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CHINA JINHAI INTERNATIONAL GROUP LIMITED

中國金海國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

(Stock Code of Warrants: 1436)

DISCLOSEABLE TRANSACTIONS — A SHARE SWAP AGREEMENT INVOLVING A DISPOSAL OF INVESTMENTS AND AN ACQUISITION THROUGH A SUBSCRIPTION OF SHARES

THE SHARE SWAP

On 6 July 2015, WW entered into the Share Swap Agreement with Co-Lead and Colour State whereby, inter alia, Co-Lead will allot and issue new Co-Lead Shares in exchange for FCL Shares held by WW. Upon completion of the Share Swap Agreement, the Group's will cease to hold direct interest in FCL and will hold an equity interest of 6.11% in Co-Lead.

LISTING RULES IMPLICATION

The Company considers the Share Swap as both a disposal of FCL shares as well as an acquisition of Co-Lead Shares. As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal and Acquisition is more than 5% but less than 25%, the Share Swap constitutes a discloseable transaction of the Company pursuant to the Listing Rules, and are subject to the reporting and announcement requirements thereunder.

SHARE SWAP AGREEMENT

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* *For identification purpose only*

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

Parties:

- (1) Purchaser: Co-Lead
- (2) Vendors: (i) WW
(ii) Colour State

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Co-Lead, Colour State and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Nature of transaction

Pursuant to the Share Swap Agreement:

- (i) WW agreed to sell 30,344,827 FCL Shares (representing approximately 2.41% direct equity interest in FCL) to Co-Lead in exchange for 303 new Co-Lead Shares (representing approximately 6.11% interest in Co-Lead's enlarged share capital, which in turn representing approximately 2.41% indirect equity interest in FCL after completion) to be allotted and issued by Co-Lead; and
- (ii) Colour State agreed to sell 55,000,000 FCL Shares (representing approximately 4.38% direct equity interest in FCL) to Co-Lead in exchange for 550 new Co-Lead Shares (representing approximately 11.08% interest in Co-Lead's enlarged share capital, which in turn representing approximately 4.38% indirect equity interest in FCL after completion) to be allotted and issued by Co-Lead.

Consideration

The consideration in respect of the 30,344,827 FCL Shares held by WW under the Share Swap Agreement was determined after arm's length negotiations between Co-Lead and WW. The consideration under the Share Swap Agreement is in the form of exchanging FCL Shares for new Co-Lead Shares on the basis of no change in the beneficial interest in FCL Shares held by WW.

Conditions precedent

Completion of the Share Swap Agreement shall be subject to and conditional upon the following conditions being fulfilled:

- (i) if required, the passing of the necessary resolution(s) by the shareholders of Willie in a general meeting to approve the Share Swap Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules; and
- (ii) if applicable, the obtaining of all consents from regulatory authorities or third parties which are necessary in connection with the execution and performance of the Share Swap Agreement and the transactions contemplated thereunder.

Termination

If the above-mentioned conditions precedent are not fulfilled on or before 5:00 p.m. on the Long Stop Date, the Share Swap Agreement shall terminate and save in respect of any antecedent breaches, the parties shall have no further claims against each other under the Share Swap Agreement for costs, damages, compensation or otherwise.

Completion

Completion shall take place on the third Business Day after the date on which the above mentioned conditions precedent shall have been satisfied (or such other date as the parties to the Share Swap Agreement may agree in writing).

INFORMATION ON CO-LEAD

Co-Lead is a company incorporated in the British Virgin Islands with limited liability. Co-Lead is a special purpose vehicle currently engaged in holding 411,000,000 FCL Shares (representing approximately 32.69% equity interest in FCL as at the date of this announcement). Upon completion of the Share Swap Agreement, Co-Lead's equity interest in FCL will increase from approximately 32.69% to approximately 39.48%.

As Co-Lead is a company incorporated in the British Virgin Islands, no separate audited financial statements have been prepared by Co-Lead as permitted under the laws of the British Virgin Islands. Based on the latest unaudited financial statements of Co-Lead, the carrying value of unaudited net assets of Co-Lead as at 30 June 2015 was approximately HK\$1,330 million. Further financial information of Co-Lead's profitability for year ended 31 December 2014 is set out as below (no comparative figures for the previous year 2013 because Co-Lead was incorporated in January 2014):

**For the year ended
31 December 2014**
(HK\$'000)

Profit before taxation	71,561
Profit after taxation	71,561

As at the date of this announcement, 72.99% of the issued share capital of Co-Lead is owned by Willie.

INFORMATION ON FCL

FCL is a company incorporated in the Cayman Islands with limited liability and with principal business as investment holding. FCL and its subsidiaries 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. Certain subsidiaries of FCL have obtained the licenses to carry on regulated activities (type 1: dealing in securities, type 2: dealing in future contracts and type 6: advising on corporate finance) governed by the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

According to FCL's latest unaudited financial statements, the amount of audited net assets of FCL Group as at 31 March 2015 was approximately HK\$4,069 million. Further financial information of FCL Group's profitability is set out as below:

	For the year ended 31 March	
	2015	2014
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(unaudited)	(audited)
Profit before taxation	472,211	585,920
Profit after taxation	429,395	583,174

The Company's carrying value of its investments in FCL is HK\$88 million.

REASONS FOR AND BENEFITS OF ENTERING INTO SHARE SWAP AGREEMENT

The Group principally engages in the trading and distribution of electronic products and other merchandise, securities investment and trading, money lending and the research and development of integrated circuit technology.

The Group's imputed beneficial interest in FCL's issued share capital remains unchanged as approximately 2.41% before and after completion of the Share Swap Agreement. After the Share Swap, the effective voting power of Co-Lead at FCL shareholders' meetings will increase from approximately 32.69% to 39.48%. The Group will hold a direct and effective interest of 6.11% in Co-Lead after the Share Swap and thus will be able to command a more significant presence versus an interest of 2.41% directly in FCL at the present which has substantially less control. The aforesaid increase in the effective voting power at FCL shareholders' meetings is expected to facilitate the Group to exercise more influence on FCL's financial and operating policies so that the interest of the Group as a minority shareholder of FCL can be better served. After considering this benefit and the basis of determining the consideration under the Share Swap Agreement to result in no change in the beneficial interest in FCL Shares held by the parties thereto, the Board considers that the terms of the Share Swap Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

The Company considers the Share Swap as both a disposal of FCL shares as well an acquisition of Co-Lead Shares. As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Disposal and Acquisition is more than 5% but less than 25%, the Share Swap constitutes a discloseable transaction of the Company pursuant to the Listing Rules, and are subject to the reporting and announcement requirements thereunder.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Business Day”	any day on which licensed banks in Hong Kong are open for business, except Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No.8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 and 5:00 p.m.
“Company”	China Jinhai International Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“connected person(s)”	as defined in the Listing Rules
“Co-Lead”	Co-Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is a subsidiary of Willie
“Co-Lead Share(s)”	the ordinary share(s) of no par value in the share capital of Co-Lead
“Colour State”	Colour State Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of Dragonite
“Director(s)”	the director(s) of the Company
“Dragonite”	Dragonite International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 329)
“FCL”	Freeman Corporation Limited, a company incorporated in the Cayman Islands with limited liability and is an indirect non-wholly owned subsidiary of Freeman
“FCL Shares”	The ordinary shares of par value at US\$0.00000005 each in the share capital of FCL
“Freeman”	Freeman Financial Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 279)
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 of Hong Kong Limited
“Long Stop Date”	the last day of one calendar month from the date of the Share Swap Agreement or such other later date as shall be agreed by the parties in writing
“PRC”	The People’s Republic of China
“Shareholder(s)”	shareholders of the Company
“Share Swap”	the swap of 30,344,827 FCL Shares by WW to Co-Lead in exchange of 303 new Co-Lead Shares
“Share Swap Agreement”	the share swap agreement dated 6 July 2015 entered into between Co-Lead, WW and Colour State in relation to the issue of new Co-Lead Shares in exchange for FCL Shares held by WW and Colour State respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Willie”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 273)
“WW”	West West Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“US\$”	United States dollar, the lawful currency of the United States of America

By Order of the Board
China Jinhai International Group Limited
Wang Haixiong
Chairman of the Board

Hong Kong, 6 July 2015

As at the date of this announcement, the Board comprises:

Executive Directors

Mr. Wang Haixiong (*Chairman*)
Mr. Wong Howard
Mr. Wong Yat Fai
Ms. Chen Wei
Mr. Zhan Jianzhou

Independent Non-executive Directors

Mr. Li Chi Ming
Mr. Kwok Chi Kwong
Mr. Chen Youchun
Mr. Frank H. Miu
Mr. Tsang Wing Ki