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FREEMAN FINANCIAL CORPORATION LIMITED

民豐企業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

JOINT VENTURE ARRANGEMENT

The Board announces that on 20 June 2014 (after trading hours), FFSL (an indirect wholly-owned subsidiary of the Company) executed the JV Agreement with Willie Link (an indirect wholly-owned subsidiary of Willie) and the JV Company, pursuant to which FFSL and Willie Link agreed to contribute or procure the contribution by their respective nominee(s) of 174,426,127 and 92,687,861 HEC Shares respectively in exchange for 174,426,127 and 92,687,861 JV Shares respectively to be allotted and issued by the JV Company. Upon Completion, FFSL and Willie Link will respectively hold approximately 65.30% and 34.70% equity interest in the JV Company.

The Joint Venture Arrangement is considered as inside information of the Company discloseable under Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

The Board announces that on 20 June 2014 (after trading hours), FFSL entered into the Joint Venture Arrangement with Willie Link by executing the JV Agreement in relation to the JV Company.

JOINT VENTURE ARRANGEMENT – JV AGREEMENT

Date: 20 June 2014 (after trading hours)

Parties: (1) FFSL as one of the two joint venture partners of the JV Company;
(2) Willie Link as the other joint venture partner; and
(3) the JV Company.

Below are the principal terms of the JV Agreement:

Nature of the transaction

Pursuant to the JV Agreement, the JV Company will allot and issue 174,426,127 JV Shares to FFSL, representing approximately 65.30% equity interest in the JV Company. In exchange therefor, the Group will contribute 174,426,127 HEC Shares to the JV Company.

Ranking of the JV Shares

The JV Shares, when issued as fully-paid shares, will rank equally with all other shares of the JV Company in issue on the date of allotment and issue of the JV Shares.

Conditions Precedent

The obligations of the parties to the JV Agreement to effect Completion shall be conditional upon:

- (a) the adoption of the new memorandum and articles of association of the JV Company;
- (b) the taking of all actions and passing of all resolutions as may be required to issue the JV Shares;
- (c) each of the parties to the JV Agreement having obtained all necessary consents, approvals and permissions for the entering into of the JV Agreement and the JV Partners' Agreement and performance and completion of the transactions contemplated thereunder;
- (d) (if required) compliance with all legal and regulatory requirements relating to the JV Agreement and the JV Partners' Agreement and the transactions contemplated thereunder by the Company and Willie; and

- (e) the execution and delivery of the JV Partners' Agreement by each of the parties to the JV Partners' Agreement. (Details of the JV Partners' Agreement are set out below under "Joint Venture Arrangement – JV Partners' Agreement")

If the aforesaid conditions precedent are not fulfilled on or before the Long Stop Date, the JV Agreement shall cease and determine, thereafter neither party to the JV Agreement shall have any obligations and liability towards each other under the JV Agreement, save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place upon FFSL and Willie Link each transferring or procuring the transfer of 174,426,127 and 92,687,861 HEC Shares respectively to the JV Company and the JV Company allotting and issuing 174,426,127 JV Shares to FFSL and 92,687,861 JV Shares to Willie Link respectively within three (3) Business Days after fulfillment of the conditions precedent of the JV Agreement.

JOINT VENTURE ARRANGEMENT – JV PARTNERS' AGREEMENT

Date: 20 June 2014 (after trading hours)

- Parties:
- (1) FFSL as one of the two joint venture partners of the JV Company;
 - (2) Willie Link as the other joint venture partner; and
 - (3) the JV Company.

Below are the principal terms of the JV Partners' Agreement:

Business scope

The JV Company shall solely engage in the business of investment holding of share capital in HEC and such activities that are wholly incidental thereto.

Terms

The JV Partners' Agreement shall become effective from the date of completion of the JV Agreement and shall remain in full force and effect as long as the JV Company continues to exist, unless earlier terminated pursuant to the terms and conditions under the JV Partners' Agreement.

Board composition

FFSL shall be entitled to nominate two candidates and Willie Link shall be entitled to nominate one candidate to serve as directors of the JV Company.

Profit sharing

The profit of the JV Company shall be shared among FFSL and Willie Link according to their respective proportionate interest in the JV Company.

Matters requiring joint venture partners' unanimous consent

The following matters of the JV Company shall require consent in writing by all joint venture partners holding in aggregate of 100% of voting rights of the JV Company:

- (a) any change of nature or scope of business, purpose, activity and duration of the JV Company;
- (b) any change of nomination procedures of a director of the JV Company;
- (c) any change of voting rights of the joint venture partners of the JV Company;
- (d) any change of capital or other contributions made by the joint venture partners of the JV Company;
- (e) any change of sharing of assets, liabilities, revenues, expenses or profit or loss of the JV Company; and
- (f) any entering into transactions which are not on an arm's length basis.

Furthermore, FFSL and Willie Link shall ensure that the JV Company shall not (unless with the joint venture partners' unanimous consent) enter into any contract, engagement or transaction which (i) is other than in the ordinary course of business and upon an arm's length basis; (ii) is not in the interests of the JV Company; or (iii) is prejudicial to the interests of any of the joint venture partners.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE ARRANGEMENT

As mentioned in the Company's announcement dated 15 May 2014, the Company aims in forging strategic alliance with Willie. By forming a joint venture with Willie, it will increase opportunities on gaining synergy from merging financial resources, experience and expertise of the Group and Willie. By grouping of the Group's and Willie's HEC Shares, the JV Company will hold an aggregate of 267,113,988 HEC Shares after Completion, representing approximately 28.70% of the issued share capital of HEC on the date of this announcement.

In addition, the taking up of the JV Shares will be satisfied by way of transferring 174,426,127 HEC Shares by FFSL to the JV Company without involving any cash outlays nor any change in the Group's effective equity interest in HEC.

The Board considers the terms of the JV Agreement and the JV Partners' Agreement under the Joint Venture Arrangement 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.

FINANCIAL IMPACT ON THE GROUP

As at the date of this announcement, the Group holds approximately 18.74% equity interest in HEC. Following the Completion, the Group will hold approximately 65.30% equity interest in the JV Company and approximately 18.74% effective interest in HEC. The classification of investment in HEC will then be changed from investment in an associate to investment in a joint venture. The Group will continue to account for the results and net assets of HEC using equity accounting method at the same proportion percentage, i.e. 18.74%.

After Completion, there will be no change in the Group's effective interest in HEC. Accordingly, no significant financial effects are expected on the Group's consolidated financial statements. It should be noted that the aforementioned estimation is for illustrative purpose only and does not purport to represent how the financial position of the Group will be after Completion.

INFORMATION ON THE JOINT VENTURE PARTIES

FFSL is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Willie Link is an indirect wholly-owned subsidiary of Willie and is an investment holding company. Willie and its subsidiaries are principally engaged in investment in securities trading, money lending, property investment and investment holding.

As at the date of the JV Agreement, the Company, through an indirect wholly-owned subsidiary, held 37,406,335 shares of Willie, representing approximately 4.97% of the total issued share capital of Willie and Willie held 23,438,649 Shares representing approximately 6.81% of the total issued share capital of the Company. Save as disclosed, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, Willie Link and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

GENERAL

The Group is principally engaged in the financial services sector, including the provision of securities 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 the Completion is conditional upon satisfaction of the conditions precedent as set out under the section headed “Conditions Precedent” in this announcement, the Joint Venture Arrangement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS

The Board considers the Joint Venture Arrangement is not a notifiable transaction under Chapter 14 of the Listing Rules based on following considerations: (1) there is no change in the Group’s effective interests in HEC after the Completion; (2) the Joint Venture Arrangement falls within the exemption specified under Rule 14.04(1)(f) and 14.04(1)(g) of the Listing Rules. The Company provides information of the Joint Venture Arrangement as inside information under Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

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) on which banks are open for business in Hong Kong;
“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;
“Completion”	completion of the contribution of HEC Shares by FFSL and Willie Link respectively in exchange for JV Shares pursuant to the JV Agreement;
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“FFSL”	Freeman Financial Services Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability;
“Group”	the Company and its subsidiaries;

“HEC”	HEC Capital Limited, a company incorporated in the Cayman Islands with limited liability;
“HEC Share(s)”	ordinary shares of HEC with par value of HK\$0.1 each in the share capital of HEC;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Joint Venture Arrangement”	the joint venture arrangement between FFSL and Willie Link pursuant to the JV Agreement and the JV Partners’ Agreement in relation to the JV Company;
“JV Agreement”	a joint venture agreement dated 20 June 2014 entered into between FFSL, Willie Link and the JV Company in relation to the Joint Venture Arrangement;
“JV Company”	Freewill Holdings Limited, a company incorporated in Republic of the Marshall Islands with limited liability;
“JV Partners’ Agreement”	a joint venture partners’ agreement dated 20 June 2014 entered into between FFSL, Willie Link and the JV Company in relation to, amongst other things, the operations, management and business of the JV Company;
“JV Share(s)”	new share(s) of the JV Company to be allotted and issued to FFSL and Willie Link pursuant to the JV Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 September 2014 or any other date which may be agreed by the parties to the JV Agreement;
“SFO”	the Securities Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules;
“Willie”	Willie International Holdings Limited (Stock Code: 273), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Willie Link”	Willie Link Limited, an indirect wholly-owned subsidiary of Willie incorporated in the British Virgin Islands with limited liability;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 20 June 2014

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

Executive Directors:

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

Non-executive Directors:

Mr. Andrew Liu
Mr. Liu Kam Fai, Winston

Independent Non-executive Directors:

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