

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION – DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN SMART JUMP CORPORATION

THE DISPOSAL

The Board is pleased to announce that on 10 March 2016 (after trading hours), Freeman Financial Investment Corporation (“FFIC” or “Vendor”, a direct wholly-owned subsidiary of the Company) and the Purchaser (a wholly-owned subsidiary of Imagi) entered into the Sale and Purchase Agreement, pursuant to which FFIC has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, or procure its designated wholly-owned subsidiary to purchase, the Sale Share at a total consideration of HK\$1,800 million.

Upon Completion, Smart Jump Group will cease to be subsidiaries of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is not more than 75%, the Disposal 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 Sale and Purchase Agreement and the transaction contemplated therein.

A Circular, containing, among other things, further details of the Disposal and other information required under the Listing Rules in respect of the Disposal, and the notice of the EGM is expected to be despatched to the Shareholders on or before 15 April 2016 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

As the Completion is conditional upon satisfaction of the conditions precedent as set out under the section headed “Conditions Precedent” in this announcement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

The Board is pleased to announce that on 10 March 2016 (after trading hours), FFIC and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which FFIC has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, or procure its designated wholly-owned subsidiary to purchase, the Sale Share at a total consideration of HK\$1,800 million.

Upon Completion, Smart Jump Group will cease to be subsidiaries of the Company.

SALE AND PURCHASE AGREEMENT

Date: 10 March 2016 (after trading hours)

Parties: (1) FFIC as Vendor; and
(2) the Purchaser.

Assets to be disposed of

Upon Completion, the Company will transfer one issued ordinary share in Smart Jump, representing its entire issued share capital, to the Purchaser.

Smart Jump Group held a portfolio of listed securities in Hong Kong with carrying value as at 8 March 2016 of approximately HK\$981.0 million. As at 8 March 2016, the unaudited consolidated net asset value of Smart Jump Group amounted to approximately HK\$917.4 million.

Sale Price

The total consideration for the Sale Share shall be HK\$1,800 million which was determined after arm’s length negotiation between the parties with reference to (i) the performance in past years of Smart Jump Group; and (ii) the prospects and potentials of the business of Smart Jump Group.

Consideration

Pursuant to the Sale and Purchase Agreement, the consideration for the Sale Share shall be HK\$1,800 million, which shall be satisfied by the Purchaser to FFIC (or its nominee) in the following manner:

- (a) HK\$150 million, as deposit (which is not refundable except under the circumstances described under “Conditions Precedent” below) and part payment of the consideration payable by the Purchaser upon signing of the Sale and Purchase Agreement;
- (b) the balance of HK\$1,650 million to be satisfied by Imagi Promissory Notes on the date of Completion.

Profit Guarantee

Pursuant to the Sale and Purchase Agreement, FFIC has guaranteed and warranted to the Purchaser that the average audited net profits of Smart Jump Group per financial year (the “AANP”) as calculated in accordance with below formula shall be not less than HK\$300 million (the “Guaranteed Profit”).

$$\text{AANP} = \frac{(\text{a}) + (\text{b}) + (\text{c}) + (\text{d})}{4}$$

- whereas:
- (a) means the audited net profit of Smart Jump (BVI) for the financial year ended 31 March 2013
 - (b) means the audited net profit of Smart Jump (BVI) for the financial year ended 31 March 2014
 - (c) means the audited net profit of Smart Jump (BVI) for the financial year ended 31 March 2015
 - (d) means the audited consolidated net profit of Smart Jump Group for the financial year ending 31 March 2016

In the event of non-fulfillment of the Guaranteed Profit, there shall be a downward adjustment to the total consideration of the Sale Share (i.e. HK\$1,800 million) by way of deduction of the principal amount of Imagi Promissory Note C on a dollar-to-dollar basis in accordance with the following formula:

$$[(x) - (y)] \times 6$$

- whereas:
- (x) means the Guaranteed Profit, i.e. HK\$300 million
 - (y) means the AANP

The Imagi Promissory Notes

	Imagi Promissory Note A	Imagi Promissory Note B	Imagi Promissory Note C
Issuer:	Imagi	Imagi	Imagi
Principal amount:	HK\$550 million	HK\$550 million	HK\$550 million (subject to adjustment, if any)
Interest:	Zero coupon rate	Zero coupon rate	Zero coupon rate
Maturity Date:	6 calendar months after the date of issue	12 calendar months after the date of issue	18 calendar months after the date of issue
Repayment:	The full amount of the Imagi Promissory Note A shall be due and repayable on the Maturity Date to the noteholders of the Imagi Promissory Note A	The full amount of the Imagi Promissory Note B shall be due and repayable on the Maturity Date to the noteholders of the Imagi Promissory Note B	The full amount of the Imagi Promissory Note C shall be due and repayable on the Maturity Date to the noteholders of the Imagi Promissory Note C
Early Repayment:	Imagi may prepay all or part of the principal amount of the Imagi Promissory Note A at any time without penalty provided that Imagi shall have given to the holder(s) of Imagi Promissory Note A not less than one Business Day's prior written notice specifying the amount and date of prepayment	Imagi may prepay all or part of the principal amount of the Imagi Promissory Note B at any time without penalty provided that Imagi shall have given to the holder(s) of Imagi Promissory Note B not less than one Business Day's prior written notice specifying the amount and date of prepayment	Imagi may prepay all or part of the principal amount of the Imagi Promissory Note C at any time without penalty provided that Imagi shall have given to the holder(s) of Imagi Promissory Note C not less than one Business Day's prior written notice specifying the amount and date of prepayment
Transferability:	Freely transferrable to any third party without any restrictions	Freely transferrable to any third party without any restrictions	Freely transferrable to any third party without any restrictions

Conditions Precedent

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

- (a) if required, 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 general meeting to approve the entering into of the Sale and Purchase Agreement by FFIC and performance of the transactions contemplated thereunder;
- (b) if required, the passing of the necessary resolution(s) by the shareholders of Imagi (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at general meeting to approve the entering into of the Sale and Purchase Agreement by the Purchaser and performance of the transactions contemplated thereunder (the “Imagi EGM”);
- (c) if applicable, the obtaining of all necessary approvals from the relevant governmental or regulatory authorities in British Virgin Islands, Hong Kong, Cayman Islands and the Republic of the Marshall Islands required of either FFIC or the Purchaser for the consummation of the transactions contemplated under the Sale and Purchase Agreement having been obtained and all filings have been made by each of FFIC and the Purchaser; and
- (d) the Purchaser having conducted and completed due diligence on all business, assets and liabilities, legal and financial matter and all such other matters as deemed necessary.

If all the aforesaid conditions have not been fulfilled on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liability towards each other thereunder save for any antecedent breaches of the terms thereof.

If aforesaid condition (a) is not fulfilled solely because the Shareholders shall have voted against the relevant resolution(s) in the EGM, FFIC shall refund the deposit (i.e. HK\$150 million) in full, without interest, to the Purchaser within 7 Business Days after the EGM.

If aforesaid condition (b) is not fulfilled solely because the shareholders of Imagi shall have voted against the relevant resolution(s) in the Imagi EGM, FFIC shall be entitled to forfeit half of the deposit, i.e. HK\$75,000,000 and shall refund the remaining HK\$75,000,000 to the Purchaser within 7 Business Days after the Imagi EGM.

Completion

Upon fulfillment of all the conditions precedent, Completion shall take place on or before 5:00 p.m. (Hong Kong time) on the 3rd Business Day following the fulfillment of all the conditions precedent or such other date as the parties may agree in writing.

APPLICATION OF THE CONSIDERATION

The Company intends to utilise the total consideration from the Disposal as capital for (i) further expansion and development of the Group's financial services business; and (ii) general working capital of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors had taken into account the following factors prior to entering into the Sale and Purchase Agreement: (i) the performance in past years of Smart Jump Group; and (ii) the prospects and potentials of the business of Smart Jump Group.

The principal business of Smart Jump Group is trading of securities. In view of the recent turmoil and volatility in Hong Kong and global stock markets over the past few months, the Company believes that the Disposal could (i) allow the Group to unlock and realise the underlying value of Smart Jump Group; and (ii) bring in additional source of capital for the Group's business development and to capture other investment opportunities as and when they arise.

The Directors consider the terms of the Sale and Purchase Agreement 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 SMART JUMP GROUP

Smart Jump is an investment holding company, which holds four wholly-owned subsidiaries, namely, Smart Jump Corporation (incorporated with limited liability in the Cayman Islands), Smart Jump (BVI), Prime Glory Limited (incorporated with limited liability in the British Virgin Islands) and Smart Jump Corporate Services Limited (incorporated with limited liability in Hong Kong). Smart Jump Group is principally engaged in trading of securities.

Set out below is the audited financial information of Smart Jump (BVI) for the three financial years ended 31 March 2013, 2014 and 2015 and the unaudited consolidated financial information of Smart Jump Group for the period from 1 April 2015 to 8 March 2016.

	For the year ended 31 March 2013	For the year ended 31 March 2014	For the year ended 31 March 2015	For the period from 1 April 2015 to 8 March 2016
	<i>HK\$ (audited)</i>	<i>HK\$ (audited)</i>	<i>HK\$ (audited)</i>	<i>HK\$ (unaudited)</i>
Net profit before tax	243,170,000	555,013,000	197,286,000	202,797,000
Net profit after tax	243,170,000	555,013,000	197,286,000	202,797,000

The securities trading business of Smart Jump Group has always been carried out by Smart Jump (BVI). Smart Jump was incorporated on 5 November 2014 and became holding company of its subsidiaries (including Smart Jump (BVI)) on the same date.

FINANCIAL IMPACT ON THE GROUP

Upon Completion, Smart Jump Group will cease to be subsidiaries of the Company. The financial results of Smart Jump Group will no longer be consolidated by the Group.

The estimated gain from the Disposal amounts to approximately HK\$882.6 million which is calculated at the total consideration of the Sale Share of HK\$1,800 million less the unaudited net asset value of Smart Jump Group as at 8 March 2016 of HK\$917.4 million. This estimated gain from Disposal will be accounted for in the profit or loss of the Group.

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 the Completion.

INFORMATION ON THE GROUP AND THE PARTIES

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.

The Purchaser is a wholly-owned subsidiary of Imagi and is an investment holding company. Imagi and its subsidiaries are principally engaged in computer graphic imaging, cultural and entertainment business, investment business and financial services business.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is not more than 75%, the Disposal 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 Sale and Purchase Agreement and the transaction contemplated therein.

As at the date of the Sale and Purchase Agreement, Imagi (the holding company of the Purchaser), either itself or through its subsidiary, held 88,020,000 Shares, representing approximately 0.85% of the total issued share capital of the Company.

Saved as disclosed, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries: (i) the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company; (ii) no Shareholder (other than Imagi and/or its relevant subsidiary) has a material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder (including without limitation the Disposal) which is different from that of other Shareholders and thus no Shareholder (other than Imagi and/or its relevant subsidiary) is required to abstain from voting on the relevant resolution(s) to approve the Sale and Purchase Agreement and the transaction contemplated thereunder (including without limitation the Disposal) at the EGM. Accordingly, Imagi and/or its relevant subsidiary will abstain from voting in respect of the relevant resolution(s) to approve the Sale and Purchase Agreement and the transaction contemplated thereunder at the EGM.

A Circular, containing, among other things, further details of the Disposal and other information required under the Listing Rules in respect of the Disposal, and the notice of the EGM is expected to be despatched to the Shareholders on or before 15 April 2016 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

As the Completion is conditional upon satisfaction of the conditions precedent as set out under the section headed "Conditions Precedent" in this announcement, the Disposal 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 on which banks in Hong Kong are open for business other than (i) a Saturday or (ii) a “general holiday” as defined in Section 2 of the General Holidays Ordinance Cap. 149, or one of the days specified from time to time in the schedule to that Ordinance as being “general holidays” under Section 3 thereof or (iii) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“Circular”	the circular to be despatched by the Company in respect of the Disposal
“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 Disposal pursuant to the Sale and Purchase Agreement
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the sale and purchase of the Sale Share pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transaction contemplated thereunder
“FFIC” or “Vendor”	Freeman Financial Investment Corporation, the legal and beneficial owner of the Sale Share and a direct wholly-owned subsidiary of the Company incorporated in the Cayman Islands with limited liability

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Imagi”	Imagi International Holdings Limited (Stock Code: 585), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Imagi Promissory Notes”	collectively referring to Imagi Promissory Note A, Imagi Promissory Note B and Imagi Promissory Note C
“Imagi Promissory Note A”	a 6-month zero coupon promissory note with principal amount of HK\$550 million to be executed and issued by Imagi in favour of FFIC or its nominee at Completion to satisfy partially the balance of the total consideration of the Sale Share
“Imagi Promissory Note B”	a 12-month zero coupon promissory note with principal amount of HK\$550 million to be executed and issued by Imagi in favour of FFIC or its nominee at Completion to satisfy partially the balance of the total consideration of the Sale Share
“Imagi Promissory Note C”	a 18-month zero coupon promissory note with principal amount of HK\$550 million (subject to adjustment, if any) to be executed and issued by Imagi in favour of FFIC or its nominee at Completion to satisfy partially the balance of the total consideration of the Sale Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the last day of six calendar months from the date of the Sale and Purchase Agreement or such other date as shall be agreed by the parties to the Sale and Purchase Agreement in writing
“Purchaser”	Magmagous Corporation, being the purchaser to the Sale Share pursuant to the Sale and Purchase Agreement, which is a wholly-owned subsidiary of Imagi incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	a sale and purchase agreement dated 10 March 2016 entered into between FFIC and the Purchaser in relation to the Disposal

“Sale Share”	one ordinary share with no par value issued by Smart Jump, representing the entire issued share capital of Smart Jump
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Smart Jump”	Smart Jump Corporation, an investment holding company of Smart Jump Group and is a wholly-owned subsidiary of the Company incorporated in the Republic of Marshall Islands with limited liability
“Smart Jump (BVI)”	Smart Jump Corporation, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Smart Jump
“Smart Jump Group”	Smart Jump and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the dollar unit in the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 10 March 2016

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