

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 disclaim 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

民豐企業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF FURTHER SHARES IN FREEMAN SECURITIES LIMITED

THE SHARE PURCHASE AGREEMENT

The Board announces that on 19 July 2011, the Purchaser has entered into the Share Purchase Agreement with the Vendor to acquire 33,040,000 Shares (representing 59% equity interest) in Freeman Securities, which is an associate of the Group, from the Vendor at a consideration of HK\$30,000,000. Upon the completion of the Share Purchase Agreement, Freeman Securities will become an indirect wholly-owned subsidiary of the Company.

FIRST ACQUISITION

On 8 March 2011, the Purchaser entered into the First Agreement with the Vendor to acquire 22,960,000 Shares, representing 41% of Freeman Securities at a consideration of HK\$20,000,000. Upon the completion of the First Acquisition on 9 June 2011, Freeman Securities became an associate of the Group.

LISTING RULES IMPLICATION

The acquisition of the remaining 59% of the equity interests in Freeman Securities from the Vendor under the Share Purchase Agreement aggregates with the First Acquisition in accordance with Rule 14.22 of the Listing Rules. As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the Aggregate Acquisitions constitute a discloseable transaction of the Company under the Listing Rules.

BACKGROUND

The Board announces that on 19 July 2011, the Purchaser has entered into the Share Purchase Agreement with the Vendor to acquire 33,040,000 Shares (representing 59% equity interest) in Freeman Securities, which is an associate of the Group, from the Vendor at a consideration of HK\$30,000,000. Upon the completion of the Share Purchase Agreement, Freeman Securities will become an indirect wholly-owned subsidiary of the Company.

On 8 March 2011, the Purchaser entered into the First Agreement with the Vendor to acquire 22,960,000 Shares, representing 41% of Freeman Securities at a consideration of HK\$20,000,000. Upon the completion of the First Acquisition on 9 June 2011, Freeman Securities became an associate of the Group.

THE SHARE PURCHASE AGREEMENT

Set out below are the principal terms of the Share Purchase Agreement:

Date:

19 July 2011 (after trading hours)

Parties:

Vendor : Ms. Ng Chor Yam

Purchaser : Freeman United Investments Limited

As at the date of the Share Purchase Agreement, the Group owns 22,960,000 Shares, representing 41% of Freeman Securities' total issued share capital.

Shares to be acquired

Pursuant to the Share Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell and transfer the legal and equitable rights, title, interests, entitlements, claims and undeclared dividends in the Sale Shares. The Sale Shares represent 59% in the issued share capital of Freeman Securities.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is an independent third party and not a connected person under the definition of the Listing Rules.

Consideration

The consideration of HK\$30,000,000 for the Acquisition will be payable by the Purchaser to the Vendor or to such nominee as nominated by the Vendor by way of a cheque or cashier's order.

The consideration was agreed between the Purchaser and the Vendor after arm's length negotiations by reference to (1) the audited net asset value of Freeman Securities as at 31 December 2010 and (2) the historical performance and future prospects of Freeman Securities.

The Company intends to fund the Acquisition from internal resources.

Conditions of the Share Purchase Agreement

Completion of the Acquisition is conditional upon, among other things, the following conditions precedent:

- (A) The Purchaser completed financial and legal due diligence review on Freeman Securities and its business and have notified the Vendor that the due diligence results are satisfactory provided that such notification shall not prejudice in any manner whatsoever any of the Purchaser's right in respect of a claim pursuant to the warranties, representations and the undertakings given by the Vendor under the Share Purchase Agreement; and
- (B) all requisite consents, licence and approvals, if applicable, from government or regulatory authorities in Hong Kong and elsewhere or other relevant third parties which are necessary to be obtained (including but not limited to the approval of the Securities and Futures Commission under Part V of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) in connection with the execution and performance of the Share Purchase Agreement and completion of the transactions contemplated thereunder having been obtained.

If the Conditions are not fulfilled on or before the last date of the 3rd month from the date of the Share Purchase Agreement or such later date as may be agreed between the Vendor and the Purchaser, the Share Purchase Agreement shall be terminated and none of the Vendor/Purchaser shall have any claim against the other for costs, damages, compensation or otherwise, save in respect of antecedent breaches and claims.

Completion

Completion shall take place on the Completion Date after the fulfillment of the Conditions (or any other time as the Vendor and the Purchaser may agree).

FINANCIAL INFORMATION ON FREEMAN SECURITIES

Freeman Securities is a company incorporated in Hong Kong with limited liability. Freeman Securities is principally engaged in as a stock broker of which carrying on Type 1 regulated activity under the Securities and Future Ordinance.

According to the latest audited accounts of Freeman Securities as at and for the year ended 31 December 2010 which were prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the value of the total assets of and net assets of Freeman Securities as at 31 December 2010 were approximately HK\$58.0 million and HK\$30.4 million respectively.

Further financial information of Freeman Securities is set out as below:

	Year ended 31 December	
	2010	2009
	HK\$'000	HK\$'000
	(audited)	(audited)
Loss before income tax	(1,222)	(1,078)
Loss after income tax	(1,222)	(1,078)

Upon Completion, Freeman Securities will become an indirect wholly-owned subsidiary of the Company and its post-acquisition financial results and net assets will be consolidated into the Group's consolidated financial statements.

INFORMATION ON THE GROUP

The Group is principally engaged in the trading of securities, provision of finance, insurance brokerage as well as investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Directors holds a positive outlook for the securities and financial services industry. The Directors believe that the experience of the Group in the financial services will add values to Freeman Securities, thereby benefiting the Group as a whole. The Directors also believe that the Acquisition will strengthen the financial services business of the Group.

The Directors are of the view that the terms of Acquisition are in normal commercial terms, and are fair and reasonable and in the interests of the Company and shareholders of the Company as a whole.

LISTING RULES IMPLICATION

The acquisition of the remaining 59% of the equity interests in Freeman Securities from the Vendor under the Share Purchase Agreement aggregates with the First Acquisition in accordance with Rule 14.22 of the Listing Rules. As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the Aggregate Acquisitions constitute a discloseable transaction of the Company under the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

"Acquisition"	the acquisition of the Sale Shares pursuant to the terms of the Share Purchase Agreement
"Aggregate Acquisitions"	the acquisition of and the subscription for the Shares of Freeman Securities pursuant to the terms of the First Agreement and Share Purchase Agreement
"Board"	the board of Directors
"Business Day"	a day (other than Saturday or Sunday) on which banks are generally open for banking business in Hong Kong
"Company"	Freeman Financial Corporation Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Acquisition
"Completion Date"	the second Business Day immediately after the date upon which the Conditions have been satisfied;
"Conditions"	conditions precedent contained in the Share Purchase Agreement for the Completion
"Director(s)"	director(s) of the Company
"First Acquisition"	the acquisition and subscription of 22,960,000 shares of Freeman Securities pursuant to the terms of the First Agreement
"First Agreement"	a conditional agreement dated 8 March 2011 entered into between the Vendor and the Purchaser in relation to the First Acquisition

"Freeman Securities"	Freeman Securities Limited (formerly known as Dynasty Securities Limited), a company incorporated in Hong Kong with limited liability
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Percentage Ratio (s)"	percentage ratio(s) as set out in rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
"Purchaser"	Freeman United Investments Limited, a wholly-owned subsidiary of the Company
"Sale Shares"	33,040,000 issued and paid up Shares currently owned by the Vendor
"Share Purchase Agreement"	a conditional share purchase agreement dated 19 July 2011 entered into between the Vendor and the Purchaser in relation to the Acquisition
"Share(s)"	ordinary share(s) of HK\$1 each in the issued share capital of Freeman Securities
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Ms. Ng Chor Yam, being the sole legal and beneficial owner of 33,040,000 shares of Freeman Securities
"% "	per cent.

By Order of the Board
Freeman Financial Corporation Limited
Hui Quincy Kwong Hei
Managing Director

Hong Kong, 19 July 2011

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

Executive Directors:

Dr. Yang Fan Shing, Andrew (*Chairman*)
Mr. Lo Kan Sun (*Managing Director*)
Mr. Hui Quincy Kwong Hei (*Managing Director*)
Ms. Au Shuk Yee, Sue
Mr. Scott Allen Phillips
Ms. Chow Mun Yee

Non-executive Directors:

Mr. Andrew Liu
Mr. Cheng Chi Ming, Brian
Mr. Liu Kam Fai, Winston

Independent non-executive Directors:

Mr. Gary Drew Douglas
Mr. Peter Temple Whitlam
Dr. Agustin V. Que
Mr. Yau Chung Hong