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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)**

### **DISCLOSEABLE TRANSACTION – THE PROPOSED INVESTMENT IN A FULL-LICENSED JOINT VENTURE SECURITIES COMPANY IN SHANGHAI**

The Board is pleased to announce that on 12 November 2015 (after trading hours), FSL (a wholly-owned subsidiary of the Company) entered into the Promoters' Agreement with Sailing International Investment Fund (Shanghai) Co. Limited (賽領國際投資基金(上海)有限公司) ("Sailing") and other Co-Promoters pursuant to which the parties thereto conditionally agreed to cooperate to set-up a full-licensed joint venture securities company in Shanghai Pilot Free Trade Zone (the "JV Securities Company") under the framework of the CEPA; and FSL conditionally agreed to invest RMB350 million in the JV Securities Company by way of subscription of 350,000,000 shares of the JV Securities Company, representing 10% share capital thereof for an aggregate subscription price of RMB350 million (the "JV Investment").

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the JV Investment exceed 5% but are less than 25%, the entering into of the Promoters' Agreement and the transactions contemplated thereunder including the JV Investment constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements set out in the Listing Rules.

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## **THE PROMOTERS' AGREEMENT AND THE JV INVESTMENT**

Date:

On 12 November 2015, FSL entered into the Promoters' Agreement with Sailing and other Co-Promoters

### **Parties**

FSL: One of the Co-Promoters which will hold 10% equity interest in the JV Securities Company

Sailing: One of the Co-Promoters which will hold 10% equity interest in the JV Securities Company

Other 13 Co-Promoters: Consisting of 3 corporate investors from Hong Kong, 9 corporate investors and 1 limited partnership investor from the PRC, each will hold 10% or less of the equity interest in the JV Securities Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, all Co-Promoters including Sailing and their respective ultimate beneficial owners are independent third parties and not connected to the Company and its connected persons.

## **THE JV SECURITIES COMPANY**

Under the special regime provided in Supplement X of the CEPA, Hong Kong-funded financial institutions which satisfy the requirements for establishing foreign-invested securities companies in the PRC is allowed to set up one new full-licensed joint venture securities company in accordance with the relevant PRC's requirements each in certain reform experiment zones for "piloting financial reforms" as approved by the PRC. The PRC shareholders are not restricted to securities companies and the percentage of aggregate shareholding of the Hong Kong-funded financial institutions in the joint venture should not exceed 49%.

The JV Securities Company is proposed to be set up in Shanghai Pilot Free Trade Zone by FSL, Sailing and other Co-Promoters under the aforesaid framework. Its formation is subject to the conditions as set out in the section headed “Conditions Precedent” in this announcement. When materialized, it is contemplated that the JV Securities Company would be principally engaged in full spectrum of securities business including provision of securities brokerage services, securities underwriting and sponsor services, advising on securities investments, securities financing services, asset management, corporate finance advisory services, sale of investment funds, etc. subject to the laws and regulations of the PRC.

The proposed registered capital of the JV Securities Company will be RMB3.5 billion, represented by 3,500,000,000 shares in the share capital of the JV Securities Company. FSL, Sailing and all the other Co-Promoters will contribute capital to the JV Securities Company in proportion to their respective equity interests therein in the aggregate amount of RMB3.5 billion in accordance with the Promoters’ Agreement.

Upon completion of the JV Investment, FSL will own 10% equity interest in the JV Securities Company and will become one of the single largest shareholders of the JV Securities Company. The Company intends to nominate one director to serve in the board of directors of the JV Securities Company in order to participate in the formulation of development strategy and the business and management of the company.

All the Co-Promoters (including FSL) will be entitled to share profits of the JV Securities Company in proportion to their respective equity interests in the JV Securities Company pursuant to the Promoters’ Agreement.

## **THE JV INVESTMENT**

Pursuant to the Promoters’ Agreement, the proposed investment to be made by FSL in respect of the JV Investment will be RMB350 million in cash. The proposed investment would take the form of shares subscription in the JV Securities Company for an aggregate of 350,000,000 share of the JV Securities Company, representing 10% share capital thereof, at an aggregate subscription price of RMB350 million.

The subscription price will be paid in full after the approval by CSRC and the MOFCOM in respect of the formation of the JV Securities Company is obtained.

The Company intends to fund the investment by combination of either internal resources of the Group or fund raising activities (if any).

## **CONDITIONS PRECEDENT**

The formation of the JV Securities Company is subject to, among other matters, the approval by the CSRC, the MOFCOM and other relevant regulatory authorities in the PRC.

In the event the above conditions have not been fulfilled within 12 months after the submission of the application to the CSRC, the Promoters' Agreement shall cease and be determined and all payments previously paid by the Co-Promoters shall be refunded to the Co-Promoters after deduction of all pro-rated costs and fees incurred in connection with the formation of the JV Securities Company.

## **INFORMATION ON SAILING AND OTHER CO-PROMOTERS**

Sailing, one of the Co-Promoters, is the manager of Sailing Capital International Fund (the "Sailing Capital Fund"), an RMB international investment and lending fund established in accordance with the guidance of the People's Bank of China with substantial support of Shanghai Municipal Government and relevant ministries and commissions of the state, aiming to provide a commercial and marketing platform and professional investment and financing services for domestic enterprises in overseas investment, merger and acquisitions, and to promote cross-border flows of RMB through overseas investment of the companies aspiring to make a strategic change in the demographics of foreign resources acquisitions and internationalization of RMB.

Sailing Capital Fund is a corporate fund with a total amount of RMB50 billion and first-round fund raising amounted to RMB12 billion (including a registered capital of RMB9.01 billion and directional bond of RMB3 billion). Investors of the Sailing Capital Fund include central and local enterprises and groups, listed companies, prestigious private enterprises and financial institutions. Therefore unlike many existing joint ventures in China, and similar to HSBC's recent proposed joint venture with Shenzhen Qianhai Financial Holdings Co., Limited, Sailing is not a competitor but a local government supported enterprise.

Rated by Xinhua News Agency as Top Ten Events in 2012, the establishment of Sailing Capital Fund set a new dimension in the formation of Shanghai being an international financial hub. The major shareholders of Sailing Capital Fund comprise leading enterprises both in terms of network and strategic significance, to name a few, Shanghai International Group, SAIC Motor Corporation Limited, Baosteel Group Corporation and Citic Group Corporation, etc. The parent fund already reaches over RMB50 billion. Through their cross investments and issue of bonds by the parent fund and sub-funds, their total investment could amount to over RMB50 billion.

The other Co-Promoters consist of 3 corporate investors from Hong Kong, 9 corporate investors and 1 partnership investor from the PRC, each will hold 10% or less of the equity interest in the JV Securities Company.

## **INFORMATION OF SHANGHAI INTERNATIONAL GROUP**

The major promoter of Sailing and Sailing Capital Fund is Shanghai International Group (“SIG”), a state-owned enterprise incorporated on 20 April 2000 with a registered capital of RMB10.56 billion. Through the Shanghai Municipal Government’s authorization, it functions as a strategically focused financial investment group. As at the end of 2013, the total investment of SIG reached RMB144 billion, net asset value in the sum of RMB102.9 billion and profit of RMB14.3 billion.

Since its continuous expansion, SIG has become largest single shareholder of Guotai Junan Securities Company Limited, Shanghai Pudong Development Bank Company Limited etc. Among other joint ventures, it is also a joint venture partner with world class asset management institutions such as JPMorgan Asset Management (UK) Limited to form China International Fund Management Co., Ltd..

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiry, all Co-Promoters including Sailing and their respective ultimate beneficial owners are independent third parties and not connected to the Company and its connected persons.

## **INFORMATION ON FSL & THE GROUP AND REASONS FOR THE JV INVESTMENT**

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 (Type 6), the trading of securities (Type 1) and futures (Type 2), the provision of licensed lending business, as well as investment holding.

FSL is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is a licensed corporation within the meaning of the SFO and is licensed to carry out Type 1 (dealing in securities) regulated activity.

The Group has always aimed to enhance its service capacity in the financial services industry and to pursue new opportunities in the financial services industry in order to enhance values to the Shareholders. The Board believes that the JV Investment could offer a golden opportunity for the Company to embark on a new milestone in its business development in financial services industry. The JV Investment, when materialized, would offer a first-starter advantage to the Group to access to the huge and fast-growing financial markets in China and would enable the Group to engage in a full spectrum of securities and financial business in China. Further, one of the joint venture partners, i.e. Sailing, is a well-established and renowned financial institution in Shanghai. The Board believes that the Group would be significantly benefited from the solid experience and profound resources from Sailing when the Group is expanding its financial services in the new market.

Having considered the above, the Board considers that the terms and conditions of the Promoters' Agreement and the transactions contemplated thereunder including the JV Investment are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the JV Investment exceed 5% but are less than 25%, the entering into of the Promoters' Agreement and the transactions contemplated thereunder including the JV Investment constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements set out in the Listing Rules.

**As the completion of the Promoters' Agreement and the transactions contemplated thereunder including the JV Investment is subject to certain conditions precedent set out in the section headed "Conditions Precedent", the transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

"Board"	the board of Directors
"CEPA"	the Closer Economic Partnership Arrangement between Mainland China and Hong Kong
"Co-Promoters"	all the 15 co-promoters to the Promoters' Agreement (including FSL and Sailing)
"Company"	Freeman Financial Corporation Limited (Stock Code: 279), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
"CSRC"	China Securities Regulatory Commission
"Directors"	the directors of the Company
"FSL"	Freeman Securities Limited, a company incorporated in Hong Kong with limited liability
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“MOFCOM”	the Ministry of Commerce in the PRC
“PRC”	the People’s Republic of China (and for purpose of this announcement only, excluding Hong Kong)
“Promoters’ Agreement”	the Promoters’ Agreement entered into between FSL, Sailing and the other 13 Co-Promoters in relation to the setting-up of the JV Securities Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	the meaning ascribed thereto in the Listing Rules

On behalf of the Board  
**Freeman Financial Corporation Limited**  
**Lo Kan Sun**  
*Chairman*

Hong Kong, 12 November 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