

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

民豐企業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

(1) MAJOR TRANSACTION – DEEMED DISPOSAL OF EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY; AND (2) SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 27 October 2014 (after trading hours), Freeman Corporation Limited (“FCL”, an indirect non-wholly owned subsidiary of the Company) and the Subscriber (a direct wholly-owned subsidiary of Forefront) entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe or procure the subscription by its nominee(s) of the FCL New Shares for an aggregate Subscription Price in the sum of HK\$247,500,000.00 and FCL agreed to allot and issue 90,000,000 FCL New Shares to the Subscriber or such nominee(s). Upon Completion, the equity interests in FCL will be held as to approximately 60.52% by FFIC and approximately 7.16% by the Subscriber or such nominee(s) respectively.

LISTING RULES IMPLICATIONS

Following the Completion, the equity interests of the Group in FCL will be diluted from approximately 65.19% to approximately 60.52% and FCL will continue as an indirect non-wholly owned subsidiary of the Company. The Subscription will constitute a deemed disposal of the Group’s equity interest in FCL under Chapter 14 of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription exceeds 25% but is not more than 75%, the Subscription 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 Subscription Agreement and the transactions contemplated therein.

A Circular containing, among other things, further details of the Subscription and other information required under the Listing Rules in respect of the Subscription, and the notice of the EGM, is expected to be despatched to the Shareholders on or before 15 December 2014 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 Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

SUBSCRIPTION AGREEMENT

Date: 27 October 2014 (after trading hours)

Parties: (1) Freeman Corporation Limited; and
(2) the Subscriber.

Nature of transaction and assets to be disposed of

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe or procure the subscription by its nominee(s) of the FCL New Shares for an aggregate Subscription Price in the sum of HK\$247,500,000.00 and FCL agreed to allot and issue 90,000,000 FCL New Shares to the Subscriber or such nominee(s). Upon Completion, the equity interests in FCL will be held as to approximately 60.52% by FFIC and as to approximately 7.16% by the Subscriber or such nominee(s) respectively.

Subscription Price

The Subscription Price is HK\$2.75 per FCL New Share which was determined after arm's length negotiation between the parties, representing a discount of approximately 5.17% to the audited consolidated net asset value of FCL Group as at 31 March 2014 of HK\$2,203.3 million, translating into an audited net asset value per FCL Share at approximately HK\$2.90.

Consideration

Pursuant to the terms of the Subscription Agreement, the consideration for the FCL New Shares shall be HK\$247,500,000.00, which shall be paid in full by the Subscriber to FCL's designated person in the following manner:

- (a) a sum of HK\$100,000,000.00 shall be payable by the Subscriber as deposit and partial payment of the aggregate Subscription Price upon the signing of the Subscription Agreement; and
- (b) the balance of the aggregate Subscription Price in sum of HK\$147,500,000.00 shall be payable by the Subscriber on the date of Completion.

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 FCL at the general meeting to approve the entering into the Subscription Agreement by FCL and the transactions contemplated thereunder;
- (b) 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 Subscription Agreement by FCL and performance of the transactions contemplated thereunder including the allotment and issue of the FCL New Shares;
- (c) if required, the passing of the necessary resolution(s) by the shareholders of Forefront (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 Subscription Agreement by the Subscriber and the subscription of the FCL New Shares; and
- (d) all necessary approvals from the relevant governmental or regulatory authorities in the British Virgin Islands, Hong Kong and Cayman Islands or elsewhere required of either FCL or the Subscriber for the consummation of the transactions contemplated under the Subscription Agreement having been obtained and all filings have been made by each of FCL and the Subscriber.

If aforesaid conditions precedent are not fulfilled on or before the Long Stop Date, the Subscription Agreement shall lapse and become null and void and FCL shall repay the deposit of HK\$100,000,000.00 paid to the Subscriber and the parties (i.e. FCL and the Subscriber) shall be released from all obligations under the Subscription Agreement, save for any liability arising out of any antecedent breaches thereof.

Completion

On the date of Completion, Completion shall take place at or before 5:00 p.m. (Hong Kong time) on or before the fifth Business Day after all the conditions precedent are satisfied, or such other date as the parties may agree in writing.

APPLICATION OF THE AGGREGATE SUBSCRIPTION PRICE

The Company intends to utilise the aggregate Subscription Price as general working capital for FCL Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors had taken into account the following factors prior to entering into the Subscription Agreement: the Subscription Price of HK\$2.75 per FCL New Share represents a discount of approximately 5.17% to the audited consolidated net asset value per FCL Share as at 31 March 2014.

The Company believes that the Subscription could broaden the Group's business network and strengthen the financial services business relationships between the Group and Forefront in order to create business opportunities and enhance values to its Shareholders.

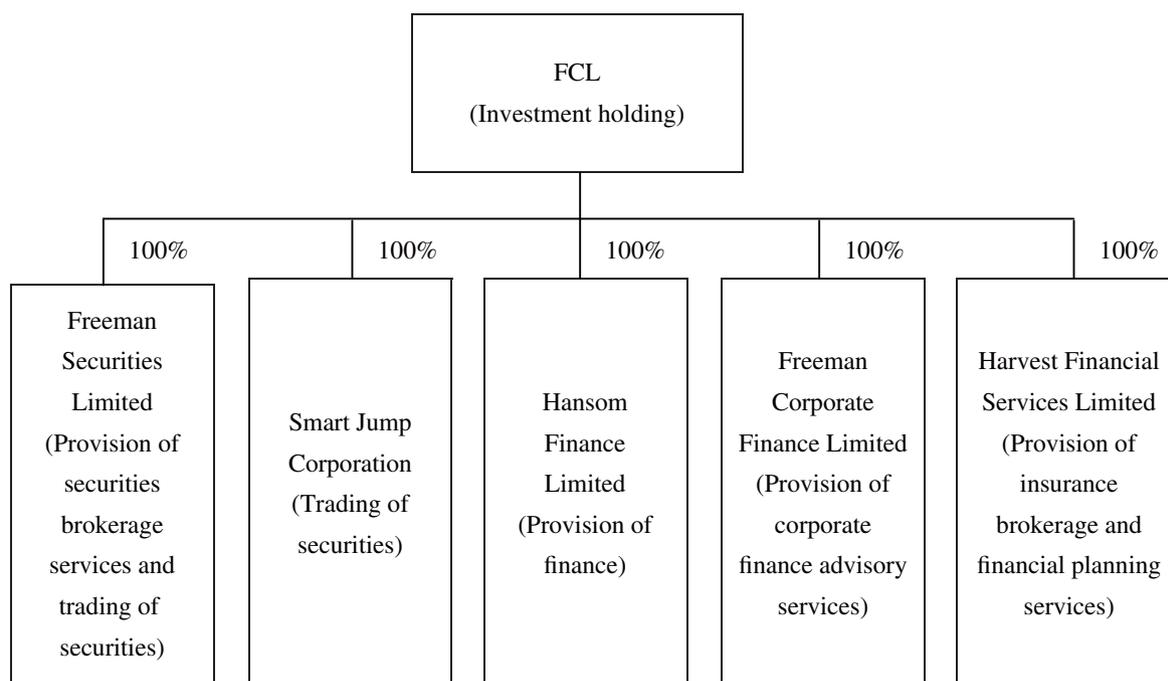
Also, the Company believes that the Subscription would provide an additional source of capital for FCL and the Group could benefit from the future growth and success of FCL.

The Directors consider the terms of the Subscription 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 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 the business of investment holding. FCL Group are principally engaged in the financial services sector, including the provision of securities 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.

Set out below is the group structure of FCL and its major operating subsidiaries with their respective principal activities.



Set out below is the audited consolidated financial information of FCL Group for the two financial years ended 31 March 2013 and 2014.

| | For the year ended 31 March 2013 | For the year ended 31 March 2014 |
|-----------------------|---------------------------------------------|---------------------------------------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| Net profit before tax | 250,657,000 | 585,920,000 |
| Net profit after tax | 248,865,000 | 583,174,000 |

FINANCIAL IMPACT ON THE GROUP

Following the Completion, the equity interest of the Group in FCL will be diluted from approximately 65.19% to approximately 60.52% and FCL will continue as an indirect non-wholly owned subsidiary of the Company. The financial results of FCL will continue to be consolidated by the Group.

Based on the existing information available to the Company, the expected loss from the Subscription will be amounted to approximately HK\$8.4 million, which is calculated at net asset value of FCL Group as at 31 March 2014 attributable to the Group after the Subscription of HK\$2,199.5 million less the net asset value of FCL Group as at 31 March 2014 attributable to the Group before Completion of HK\$2,207.9 million. This expected loss from the Subscription will be accounted for as an equity transaction and will be recognised as a movement in the reserves of the Group. The Subscription will not result in any significant impact to the profit or loss of the Group.

INFORMATION ON THE GROUP AND THE PARTIES

The Group is principally engaged in the financial services sector, including the provision of securities 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 Subscriber is a direct wholly-owned subsidiary of Forefront and is an investment holding company. Forefront and its subsidiaries are principally engaged in the provision of logistic services in Hong Kong and the PRC; properties investments; securities trading and money lending business.

LISTING RULES IMPLICATIONS

Following the Completion, the equity interests of the Group in FCL will be diluted from approximately 65.19% to approximately 60.52% and FCL will continue as an indirect non-wholly owned subsidiary of the Company. The Subscription will constitute a deemed disposal of the Group's equity interest in FCL under Chapter 14 of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription exceeds 25% but is not more than 75%, the Subscription 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 Subscription Agreement and the transactions contemplated therein.

As at the date of the Subscription Agreement, the Company, through an indirect wholly-owned subsidiary, held 71,623,106 shares of Forefront, and Ms. Au Shuk Yee, Sue (“Ms. Au”), an executive Director of the Company and Mr. Cheung Wing Ping (“Mr. Cheung”), an independent non-executive Director of the Company, respectively held 2,150,000 shares and 2,590,000 shares of Forefront, representing approximately 9.90%, 0.30% and 0.36% respectively of its total issued share capital. Forefront (the holding company of the Subscriber), either itself or through its subsidiary, held 2,168,000 Shares representing approximately 0.32% 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 enquiry: (i) the Subscriber and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company; and (ii) no Shareholder has a material interest in the Subscription Agreement and the transaction contemplated thereunder (including without limitation the Subscription) which is different from that of the other Shareholders and thus no Shareholder (other than Forefront and/or its relevant subsidiary) is required to abstain from voting on the relevant resolution(s) to approve the Subscription Agreement and the transaction contemplated thereunder (including without limitation the Subscription) at the EGM. Accordingly, Forefront and/or its relevant subsidiary will abstain from voting in respect of the resolution(s) relating to the Subscription and the transaction contemplated in the Subscription Agreement at the EGM.

GENERAL

A Circular containing, among other things, further details of the Subscription and other information required under the Listing Rules in respect of the Subscription, and the notice of the EGM, is expected to be despatched to the Shareholders on or before 15 December 2014 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 Subscription 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 (excluding Saturday, Sunday or any other public holidays) on which banks in Hong Kong are generally open for settlement business |
| “Circular” | the circular to be despatched by the Company in respect of the Subscription |
| “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 Subscription pursuant to the Subscription Agreement |
| “connected person(s)” | shall have the meaning ascribed to it under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve the Subscription |
| “FCL” | Freeman Corporation Limited, an indirect non-wholly owned subsidiary of the Company incorporated in the Cayman Islands with limited liability |
| “FCL Group” | FCL and its subsidiaries |
| “FCL New Share(s)” | the 90,000,000 FCL Shares to be allotted and issued by FCL to the Subscriber or its nominee(s) pursuant to the Subscription Agreement |
| “FCL Share(s)” | ordinary share(s) of US\$0.00000005 each in the issued share capital of FCL |

| | |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “FFIC” | Freeman Financial Investment Corporation, a wholly-owned subsidiary of the Company incorporated in the Cayman Islands with limited liability |
| “Forefront” | Forefront Group Limited (Stock Code: 885), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange |
| “Group” | the Company and its subsidiaries |
| “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 |
| “Long Stop Date” | 31 January 2015 or such later date as the parties to the Subscription Agreement may agree in writing |
| “PRC” | The People’s Republic of China |
| “Shareholder(s)” | holder(s) of the Shares |
| “Shares” | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | Loyal Fine Limited, being the subscriber to the FCL New Shares pursuant to the Subscription Agreement, which is a direct wholly-owned subsidiary of Forefront and a company incorporated in the British Virgin Islands with limited liability |
| “Subscription” | the subscription of 90,000,000 FCL New Shares by the Subscriber or its nominee(s) in FCL pursuant to the Subscription Agreement |
| “Subscription Agreement” | a subscription agreement dated 27 October 2014 entered into between FCL and the Subscriber in relation to the Subscription |
| “Subscription Price” | HK\$2.75 per FCL New Share |

| | |
|--------|-----------------------------------------------------------------|
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “US\$” | US dollars, the lawful currency of the United States of America |
| “%” | per cent. |

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

Hong Kong, 27 October 2014

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

Executive Directors

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

Non-executive Directors

Mr. Andrew Liu
Mr. Liu Kam Fai, Winston

Independent Non-executive Directors

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