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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)

FINAL DIVIDEND FOR THE YEAR ENDED 31 MARCH 2014 – PROPOSED BONUS ISSUE OF SHARES

PROPOSED BONUS ISSUE OF SHARES

As stated in the Company's announcement dated 30 June 2014, the Directors did not recommend the payment of a final dividend for the year ended 31 March 2014. Subsequent to 30 June 2014, the Directors re-considered the issue of a final dividend. The Board is pleased to announce that distribution of a final dividend for the year ended 31 March 2014 of HK\$0.01 per Share is now recommended by way of a proposed bonus issue of Shares, credited as fully paid at par by capitalisation of part of the Company's retained profits, on the basis of one Bonus Share for every one existing Share held by the Qualifying Shareholders whose names are on the register of members of the Company on the Record Date. The register of members of the Company will be closed from Wednesday, 3 September 2014 to Wednesday, 10 September 2014 (both days inclusive) in order to determine the Qualifying Shareholders' entitlement to the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. The Bonus Shares, upon issue, will rank pari passu with the Shares then existing in all respects.

GENERAL INFORMATION

A circular containing, amongst other things, further information of the Bonus Issue, the arrangement for the Overseas Shareholders (if any), together with the notice of the AGM, will be despatched to the Shareholders as soon as practicable.

PROPOSED BONUS ISSUE

As stated in the Company's announcement dated 30 June 2014, the Directors did not recommend the payment of a final dividend for the year ended 31 March 2014. Subsequent to 30 June 2014, the Directors re-considered the issue of a final dividend. The Board is pleased to announce that distribution of a final dividend for the year ended 31 March 2014 of HK\$0.01 per Share is now recommended by way of the Bonus Issue, credited as fully paid at par by capitalisation of part of the Company's retained profits, on the basis of one Bonus Share for every one existing Share held by the Qualifying Shareholders whose names are on the register of members of the Company on the Record Date. As at the date of this announcement, the number of Shares in issue was 344,137,910 Shares. On the basis of such figure, and assuming there is no issue or repurchase of Shares prior to the Record Date, the number of Bonus Shares to be issued is 344,137,910 Shares. Immediately after completion of the Bonus Issue, there will be a total of 688,275,820 Shares in the enlarged share capital of the Company.

Reasons for the Bonus Issue

In recognition of the continued support of the Shareholders, the Board recommends a final dividend for the year ended 31 March 2014 by way of the Bonus Issue. The Board is of the view that the Bonus Issue could enhance the liquidity of the Shares in the market and thereby potentially expanding the Company's shareholder and capital base.

In addition, with reference to the Company's announcement dated 30 June 2014 in relation to the final results for the year ended 31 March 2014, the Group recorded a profit for the year of approximately HK\$477.3 million, and the net asset value of the Group as at 31 March 2014 was approximately HK\$3,204.2 million, translating into a book value per Share of approximately HK\$9.31. On the other hand, using the closing price of the Shares as at the date of this announcement of HK\$2.74 as a reference, the Company is trading at a price-to-book (PB) of only approximately 0.29X. The Board therefore believes that the Company is extremely undervalued, and the declaration and payment of the final dividend in the form of the Bonus Issue could be an effective means to help narrow the valuation gap such that the underlying worth of the Company can be unlocked and become more accurately reflected.

The Board prefers the Bonus Issue to a cash dividend as the Bonus Issue will allow the Company to conserve its book value as well as cash for future business development.

It has been quite some years that the Board has not recommended the payment of a dividend. The Board intends to change this practice. Going forward, it is now the new corporate direction as well as the intention of the Board to lean towards recommending the payment of dividends at least on an annual basis where appropriate.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (A) the approval of the final dividend for the year ended 31 March 2014 in the form of the Bonus Issue by the Shareholders at the AGM; and
- (B) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

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

Status of Bonus Shares

The Bonus Shares, upon issue, will rank pari passu with the Shares then existing in all respects except that they will not rank for the Bonus Issue.

Fraction of Bonus Shares

On the basis of one Bonus Share for every one existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlement will arise. Fractional entitlements to the Bonus Shares will not be allotted or issued.

Overseas Shareholders

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Bonus Issue to the Overseas Shareholders (if any). Up to the date of this announcement, the Company has not yet made any enquiries to the legal advisors as based on information provided by the share registrar of the Company, there is no Overseas Shareholder as at the date of this announcement. If, based on the legal opinions, the Directors consider that it is necessary or expedient not to issue the Bonus Shares to 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), no Bonus Share will be issued to such Overseas Shareholders. However, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

Closure of register of members

The register of members of the Company will be closed from 3 September 2014 to 10 September 2014 (both days inclusive) in order to determine the Qualifying Shareholders' entitlement to the Bonus Issue, during which period no transfer of Shares will be registered.

To qualify for the Bonus Issue, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 2 September 2014.

Certificates for Bonus Shares

Subject to fulfilment of the conditions of the Bonus Issue mentioned above, it is expected that share certificates for the Bonus Shares (which are not renounceable) will be despatched to the Qualifying Shareholders on 17 September 2014 at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 18 September 2014.

Expected timetable

The expected timetable of the Bonus Issue is set out below:

2014
(Note)

Circular relating to the Bonus Issue to be despatched on or before	Monday, 28 July
Latest time for lodging proxy forms for the AGM.....	4:00 p.m. on Tuesday, 26 August
Date and time of the AGM	4:00 p.m. on Thursday, 28 August
Announcement of the voting results of the AGM.....	Thursday, 28 August
Last date of dealings in Shares cum-entitlements to the Bonus Issue	Friday, 29 August
First date of dealings in Shares ex-entitlements to the Bonus Issue	Monday, 1 September

Latest time for lodging transfers of Shares to qualify for the Bonus Issue	4:30 p.m. on Tuesday, 2 September
Closure of register of members (both days inclusive)	Wednesday, 3 September to Wednesday, 10 September
Record Date	Wednesday, 10 September
Re-open of register of members of the Company.	Thursday, 11 September
Despatch of share certificates for the Bonus Shares	Wednesday, 17 September
First date of dealings in the Bonus Shares.	9:00 a.m. on Thursday, 18 September

Note: All references to dates and times are Hong Kong dates and times.

Date or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

A circular containing, amongst other things, further information of the Bonus Issue, the arrangement for the Overseas Shareholders (if any), together with the notice of the AGM, will be despatched to the Shareholders as soon as practicable. No Shareholder is required to abstain from voting on the ordinary resolution to approve the Bonus Issue at the AGM.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 4:00 p.m. on Thursday, 28 August 2014;
“Board”	the board of Directors;
“Bonus Issue”	the proposed issue of the Bonus Shares on the basis of one Bonus Share for every one existing Share held on the Record Date;

“Bonus Share(s)”	the new Share(s) proposed to be issued under the Bonus Issue;
“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;
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and granting of listing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Non-Qualifying Shareholders”	Overseas Shareholders whom the Directors, after making enquiries, consider it is necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant foreign regulatory body or stock exchange in that place not to extend the Bonus Issue to them;
“Overseas Shareholders”	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;
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders;
“Record Date”	10 September 2014, being the date for determination of entitlement to the Bonus Issue;
“Share(s)”	ordinary share(s) of a par value of HK\$0.01 each in the issued share capital of the Company;

“Shareholder(s)” (a) holder(s) of Share(s); and

“Stock Exchange” The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 17 July 2014

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