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FREEMAN FINANCIAL CORPORATION LIMITED
民豐企業控股有限公司

(formerly known as Freeman Corporation Limited 民豐控股有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
AN ACQUISITION OF 23.43% INTEREST IN
LIU'S HOLDINGS LIMITED;**

(2) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR; AND

(3) RESUMPTION OF TRADING

THE SHARE PURCHASE AGREEMENT

On 8 December 2010 (after trading hours), Ambition Union Limited, a wholly owned subsidiary of the Company, entered into the Share Purchase Agreement with (1) Mr. Liu Lit Man, *GBS, JP, FIBA* (the "First Seller") and (2) Mr. Liu Lit Man and Mrs. Liu Heu Seu Chu Pearl (the "Second Sellers"), pursuant to which the First Seller and the Second Sellers agreed to sell the Sale Shares to the Purchaser at the aggregate consideration of HK\$502,542,037.50.

The Guarantor, as primary obligor, has agreed to grant an unconditional, continuing and irrevocable guarantee and a full indemnity in favour of the Purchaser in respect of all the obligations to be observed and complied with by the First Seller and the Second Sellers under the Share Purchase Agreement.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) for the Share Purchase are more than 25% but less than 100%, the Share Purchase constitutes a major acquisition of the Company under the Listing Rules. The First Seller and the Second Sellers are parents of the Guarantor. The Guarantor is a connected person of the Company by virtue of his substantial shareholdings and directorship in the Company. As such, the Share Purchase also constitutes a non-exempted connected transaction which is subject to the reporting, announcement and independent shareholders' approval requirements. Accordingly, the Company will seek Independent Shareholders' approval at the EGM by way of poll for the Share Purchase Agreement and the transactions contemplated therein.

A Circular containing, amongst other things, further details of the Share Purchase Agreement, together with a letter of advice from the independent board committee and a letter of recommendation from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Share Purchase Agreement, and the notice of the EGM, is expected to be despatched to the Shareholders on or before 31 December 2010.

PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Company proposes to appoint Mr. Liu Kam Fai, Winston ("Mr. Winston Liu"), and Mr. Winston Liu has agreed to accept the proposed appointment, as a non-executive Director of the Company upon completion of the Share Purchase Agreement. Mr. Winston Liu is the son of Dr. Liu Lit Mo, *LLD, MBE, JP*. He is also the deputy managing director of LCH Investment.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 9 December 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 2:30 p.m. on 10 December 2010.

BACKGROUND

The Board is pleased to announce that on 8 December 2010, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement, pursuant to which the First Seller and the Second Sellers agreed to sell the Sale Shares to the Purchaser at an aggregate consideration of HK\$502,542,037.50.

THE SHARE PURCHASE AGREEMENT

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

Date:

8 December 2010 (after trading hours)

Parties:

- (1) Mr. Liu Lit Man as the First Seller;
- (2) Mr. Liu Lit Man & Mrs. Liu Heu Seu Chu Pearl as the Second Sellers;
- (3) Mr. Andrew Liu as the Guarantor;
- (4) Ambition Union Limited as the Purchaser.

Shares to be acquired

Pursuant to the Share Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the First Seller and the Second Sellers have conditionally agreed to sell and transfer all their legal and beneficial rights, interests, entitlements, claims and undeclared dividends in the Sale Shares. The Sale Shares represent approximately 23.43% in the issued share capital of Liu's Holdings. As far as the Directors are aware, the remaining interest in Liu's Holdings are held by various members of the Liu family or their estates. Liu's Holdings holds an approximate 45.33% interest in LCH Investment, and LCH Investment in turn holds an approximate 48.52% interest in Chong Hing Bank. Both LCH Investment and Chong Hing Bank are listed on the main board of the Stock Exchange.

As at the date of this announcement, the Group holds 676,000 shares in LCH Investment, representing approximately 0.18% of its issued capital. The Group also holds 5,840,000 shares in Chong Hing Bank, representing approximately 1.34% of its issued capital.

Consideration

The Consideration for the Share Purchase is HK\$502,542,037.50 (as to HK\$426,400,262.50 for the acquisition of First Seller's Shares and HK\$76,141,775 for the acquisition of the Second Sellers' Shares). As far as the Directors are aware, the First Seller and the Second Sellers paid a nominal amount of no more than the par value of HK\$1 per share when they originally acquired the Sale Shares.

Pursuant to the Share Purchase Agreement, the Consideration shall be settled in the following manner:

- (i) On the fifth working day after signing the Share Purchase Agreement, HK\$50,000,000 shall be paid as deposit to a reputable firm of solicitors nominated by the First Seller and the Second Sellers who shall hold the deposit as escrow agent.

- (ii) Provided that the Shareholders have passed a resolution approving the entering of the Share Purchase Agreement and the transactions contemplated therein, the deposit shall be released to the First Seller and the Second Sellers (in pro-rata share) as non-refundable deposit and in the event if other Conditions are not fulfilled resulting in the termination of the Share Purchase Agreement, the deposit shall be forfeited in favour of the First Seller and the Second Sellers.
- (iii) Balance of the Consideration, after deduction of the deposit, shall be paid by the Purchaser to the First Seller and the Second Sellers (in pro-rata share) upon Completion.

The Company intends to fund the Share Purchase from internal resources.

Basis of the Consideration

The Consideration was agreed between the Purchaser and the First Seller and the Second Sellers after arm's length negotiations by reference to (1) the audited net asset value of Liu's Holdings as at 31 December 2009, (2) the audited net asset value of LCH Investment as at 31 December 2009, (3) the latest market values of LCH Investment, and (4) the future prospects of the banking industry in Hong Kong.

The audited net asset value (excluding minority interests) of LCH Investment as at 31 December 2009 was approximately HK\$6.47 billion, representing approximately HK\$17.10 per share on the basis of 378,583,440 total issued ordinary shares of LCH Investment as at the date of this announcement.

The Directors (excluding the independent non-executive Directors whose views will be included in the Circular after they receive advice from the independent financial adviser) are of the view that the Consideration is fair and reasonable.

Conditions Precedent

Completion of the sale and purchase of the First Seller's Shares and the Second Sellers' Shares shall be conditional on the following:

- (i) The passing by the Shareholders at a duly convened Shareholders' meeting a resolution to approve the transactions contemplated in the Share Purchase Agreement;
- (ii) All required consents or approval of and filings with any relevant governmental authorities, regulatory bodies and/or other relevant third parties (if any), having been received or made; and
- (iii) The due diligence investigation to the satisfaction of the Purchaser that prior to the Share Purchase Agreement, neither the First Seller nor any of the Second Sellers has given any testamentary instrument, divesting and bequeathing any of their interests in the First Seller's Shares and the Second Sellers' Shares, or has done any act that have depleted their respective rights, interests and entitlements in the First Seller's Shares and the Second Sellers' Shares.

In the event that the Conditions are not, or are unable, to be fulfilled within 3 calendar months from the date of the Share Purchase Agreement, any of the parties thereto shall have the right to terminate the Share Purchase Agreement without cause and in such event, the deposit paid by the Purchaser shall be absolutely released without deduction to the Purchaser and each party shall be absolutely discharged from all obligations under the Share Purchase Agreement. However, if the Condition mentioned in (i) above is satisfied but any of the other conditions are not, the deposit will be forfeited in favour of the First Seller and the Second Sellers.

Completion

Completion shall take place within 5 working days after the fulfilment of the Conditions (or any other date as the parties to the Share Purchase Agreement may agree) before 5 p.m. in Hong Kong.

Guarantee and Indemnity Provided by the Guarantor

The Guarantor, as primary obligor, has agreed to grant an unconditional, continuing and irrevocable guarantee and a full indemnity for all losses and damages in favour of the Purchaser in respect of all the obligations to be observed and complied with by the First Seller and the Second Sellers under the Share Purchase Agreement, but excluding (i) consequential, punitive or other indirect losses and damages and (ii) any losses or damages resulting from fraud, negligence or willful misconduct of any indemnified party.

Undertakings by the First Seller, the Second Sellers and the Guarantor

The Directors understand that Liu's Holdings and the shareholders of Liu's Holdings executed a deed in 1972. The deed and the M&A set out certain limitations and procedures in relation to the transfer of shares in Liu's Holdings. As a result, the First Seller and the Second Sellers have agreed to hold on trust the legal titles of the First Seller's Shares and the Second Sellers' Shares for the Purchaser pending registration of the Purchaser or its nominee as shareholder of the First Seller's Shares and the Second Sellers' Shares in the register of members of Liu's Holdings. Prior to such registration, the Purchaser shall exercise its rights with respect to the Sale Shares through the First Seller and the Second Sellers.

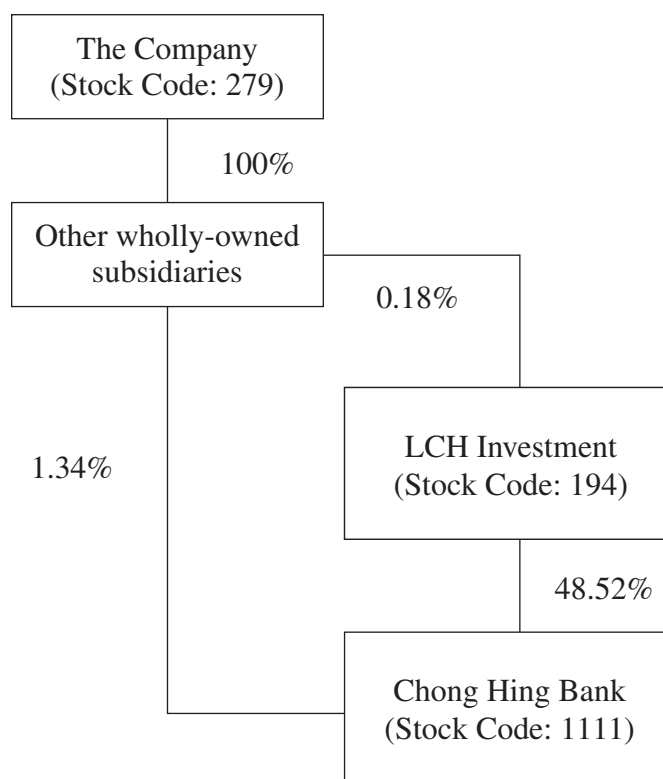
In this regard, the Guarantor has undertaken to take all measures and efforts within his control and power to prevent the First Seller and either of the Second Sellers to divest and bequeath any of their interests in the First Seller's Shares and the Second Sellers' Shares after Completion. The First Seller and the Second Sellers have also agreed to provide certain reasonable assistance, in order to effect the terms of the Share Purchase Agreement and the full and complete transfer of legal title in the Sale Shares to the Purchaser after Completion.

Separately, the Directors understand that 40,000,000 shares in LCH Investment held by Liu's Holdings have been provided as security for a loan made to the First Seller. The First Seller has undertaken at his own cost to procure the release and discharge within 1 month after Completion of (i) the secured shares mentioned above from all charges, pledges, liens and other security interests, and (ii) Liu's Holdings from all its present and future liabilities and obligations (whether contingent or otherwise) owing to any party in respect of the loan and the secured shares mentioned above.

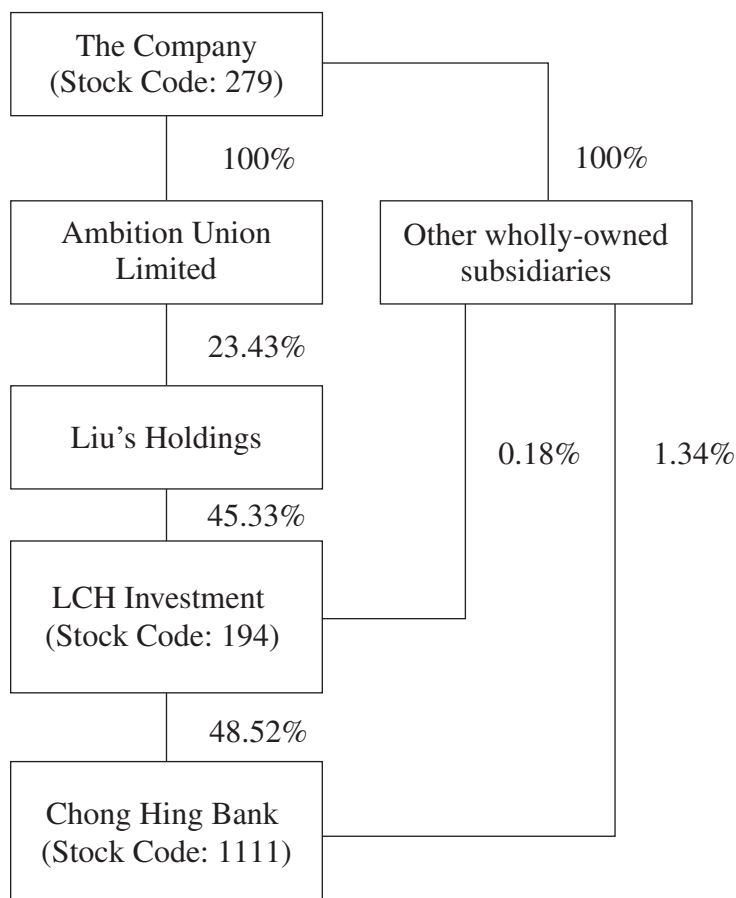
Corporate Structure

The following diagrams provide an illustration of the simplified corporate structure of the Company as at the date of this announcement and immediately after Completion

Simplified corporate structure of the Company as at the date of this announcement:



Simplified corporate structure of the Company after Completion:



INFORMATION ON THE GROUP AND REASONS FOR AND BENEFITS OF THE SHARE PURCHASE

The Group is principally engaged in the trading of securities, provision of finance, property holding and investment, insurance brokerage business, securities brokerage, investment advisory and investment holding.

The Board considers that the purchase of shares in a bank holding company will further expand and strengthen the financial services business of the Group. In view of the future prospects of the banking industry in Hong Kong as well as the Consideration being at a discount to the attributable interests of Liu's Holdings in the latest published audited net asset value of LCH Investment, the Directors (excluding the independent non-executive Directors whose views will be included in the Circular after they receive advice from the independent financial adviser) consider that the terms of the Share Purchase Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Company is open to further increasing its direct and/or indirect ownership in Liu's Holdings, LCH Investment and/or Chong Hing Bank as and when opportunity arises. However, as at the date of this announcement, there are no discussions with any other party concerning the purchase of shares in Liu's Holdings, LCH Investment and/or Chong Hing Bank apart from those shares that are the subject of the Share Purchase Agreement.

INFORMATION ON THE FIRST SELLER

The First Seller is the legal and beneficial owner of 149,091 shares in Liu's Holdings. He is also Honorary Chairman of both LCH Investment and Chong Hing Bank. The First Seller is also the father of the Guarantor.

INFORMATION ON THE SECOND SELLERS

The Second Sellers are the legal and beneficial owner of 26,623 shares in Liu's Holdings. The Directors understand that the shares are being held by the First Seller and his spouse Mrs. Liu Heu Seu Chu Pearl as joint tenant. Mrs. Liu Heu Seu Chu Pearl is the mother of the Guarantor.

INFORMATION ON GUARANTOR

The Guarantor is the lawful son of the Second Sellers. He is a non-executive Director and substantial Shareholder of the Company. As at the date of this announcement, the Guarantor holds 614,845,453 Shares (approximately 24.29 per cent of total issued share capital). The Guarantor is also interested in 181,818,182 Shares (approximately 7.18 per cent of total issued share capital) which represent Shares underlying optional bonds which the Guarantor can subscribe for under the terms of the convertible bond subscription agreement between the Company and the Guarantor dated 9 August 2010. Consequently, as at the date of this announcement, according to the register of Shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance, the Guarantor is interested in 796,663,635 Shares and underlying Shares of the Company, representing approximately 31.47 per cent of the total issued share capital of the Company.

INFORMATION ON LIU'S HOLDINGS

Liu's Holdings is an investment holding company and is mandated to hold the shares, stocks and securities in LCH Investment and to receive and distribute dividends from time to time declared by LCH Investment. Liu's Holdings holds an approximate 45.33% interest in LCH Investment, and LCH Investment in turn holds an approximate 48.52% interest in Chong Hing Bank through its wholly-owned subsidiary Liu Chong Hing Estate Company, Limited. LCH Investment is engaged in property investment, property development, property management, banking and finance, trading and manufacturing and hotel operation. Chong Hing Bank's principle business is banking, and holds a banking licence issued by the Hong Kong Monetary Authority and is subject to its regulations.

Based on the latest audited accounts of Liu's Holdings as at and for the period ended 31 December 2009 which were prepared according to the HKFRSs, the value of the total assets and net assets of Liu's Holdings as at 31 December 2009 were HK\$3.53 million and HK\$3.51 million, respectively. The Directors understand that Liu's Holdings has been accounting for its interest in LCH Investment as an investment at cost, and has not been adopting the equity method of accounting.

Based on the latest published audited accounts of LCH Investment as at and for the period ended 31 December 2009 which were prepared according to the HKFRSs, the value of the total assets and net assets (excluding minority interests) of LCH Investment as at 31 December 2009 were approximately HK\$10.81 billion and HK\$6.47 billion, respectively.

Based on the latest published audited accounts of Chong Hing Bank as at and for the period ended 31 December 2009 which were prepared according to the HKFRSs, the value of the total assets and net assets of Chong Hing Bank as at 31 December 2009 were approximately HK\$70.01 billion and HK\$6.17 billion, respectively.

Further financial information of Liu's Holdings, LCH Investment and Chong Hing Bank is set out as below:

Liu's Holdings

| | For the year ended | |
|--------------------------------------|---------------------------|-------------|
| | 31 December | |
| | 2008 | 2009 |
| | <i>HK\$</i> | <i>HK\$</i> |
| | (audited) | (audited) |
| Turnover | 44,616,000 | 22,308,000 |
| Net profit before and after taxation | 44,078,130 | 21,785,660 |

LCH Investment

| | For the year ended | | For the 6 months |
|----------------------------|---------------------------|-----------------|-------------------------|
| | 31 December | | ended 30 June |
| | 2008 | 2009 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) | (unaudited) |
| Turnover | 277,849 | 293,602 | 165,347 |
| Net profit before taxation | 292,455 | 407,861 | 264,851 |
| Net profit after taxation | 205,883 | 350,566 | 232,354 |

Chong Hing Bank

| | For the year ended 31 December | | For the 6 months ended 30 June |
|-------------------------------|-----------------------------------|-----------------|-----------------------------------|
| | 2008 | 2009 | 2010 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) | (unaudited) |
| Net interest income | 864,326 | 823,331 | 411,468 |
| Net fee and commission income | 216,801 | 263,629 | 109,733 |
| Net profit before taxation | 89,295 | 264,383 | 228,337 |
| Net profit after taxation | 60,620 | 231,748 | 193,392 |

FINANCIAL EFFECT OF THE SHARE PURCHASE

Based on a preliminary assessment by the Directors, the 23.43% interest in Liu's Holdings to be acquired pursuant to the Share Purchase Agreement will be classified and accounted for by the Company as available for sale investments upon Completion.

Further information regarding the financial effect of the Share Purchase will be included in the Circular.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined under the Listing Rules) for the Share Purchase are more than 25% but less than 100%, the Share Purchase constitutes a major acquisition of the Company under Chapter 14 of the Listing Rules. The First Seller and the Second Sellers are parents of the Guarantor. As the Guarantor is a non-executive director and a substantial Shareholder of the Company, the Guarantor is a connected person of the Company and the Share Purchase constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Share Purchase is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements. Accordingly, the Company will seek Independent Shareholders' approval at the EGM by way of poll for the Share Purchase Agreement and the transactions therein.

The Directors (excluding the independent non-executive Directors whose views will be included in the Circular after they receive advice from the independent financial adviser) considered that the terms of the Share Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL

The EGM will be held by the Company for the Independent Shareholders to consider, and if thought fit, passing the resolutions to approve, inter alia the Share Purchase Agreement and the transactions contemplated thereunder. The Guarantor, the First Seller and the Second Sellers (to the extent they hold any Shares) having a material interest in the Share Purchase and their respective associates will abstain from voting on the resolution in relation to the Share Purchase Agreement to be proposed at the EGM.

An independent board committee comprising all independent non-executive Directors will be established to advise the Independent Shareholders in respect of terms of the Share Purchase Agreement. The Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard.

A Circular containing, amongst other things, further details of the Share Purchase Agreement, together with a letter of advice from the independent board committee and a letter of recommendation from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Share Purchase Agreement, and the notice of the EGM, is expected to be despatched to the Shareholders on or before 31 December 2010.

PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Company proposes to appoint Mr. Liu Kam Fai, Winston (“Mr. Winston Liu”), and Mr. Winston Liu has agreed to accept the proposed appointment, as a non-executive Director of the Company upon Completion of the Share Purchase Agreement.

Mr. Winston Liu, aged 44, was appointed an executive director of LCH Investment since 1997 and was re-designated as the deputy managing director in August 2008. He holds a master degree in economics from the University of London, specializing in finance and macro-economic policy. Mr. Winston Liu oversees LCH Investment’s strategic development, project implementation, as well as all aspects of business operations. Mr. Winston Liu also serves as a director of a number of subsidiaries of LCH Investment.

Mr. Winston Liu is the son of Dr. Liu Lit Mo, *LLD, MBE, JP*. Dr. Liu Lit Mo is the Chairman of both LCH Investment and Chong Hing Bank, and also the Managing Director of LCH Investment.

Further announcement will be made as and when the appointment becomes effective.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 9 December 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 2:30 p.m. on 10 December 2010.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

| | |
|-------------------------|--|
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors of the Company |
| “Chong Hing Bank” | Chong Hing Bank Limited. (Stock Code: 1111), a company incorporated in Hong Kong with limited liability and the shares of which are listed on main board of the Stock Exchange |
| “Circular” | the circular to be despatched by the Company in respect of the Share Purchase |
| “Company” | Freeman Financial Corporation Ltd. (Stock code: 279), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on main board of the Stock Exchange |
| “Completion” | completion of the Share Purchase |
| “Conditions” | conditions precedent contained in the Share Purchase Agreement for the Completion |
| “Consideration” | the consideration for the Share Purchase |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder. |
| “First Seller” | Mr. Liu Lit Man, <i>GBS, JP, FIBA</i> , the legal and beneficial owner of 149,091 shares in Liu’s Holdings |
| “First Seller’s Shares” | 149,091 shares in Liu’s Holdings owned by the First Seller |
| “Group” | the Company and its subsidiaries |

| | |
|----------------------------|--|
| “Guarantor” | Mr. Andrew Liu, the lawful son of Mr. Liu Lit Man and Mrs. Liu Heu Seu Chu Pearl |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Independent Shareholders” | Shareholders other than the Guarantor, the First Sellers and the Second Sellers and their respective associates |
| “LCH Investment” | Liu Chong Hing Investment Limited (Stock Code: 194), a company incorporated in Hong Kong with limited liability and the shares of which are listed on main board of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Liu’s Holdings” | Liu’s Holdings Limited, a company incorporated in Hong Kong with limited liability |
| “M&A” | the Memorandum and Articles of Association of Liu’s Holdings |
| “Purchaser” | Ambition Union Limited, a wholly-owned subsidiary of the Company |
| “Sale Shares” | the First Seller’s Shares and the Second Sellers’ Shares |
| “Second Sellers” | Mr. Liu Lit Man and Mrs. Liu Heu Seu Chu Pearl, lawful spouse of Mr. Liu Lit Man, the legal and beneficial owner of 26,623 shares in Liu’s Holdings |
| “Second Sellers’ Shares” | 26,623 shares in Liu’s Holdings owned by the Second Sellers |
| “Share Purchase” | the purchase of the Sale Shares by the Purchaser under the Share Purchase Agreement |
| “Share Purchase Agreement” | agreement dated 8 December 2010 in respect of the Share Purchase entered into between the First Seller, the Second Sellers, the Guarantor and the Purchaser |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |

“Shareholder(s)” holder(s) of the Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

By order of the Board of
FREEMAN FINANCIAL CORPORATION LIMITED
Hui Quincy Kwong Hei
Managing Director

Hong Kong, 10 December 2010

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
Mr. Suen Yick Lun Philip

Non-executive Director:

Mr. Andrew Liu

Independent non-executive Directors:

Mr. Roger Thomas Best, *JP*
Mr. Gary Drew Douglas
Mr. Peter Temple Whilelam
Dr. Agustin V. Que
Mr. Yau Chung Hong