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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)

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

THE DISPOSAL

The Board is pleased to announce that on 15 August 2016 (after trading hours), Freeman Financial Investment Corporation (“FFIC” or “Vendor”, a direct wholly-owned subsidiary of the Company) and the Purchaser (a non-wholly-owned subsidiary of Enerchina) 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\$1,295 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 September 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.

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SALE AND PURCHASE AGREEMENT

Date: 15 August 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 31 March 2016 of approximately HK\$916.4 million. As at 31 March 2016, the unaudited consolidated net asset value of Smart Jump Group amounted to approximately HK\$851.7 million.

Sale Price

The total consideration for the Sale Share shall be HK\$1,295 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\$1,295 million, which shall be satisfied by the Purchaser to FFIC (or its nominee) in the following manner:

- (a) HK\$95 million, as deposit (which is not refundable except under the circumstances described under “Conditions Precedent” below), shall be satisfied by the Purchaser by issuing a non-interest bearing promissory note with maturity of five (5) Business Days after Enerchina SGM (as defined below) or three (3) months from the date of issue, whichever is earlier upon signing of the Sale and Purchase Agreement (whereas the Vendor may assign, transfer, endorse or in any other way alienate any of its right under such non-interest bearing promissory note whether in whole or in part);
- (b) the balance of HK\$1,200 million to be satisfied by Promissory Notes within 5 Business Days upon Completion.

The Promissory Notes

	Promissory Note A	Promissory Note B	Promissory Note C
Issuer:	The Purchaser	The Purchaser	The Purchaser
Principal amount:	HK\$400 million	HK\$400 million	HK\$400 million
Interest:	5% per annum	5% per annum	5% per annum
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 Promissory Note A shall be due and repayable on the maturity date plus accrued interest on the principal calculated at the simple interest rate of 5% per annum for the period from the date of the Promissory Note A to the maturity date or the date of full repayment of the principal (whichever is later) to the noteholders of the Promissory Note A	The full amount of the Promissory Note B shall be due and repayable on the maturity date plus accrued interest on the principal calculated at the simple interest rate of 5% per annum for the period from the date of the Promissory Note B to the maturity date or the date of full repayment of the principal (whichever is later) to the noteholders of the Promissory Note B	The full amount of the Promissory Note C shall be due and repayable on the maturity date plus accrued interest on the principal calculated at the simple interest rate of 5% per annum for the period from the date of the Promissory Note C to the maturity date or the date of full repayment of the principal (whichever is later) to the noteholders of the Promissory Note C

Early Repayment:	The Purchaser may redeem all or part of the Promissory Note A at any time seven Business Days prior to the maturity day at 100% of the face value of the Promissory Note A together with all interest accrued on the principal provided that any early and full redemption of the outstanding principal of Promissory Note A on or earlier than one month before the maturity day, any outstanding accrued interest on the amount of principal so early redeemed shall be cancelled and void ab initio absolutely	The Purchaser may redeem all or part of the Promissory Note B at any time seven Business Days prior to the maturity day at 100% of the face value of the Promissory Note B together with all interest accrued on the principal provided that any early and full redemption of the outstanding principal of Promissory Note B on or earlier than one month before the maturity day, any outstanding accrued interest on the amount of principal so early redeemed shall be cancelled and void ab initio absolutely	The Purchaser may redeem all or part of the Promissory Note C at any time seven Business Days prior to the maturity day at 100% of the face value of the Promissory Note C together with all interest accrued on the principal provided that any early and full redemption of the outstanding principal of Promissory Note C on or earlier than one month before the maturity day, any outstanding accrued interest on the amount of principal so early redeemed shall be cancelled and void ab initio absolutely
Transferability:	The Vendor may assign, transfer, endorse or in any other way alienate any of its rights under the Promissory Note A whether in whole or in part.	The Vendor may assign, transfer, endorse or in any other way alienate any of its rights under the Promissory Note B whether in whole or in part.	The Vendor may assign, transfer, endorse or in any other way alienate any of its rights under the Promissory Note C whether in whole or in part.

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 of Freeman (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 Vendor and performance of the transactions contemplated thereunder;

- (b) if required, the passing of the necessary resolution(s) by the shareholders of Enerchina (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at special general meeting to approve the entering into of the Sale and Purchase Agreement by the Purchaser and performance of the transactions contemplated thereunder (the “Enerchina SGM”);
- (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 the Vendor 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 the Vendor 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 future 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\$95 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 Enerchina shall have voted against the relevant resolution(s) in the Enerchina SGM, FFIC shall be entitled to forfeit half of the deposit, i.e. HK\$42,500,000 and shall refund the remaining HK\$42,500,000 to the Purchaser within 7 Business Days after the Enerchina SGM.

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 two financial years ended 31 March 2014 and 2015 and the unaudited consolidated financial information for the year ended 31 March 2016 of Smart Jump Group.

	For the year ended 31 March 2014 HK\$ (audited)	For the year ended 31 March 2015 HK\$ (audited)	For the year ended 31 March 2016 HK\$ (unaudited)
Net profit before tax	555,013,000	197,286,000	176,849,000
Net profit after tax	555,013,000	197,286,000	176,849,000

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\$443.3 million which is calculated at the total consideration of the Sale Share of HK\$1,295 million less the unaudited net asset value of Smart Jump Group as at 31 March 2016 of HK\$851.7 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 non-wholly-owned subsidiary of Enerchina and is an investment holding company. Enerchina and its subsidiaries are principally engaged in financial services sector, including investment holdings, provision of securities brokerage services, placing and underwriting services, corporate finance advisory, proprietary trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services.

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, Enerchina (the holding company of the Purchaser), either itself or through its subsidiary, held 690,000,000 Shares, representing approximately 4.82% 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 their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company; (ii) no Shareholder (other than Enerchina and/or their 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 Enerchina and/or their 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, Enerchina and/or their 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 September 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
“Enerchina”	Enerchina Holdings Limited (Stock Code: 622), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Promissory Notes”	collectively referring to Promissory Note A, Promissory Note B and Promissory Note C

“Promissory Note A”	a 6-month promissory note with principal amount of HK\$400 million bearing interest at 5% per annum to be executed and issued by the Purchaser in favour of FFIC or its nominee within 5 Business Days upon Completion
“Promissory Note B”	a 12-month promissory note with principal amount of HK\$400 million bearing interest at 5% per annum to be executed and issued by the Purchaser in favour of FFIC or its nominee within 5 Business Days upon Completion
“Promissory Note C”	a 18-month promissory note with principal amount of HK\$400 million bearing interest at 5% per annum to be executed and issued by the Purchaser in favour of FFIC or its nominee within 5 Business Days upon Completion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the last day of four 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”	Win Wind Capital Limited, being the purchaser to the Sale Share pursuant to the Sale and Purchase Agreement, which is a non-wholly-owned subsidiary of Enerchina incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	a sale and purchase agreement dated 15 August 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.

Hong Kong, 15 August 2016

By Order of the Board
Freeman Financial Corporation Limited
Lo Kan Sun
Chief Operating Officer

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

Executive Directors:

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

Independent Non-executive Directors:

Mr. Zhang Yongdong (*Chairman*)

Independent Non-executive Directors:

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