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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)**

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED CHANGE IN BOARD LOT SIZE;  
AND  
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
TWO RIGHTS SHARES FOR EVERY ADJUSTED SHARE  
HELD ON THE RECORD DATE**

**Underwriter of the Rights Issue  
CHUNG NAM SECURITIES LIMITED**

### **(1) PROPOSED CAPITAL REORGANISATION**

The Company proposes to effect the Capital Reorganisation comprising:-

- (i) the proposed Share Consolidation whereby every ten (10) issued Shares of par value of HK\$0.05 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.50 each;
- (ii) immediately following the Share Consolidation, the nominal value of each issued Consolidated Share will be reduced from par value of HK\$0.50 each to par value of HK\$0.01 each by cancellation of the paid-up capital to the extent of HK\$0.49 on each issued Consolidated Share;

- (iii) the credit arising from such capital reduction described in paragraph (ii) above will be applied to set-off the accumulated deficit of the Company and the balance (if any) will be transferred to a distributable reserve called the distributable capital reduction reserve account or other reserve account of the Company; and
- (iv) following the Adjustment Proposal, the proposed Share Subdivision whereby each authorised but unissued Share of par value of HK\$0.05 each will be subdivided into five (5) Adjusted Shares of par value of HK\$0.01 each.

The Capital Reorganisation is conditional upon, inter alia, the approval of the Capital Reorganisation by the Shareholders at the EGM and approval of the Adjustment Proposal by the Court.

## **(2) PROPOSED CHANGE IN BOARD LOT SIZE**

The Company also proposes to change the board lot size of the Shares for trading on the Stock Exchange from 20,000 Shares to 4,000 Adjusted Shares upon the Capital Reorganisation becoming effective.

## **(3) PROPOSED RIGHTS ISSUE**

The Board proposes to raise approximately HK\$125.0 million before expenses (assuming no further issue of new Shares or Adjusted Shares or repurchase of Shares (save for the Facilitation Share Repurchase) on or before the Record Date) to approximately HK\$162.5 million before expenses (assuming (i) no repurchase of Shares (save for the Facilitation Share Repurchase); (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) issue of new Shares or Adjusted Shares upon fully utilizing the General Mandate on or before the Record Date) by issuing not less than 147,067,484 new Adjusted Shares and not more than 191,187,728 new Adjusted Shares to the Qualifying Shareholders by way of the Rights Issue at a subscription price of HK\$0.85 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\$119.5 million (assuming no further issue of new Shares or Adjusted Shares or repurchase of Shares (save for the Facilitation Share Repurchase) on or before the Record Date) to approximately HK\$155.9 million (assuming (i) no repurchase of Shares (save for the Facilitation Share Repurchase); (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) issue of new Shares or Adjusted Shares upon fully utilizing the General Mandate on or before the Record Date). The Company intends to apply the bulk of the net proceeds from the Rights Issue to undertake proprietary trading activities and/or invest into third-party managed funds, with the remaining for working capital purposes.

**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 Underwriter 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**

### **Proposed Rights Issue**

In compliance with Rule 7.19(6) of the Listing Rules, the proposed Rights Issue is conditional on the approval by the Independent Shareholders 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 819,480 Shares (representing approximately 0.11% of the entire issued share capital of the Company), Ms. Chow Mun Yee, being an executive Director who holds 672,000 Shares (representing approximately 0.09% of the entire issued share capital of the Company) and Mr. Andrew Liu, being a non-executive Director who holds 124,094,235 Shares (representing approximately 16.88% of the entire issued share capital of the Company), together with their respective associates will abstain from voting in favour of the proposed ordinary resolution approving the Rights Issue at the EGM.

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**

An EGM will be convened for the Shareholders to, among other things, consider and, if thought fit, approve (i) the special resolution in respect of the proposed Capital Reorganisation and (ii) the ordinary resolution in respect of the proposed Rights Issue. No Shareholder is required to abstain from voting on the special resolution in relation to the proposed Capital Reorganisation.

A circular containing, among other things, (i) further details of the Capital Reorganisation; (ii) further details of the Change in Board Lot Size; (iii) further details of the Rights Issue; (iv) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (v) 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 (vi) notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

Subject to the approval of the Capital Reorganisation by the Shareholders and 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.

### **(1) PROPOSED CAPITAL REORGANISATION**

The Company proposes to effect the Capital Reorganisation comprising:-

- (i) the proposed Share Consolidation whereby every ten (10) issued Shares of par value of HK\$0.05 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.50 each;

- (ii) immediately following the Share Consolidation, the nominal value of each issued Consolidated Share will be reduced from par value of HK\$0.50 each to par value of HK\$0.01 each by cancellation of the paid-up capital to the extent of HK\$0.49 on each issued Consolidated Share;
- (iii) the credit arising from such capital reduction described in paragraph (ii) above will be applied to set-off the accumulated deficit of the Company and the balance (if any) will be transferred to a distributable reserve called the distributable capital reduction reserve account or other reserve account of the Company; and
- (iv) following the Adjustment Proposal, the proposed Share Subdivision whereby each authorised but unissued Share of par value of HK\$0.05 each will be subdivided into five (5) Adjusted Shares of par value of HK\$0.01 each.

The steps referred to above in paragraphs (ii) and (iii) are referred to as the Adjustment Proposal.

The Capital Reorganisation (which will be effected in accordance with the Articles of Association of the Company and the Companies Law) is conditional upon:–

- (i) the passing of a special resolution to approve the Capital Reorganisation by Shareholders at the EGM;
- (ii) sanctioning of the Adjustment Proposal by the Court;
- (iii) compliance with any conditions imposed by the Court; and
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue upon the Capital Reorganisation becoming effective.

No Shareholder is required to abstain from voting on the Capital Reorganisation at the EGM. There are no warrants or other securities convertible into or giving rights to subscribe for the Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Adjusted Shares and any Adjusted Shares which may be issued pursuant to the exercise of options that may be granted under the share option scheme of the Company adopted on 31 August 2012.

As at the date of this announcement, the share capital of the Company consists of 735,337,422 Shares in issue and the aggregate nominal value of the issued share capital of the Company is approximately HK\$36.77 million. In order to facilitate the Share Consolidation, the Company will use its best effort to repurchase and cancel two Shares prior to the date of EGM and in compliance with Rule 10.06(2)(e) of the Listing Rules. Disclosure will be made by the Company in respect of such share repurchase, if any, in accordance with the Listing Rules. Assuming two Shares will be repurchased and cancelled by the Company and no further Shares are issued until the effective date of the Capital Reorganisation, based on 735,337,420 Shares then in issue, a total credit of approximately HK\$36.07 million will arise in the books of the Company as a result of the Adjustment Proposal which will be applied to set off any accumulated deficit of the Company at the relevant time with the balance (if any) to be transferred to a distributable reserve called the distributable capital reduction reserve account or other reserve account of the Company.

After the Capital Reorganisation, the authorised share capital of the Company will be HK\$5,000,000,000 divided into 500,000,000,000 Adjusted Shares of HK\$0.01 each, of which approximately 73,533,742 Adjusted Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will become approximately HK\$0.7 million (assuming no Shares are issued from the date hereof until the effective date of the Capital Reorganisation).

Fractional Adjusted Shares will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefit of the Company.

In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares, the Company has appointed Chung Nam Securities Limited as an agent to provide matching services for the sale and purchase of odd lots of Adjusted Shares arising from the Capital Reorganisation and the Change in Board Lot Size. Shareholders who wish to take advantage of this facility should contact Mr. Cecil Chan of Chung Nam Securities Limited at 26/F., China United Centre, 28 Marble Road, North Point, Hong Kong at telephone number (852) 3198 0888 during office hours. Shareholders should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed.

### **Effect of the Capital Reorganisation**

Implementation of the Capital Reorganisation would not, of itself, alter the underlying assets, liabilities, businesses, management or financial position of the Company and the Group or the rights of the Shareholders, except for payment of the related expenses and any fractional Adjusted Shares to which Shareholders may be entitled.

The Adjusted Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

## **Free exchange of Adjusted Share certificates and trading arrangements**

Subject to the Capital Reorganisation, Shareholders may, during a period to be specified in a further announcement to be made by the Company, submit certificates for Shares to the Company's registrar for exchange, at the expense of the Company, for certificates for Adjusted Shares. Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) for each new certificate issued for Adjusted Shares.

Nevertheless, certificates for Shares will continue to be good evidence of legal title and may be exchanged for certificates for Adjusted Shares at any time at the expense of the Shareholders in question.

### **Timing**

The Adjustment Proposal is subject to the Court's approval. The Capital Reorganisation will become effective after the Court's approval and registration of the order of the Court confirming the reduction of issued share capital and the minutes approved by the Court at the Registrar of Companies in the Cayman Islands, which is expected to take approximately 4 to 6 months from the date hereof.

## **(2) PROPOSED CHANGE IN BOARD LOT SIZE**

The Shares are currently traded in board lots of 20,000 Shares each. The Company proposes to change the board lot size of the Shares for trading on the Stock Exchange from 20,000 Shares to 4,000 Adjusted Shares (the "Change in Board Lot Size") upon the Capital Reorganisation becoming effective.

Assuming the Capital Reorganisation and the Change in Board Lot Size become effective, the Adjusted Shares will be traded in board lots of 4,000 Adjusted Shares and the estimated market value per board lot of the Adjusted Shares will be HK\$7,000 (based on the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted to HK\$1.75 per Adjusted Share for the effect of the Share Consolidation). The Change in Board Lot Size is conditional on the Capital Reorganisation becoming effective.



## Reasons for the proposed Capital Reorganisation and proposed Change in Board Lot Size

It is expected that the Share Consolidation and the Change in Board Lot Size will bring about a corresponding upward adjustment in the trading price per board lot of the Adjusted Shares on the Stock Exchange and reduce the total number of Shares currently in issue. The Company considers the Share Consolidation would adjust the level of the trading price of the Shares and become more attractive to the general investors. The Share Consolidation together with the Change in Board Lot Size will help to reduce the overall transaction costs for dealing in the Adjusted Shares which are calculated on per board lot basis.

Accordingly, the Directors are of the view that the Capital Reorganisation and the Change in Board Lot Size is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### (3) PROPOSED RIGHTS ISSUE

On 4 December 2012, the Company and the Underwriter 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 Shares in issue as at the date of this announcement	:	735,337,422 Shares
Number of Adjusted Shares in issue upon completion of the Capital Reorganisation	:	73,533,742 Adjusted Shares ( <i>Note 1</i> )
Number of Rights Shares	:	not less than 147,067,484 Rights Shares (assuming no further issue of new Shares or Adjusted Shares or repurchase of Shares (save for the Facilitation Share Repurchase) on or before the Record Date) and not more than 191,187,728 Rights Shares (assuming (i) no repurchase of Shares (save for the Facilitation Share Repurchase); (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) issue of new Shares or Adjusted Shares upon fully utilizing the General Mandate on or before the Record Date)
Subscription Price	:	HK\$0.85 per Rights Share
Number of Rights Shares underwritten by the Underwriter	:	all the Rights Shares



*Notes:*

1. Assuming no issue of new Shares or Adjusted Shares or repurchase of Shares (save for the Facilitation Share Repurchase) 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 no further issue of new Shares or Adjusted Shares or repurchase of Shares (save for the Facilitation Share Repurchase) on or before the Record Date, the 147,067,484 nil-paid Rights Shares proposed to be provisionally allotted represent 200% of the Company's issued share capital upon completion of the Capital Reorganisation and approximately 66.67% of the Company's issued share capital as enlarged by the issue of the 147,067,484 Rights Shares. As the Rights Issue will only be completed after the Capital Reorganisation becomes effective, the aggregate nominal value of the 147,067,484 Rights Shares will be HK\$1,470,674.84.

### **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 Friday, 3 May 2013.

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

The register of members of the Company will be closed from 6 May 2013 to 10 May 2013, 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 is no Overseas Shareholder.

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 any). 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 available 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 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 by Qualifying Shareholders.

### **Subscription Price**

The Subscription Price is HK\$0.85 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.

The Subscription Price represents:

- (a) a discount of about 51.43% to the adjusted closing price of HK\$1.75 per Adjusted Share (based on the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (b) a discount of about 53.04% to the average adjusted closing price of approximately HK\$1.81 per Adjusted Share (based on the average closing price of HK\$0.181 per Share for the five trading days ended on the Last Trading Day and adjusted for the effect of the Share Consolidation); and
- (c) a discount of about 26.09% to the theoretical ex-rights price of approximately HK\$1.15 per Adjusted Share (based on the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation).

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the 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 Adjusted Shares or repurchase of Shares (save for the Facilitation Share Repurchase) on or before the Record Date) will be approximately HK\$0.81.

### **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 147,067,484 Rights Shares and not more than 191,187,728 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.

### **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 share registrar of the Company, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for completion of the relevant registration by 4:30 p.m. on Friday, 3 May 2013.

### **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 4 June 2013. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 4 June 2013 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 4,000 Adjusted 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 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 Underwriter, in its reasonable opinion, accepts and the subsequent satisfaction of such conditions (if any); and
6. the Underwriter 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 31 August 2013 (or such later date as the Underwriter 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 summarized as below:

Date : 4 December 2012

Underwriter : Chung Nam Securities Limited

The Underwriter is a wholly-owned subsidiary of HEC Capital Limited (“HEC”), and as at the date of this announcement, the Group owns an approximate 19.55% shareholding interest in HEC. According to the disclosure of interests of the Company on the Stock Exchange, HEC holds 9.52% shareholding interest in the Company. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Underwriting commitment of the Underwriter : The Rights Shares will be fully underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement

Commission : 3% of the aggregate Subscription Price multiplied by the number of all the Rights Shares

The underwriting commission was determined after arm’s length negotiations between the Company and the Underwriter 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) the 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 the 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 the 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, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreement.



Upon the giving of such notice, all obligations of the Underwriter 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 save for any antecedent breach. If the Underwriter exercises 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 Underwriter 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 for the proposed Capital Reorganisation, proposed Change in Board Lot Size and the proposed Rights Issue is set out below:

Despatch of Circular and proxy form of the EGM . . . . . Monday, 24 December 2012

Latest time for lodging of proxy form of the EGM  
(not less than 48 hours prior to the time of the EGM) . . . 4:00 p.m., Monday, 14 January 2013

Expected date and time of the EGM. . . . . 4:00 p.m., Wednesday, 16 January 2013

Announcement of results of the EGM . . . . . Wednesday, 16 January 2013

*The following events are conditional on the results of the EGM and the relevant Court hearings. The dates are therefore tentative.*

Announcement of expected effective date  
of the Capital Reorganisation . . . . . On or before Monday, 15 April 2013

Proposed effective date of the Capital Reorganisation . . . . After 4:00 p.m., Monday, 15 April 2013

First day of free exchange of existing share certificates  
for new share certificates for the Adjusted Shares . . . . . Tuesday, 16 April 2013

Dealings in Adjusted Shares commence . . . . . 9:00 a.m., Tuesday, 16 April 2013

Original counter for trading in Shares  
(in board lots of 20,000 Shares) temporarily closes . . . . . 9:00 a.m., Tuesday, 16 April 2013

Temporary counter for trading in Adjusted Shares  
in board lots of 2,000 Adjusted Shares  
(in form of existing share certificates) to be opened . . . . . 9:00 a.m., Tuesday, 16 April 2013

Original counter for trading in Adjusted Shares  
in board lots of 4,000 Adjusted Shares  
(in the form of new share certificates) to be re-opened . . . . . 9:00 a.m., Tuesday, 30 April 2013

Parallel trading in Adjusted Shares  
(in form of new and existing certificate) begins . . . . . 9:00 a.m., Tuesday, 30 April 2013

Designated broker starts to stand in the market  
to provide matching services for the sale  
and purchase of odd lots of Adjusted Shares . . . . . Tuesday, 30 April 2013

Last day of dealings in the Adjusted Shares  
on cum-rights basis . . . . . Tuesday, 30 April 2013

Ex-date (the first day of dealings  
in the Adjusted Shares on ex-rights basis) . . . . . Thursday, 2 May 2013

Latest time for lodging transfers of Adjusted Shares  
in order to qualify for the Rights Issue . . . . . 4:30 p.m., Friday, 3 May 2013

Register of members to be closed (both days inclusive) . . . . . Monday, 6 May 2013 to  
Friday, 10 May 2013  
(both dates inclusive)

Record Date . . . . . Friday, 10 May 2013

Register of members to be re-opened . . . . . Monday, 13 May 2013

Prospectus Documents to be posted . . . . . Monday, 13 May 2013

First day of dealings in nil-paid Rights Shares . . . . . Wednesday, 15 May 2013

Latest time for splitting of nil-paid Rights Shares . . . . . 4:30 p.m., Monday, 20 May 2013

Last day of dealings in nil-paid Rights Shares . . . . . Thursday, 23 May 2013

Temporary counter for trading in Adjusted Shares  
in board lots of 2,000 Adjusted Shares  
(in form of existing share certificates) to be closed. . . . . 4:00 p.m., Wednesday, 22 May 2013

Parallel trading in Adjusted Shares  
(in form of new and existing certificate) closes . . . . . 4:00 p.m., Wednesday, 22 May 2013

Designated broker ceases to stand in the market  
to provide matching services for odd lots of Adjusted Shares. . . . . 4:00 p.m.,  
Wednesday, 22 May 2013

Last day of free exchange of existing share certificates  
for new share certificates. . . . . Friday, 24 May 2013

Latest time for acceptance of and payment  
for Rights Shares and application for excess Rights Shares . . 4:00 p.m., Tuesday, 28 May 2013

Rights Issue expected to be unconditional . . . . . Thursday, 30 May 2013

Announcement of allotment results. . . . . Friday, 31 May 2013

Despatch of certificates for fully-paid  
Rights Shares and refund cheques. . . . . Tuesday, 4 June 2013

Expected first date of dealing in fully paid Rights Shares . . . . 9:00 a.m., Wednesday, 5 June 2013

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 proposed Capital Reorganisation, proposed Change in Board Lot Size and the proposed Rights Issue will be announced as appropriate in accordance with the Listing Rules.

## 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:

Assuming no further issue of new Shares or Adjusted Shares and no repurchase of Shares (save for the Facilitation Share Repurchase) on or before the Record Date:

Name of Shareholders	As at the date of this announcement		Immediately after the Capital Reorganisation becoming effective but before completion of the Rights Issue		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholder takes up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Substantial Shareholder</b>								
Willie International Holdings Limited	113,128,834	15.38	11,312,883	15.38	33,938,649	15.38	11,312,883	5.13
<b>Directors</b>								
Andrew Liu (Note 1)	124,094,235	16.88	12,409,423	16.88	37,228,269	16.88	12,409,423	5.63
Au Shuk Yee, Sue (Note 2)	819,480	0.11	81,948	0.11	245,844	0.11	81,948	0.04
Chow Mun Yee (Note 2)	672,000	0.09	67,200	0.09	201,600	0.09	67,200	0.03
Gary Drew Douglas (Note 3)	472,000	0.06	47,200	0.06	141,600	0.06	47,200	0.02
Frank H. Miu (Note 3)	472,000	0.06	47,200	0.06	141,600	0.06	47,200	0.02
<b>Underwriter and sub-underwriters and subscribers procured by them</b>	-	-	-	-	-	-	147,067,484	66.67
<b>Public Shareholders</b>	<u>495,678,873</u>	<u>67.42</u>	<u>49,567,888</u>	<u>67.42</u>	<u>148,703,664</u>	<u>67.42</u>	<u>49,567,888</u>	<u>22.46</u>
<b>Total</b>	<u><b>735,337,422</b></u>	<u><b>100.00</b></u>	<u><b>73,533,742</b></u>	<u><b>100.00</b></u>	<u><b>220,601,226</b></u>	<u><b>100.00</b></u>	<u><b>220,601,226</b></u>	<u><b>100.00</b></u>

## Scenario 2:

Assuming (i) no repurchase of Shares (save for the Facilitation Share Repurchase); (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) issue of new Shares or Adjusted Shares upon fully utilizing the General Mandate on or before the Record Date:

Name of Shareholders	As at the date of this announcement		Immediately after the Capital Reorganisation becoming effective but before completion of the Rights Issue		Assuming (i) no repurchase of Shares (save for the Facilitation Share Repurchase); (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) issue of new Shares or Adjusted Shares upon fully utilizing the General Mandate after the Capital Reorganisation becoming effective but prior to the Record Date		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholder takes up any of the Rights Shares and the Underwriter takes 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 %
<b>Substantial Shareholder</b>										
Willie International Holdings Limited	113,128,834	15.38	11,312,883	15.38	11,312,883	11.83	33,938,649	11.83	11,312,883	3.94
<b>Directors</b>										
Andrew Liu (Note 1)	124,094,235	16.88	12,409,423	16.88	12,409,423	12.98	37,228,269	12.98	12,409,423	4.33
Au Shuk Yee, Sue (Note 2)	819,480	0.11	81,948	0.11	81,948	0.09	245,844	0.09	81,948	0.03
Chow Mun Yee (Note 2)	672,000	0.09	67,200	0.09	67,200	0.07	201,600	0.07	67,200	0.02
Gary Drew Douglas (Note 3)	472,000	0.06	47,200	0.06	47,200	0.05	141,600	0.05	47,200	0.02
Frank H. Miu (Note 3)	472,000	0.06	47,200	0.06	47,200	0.05	141,600	0.05	47,200	0.02
Underwriter and sub-underwriters and subscribers procured by them	-	-	-	-	-	-	-	-	191,187,728	66.67
<b>Public Shareholders</b>										
Maximum number of new Adjusted Shares issued under the Scheme Mandate and the General Mandate	-	-	-	-	22,060,122	23.08	66,180,366	23.08	22,060,122	7.69
Other public Shareholders	495,678,873	67.42	49,567,888	67.42	49,567,888	51.85	148,703,664	51.85	49,567,888	17.28
<b>Total</b>	<b>735,337,422</b>	<b>100.00</b>	<b>73,533,742</b>	<b>100.00</b>	<b>95,593,864</b>	<b>100.00</b>	<b>286,781,592</b>	<b>100.00</b>	<b>286,781,592</b>	<b>100.00</b>

*Notes:*

1. Mr. Andrew Liu is a non-executive Director.
2. Ms. Au Shuk Yee, Sue and Ms. Chow Mun Yee are executive Directors.
3. Mr. Gary Drew Douglas and Mr. Frank H. Miu are independent non-executive Directors.

The scenarios are for illustrative purpose only. As at the date of this announcement, the Company does not have any other fund raising plan which is under discussion or negotiation. Pursuant to the Underwriting Agreement, the Underwriter declares that it has no intention of becoming, whether by itself or together with the parties acting in concert with it (if any), the controlling shareholder (as defined under the Listing Rules) of the Company as a result of performance of its obligations under the Underwriting Agreement.

### **Reasons for and Benefits of the Proposed Rights Issue and Use of Proceeds**

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, 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\$125.0 million (assuming no further issue of new Shares or Adjusted Shares or repurchase of Shares (save for the Facilitation Share Repurchase) on or before the Record Date) and not more than approximately HK\$162.5 million (assuming (i) no repurchase of Shares (save for the Facilitation Share Repurchase); (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) issue of new Shares or Adjusted Shares upon fully utilizing the General Mandate on or before the Record Date). The estimated net proceeds from the Rights Issue will be not less than approximately HK\$119.5 million (assuming no further issue of new Shares or Adjusted Shares or repurchase of Shares (save for the Facilitation Share Repurchase) on or before the Record Date) and not more than approximately HK\$155.9 million (assuming (i) no repurchase of Shares (save for the Facilitation Share Repurchase); (ii) the maximum number of Options that can be issued pursuant to the Scheme Mandate are granted and exercised in full; and (iii) issue of new Shares upon fully utilizing the General Mandate on or before the Record Date).

The Company has noticed that economies in the United States and China are showing signs of stabilization. There is also gradual progress made in containing the sovereign debt crisis in Europe. The Company therefore believes that the current market conditions present an excellent window of opportunity for the Company to devote additional resources to its proprietary trading activities in order to capture potential upside.

In respect of the proprietary trading activities of the Group, the Company intends to invest mainly in equity, equity-related and/or debt securities in listed companies in Hong Kong and other major global securities markets. The Company also intends to maintain a diversified investment portfolio both in terms of the number of investee companies as well as the industries in which the investee companies operate, in order to manage the Company's exposure to different companies and different industries. The Company will focus on making investments in companies with promising growth prospects and/or which are trading at a discount to net asset value, with the primary investment objective of achieving capital appreciation.

In addition to directly investing into marketable equity, equity-related and/or debt securities as the Company has done in the past, the Company will also actively explore the pros and cons of investing into third-party managed private equity funds, hedge funds and/or other types of funds. Investing into third-party managed funds will allow the Company to leverage upon the expertise of outside fund managers (instead of relying only upon the expertise of the Company's own proprietary trading team). It will also serve to increase the breadth and depth of the Company's investments, thereby creating a more balanced investment portfolio.

The Company therefore intends to apply the bulk of the net proceeds from the Rights Issue to undertake proprietary trading activities and/or invest into third-party managed funds, with the remaining for working capital purposes. As at the date of this announcement, however, the Company has not identified any investment target, and has not determined the specific amount of investment to be made in any one company/fund and the timing of any such investment.

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

Date of announcements	Fund raising activities	Net proceeds raised (Approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
19 January 2012	Rights issue of 2,451,124,742 shares at HK\$0.10 each on the basis of 2 rights shares for every share held on 18 April 2012	HK\$239.2 million	For general working capital with an amount of approximately HK\$5 million and substantially for: (a) providing funding support to the Group's securities brokerage business with an amount ranging from approximately HK\$91 million to HK\$131 million, (b) strategic investments in areas such as financial planning, insurance brokerage and corporate finance services with an amount of approximately HK\$10 million, and (c) investments in marketable securities for potential capital appreciation with an amount ranging from approximately HK\$92 million to HK\$132 million	Used as intended, except that only approximately HK\$3 million has been utilised for strategic investments in areas such as financial planning, insurance brokerage and corporate finance services, and the balance of HK\$7 million has been ear-marked for such strategic investments but not yet utilised
3 October 2011	Issue of 188,548,057 shares to Willie International Holdings Limited	HK\$48.1 million	For replenishment of the working capital of the Company as described in the Company's circular dated 30 November 2011	Used as intended

Save as above-mentioned, 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

### The proposed Rights Issue

In compliance with Rule 7.19(6) of the Listing Rules, the proposed Rights Issue is conditional on the approval by the Independent Shareholders 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 819,480 Shares (representing approximately 0.11% of the entire issued share capital of the Company), Ms. Chow Mun Yee, being an executive Director who holds 672,000 Shares (representing

approximately 0.09% of the entire issued share capital of the Company) and Mr. Andrew Liu, being a non-executive Director who holds 124,094,235 Shares (representing approximately 16.88% of the entire issued share capital of the Company), together with their respective associates will abstain from voting in favour of the proposed ordinary resolution approving the Rights Issue at the EGM.

An EGM will be convened for Independent Shareholders to consider and, if thought fit, pass the ordinary resolution to approve the proposed Rights Issue.

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**

An EGM will be convened for the Shareholders to, among other things, consider and, if thought fit, approve (i) the special resolution in respect of the proposed Capital Reorganisation and (ii) the ordinary resolution in respect of the proposed Rights Issue. No Shareholder is required to abstain from voting on the special resolution in relation to the proposed Capital Reorganisation.

A circular containing, among other things, (i) further details of the Capital Reorganisation; (ii) further details of the Change in Board Lot Size; (iii) further details of the Rights Issue; (iv) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (v) 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 (vi) notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

Subject to the approval of the Capital Reorganisation by the Shareholders and 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”	28 May 2013 or such other date as the Underwriter 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
“Adjustment Proposal”	the proposed reduction of the nominal value of each issued Consolidated Share from par value of HK\$0.50 to par value of HK\$0.01 by canceling the paid-up capital to the extent of HK\$0.49 on each issued Consolidated Share and application of the credit arising from such capital reduction to set-off the accumulated deficit of the Company with the balance (if any) to be transferred to a distributable reserve called distributable capital reduction reserve account or other reserve account of the Company
“Adjusted Share(s)”	new ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reorganisation becoming effective
“associate(s)”	has the meaning ascribed to it 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 proposed reorganisation of the share capital of the Company by way of (i) the Share Consolidation; (ii) the Adjustment Proposal; and (iii) the Share Subdivision as referred in this announcement

“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Shares to 4,000 Adjusted Shares as referred to in this announcement
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Law”	The Companies Law, Cap. 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands
“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 and the Shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	issued share(s) of par value of HK\$0.50 each in the share capital of the Company immediately following the Share Consolidation and prior to the Adjustment Proposal
“Court”	the Grand Court of the Cayman Islands
“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 maybe agreed between the Company and the Underwriter
“EGM”	an extraordinary general meeting of the Company to be convened for the Shareholders to, among other things, consider and, if thought fit, approve the special resolution in respect of the Capital Reorganisation and the ordinary resolution in respect of the Rights Issue
“Facilitation Share Repurchase”	the share repurchase and cancellation of two Shares prior to the date of EGM and in compliance with Rule 10.06(2)(e) of the Listing Rules in order to facilitate the Share Consolidation
“General Mandate”	the general mandate granted to the Directors to allot and issue Shares up to a maximum of 20% of the aggregate amount of the share capital of the Company in issue as at the date of the annual general meeting of the Company held on 31 August 2012

“Group”	the Company and its Subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the Lawful currency of Hong Kong
“Independent Third Party (Parties)”	third party (parties) independent of the Company and its connected persons (as defined under the Listing Rules)
“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
“Last Trading Day”	4 December 2012, being the date of the Underwriting Agreement
“Latest Termination Date”	the second business day following the Acceptance Date or such other date as the Underwriter may agree in writing with the Company
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“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 share option(s) that the Director may grant under the share option scheme of the Company adopted on 31 August 2012
“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 Underwriter
“Posting Date”	13 May 2013 or such other date as the Underwriter 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)
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders
“Record Date”	10 May 2013 or such other date as the Underwriter may agree in writing with the Company, as the date by reference to which entitlements to the Rights Issue are expected to be determined
“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”	new Adjusted Shares to be issued and allotted under the Rights Issue, being not less than 147,067,484 Adjusted Shares and not more than 191,187,728 Adjusted Shares
“Scheme Mandate”	the mandate granted to the Directors to allot and issue under the share option scheme adopted by the Company on 31 August 2012 up to a maximum of 10% of the aggregate share capital of the Company in issue as at the date of the annual general meeting of the Company held on 31 August 2012
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary share(s) of par value of HK\$0.05 each in the issued and unissued capital of the Company prior to the Capital Reorganisation

“Shareholder(s)”	registered holder(s) of the Shares or Adjusted Shares (as the case may be) of the Company
“Share Consolidation”	the proposed consolidation of every ten (10) issued Shares of par value of HK\$0.05 each into one (1) Consolidated Share of par value of HK\$0.50 each
“Share Subdivision”	the proposed subdivision of each authorised but unissued Share of par value of HK\$0.05 each into five (5) Adjusted Shares of par value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	with the meaning ascribed thereto in the Listing Rules and the Companies Ordinance
“Subscription Price”	HK\$0.85 per Rights Share
“Underwriter”	Chung Nam Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activity under the SFO, being the underwriter of the Rights Issue
“Underwriting Agreement”	the underwriting agreement dated 4 December 2012 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 4 December 2012



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

*Executive Directors:*

Mr. Lo Kan Sun (*Acting Chairman*)  
Mr. Hui Quincy Kwong Hei (*Managing Director*)  
Ms. Au Shuk Yee, Sue  
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