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## **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)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE**

#### **Underwriters of the Rights Issue**

**CHUNG NAM SECURITIES LIMITED**



#### **PROPOSED RIGHTS ISSUE**

The Board proposes to raise approximately HK\$188.5 million before expenses (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) to approximately HK\$245.1 million before expenses (assuming (i) no repurchase of Shares; (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) the Proposed Issue is completed on or before the Record Date) by issuing not less than 1,885,480,572 new Adjusted Shares and not more than 2,451,124,742 new Adjusted Shares to the Qualifying Shareholders by way of the Rights Issue at a subscription price of HK\$0.10 per Rights Share on the basis of two Rights Shares for every Adjusted Share held on the Record Date. The Rights Issue will not be available to the Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be approximately HK\$181.8 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) to approximately HK\$237.8 million (assuming (i) no repurchase of Shares; (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) the Proposed Issue is completed on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue towards general working capital and substantially for: (a) providing funding support to the Group's securities brokerage business in order to strengthen its brokerage and underwriting capabilities, (b) strategic investments in areas such as financial planning, insurance brokerage and corporate finance services, and (c) investments in marketable securities for potential capital appreciation.

## **IRREVOCABLE UNDERTAKINGS**

As at the date of this announcement, Mr. Andrew Liu, being a non-executive Director, owns 1,034,118,634 Existing Shares (equivalent to 206,823,726 Adjusted Shares) in the share capital of the Company. Mr. Andrew Liu has given an irrevocable undertaking to the Company, amongst others, that the aforementioned 1,034,118,634 Existing Shares (equivalent to 206,823,726 Adjusted Shares) shall remain registered in his name from the date of the Underwriting Agreement up to and including the date on which dealings in fully-paid Rights Shares commence on the Stock Exchange (or such later date as may be agreed with the Company in writing), and he shall accept his entitlement of 413,647,452 Rights Shares in full prior to 4:00 p.m. on the Acceptance Date.

In addition, as at the date of this announcement, Willie Group owns 108,975,000 Existing Shares (equivalent to 21,795,000 Adjusted Shares) in the share capital of the Company. Willie has given an irrevocable undertaking to the Company, amongst others, that the aforementioned 108,975,000 Existing Shares (equivalent to 21,795,000 Adjusted Shares) together with the 188,548,057 Adjusted Shares to be issued to Willie pursuant to the Share Subscription Agreement shall remain registered in the name of Willie and/or the relevant subsidiary(ies) of Willie from the date of the Underwriting Agreement (or in the case of the Adjusted Shares to be issued pursuant to the Share Subscription Agreement, from the date of issue and allotment) up to and including the date on which dealings in the fully-paid Rights Shares commence on the Stock Exchange (or such later date as may be agreed with the Company in writing), and Willie and/or the relevant subsidiary(ies) of Willie will accept, or procure the acceptance of, Willie Group's entitlement of 420,686,114 Rights Shares (if the issuance of Adjusted Shares to Willie pursuant to the Share Subscription Agreement is completed on or before the Record Date) or 43,590,000 Rights Shares (if the issuance of Adjusted Shares to Willie pursuant to the Share Subscription Agreement is not completed on or before the Record Date) in full prior to 4:00 p.m. on the Acceptance Date.

All the Rights Shares (other than those which have been irrevocably undertaken to be accepted under the irrevocable undertakings given by Mr. Andrew Liu and Willie) have been fully underwritten by the Underwriters pursuant to the Underwriting Agreement.

**The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.**

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, to the best knowledge, information and belief of the Directors, Chung Nam holds 448 Existing Shares, representing approximately 0.00001% of the entire issued share capital of the Company. As Chung Nam is a party to the Underwriting Agreement, it has a material interest in the Rights Issue. Chung Nam, to the extent it holds Shares at the EGM, will be required to abstain from voting in favour of the proposed resolution to approve the Rights Issue at the EGM.

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional on the approval of the Independent Shareholders by way of poll at the EGM. The Company does not have any controlling Shareholder. As at the date of this announcement, Ms. Au Shuk Yee, Sue, being an executive Director who holds 1,229,000 Existing Shares (representing approximately 0.03% of the entire issued share capital of the Company as at the date of this announcement) and Mr. Andrew Liu being a non-executive Director who holds 1,034,118,634 Existing Shares (representing approximately 21.94% of the entire issued share capital of the Company as at the date of this announcement), together with their respective associates will abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM in compliance with Rule 7.19(6) of the Listing Rules.

An independent board committee of the Company comprising all the independent non-executive Directors will be appointed to make recommendations to the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

## **GENERAL**

A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the Rights Issue; and (iv) notice convening the EGM, will be despatched to the Shareholders on or before 10 February 2012.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Company expects to despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date. The Company will, to the extent reasonably practicable, despatch the Prospectus to the Non-Qualifying Shareholders, if any, for their information only. No PAL or EAF will be despatched to the Non-Qualifying Shareholders.

## PROPOSED RIGHTS ISSUE

On 19 January 2012, the Company and the Underwriters entered into the Underwriting Agreement in relation to the underwriting arrangements in respect of the proposed Rights Issue.

### Issue statistics

Basis of the Rights Issue	: two Rights Shares for every Adjusted Share held on the Record Date
Number of Existing Shares in issue as at the date of this announcement	: 4,713,701,431 Existing Shares
Number of Adjusted Shares in issue upon completion of the Capital Reorganisation	: 942,740,286 Adjusted Share ( <i>Note 1</i> )
Number of Rights Shares	: not less than 1,885,480,572 Rights Shares (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 2,451,124,742 Rights Shares (assuming (i) no repurchase of Shares; (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) the Proposed Issue is completed on or before the Record Date) ( <i>Note 2</i> )
Subscription Price	: HK\$0.10 per Rights Share
Number of Rights Shares to be accepted under the irrevocable undertaking given by Mr. Andrew Liu	: 413,647,452 Rights Shares

- Number of Rights Shares to be accepted under the irrevocable undertaking given by Willie : 43,590,000 Rights Shares (if the issuance of Adjusted Shares to Willie pursuant to the Share Subscription Agreement is not completed on or before the Record Date) or 420,686,114 Rights Shares (if the issuance of Adjusted Shares to Willie pursuant to the Share Subscription Agreement is completed on or before the Record Date)
- Number of Rights Shares underwritten by the Underwriters : all the Rights Shares except for the Rights Shares that Mr. Andrew Liu and Willie have irrevocably undertaken to accept or procure acceptance for, being not less than 1,428,243,120 Rights Shares and not more than 1,616,791,176 Rights Shares

*Note:*

1. Assuming no issue of new Shares or repurchase of Shares prior to the Capital Reorganisation becoming effective.
2. As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming the Capital Reorganisation having become effective and (i) no repurchase of Shares, (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) the Proposed Issue is completed on or before the Record Date, the issued share capital of the Company will be increased by 282,822,085 Adjusted Shares. Accordingly, an additional 565,644,170 Rights Shares would be issued, in which case the maximum number of Rights Shares that may be issued by the Company pursuant to the Rights Issue will increase to 2,451,124,742.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 1,885,480,572 nil-paid Rights Shares proposed to be provisionally allotted represent 200% of the Company's issued share capital as at the date of this announcement and 66.67% of the Company's issued share capital as enlarged by the issue of the 1,885,480,572 Rights Shares. As the Rights Issue will only be completed after the Capital Reorganisation becomes effective, the aggregate nominal value of the 1,885,480,572 Rights Shares will be HK\$18,854,805.72.

## **Qualifying Shareholders**

The Company will send the Prospectus Documents to Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on 30 March 2012.

### **Closure of register of members**

The register of members of the Company will be closed from 2 April 2012 to 11 April 2012, both days inclusive. No transfer of Shares will be registered during this period.

### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the date of this announcement, there are five Shareholders whose addresses as shown on the register of members are in Australia, Mainland China and Macau. In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs.

### **Subscription Price**

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

After taking into account the effect of the Capital Reorganisation, the Subscription Price represents:

- (a) a discount of approximately 35.48% to the closing price of HK\$0.155 per Adjusted Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 36.71% to the average closing price of approximately HK\$0.158 per Adjusted Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day; and
- (c) a discount of approximately 15.25% to the theoretical ex-rights price of approximately HK\$0.118 per Adjusted Share based on the closing price of HK\$0.155 per Adjusted Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to the market price of the Existing Shares under the prevailing market conditions. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price which has been set as a discount as described above with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) will be approximately HK\$0.096.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be two Rights Shares for every Adjusted Share in issue and held at the close of business on the Record Date, being not less than 1,885,480,572 Rights Shares and not more than 2,451,124,742 Rights Shares at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents. Application for all or any part of a provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

The Company has also agreed with the Underwriters that provisional allotment of Rights Share (in nil-paid form) will only be made after the Capital Reorganisation has become effective.

### **Fractions of Rights Shares**

On the basis of provisional allotment of two Rights Shares for every Adjusted Share held by the Qualifying Shareholders at the close of business on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

## **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Adjusted Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

## **Application for excess Rights Shares**

Qualifying Shareholders or transferees of nil-paid Rights Shares may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted. Applications for excess Rights Shares may be made by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated based on a sliding scale with reference to the number of the excess Rights Shares applied for (i.e. applications for a smaller number of Rights Shares are allocated with a higher percentage of successful application; whereas applications for a larger number of Rights Shares are allocated with a smaller percentage of successful application), and with board lot allocations to be made on a best effort basis.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company at the close of business on the Record Date, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on 30 March 2012.



## **Share certificates and refund cheques for Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 3 May 2012. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 3 May 2012 by ordinary post to the applicants at their own risk.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 20,000 Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

## **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following conditions being fulfilled:

1. the passing of the relevant resolution by the Independent Shareholders approving the Rights Issue at the EGM in accordance with the Listing Rules;
2. the Capital Reorganisation having become effective;

3. the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by two Directors (or by their agents duly authorised in writing) in compliance with the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
4. the posting of copies of the Prospectus Documents to the Qualifying Shareholders;
5. the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriters, in their reasonable opinion, accept and the subsequent satisfaction of such conditions (if any); and
6. the Underwriters having not terminated the Underwriting Agreement in accordance with the terms set out in the Underwriting Agreement.

In the event that the above conditions have not been satisfied on or before 4:00 p.m. on 30 June 2012 (or such later date as the Underwriters and the Company may agree in writing), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

## **UNDERWRITING ARRANGEMENTS**

### **The Underwriting Agreement**

The principal terms and conditions of the Underwriting Agreement are summarised as below:

- |   |   |   |
|---|---|---|
| Date  | : | 19 January 2012   |
| Underwriters                                      | : | Chung Nam Securities Limited and<br>Get Nice Securities Limited   |
| Underwriting<br>commitment of the<br>Underwriters | : | The underwriting commitment of each of the Underwriters is one half<br>of the total number of Underwritten Shares as follows: |

<b>Name</b>	<b>Underwriting commitment</b> (assuming that no Options pursuant to the Scheme Mandate are granted and exercised on or prior to the Record Date)	<b>Underwriting commitment</b> (assuming that all the Options pursuant to the Scheme Mandate are granted and exercised on or prior to the Record Date)
Chung Nam	Up to 714,121,560 Rights Shares	Up to 808,395,588 Rights Shares
Get Nice	Up to 714,121,560 Rights Shares	Up to 808,395,588 Rights Shares

The underwriting obligations and liabilities of the Underwriters are several (and not joint or joint and several). Each Underwriter's commitment to underwrite is limited to the above-mentioned underwriting commitment.

**Commission** : 3% of the aggregate Subscription Price of the Underwritten Shares actually issued (which underwriting commission shall be divided equally between the Underwriters) as determined on the Record Date

**Undertakings** : The Company has given undertakings to the Underwriters that from the date of the Underwriting Agreement until after the Record Date not to issue any Shares under the Issue Mandate or otherwise or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than the issue of Adjusted Shares to Willie pursuant to the Share Subscription Agreement, the granting of Options pursuant to the Scheme Mandate, and the issue of Shares upon exercise of any Options granted) without the approval of the Underwriters.

Having taken into account the irrevocable undertakings given by Mr. Andrew Liu and Willie, the Rights Issue has been fully underwritten.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriters with reference to the prevailing market rate. The Directors (including independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Termination of the Underwriting Agreement

If at any time between the date of the Underwriting Agreement and 4:00 p.m. on the Latest Termination Date, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- (a) an Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of that Underwriter) material in the context of the Rights Issue; or
- (b)
  - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, the Cayman Islands or elsewhere;
  - (ii) any change in local, national or international financial, political, industrial or economic conditions;
  - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
  - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
  - (vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, the Cayman Islands or elsewhere,

which event or events is or are in the reasonable opinion of an Underwriter:

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up: or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, that Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriters may be entitled, by notice in writing to the Company terminate the Underwriting Agreement.

Upon the giving of such notice, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party to the Underwriting Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriters exercise such right, the Rights Issue will not proceed.

#### WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

#### EXPECTED TIMETABLE

The expected timetable of the Rights Issue is as follows:

Latest time for lodging proxy form of EGM

(not less than 48 hours prior to time of EGM) . . . . . 9:00 a.m. on Saturday,  
25 February 2012

Expected date and time of EGM. . . . . 9:00 a.m. on Monday,  
27 February 2012

Announcement of results of EGM. . . . . Monday, 27 February 2012

**The following events are conditional on the timing of the Capital Reorganisation. The dates are therefore tentative.**

Last day of dealings in the Shares on cum-rights basis. . . . . Wednesday, 28 March 2012

Ex-date (the first day of dealings in the Shares on ex-rights basis) . . . . Thursday, 29 March 2012

Latest time for lodging transfers of Shares in order to

qualify for the Rights Issue. . . . . 4:30 p.m. on Friday,  
30 March 2012

Register of members closes (both days inclusive) . . . . .	Monday, 2 April 2012 to Wednesday, 11 April 2012
Record Date . . . . .	Wednesday, 11 April 2012
Register of members to be re-opened . . . . .	Thursday, 12 April 2012
Prospectus Documents to be posted . . . . .	Thursday, 12 April 2012
First day of dealings in nil-paid Rights Shares . . . . .	Monday, 16 April 2012
Latest time for splitting of nil-paid Rights Shares . . . . .	4:30 p.m. on Wednesday, 18 April 2012
Last day of dealings in nil-paid Rights Shares . . . . .	Monday, 23 April 2012
Latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares . . . . .	4:00 p.m. on Thursday, 26 April 2012
Latest time for the termination of the Underwriting Agreement . . . . .	4:00 p.m. on Monday, 30 April 2012
Announcement of allotment results . . . . .	Wednesday, 2 May 2012
Despatch of certificates for fully-paid Rights Shares and refund cheques . . . . .	Thursday, 3 May 2012
Expected first date of dealings in fully-paid Rights Shares . . . . .	Monday, 7 May 2012

All times specified in this announcement refer to Hong Kong times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced as appropriate in accordance with the Listing Rules.

## **IRREVOCABLE UNDERTAKINGS**

As at the date of this announcement, Mr. Andrew Liu, being a non-executive Director, owns 1,034,118,634 Existing Shares (equivalent to 206,823,726 Adjusted Shares) in the share capital of the Company. Mr. Andrew Liu has given an irrevocable undertaking to the Company that the aforementioned 1,034,118,634 Existing Shares (equivalent to 206,823,726 Adjusted Shares) shall remain registered in his name from the date of the Underwriting Agreement up to and including the date on which dealings in fully-paid Rights Shares commence on the Stock Exchange (or such later date as may be agreed with the Company in writing), and he shall accept his entitlement of 413,647,452 Rights Shares in full prior to 4:00 p.m. on the Acceptance Date and on the terms and conditions set out in the Prospectus Documents.

In addition, as at the date of this announcement, Willie Group owns 108,975,000 Existing Shares (equivalent to 21,795,000 Adjusted Shares) in the share capital of the Company. Willie has given an irrevocable undertaking to the Company that the aforementioned 108,975,000 Existing Shares (equivalent to 21,795,000 Adjusted Shares) together with the 188,548,057 Adjusted Shares to be issued to Willie pursuant to the Share Subscription Agreement shall remain registered in the name of Willie and/or the relevant subsidiary(ies) of Willie from the date of the Underwriting Agreement (or in the case of the Adjusted Shares to be issued pursuant to the Share Subscription Agreement, from the date of issue and allotment) up to and including the date on which dealings in the fully-paid Rights Shares commence on the Stock Exchange (or such later date as may be agreed with the Company in writing), and Willie and/or the relevant subsidiary(ies) of Willie will accept, or procure the acceptance of, Willie Group's entitlement of 420,686,114 Rights Shares (if the issuance of Adjusted Shares to Willie pursuant to the Share Subscription Agreement is completed on or before the Record Date) or 43,590,000 Rights Shares (if the issuance of Adjusted Shares to Willie pursuant to the Share Subscription Agreement is not completed on or before the Record Date) in full prior to 4:00 p.m. on the Acceptance Date and on the terms and conditions set out in the Prospectus Documents.

Furthermore, should Willie and/or the relevant subsidiary(ies) of Willie procure the acceptance of all or part of Willie Group's entitlement under the Rights Issue by another person or persons, Willie undertakes to use all reasonable endeavours to ensure that each of such person(s) shall be a third party independent of, not acting in concert with and not connected with the Directors, chief executive or other substantial shareholders (within the meaning of the Listing Rules) of the Company or their respective Associates.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company after taking into account (amongst others) the effect of the Rights Issue.

### Scenario 1:

After taking into account the irrevocable undertakings given by Mr. Andrew Liu and Willie, and assuming the Capital Reorganisation have become effective and no further issue of new Shares or repurchase of Shares on or before the Record Date:

Shareholders	As at the date of this announcement		Assuming the Capital Reorganisation have become effective		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders (except Mr. Andrew Liu and Willie Group) takes up any of the Rights Shares and the Underwriters and sub-underwriters and subscribers procured by them take up the Rights Shares to the maximum extent	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Andrew Liu (Note 1)	1,034,118,634	21.94	206,823,726	21.94	620,471,178	21.94	620,471,178	21.94
Au Shuk Yee, Sue (Note 2)	1,229,000	0.03	245,800	0.03	737,400	0.03	245,800	0.01
Chung Nam and sub-underwriters and subscribers procured by them (Note 3)	448	0.00	89	0.00	267	0.00	714,121,649	25.25
Get Nice and sub-underwriters and subscribers procured by them (Note 3)	-	-	-	-	-	-	714,121,560	25.25
Willie Group (Note 4)	108,975,000	2.31	21,795,000	2.31	65,385,000	2.31	65,385,000	2.31
Other Shareholders	3,569,378,349	75.72	713,875,671	75.72	2,141,627,013	75.72	713,875,671	25.24
<b>Total</b>	<b>4,713,701,431</b>	<b>100.00</b>	<b>942,740,286</b>	<b>100.00</b>	<b>2,828,220,858</b>	<b>100.00</b>	<b>2,828,220,858</b>	<b>100.00</b>



## Scenario 2:

After taking into account the irrevocable undertakings given by Mr. Andrew Liu and Willie, and assuming (a) the Capital Reorganisation have become effective, (b) no repurchase of Shares and (c) further issue of new Shares upon (i) the granting and exercise in full of the maximum number of Options that can be issued pursuant to the Scheme Mandate; and (ii) completion of the Proposed Issue on or before the Record Date:

Shareholders	As at the date of this announcement		Assuming the Capital Reorganisation have become effective		Assuming no repurchase of Shares and further issue of new Shares upon (i) the granting and exercise in full of the maximum number of Options that can be issued pursuant to the Scheme Mandate; and (ii) completion of the Proposed Issue on or before the Record Date		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders (except Mr. Andrew Liu and Willie Group) takes up any of the Rights Shares and the Underwriters and sub-underwriters and subscribers procured by them take up the Rights Shares to the maximum extent	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Andrew Liu (Note 1)	1,034,118,634	21.94	206,823,726	21.94	206,823,726	16.88	620,471,178	16.88	620,471,178	16.88
Au Shuk Yee, Sue (Note 2)	1,229,000	0.03	245,800	0.03	245,800	0.02	737,400	0.02	245,800	0.00
Chung Nam and sub-underwriters and subscribers procured by them (Note 3)	448	0.00	89	0.00	89	0.00	267	0.00	808,395,677	21.99
Get Nice and sub-underwriters and subscribers procured by them (Note 3)	-	-	-	-	-	-	-	-	808,395,588	21.99
Holder of Shares pursuant to exercise of Options issued under the Scheme Mandate	-	-	-	-	94,274,028	7.69	282,822,084	7.69	94,274,028	2.56
Willie Group (Note 4)	108,975,000	2.31	21,795,000	2.31	210,343,057	17.16	631,029,171	17.16	631,029,171	17.16
Other Shareholders	3,569,378,349	75.72	713,875,671	75.72	713,875,671	58.25	2,141,627,013	58.25	713,875,671	19.42
<b>Total</b>	<b>4,713,701,431</b>	<b>100.00</b>	<b>942,740,286</b>	<b>100.00</b>	<b>1,225,562,371</b>	<b>100.00</b>	<b>3,676,687,113</b>	<b>100.00</b>	<b>3,676,687,113</b>	<b>100.00</b>

*Notes:*

1. Mr. Andrew Liu is a non-executive Director. As at the date of this announcement, Mr. Andrew Liu has given an irrevocable undertaking to the Company and details of which are set out in the section headed “Irrevocable Undertakings”.
2. Ms. Au Shuk Yee, Sue is an executive Director.
3. As at the date of this announcement, the Company owns an approximately 32.26% indirect shareholding interest in Chung Nam, and Chung Nam is consequently an associate of the Company.

Each of the Underwriters has undertaken with the Company that (i) it shall use all reasonable endeavours to procure that each of its sub-underwriters and subscribers or purchasers of Underwritten Shares procured by it under the Underwriting Agreement as well as subscribers or purchasers procured by its sub-underwriters shall be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial Shareholders (within the meaning of the Listing Rules) of the Company or their respective associates; (ii) it will, and will cause its sub-underwriters to, procure independent subscribers or purchasers take up such number of Rights Shares (a) as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company and (b) such that it, its sub-underwriters and the subscribers or purchasers procured by it and by its sub-underwriters shall not, together with party(ies) acting in concert with each of them, hold 29.9% or more of the voting rights of the Company upon completion of the Rights Issue.

4. As at the date of this announcement, Willie has given an irrevocable undertaking to the Company and details of which are set out in the section headed “Irrevocable Undertakings”.

Pursuant to the Share Subscription Agreement, the Company agreed to use its reasonable endeavours and co-operate to ensure the fulfilment of the conditions for the issue of the 188,548,057 Adjusted Shares to Willie by 31 March 2012. Accordingly, the Company expects the allotment of the Adjusted Shares to Willie pursuant to the Share Subscription Agreement will be completed prior to or on the Record Date.

## **REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS**

The Group is principally engaged in the provision of securities brokerage services, trading of securities, provision of finance, as well as investment holding.

The gross proceeds from the Rights Issue will be not less than approximately HK\$188.5 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) but not more than approximately HK\$245.1 million (assuming (i) no repurchase of Shares; (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) the Proposed Issue is completed on or before the Record Date). The estimated net proceeds from the Rights Issue will be not less than approximately HK\$181.8 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) but not more than approximately HK\$237.8 million (assuming (i) no repurchase of Shares; (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) the Proposed Issue is completed on or before the Record Date).

The Company, as always, is continuously and actively exploring various means to deepen, strengthen and broaden its focus on the financial services sector. As described in the Company's 2011 Interim Report, the Company is also examining different initiatives to reinforce and sharpen such focus. Separately, the Company believes that the current depressed market conditions present an excellent window of opportunity to make investments in marketable securities in order to capture potential upside as and when markets rebound and investor sentiment improves.

As a result of the foregoing, the Company intends to apply the net proceeds from the Rights Issue towards general working capital and substantially for: (a) providing funding support to the Group's securities brokerage business in order to strengthen its brokerage and underwriting capabilities, (b) strategic investments in areas such as financial planning, insurance brokerage and corporate finance services, and (c) investments in marketable securities for potential capital appreciation.

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity. The Board also believes that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

#### **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds to be raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
3 October 2011	Issue of 188,548,057 Adjusted Shares to Willie	HK\$48.1 million	For subscription of Willie Shares or for replenishment of the working capital of the Company as described in the Company's circular dated 30 November 2011	Not yet completed

Save as abovementioned, the Company had not conducted any other fund raising activities in the past twelve months immediately preceding the date of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

An EGM will be convened for Independent Shareholders to consider and, if thought fit, pass the resolution to approve the Rights Issue. As at the date of this announcement, to the best knowledge, information and belief of the Directors, Chung Nam holds 448 Existing Shares, representing approximately 0.00001% of the entire issued share capital of the Company. As Chung Nam is a party to the Underwriting Agreement, it has a material interest in the Rights Issue. Chung Nam, to the extent it holds Shares at the EGM, will be required to abstain from voting in favour of the proposed resolution to approve the Rights Issue at the EGM.

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional on the approval of the Independent Shareholders by way of poll at the EGM. The Company does not have any controlling Shareholder. As at the date of this announcement, Ms. Au Shuk Yee, Sue, being an executive Director who holds 1,229,000 Existing Shares (representing approximately 0.03% of the entire issued share capital of the Company as at the date of this announcement) and Mr. Andrew Liu, being a non-executive Director who holds 1,034,118,634 Existing Shares (representing approximately 21.94% of the entire issued share capital of the Company as at the date of this announcement), together with their respective associates will abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM in compliance with Rule 7.19(6) of the Listing Rules.

An independent board committee of the Company comprising all the independent non-executive Directors will be appointed to make recommendations to the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

## **GENERAL**

A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the Rights Issue; and (iv) notice convening the EGM, will be despatched to the Shareholders on or before 10 February 2012.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Company expects to despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date. The Company will, to the extent reasonably practicable, despatch the Prospectus to the Non-Qualifying Shareholders, if any, for their information only. No PAL or EAF will be despatched to the Non-Qualifying Shareholders.

## DEFINITIONS

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

“Acceptance Date”	26 April 2012 or such other date as the Underwriters may agree in writing with the Company as the latest date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Adjusted Share(s)”	ordinary share(s) of the Company with a par value of HK\$0.01 each upon the Capital Reorganisation becoming effective
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Capital Reorganisation”	the capital reorganisation described in the announcement of the Company dated 3 October 2011 and as further detailed in the circular of the Company dated 30 November 2011
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chung Nam”	Chung Nam Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activities under the SFO
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“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

“Director(s)”	director(s) of the Company from time to time
“EAF(s)”	the form(s) of application for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriters
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, inter alia, the Rights Issue
“Existing Share(s)”	existing ordinary share(s) of the Company with a par value of HK\$0.10 each
“Get Nice”	Get Nice Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than Directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	the general mandate granted to the Directors to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of the Company in issue as at the date of annual general meeting of the Company held on 30 August 2011
“Last Trading Day”	19 January 2012, being the date of the Underwriting Agreement

“Latest Termination Date”	the second Business day after the Acceptance Date or such other date as the Underwriters may agree in writing with the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Option(s)”	the option(s) to subscribe for Existing Shares or Adjusted Shares under the Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue, being in such usual form as may be agreed between the Company and the Underwriters
“Posting Date”	12 April 2012 or such other date as the Underwriters may agree in writing with the Company, as the expected date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders for information only (as the case may be)
“Proposed Issue”	the issue of 188,548,057 new Adjusted Shares to Willie or as it may direct pursuant to the Share Subscription Agreement
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders

“Record Date”	11 April 2012 (or such other date as the Underwriters may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	the share registrar of the Company in Hong Kong, being Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of two Rights Shares for every Adjusted Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	Adjusted Shares to be issued and allotted under the Rights Issue on the basis of two new Adjusted Shares for every Adjusted Share in issue on the Record Date, being 1,885,480,572 Adjusted Shares based on the Company’s issued share capital as at the date of this announcement, or if the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full and the Proposed Issue is completed on or prior to the Record Date, an aggregate of 2,451,124,742 Adjusted Shares
“Scheme Mandate”	the mandate granted to the Directors to allot and issue under the share option scheme adopted by the Company on 23 August 2002 up to a maximum of 10% of the aggregate share capital of the Company in issue as at the date of the extraordinary general meeting of the Company held on 30 March 2011
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Existing Shares or Adjusted Shares (as the case may be)
“Share Option Scheme”	the share option scheme adopted by the Company on 23 August 2002
“Shareholder(s)”	registered holder(s) of the Existing Shares or Adjusted Shares (as the case may be) of the Company



“Share Subscription Agreement”	the Share Subscription Agreement between the Company and Willie dated 30 September 2011 as described in the Company’s circular dated 30 November 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“Underwriters”	Chung Nam and Get Nice, the Underwriters of the Rights Issue
“Underwriting Agreement”	the underwriting agreement dated 19 January 2012 entered into between the Company and the Underwriters in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	all the Rights Shares except for the Rights Shares that Mr. Andrew Liu and Willie have irrevocably undertaken to accept or procure acceptance for
“Willie”	Willie International Holdings Limited (Stock Code: 273), a company incorporated in the Hong Kong with limited liability the shares of which are listed on the Stock Exchange
“Willie Group”	Willie and its subsidiaries
“%” or “per cent.”	percentage or per centum

By order of the Board  
**Freeman Financial Corporation Limited**  
**Chow Mun Yee**  
*Executive Director*

Hong Kong, 19 January 2012

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

*Executive Directors:*

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

*Non-executive Directors:*

Mr. Andrew Liu  
Mr. Liu Kam Fai, Winston

*Independent non-executive Directors:*

Mr. Gary Drew Douglas  
Mr. Peter Temple Whitelam  
Dr. Agustin V. Que.  
Mr. Frank H., Miu