buy-Back constitutes a connected transaction of the Company and is subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Buy-Back exceed 25% but are not more than 100%, the Second Buy-Back constitutes a major transaction of the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Accordingly, the Company will seek Shareholders' approval at the EGM by way of poll for the Second Buy-Back and the transactions contemplated therein. Co-Lead together with its ultimate beneficial owners are considered to have a material interest in the Second Buy-Back and will abstain from voting in favour of the resolution relating to the Second Buy-Back to the extent of the Shares it holds (if any) at the EGM. None of the Directors has a material interest in the Second Buy-Back.

The First Buy-Back and Second Buy-Back are not inter-conditional to each other.

A Circular containing, among other things, further details of the Second Buy-Back and other information required under the Listing Rules in respect of the Second Buy-Back, and the notice of the EGM, is expected to be despatched to the Shareholders on or before 15 September 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

GENERAL

A Circular containing, among other things, further details of the Second Buy-Back and other information required under the Listing Rules in respect of the Second Buy-Back, and the notice of the EGM, is expected to be despatched to the Shareholders on or before 15 September 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

As the completion of Second Buy-Back is conditional upon satisfaction of the condition precedent as set out under the section headed “Condition Precedent” in this announcement, the Second Buy-Back may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or any other public holidays) on which banks in Hong Kong are generally open for settlement business
“Circular”	the circular to be despatched by the Company in respect of the Second Buy-Back
“Co-Lead”	Co-Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Co-Lead Note”	a three-month zero coupon note with principal amount of HK\$509,991,480.60 to be executed and issued by the Company in favour of Co-Lead or its nominee

“Company”	Freeman Financial Corporation Limited (Stock Code: 279), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Second Buy-Back
“FCL”	Freeman Corporation Limited, an indirect non-wholly owned subsidiary of the Company (before the First Buy-Back and Second Buy-Back) incorporated in the Cayman Islands with limited liability
“FCL Group”	FCL and its subsidiaries
“FCL Share(s)”	ordinary share(s) in the issued share capital of FCL
“FFIC”	Freeman Financial Investment Corporation, a wholly-owned subsidiary of the Company incorporated in the Cayman Islands with limited liability
“First Buy-Back”	buy-back of 81,717,607 FCL Shares held by HDL by FCL at First Buy-Back Price
“First Buy-Back Price”	HK\$1.23 per First Buy-Back Share
“First Buy-Back Share(s)”	the 81,717,607 FCL Share(s) held by HDL and repurchased by FCL at First Buy-Back Price
“Group”	the Company and its subsidiaries
“HDL”	HEC Development Limited, a company incorporated in the British Virgin Islands with limited liability
“HDL Note”	a three-month zero coupon note with principal amount of HK\$100,512,656.61 to be executed and issued by the Company in favour of HDL or its nominee
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mason”	Mason Financial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 273)
“Second Buy-Back”	buy-back of 414,627,220 FCL Shares held by Co-Lead by FCL at Second Buy-Back Price
“Second Buy-Back Price”	HK\$1.23 per Second Buy-Back Share
“Second Buy-Back Share(s)”	the 414,627,220 FCL Share(s) held by Co-Lead and to be repurchased by FCL at Second Buy-Back Price
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of
Freeman Financial Corporation Limited
Lo Kan Sun
Chairman

Hong Kong, 17 August 2015

As at the date of this announcement, the Board comprises the following Directors:–

Executive Directors

Mr. Lo Kan Sun (*Chairman*)
Mr. Hui Quincy Kwong Hei (*Managing Director*)
Ms. Au Shuk Yee, Sue
Ms. Chow Mun Yee

Independent Non-executive Directors

Mr. Cheung Wing Ping
Mr. Chung Yuk Lun
Mr. Hung Cho Sing
Dr. Agustin V. Que