



Sale of AG Capital Markets Pty Ltd

AG Financial Limited (ASX:AHA) (**AG Financial**) wishes to announce that it has executed a Binding Term Sheet to sell all of its shares in its wholly-owned subsidiary company AG Capital Markets Pty Ltd (**AG Capital**) to Longhou Investment Group Pty Ltd (**Longhou**) for total cash consideration of \$1.0 million. Under the Binding Term Sheet, Longhou will acquire AG Capital on the following terms:-

- \$1.0 million cash consideration will be payable immediately into AG Financial's lawyers trust account upon signing of the Binding Term Sheet;
- The parties will negotiate and enter into a definitive share purchase agreement and any other agreement that may be necessary or desirable to effect the Transaction;
- A representative of Longhou will be appointed director of AG Capital on and from the date of execution of the Term Sheet;
- Completion of the sale of AG Capital is subject to shareholder's approval;
- If the shareholders of AG Financial do not reject the sale at a general meeting to consider the sale but the Binding Term Sheet is terminated, AG Financial shall retain \$250,000 of the deposit held and refund the balance of \$750,000 to Longhou;
- Completion date of the sale of AG Capital is estimated by 31 March 2016.

A Notice of Meeting to vote on the proposed sale will be despatched to the shareholders of AG Financial after execution of the definitive share purchase agreement.

The Board of AG Financial has undertaken a review the operations of AG Financial and its subsidiaries in terms of cost and revenue generation and its financial assets and liabilities. It is of the view that AG Financial should move away from a transactional based broking business model which is high volume but low margin and also subject to inherent risks. The Board wishes to focus the business more on providing Corporate Advisory, Fund Raising and Mergers and Acquisitions services especially involving cross border activities between Australia and Asia.

Longhou has agreed to allow AG Financial or its subsidiary to operate as a corporate authorised representative of AG Capital under its Australian Financial Services Licence after the proposed sale.

The proposed sale will also allow AG Financial to retire all debt from the Group and will deliver cost savings and a more efficient operating cost base moving forward.

For more information contact:

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Release Date: 23 December 2015

Embargo: None