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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)

DIVIDEND DISTRIBUTION OF FREEMAN CORPORATION LIMITED

On 10 August 2015, FCL proposed to distribute its entire issued share capital of Smart Jump as dividend to its shareholders, FFIC, Co-Lead and HDL on pro-rata basis, pursuant to which FFIC, Co-Lead and HDL are entitled to receive 6,052, 3,298 and 650 Dividend Shares respectively.

As Co-Lead and HDL elected to receive cash in lieu of the Dividend Shares from FCL, the Company has decided to take up their respective entitlements to the Dividend Shares (representing an aggregate of approximately 39.48% equity interest in Smart Jump) such that the Company now indirectly owns 100% of Smart Jump. In return, the Company has issued the Co-Lead Promissory Note and HDL Promissory Note for the settlement of the Dividend Take-Up.

Upon completion of the Dividend Take-Up, Smart Jump is 100% held by FFIC and becomes an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

Following the completion of the Dividend Take-Up, the equity interests of the Group in Smart Jump has been increased from approximately 60.52% to 100% and Smart Jump becomes 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. Therefore, Co-Lead is a connected person of the Company at the subsidiary level. Since the Dividend Take-Up is on normal commercial terms or better and (i) the Board has approved the Dividend Take-Up and (ii) the independent non-executive Directors have confirmed that the Dividend Take-Up is fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Dividend Take-Up 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 Dividend Take-Up exceed 5% but are not more than 25%, the Dividend Take-Up 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.

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As Co-Lead and HDL elected to receive cash in lieu of Dividend Shares from FCL, the Company has decided to take up their respective entitlements to the Dividend Shares (representing an aggregate of approximately 39.48% equity interest in Smart Jump) such that the Company now indirectly owns 100% of Smart Jump. In return, the Company has issued the Co-Lead Promissory Note and HDL Promissory Note for the settlement of the Dividend Take-Up.

The aggregate principal amounts of the Co-Lead Promissory Note and HDL Promissory Note are in an amount equivalent to the value of the Untaken Shares representing their proportionate unaudited net asset value of Smart Jump as at 5 August 2015.

THE PROMISSORY NOTES

Set out below are the principal terms of the Co-Lead Promissory Note and HDL Promissory Note:

	Co-Lead Promissory Note	HDL Promissory Note
Issuer:	The Company	The Company
Principal amount:	HK\$427,642,750.46	HK\$84,283,744.03
Interest:	5% per annum, payable on the Maturity Date (or on the date of prepayment)	5% per annum, payable on the Maturity Date (or on the date of prepayment)

Co-Lead Promissory Note

HDL Promissory Note

Maturity Date:	The date falling on the first anniversary date after the date of issue of the Co-Lead Promissory Note	The date falling on the first anniversary date after the date of issue of the HDL Promissory Note
Repayment:	The full amount of the Co-Lead Promissory Note shall be due and repayable on the Maturity Date to the noteholders of the Co-Lead Promissory Note	The full amount of the HDL Promissory Note shall be due and repayable on the Maturity Date to the noteholders of the HDL Promissory Note
Early repayment:	The Company may prepay all or part of the principal amount of Co-Lead Promissory Note at any time without penalty provided that the Company shall have given to the holder(s) of Co-Lead Promissory Note not less than one(1) Business Day's prior written notice specifying the amount and date of prepayment	The Company may prepay all or part of the principal amount of HDL Promissory Note at any time without penalty provided that the Company shall have given to the holder(s) of HDL Promissory Note not less than one(1) Business Day's prior written notice specifying the amount and date of prepayment
Transferability:	The Co-Lead Promissory Note is freely transferrable to any third party without any restrictions	The HDL Promissory Note is freely transferrable to any third party without any restrictions

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board believes that the Dividend Take-Up could streamline the trading of securities business of the Group through centralising the profits attributable to the Shareholders from Smart Jump from approximately 60.52% to 100%. Also, the Company is of view that the Dividend Take-Up 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 aggregate principal amounts of the Co-Lead Promissory Note and HDL Promissory Note are in an amount equivalent to the value of the Untaken Shares representing their proportionate unaudited net asset value of Smart Jump as at 5 August 2015.

The Directors consider the terms of the Dividend Take-Up 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

Following the completion of the Dividend Take-Up, the equity interests of the Group in Smart Jump has been increased from approximately 60.52% to 100% and Smart Jump becomes an indirect wholly-owned subsidiary of the Company. The financial results of Smart Jump Group will continue to be consolidated by the Group. Based on the existing information available to the Company, the Directors estimate that the Dividend Take-Up will not result in any significant impact to 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 of the Dividend Take-Up.

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.

INFORMATION ON SMART JUMP

Smart Jump is an indirect non-wholly owned subsidiary of the Company (before the Dividend Take-Up) incorporated in the Marshall Islands with limited liability and is principally engaged in investment holding. Smart Jump Group is principally engaged in trading of securities. As at 5 August 2015, Smart Jump Group has an unaudited net asset value of approximately HK\$1,296.7 million.

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

	For the year ended 31 March 2014 <i>HK\$'000</i>	For the year ended 31 March 2015 <i>HK\$'000</i>
Net profit before tax	555,013	209,287
Net profit after tax	555,013	209,287

INFORMATION OF THE PARTIES

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.

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

LISTING RULES IMPLICATIONS

Following the completion of the Dividend Take-Up, the equity interests of the Group in Smart Jump has been increased from approximately 60.52% to 100% and Smart Jump becomes 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. Therefore, Co-Lead is a connected person of the Company at the subsidiary level. Since the Dividend Take-Up is on normal commercial terms or better and (i) the Board has approved the Dividend Take-Up and (ii) the independent non-executive Directors have confirmed that the Dividend Take-Up are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Dividend Take-Up 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.

To the best of the Director's knowledge, information and belief after having made all reasonable equity, 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 Dividend Take-up.

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Dividend Take-Up exceed 5% but are not more than 25%, the Dividend Take-Up 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.

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
“Co-Lead”	Co-Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Co-Lead Promissory Note”	5% per annum one year promissory note with principal amount of HK\$427,642,750.46 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
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dividend Share(s)”	10,000 issued shares of Smart Jump to which the shareholders of FCL are entitled as dividends to be distributed by FCL
“Dividend Take-Up”	Take-Up of the Dividend Shares which Co-Lead and HDL are entitled to receive from FCL which are equivalent to an aggregate of approximately 39.48% equity interest in Smart Jump
“FCL”	Freeman Corporation Limited, an indirect non-wholly owned subsidiary of the Company incorporated in the Cayman Islands with limited liability

“FFIC”	Freeman Financial Investment Corporation, a wholly-owned subsidiary of the Company incorporated in the Cayman Islands with limited liability
“Group”	the Company and its subsidiaries
“HDL”	HEC Development Limited, a company incorporated in the British Virgin Islands with limited liability
“HDL Promissory Note”	5% per annum one year promissory note with principal amount of HK\$84,283,744.03 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)
“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, a company incorporated in the Marshall Islands with limited liability
“Smart Jump Group”	Smart Jump and its subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Untaken Shares”	the Dividend Shares which Co-Lead and HDL would have been entitled to but do not wish to take

“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, 10 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