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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 AGGREGATE INVESTMENT IN A FULL-LICENSED JOINT VENTURE SECURITIES COMPANY IN SHANGHAI

Reference is made to the announcement of the Company dated 12 November 2015 (the “Announcement”) in relation to the proposed investment in the JV Securities Company. Terms as defined in the Announcement shall, unless otherwise stated, have the same meaning when used herein.

The Board is pleased to announce that on 2 December 2015 (after trading hours), FSL (a wholly-owned subsidiary of the Company) signed a supplemental shares subscription letter and entered into a supplement to the Promoters’ Agreement relating to change of Co-Promoters with Sailing and other Co-Promoters (collectively the “Supplemental Agreement”) pursuant to which FSL conditionally agreed to further invest RMB175 million in the JV Securities Company by way of subscription of 175,000,000 shares of the JV Securities Company, representing 5% share capital thereof at an aggregate subscription price of RMB175 million (the “Further JV Investment”).

When aggregated with the investment of RMB350 million under the JV Investment, the total investment to be made by FSL in the JV Securities Company shall amount to a total of RMB525 million and, upon the completion of the transaction, FSL will hold an aggregate of 15% of the share capital of the JV Securities Company, becoming one of the two single largest shareholders thereof.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the aggregate investment amount under the Further JV Investment and the JV Investment exceed 5% but are less than 25%, the entering into of the Supplemental Agreement and the transactions contemplated thereunder including the Further 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 SUPPLEMENTAL AGREEMENT AND THE FURTHER JV INVESTMENT

Date:

On 2 December 2015, FSL entered into the Supplemental Agreement with Sailing and other Co-Promoters.

Parties:

- | | |
|------------------------|--|
| FSL: | One of the Co-Promoters which will hold 15% 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 12 Co-Promoters: | Consisting of 2 corporate investors from Hong Kong, 9 corporate investors and 1 limited partnership investor from the PRC, one of whom will hold 15% equity interest in the JV Securities Company and each of the others 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 FURTHER JV INVESTMENT

Pursuant to the Supplemental Agreement, the proposed investment to be made by FSL in respect of the Further JV Investment will be RMB175 million in cash. The proposed investment would take the form of shares subscription in the JV Securities Company for an aggregate of 175,000,000 shares of the JV Securities Company, representing 5% share capital thereof, at an aggregate subscription price of RMB175 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 and the Supplemental 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 OF THE JV SECURITIES COMPANY AND CO-PROMOTERS

Information on the JV Securities Company and the Co-Promoters of the JV Securities Company were set out in details in the Announcement.

REASONS FOR THE FURTHER 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.

Since the entering into of the Promoters' Agreement, there was a change in the composition of the Co-Promoters to the Promoters' Agreement and certain Co-Promoters agreed to change their respective amounts of investment in the JV Securities Company. Such changes offer an opportunity for FSL to increase its investment in the JV Securities Company from 10% to 15% of the share capital of the JV Securities Company, rendering it as one of the two single largest shareholders. Accordingly, FSL considers that it should seize this opportunity to enlarge its investment because it takes a positive view in the prospect of the business development of the JV Securities Company.

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

LISTING RULES IMPLICATIONS

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As the completion of the Promoters' Agreement, the Supplemental Agreement and the transactions contemplated thereunder including the JV Investment and the Further 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.

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

Hong Kong, 2 December 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