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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent and Financial Advisor



HEC

HEC Securities Limited

Placing of 57,356,318 new Shares under General Mandate

The Board announced that on 20 November 2013, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place a total of 57,356,318 new Shares on a fully underwritten basis, to not less than six independent Placees, at a price of HK\$0.70 per Placing Share.

The 57,356,318 Placing Shares under the Placing represent approximately 20% of the existing issued share capital of the Company of 286,781,592 Shares as at the date of this announcement and approximately 16.67% of the then issued share capital of 344,137,910 Shares as enlarged by the Placing. Since the Placing Shares will be allotted and issued under the General Mandate, no further Shareholders' approval is required.

The Placing Price of HK\$0.70 per Placing Share represents (i) a discount of 12.5% to the closing price of the Shares of HK\$0.80 quoted on the Stock Exchange on 20 November 2013, being the date of the Placing Agreement and (ii) a discount of approximately 0.57% to the average closing price of the Shares of approximately HK\$0.704 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 20 November 2013.

The gross proceeds from the Placing will be approximately HK\$40.1 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other relevant expenses) will be approximately HK\$38.3 million which will be used for general working capital of the Group.

The Placing Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 5 September 2013.

Up to the date of this announcement, no new Shares have been allotted and issued under the General Mandate.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

THE PLACING

The Board announced that on 20 November 2013, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place a total of 57,356,318 new Shares on a fully underwritten basis, to not less than six independent Placees, at a price of HK\$0.70 per Placing Share. The aggregate nominal value of the Placing Shares will be HK\$573,563.18.

THE PLACING AGREEMENT

Date:

20 November 2013 (after trading hours)

Issuer:

The Company

Placing Agent and Placees:

HEC Securities Limited, the Placing Agent, is indirectly-owned as to approximately 19.54% by the Company as at the date of this announcement.

The Placees, being individual(s), institutional or other professional investor(s), who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons.

The Placing is on a fully underwritten basis. The Placing Shares will be placed to not less than six independent Placees. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

Number of Placing Shares:

The 57,356,318 Placing Shares under the Placing represent approximately 20% of the existing issued share capital of the Company of 286,781,592 Shares as at the date of this announcement and approximately 16.67% of the then issued share capital of 344,137,910 Shares as enlarged by the Placing.

Ranking of Placing Shares:

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price:

The Placing Price of HK\$0.70 per Placing Share represents (i) a discount of 12.50% to the closing price of the Shares of HK\$0.80 quoted on the Stock Exchange on 20 November 2013, being the date of the Placing Agreement; and (ii) a discount of approximately 0.57% to the average closing price of the Shares of approximately HK\$0.704 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 20 November 2013.

The net placing price for the Placing is approximately HK\$0.67 per Share.

The Placing Price was negotiated on arm's length basis between the Company and the Placing Agent with reference to current market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on current market conditions and is in the interests of the Company and the Shareholders as a whole.

Placing commission payable to the Placing Agent:

The Placing Agent will receive a placing commission calculated as 3% of the amount equal to the Placing Price multiplied by the number of the Placing Shares.

Placing Period:

The Placing Agent undertakes during the Placing Period to procure, on a fully underwritten basis, subscribers for the Placing Shares at the Placing Price.

Condition of the Placing Agreement:

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

If the condition is not fulfilled on or prior to 4 February 2014 or such later date as the Company and the Placing Agent shall agree in writing, the Placing Agreement and all the obligations thereunder will cease and terminate and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination and Force Majeure Events:

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:–

- (i) any material breach of any of the representations and warranties under the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or

- (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong or the Cayman Islands or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities markets occurs.

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement by giving notice to the Company as afore-mentioned, all obligations of each of the parties under this Agreement, shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

General Mandate:

The Placing Shares will be allotted and issued under the General Mandate.

Up to the date of this announcement, no new Shares have been allotted and issued under the General Mandate. The 57,356,318 Placing Shares to be allotted and issued will fully utilize the General Mandate.

Completion of the Placing:

Completion of the Placing shall take place not later than the second Business Day upon the fulfillment of the condition of the Placing (or such other date as the Company and the Placing Agent shall agree).

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

REASONS FOR THE PLACING 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, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding.

Upon the full placement of the 57,356,318 Placing Shares, the gross proceeds raised from the Placing will be approximately HK\$40.1 million. After taking into account the estimated expenses in relation to the Placing, the estimated net proceeds from the Placing will be approximately HK\$38.3 million, representing a net price of HK\$0.67 per Placing Share. The net proceeds from the Placing will be used for general working capital of the Group.

The Company can take this opportunity to (i) broaden the capital base, (ii) replenish and replace working capital raised from fund raising activities in the past twelve months that has now been fully utilized and (iii) enhance the capital strength of the Company. Accordingly, the Board considers that the terms of the Placing are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company's equity fund raising activities over the past 12-month period immediately preceding the date of this announcement are set out below:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of proceeds
4 December 2012	Rights issue of 191,187,728 new Shares at HK\$0.85 each on the basis of 2 rights shares for every share held (as described in the prospectus of the Company dated 25 June 2013)	HK\$157.0 million	Proprietary trading activities and/or invest into third-party managed funds with the remaining of approximately HK\$18 million for working capital purposes	Used as intended
27 May 2013	Placing 42,067,484 Shares at a price of HK\$0.10 per Share	HK\$4.0 million	General working capital	Used as intended

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

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company immediately upon completion of the Placing are set out as below, for illustration purposes:–

Name of Shareholders	As at the date of this announcement		Immediately after Completion of the Placing	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Directors:				
Andrew Liu	37,228,269	12.98	37,228,269	10.82
Au Shuk Yee, Sue	245,844	0.09	245,844	0.07
Chow Mun Yee	201,600	0.07	201,600	0.06
Public Shareholders				
The Placees	–	–	57,356,318	16.67
Other public Shareholders	249,105,879	86.86	249,105,879	72.38
Total	<u>286,781,592</u>	<u>100.00</u>	<u>344,137,910</u>	<u>100.00</u>

GENERAL

Since the Placing Shares will be allotted and issued under the General Mandate, no further Shareholders' approval is required.

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday or public holiday) on which banks generally are open for business more than five hours in 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
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	not later than the second Business Day following the satisfaction of the conditions of the Placing under the Placing Agreement or such later date as the Company and the Placing Agent may agree
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Financial Advisor” or “HEC Securities” or “Placing Agent”	HEC Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 5 September 2013 to allot, issue and deal with 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	placing of 57,356,318 new Shares on a fully underwritten basis by the Placing Agent at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the agreement entered into between the Placing Agent and the Company dated 20 November 2013 in respect of the Placing
“Placing Period”	means the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on 4 January 2014, unless terminated earlier pursuant to the terms of the Placing Agreement
“Placing Price”	HK\$0.70 per Placing Share
“Placing Shares”	57,356,318 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of
Freeman Financial Corporation Limited
Lo Kan Sun
Chairman

Hong Kong, 20 November 2013

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

Executive Directors:

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

Non-executive Directors:

Mr. Andrew Liu
Mr. Liu Kam Fai, Winston

Independent Non-executive Directors:

Mr. Cheung Wing Ping
Mr. Chung Yuk Lun
Mr. Hung Cho Sing
Dr. Agustin V. Que