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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)

(1) DISCLOSEABLE TRANSACTION – IN RELATION TO FIRST SUBSCRIPTION AND SECOND SUBSCRIPTION OF FREEWILL SHARES;

AND

(2) TERMINATION OF JV ARRANGEMENT

FIRST SUBSCRIPTION AGREEMENT

On 2 July 2015 (after trading hours), Freewill and the First Subscriber (a wholly-owned subsidiary of Enerchina) entered into the First Subscription Agreement, pursuant to which the First Subscriber agreed to subscribe or procure its nominee(s) to subscribe, for the First Subscription Shares for an aggregate First Subscription Price in the sum of HK\$209 million and Freewill agreed to allot and issue 38,000,000 First Subscription Shares to the First Subscriber or its nominee(s).

SECOND SUBSCRIPTION AGREEMENT

On 2 July 2015 (after trading hours), Freewill and the Second Subscriber (a wholly-owned subsidiary of Mission Capital) entered into the Second Subscription Agreement, pursuant to which the Second Subscriber agreed to subscribe or procure its nominee(s) to subscribe, for the Second Subscription Shares for an aggregate Second Subscription Price in the sum of HK\$440 million and Freewill agreed to allot and issue 80,000,000 Second Subscription Shares to the Second Subscriber or its nominee(s).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate of First Subscription and Second Subscription exceeds 5% but are not more than 25%, the aggregate of First Subscription and Second Subscription constitute 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.

As the First Completion and Second Completion are conditional upon satisfaction of the conditions precedent as set out under the First Subscription Agreement and Second Subscription Agreement respectively, the First Subscription and Second Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

TERMINATION OF JV ARRANGEMENT

The JV Arrangement between the JV Parties was terminated on 2 July 2015 (after trading hours). More details of the JV Arrangement were set out in the Company's announcement dated 20 June 2014.

FIRST SUBSCRIPTION AGREEMENT

Date: 2 July 2015 (after trading hours)

Parties: (1) Freewill; and
(2) the First Subscriber.

Nature of transaction

Pursuant to the First Subscription Agreement, the First Subscriber agreed to subscribe or procure its nominee(s) to subscribe, for the First Subscription Shares for an aggregate First Subscription Price in the sum of HK\$209 million and Freewill agreed to allot and issue 38,000,000 First Subscription Shares to the First Subscriber or its nominee(s). The First Subscription Shares shall rank *pari passu* with the issued shares of Freewill.

First Subscription Price

The First Subscription Price is HK\$5.50 per First Subscription Share which was determined after arm's length negotiation between the parties, representing a discount of approximately 4.18% to the latest unaudited consolidated net asset value of Freewill Group as at 31 March 2015 of approximately HK\$1,532.6 million, translating into a net asset value per Freewill Share as at 31 March 2015 at approximately HK\$5.74.

Consideration

The consideration for the First Subscription Shares (i.e. the aggregate First Subscription Price) shall be HK\$209 million, which shall be paid in full by the First Subscriber to Freewill or as it directs subject to fulfillment of the conditions precedent as set out in the First Subscription Agreement.

Conditions Precedent

The obligations of Freewill and the First Subscriber to effect the First Completion shall be conditional upon the following:–

- (a) if required, the passing of the necessary resolution(s) by the shareholders of Freewill at the general meeting to approve the entering into the First Subscription Agreement by Freewill and 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 the general meeting to approve the entering into the First Subscription Agreement by the First Subscriber and the subscription of the First Subscription Shares;
- (c) all necessary approvals from the relevant governmental and regulatory authorities in British Virgin Islands, Hong Kong, Bermuda and Marshall Islands required of either Freewill or the First Subscriber for the consummation of the transactions contemplated under the First Subscription Agreement having been obtained and all filings have been made by each of Freewill and the First Subscriber; and
- (d) the First Subscriber having conducted and completed due diligence on all business, assets and liabilities, legal and financial matter and all such other matters as deemed necessary in respect of the Freewill Group.

If the conditions precedent as set out in the First Subscription Agreement are not fulfilled on or before 17 July 2015 (or such later date as may be agreed in writing between Freewill and the First Subscriber), the First Subscription Agreement shall lapse and become null and void and the parties (i.e. Freewill and the First Subscriber) shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

First Completion

After fulfillment of all the conditions precedent as set out in the First Subscription Agreement, First Completion may take place in whole provided that Freewill shall have issued and allotted all the First Subscription Shares and the First Subscriber shall have paid the entire First Subscription Price within the first fourteen Trading Days after the fulfillment of the conditions precedent as set out in the First Subscription Agreement.

SECOND SUBSCRIPTION AGREEMENT

Date: 2 July 2015 (after trading hours)

Parties: (1) Freewill; and
(2) the Second Subscriber.

Nature of transaction

Pursuant to the Second Subscription Agreement, the Second Subscriber agreed to subscribe or procure its nominee(s) to subscribe, for the Second Subscription Shares for an aggregate Second Subscription Price in the sum of HK\$440 million and Freewill agreed to allot and issue 80,000,000 Second Subscription Shares to the Second Subscriber or its nominee(s). The Second Subscription Shares shall rank *pari passu* with the issued shares of Freewill.

Second Subscription Price

The Second Subscription Price is HK\$5.50 per Second Subscription Share which was determined after arm's length negotiation between the parties, representing a discount of approximately 4.18% to the latest unaudited consolidated net asset value of Freewill Group as at 31 March 2015 of approximately HK\$1,532.6 million, translating into a net asset value per Freewill Share as at 31 March 2015 at approximately HK\$5.74.

Consideration

The consideration for the Second Subscription Shares (i.e. the aggregate Second Subscription Price) shall be HK\$440 million, which shall be paid in full by the Second Subscriber to Freewill or as it directs subject to fulfillment of the conditions precedent as set out in the Second Subscription Agreement.

Conditions Precedent

The obligations of Freewill and the Second Subscriber to effect the Second Completion shall be conditional upon the following:–

- (a) if required, the passing of the necessary resolution(s) by the shareholders of Freewill at the general meeting to approve the entering into the Second Subscription Agreement by Freewill and the transactions contemplated thereunder;
- (b) if required, the passing of the necessary resolution(s) by the shareholders of Mission Capital (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at the general meeting to approve the entering into the Second Subscription Agreement by the Second Subscriber and the subscription of the Second Subscription Shares;
- (c) all necessary approvals from the relevant governmental and regulatory authorities in British Virgin Islands, Hong Kong, Bermuda and Marshall Islands required of either Freewill or the Second Subscriber for the consummation of the transactions contemplated under the Second Subscription Agreement having been obtained and all filings have been made by each of Freewill and the Second Subscriber; and
- (d) the Second Subscriber having conducted and completed due diligence on all business, assets and liabilities, legal and financial matter and all such other matters as deemed necessary in respect of the Freewill Group.

If the conditions precedent as set out in the Second Subscription Agreement are not fulfilled on or before 17 July 2015 (or such later date as may be agreed in writing between Freewill and the Second Subscriber), the Second Subscription Agreement shall lapse and become null and void and the parties (i.e. Freewill and the Second Subscriber) shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Second Completion

After fulfillment of all the conditions precedent as set out in the Second Subscription Agreement, Second Completion may take place in whole provided that Freewill shall have issued and allotted all the Second Subscription Shares and the Second Subscriber shall have paid the entire Subscription Price within the first fourteen Trading Days after the fulfillment of the conditions precedent as set out in the Second Subscription Agreement.

APPLICATION OF THE AGGREGATE FIRST SUBSCRIPTION PRICE AND SECOND SUBSCRIPTION PRICE

The Company intends to utilise the aggregate First Subscription Price and the aggregate Second Subscription Price in total sum of HK\$649 million from the First Subscription and Second Subscription as general working capital for Freewill and also for future expansion and development of its money lending business.

INFORMATION ON FREEWILL

Freewill was incorporated in June 2014 in the Republic of the Marshall Islands with limited liability and is principally engaged in the business of investment holding, and its major subsidiary is principally engaged in the money lending business. The major associate of Freewill is principally engaged in the financial services sector, including investment holding, property investment, commodities dealer, money lending, nominees, securities brokerage and financial services, corporate finance advisory services, asset management, investment advisory and fund management businesses.

Set out below is the unaudited consolidated financial information of Freewill Group for the period ended 31 March 2015:

	From 16 June 2014 (date of incorporation) to 31 March 2015
	<i>HK\$'000</i>
Net loss before tax	118,636
Net loss after tax	118,636

Set out below is the shareholding structure of Freewill:

Shareholders	As at the date of this announcement		Upon completion of the First Subscription and Second Subscription	
	No. of Freewill Shares	Approximate % of shareholding	No. of Freewill Shares	Approximate % of shareholding
FFSL	174,426,127	65.30%	174,426,127	45.29%
Willie Link Limited	92,687,861	34.70%	92,687,861	24.07%
First Subscriber	–	–	38,000,000	9.87%
Second Subscriber	–	–	80,000,000	20.77%
	<u>267,113,988</u>	<u>100.00%</u>	<u>385,113,988</u>	<u>100.00%</u>

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 First Subscriber is a wholly-owned subsidiary of Enerchina and is an investment holding company. Enerchina and its subsidiaries are principally engaged in the financial services sector, including the provision of securities brokerage services, placing and underwriting services, provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services as well as investment holdings.

The Second Subscriber is a wholly-owned subsidiary of Mission Capital and is an investment holding company. Mission Capital and its subsidiaries are principally engaged in the supply and procurement of commodities, provision of finance, securities investment and real estate business.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors had taken into account of the following factors prior to entering into the First Subscription Agreement and the Second Subscription Agreement: the First Subscription Price of HK\$5.50 per First Subscription Share and Second Subscription Price of HK\$5.50 per Second Subscription Share represent a discount of approximately 4.18% to the unaudited consolidated net asset value per Freewill Share as at 31 March 2015.

Money lending business is one of the principal activities of the Group as well as of Freewill Group. The Company believes that the credit market is enriched with opportunities and Freewill is planned to focus on high-yield money lending business. The Board is of the view that the First Subscription and Second Subscription could broaden the business network of Freewill Group and strengthen the financial services business relationships between the Freewill Group, the First Subscriber and Second Subscriber. Moreover, the First Subscription and Second Subscription would provide additional source of capital to Freewill for its business development and bring potential positive returns in medium-to-long run to Freewill's shareholders, including FFSL.

In view of the above reasons, the Directors consider that the terms of the First Subscription Agreement and Second 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.

FINANCIAL IMPACT ON THE GROUP

Following the First Completion and Second Completion, the equity interest of the Group in Freewill will be diluted from approximately 65.30% to approximately 45.29% and Freewill will no longer be accounted for as a joint venture of the Group and become an associate of the Group. The Group will continue to account for the results and net assets of Freewill using equity accounting method at the updated proportion percentage.

Based on the existing information available to the Company, the expected loss from the First Subscription and Second Subscription will be amounted to approximately HK\$12.7 million, which is calculated at net asset value of Freewill Group as at 31 March 2015 attributable to the Group after the First Subscription and Second Subscription of HK\$988.1 million less the net asset value of Freewill Group as at 31 March 2015 attributable to the Group before First Completion and Second Completion of HK\$1,000.8 million. This loss from the First Subscription and Second Subscription will be accounted for as an equity transaction and will be recognised as a movement in the reserves of the Group. The First Subscription and Second Subscription 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 First Completion and Second Completion.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate of First Subscription and Second Subscription exceeds 5% but are not more than 25%, the aggregate of First Subscription and Second Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The First Subscription and the Second Subscription are not inter-conditional to each other.

As at the date of the First Subscription Agreement and Second Subscription Agreement, the Group held 54,987,000 shares of Enerchina (representing approximately 0.76% of the total issued share capital of Enerchina). Enerchina (the holding company of the First Subscriber) held 840,000,000 Shares representing approximately 8.14% of the total issued share capital of the Company. Mission Capital (the holding company of the Second Subscriber) held 454,300,000 Shares representing approximately 4.40% 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, the First Subscriber and Second Subscriber and their respective ultimate beneficial owners are third parties independent of the Company and not the connected persons of the Company.

As the First Completion and Second Completion are conditional upon satisfaction of the conditions precedent as set out under the First Subscription Agreement and Second Subscription Agreement respectively, the First Subscription and Second Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

TERMINATION OF THE JV ARRANGEMENT

The JV Arrangement between the JV Parties was terminated on 2 July 2015 (after trading hours). Pursuant to the termination of the JV Arrangement, each of the JV Parties shall release the other from the JV Agreements and from all obligations, covenants and undertakings contained therein, and neither party thereto shall have any claim against the other for or on account of the JV Agreements or for or by reason of any act matter or thing relating thereto. More details of the JV Arrangement were set out in the Company's announcement dated 20 June 2014.

It is considered that the termination of the JV Arrangement could allow Freewill to enlarge its shareholders' base and to raise new capital for its business development.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“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
“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
“FFSL”	Freeman Financial Services Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“First Completion”	completion of the First Subscription pursuant to the First Subscription Agreement
“First Subscriber”	Enerchine Value Investments Limited, being the subscriber to the First Subscription Shares pursuant to the First Subscription Agreement, which is a wholly-owned subsidiary of Enerchina and a company incorporated in the British Virgin Islands with limited liability
“First Subscription”	the subscription of 38,000,000 new Freewill Shares by the First Subscriber or its nominee(s) pursuant to the First Subscription Agreement
“First Subscription Agreement”	a subscription agreement dated 2 July 2015 entered into between Freewill and the First Subscriber in relation to the First Subscription

“First Subscription Price”	HK\$5.50 per First Subscription Share
“First Subscription Share(s)”	the 38,000,000 new Freewill Shares to be allotted and issued by Freewill to the First Subscriber
“Freewill”	Freewill Holdings Limited, a company incorporated in the Republic of the Marshall Islands with limited liability and has been accounted for as a joint venture of the Group in which 65.30% of its ownership interest was attributable to the Group before the First Subscription and Second Subscription
“Freewill Group”	Freewill and its subsidiaries
“Freewill Share(s)”	ordinary share(s) with no par value in the share capital of Freewill
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Agreements”	collectively referred to a joint venture agreement dated 20 June 2014 entered into between the JV Parties in relation to the JV Arrangement and a joint venture partners’ agreement dated 20 June 2014 entered into between the JV Parties in relation to, among other things, the operations, management and business of Freewill
“JV Arrangement”	the joint venture arrangement between FFSL and a wholly-owned subsidiary of Willie pursuant to the JV Agreements in relation to Freewill
“JV Parties”	including: (i) FFSL; (ii) Willie Link Limited, a wholly-owned subsidiary of Willie; and (iii) Freewill
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mission Capital”	Mission Capital Holdings Limited (Stock Code: 1141), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Second Completion”	completion of the Second Subscription pursuant to the Second Subscription Agreement
“Second Subscriber”	Ultron Prime Limited, being the subscriber to the Second Subscription Shares pursuant to the Second Subscription Agreement, which is a wholly-owned subsidiary of Mission Capital and a company incorporated in the British Virgin Islands with limited liability
“Second Subscription”	the subscription of 80,000,000 new Freewill Shares by the Second Subscriber or its nominee(s) pursuant to the Second Subscription Agreement
“Second Subscription Agreement”	a subscription agreement dated 2 July 2015 entered into between Freewill and the Second Subscriber in relation to the Second Subscription
“Second Subscription Price”	HK\$5.50 per Second Subscription Share
“Second Subscription Share(s)”	the 80,000,000 new Freewill Shares to be allotted and issued by Freewill to the Second Subscriber
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading Day”	a day (excluding Saturday, Sunday and any other public holidays) on which banks in Hong Kong are generally open for settlement business
“Willie”	Willie International Holdings Limited (Stock Code: 273), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange

“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, 2 July 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