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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)

PROPOSALS FOR (1) SHARE SUBDIVISION (2) BONUS ISSUE OF SHARES; AND (3) CHANGE IN BOARD LOT SIZE

PROPOSED SHARE SUBDIVISION

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be subdivided into ten Subdivided Shares of HK\$0.001 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out under the section headed “Conditions of Share Subdivision” below.

BONUS ISSUE

The Board is pleased to announce that the Bonus Issue will be made on the basis of one Bonus Share for every two Subdivided Shares held by the Qualifying Shareholders on the Record Date upon the fulfillment of the conditions set out under the section headed “Conditions of Bonus Issue” below.

CHANGE IN BOARD LOT SIZE

The Board would arrange for changing the board lot size for trading in the Shares from 4,000 existing Shares to 20,000 Subdivided Shares after the Share Subdivision becoming effective.

GENERAL

A circular containing, among other things, details of the Share Subdivision, the Bonus Issue and the Change In Board Lot Size together with the notice of the EGM and related proxy form, will be despatched to Shareholders on or around 26 November 2014.

PROPOSED SHARE SUBDIVISION

Basis of Share Subdivision

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be subdivided into ten Subdivided Shares of HK\$0.001 each. The Share Subdivision will become effective upon the fulfillment of the condition set out under the section headed “Conditions of Share Subdivision” below.

As at the date of this announcement, the authorised share capital of the Company is HK\$5,000,000,000.00 divided into 500,000,000,000 Shares of HK\$0.01 each, of which 688,275,820 Shares are in issue and fully paid or credited as fully paid. There are no outstanding options, warrants, conversion rights or other similar rights giving rights to subscribe for any Shares as at the date of this announcement. Upon the Share Subdivision becoming effective, the authorised share capital of the Company will be HK\$5,000,000,000.00 divided into 5,000,000,000,000 Subdivided Shares of HK\$0.001 each, of which 6,882,758,200 Subdivided Shares will be in issue and fully paid or credited as fully paid, assuming that no further Shares are repurchased or issued prior to the Share Subdivision becoming effective.

As at the date of this announcement, the Company currently has no intention to have any fund raising activities.

Conditions of Share Subdivision

The completion of Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM for approving the Share Subdivision; and
- (b) the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

Assuming all the conditions are fulfilled, the Share Subdivision will become effective on the day next following the passing of the ordinary resolution as specified therein, which is expected to take place on Monday, 15 December 2014.

Application will be made to the Stock Exchange in respect of such approval for the listing of, and permission to deal in, the Subdivided Shares.

Effect of Share Subdivision

Upon the Share Subdivision becoming effective, the Subdivided Shares will rank *pari passu* in all respects with each other and the Share Subdivision will not result in any changes in the relative rights of the Shareholders.

The Share Subdivision will not be expected to result in any odd lots other than those already exist.

Exchange of share certificates

Upon the Share Subdivision becoming effective, the Shareholders may, during the period from Monday, 15 December 2014 to Friday, 23 January 2015 (both dates inclusive), submit their existing certificates for the Shares to the Company's share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for the new share certificates for the Subdivided Shares free of charge. Thereafter, existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each certificate issued or cancelled, whichever is higher. Existing certificates for the Shares will continue to be good evidence of legal title and may be exchanged for certificates for Subdivided Shares at any time at the expense of the Shareholders.

The new share certificates will be green in colour so as to be distinguished from the existing share certificates which are red in colour.

BONUS ISSUE OF SHARES

Basis of Bonus Issue

The Board is pleased to announce that the Bonus Issue will be made on the basis of one Bonus Share for every two Subdivided Shares held by the Qualifying Shareholders on the Record Date which is expected to be Friday, 19 December 2014 upon the fulfillment of the conditions set out under the section headed "Conditions of Bonus Issue" below.

On the basis of 6,882,758,200 Subdivided Shares after the Share Subdivision becoming effective, and assuming no further Shares will be repurchased or issued on or before the Record Date, it is anticipated that 3,441,379,100 Bonus Shares credited as fully paid at par by way of capitalisation of part of the Company's retained profits will be allotted and issued to the Qualifying Shareholders under the Bonus Issue. After the completion of the Bonus Issue, there will be a total of 10,324,137,300 Shares in issue as enlarged by the Bonus Issue.

Fraction of Bonus Shares

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

Conditions of Bonus Issue

The completion of Bonus Issue is conditional upon:

- (a) the Share Subdivision becoming effective;
- (b) the approval of the Bonus Issue by the Shareholders at the EGM; and
- (c) 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 Stock Exchange in respect of such approval for the listing of, and permission to deal in, the Bonus Shares.

Closure of register of members

For the purpose of determining Shareholders' entitlements to the Bonus Issue, the register of members of the Company will be closed from Thursday, 18 December 2014 to Friday, 19 December 2014, both days inclusive, during which period no transfer of Shares will be registered.

In order to qualify for the entitlements to the Bonus Issue, all transfers of Shares must be duly completed, accompanied by the relevant share certificates and lodged with the share registrar and transfer office of the Company, 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 Wednesday, 17 December 2014.

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). 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.

Status of Bonus Shares

The Bonus Shares, upon allotment and issue, will rank *pari passu* with the Shares then existing in all respects, including the entitlement to receiving dividends and other distributions, the record date for which is on or after the date of allotment and issue of those Bonus Shares.

Certificates for Bonus Shares

It is expected that share certificates for the Bonus Shares will be despatched by ordinary post to the Qualifying Shareholders on Tuesday, 30 December 2014 at the risk of the Qualifying Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealing in the Bonus Shares on the Stock Exchange is expected to commence at 9:00 a.m. on Wednesday, 31 December 2014.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lots of 4,000 Shares each. The Board would arrange for changing the board lot size for trading in the Shares from 4,000 existing Shares to 20,000 Subdivided Shares after the Share Subdivision becoming effective.

Based on the closing price of HK\$2.01 per existing Share as quoted on the Stock Exchange as at the date of this announcement (equivalent to a theoretical ex-entitlement price of approximately HK\$0.134 per Subdivided Share upon the Share Subdivision becoming effective and the allotment of the Bonus Shares), the market value of each board lot of 4,000 Subdivided Shares is estimated to be approximately HK\$536.00 upon the Share Subdivision becoming effective and the allotment of the Bonus Shares. With the Change in Board Lot Size to be implemented by the Board after the Share Subdivision becoming effective, the market value per board lot of 20,000 (instead of 4,000) Subdivided Shares is estimated to be approximately HK\$2,680.00, based on the theoretical ex-entitlement price of approximately HK\$0.134 per Subdivided Share. Save as disclosed herein, the Change in Board Lot Size will not affect the rights of the Shareholders. Dealing in the Subdivided Shares on the Stock Exchange in the new board lot size of 20,000 Subdivided Shares is expected to commence at 9:00 a.m. on Wednesday, 31 December 2014.

The Change in Board Lot Size together with the Share Subdivision will not be expected to result in any odd lots other than those already exist as one existing board lot of 4,000 existing Shares will become two new board lots of 20,000 Subdivided Shares.

REASONS FOR AND BENEFITS OF SHARE SUBDIVISION, BONUS ISSUE AND CHANGE IN BOARD LOT SIZE

The Share Subdivision (when effective) will decrease the nominal value and increase the total number of shares in issue and correspondingly result in downward adjustment to the trading price of the Shares so that the market value per board lot of Shares can be reduced to appeal to more investors.

Based on the financial information currently available, the Group is expected to record a very substantial profit for the unaudited interim results of the Group for the six months period ended 30 September 2014, the Board decides to make the Bonus Issue for recognition of the continual support of the Shareholders.

Based on the closing price of HK\$2.01 per existing Share as quoted on the Stock Exchange on the date of this announcement, the market value per board lot of 4,000 existing Shares is HK\$8,040.00. After effecting the Share Subdivision, the Bonus Issue and the Change in Board Lot Size, the estimated market value per board lot of 20,000 Subdivided Shares will be theoretically lowered to approximately HK\$2,680.00 as explained in the section headed “Change in Board Lot Size” above.

The Board is of the view that the Share Subdivision and the Bonus Issue may improve the trading liquidity of the Subdivided Shares and thereby would attract more investors and broaden its Shareholders’ base. The Board believes that the Change in Board Lot Size will help to reduce the overall transaction costs for dealing in the Subdivided Shares which are calculated on per board lot basis. Accordingly, the Board considers that the implementation of the Share Subdivision and the Bonus Issue together with the Change in Board Lot Size is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable relating to the Share Subdivision, the Bonus Issue and the Change in Board Lot Size is set out below.

2014
(Hong Kong time)

Despatch of the circular in relation to the Share Subdivision with description of the Bonus Issue and the Change of the Board Lot Size together with the EGM notice and proxy form. On or around
Wednesday, 26 November

Latest time for lodging proxy form for the EGM
(not less than 48 hours prior to time of the EGM) 10:00 a.m. on
Wednesday, 10 December

Expected date and time of the EGM. 10:00 a.m. on
Friday, 12 December

Announcement of poll results of the EGM. Friday, 12 December

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision and the Bonus Issue, which are included in this announcement.

Effective date of the Share Subdivision Monday, 15 December

Free exchange of existing share certificates for new
share certificates for Subdivided Shares commences Monday, 15 December

Dealing in Subdivided Shares commences 9:00 a.m. on
Monday, 15 December

Original counter for trading in existing Shares
(in board lots of 4,000 Shares) closes. 9:00 a.m. on
Monday, 15 December

Temporary counter for trading in Subdivided Shares in board lots of 40,000 Subdivided Shares (in form of existing share certificates in red colour) opens9:00 a.m. on Monday, 15 December
Last day of dealing in Subdivided Shares on a cum-entitlement basis in respect of the Bonus Issue	Monday, 15 December
First day of dealing in Subdivided Shares on an ex-entitlement basis in respect of the Bonus Issue	Tuesday, 16 December
Latest time for lodging transfers form of Subdivided Shares for determining entitlement to the Bonus Issue	4:30 p.m. on Wednesday, 17 December
Closure of register of members of the Company for determining entitlement to the Bonus Issue	Thursday, 18 December to Friday, 19 December (both days inclusive)
Record Date for determining entitlement to the Bonus Issue	Friday, 19 December
Register of members of the Company re-opens	Monday, 22 December
Certificates for Bonus Shares to be despatched	Tuesday, 30 December
Dealing in Bonus Shares commences9:00 a.m. on Wednesday, 31 December
Original counter for trading in Subdivided Shares (in board lots of 20,000 Subdivided Shares) re-opens9:00 a.m. on Wednesday, 31 December
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Subdivided Shares9:00 a.m. on Wednesday, 31 December

Parallel trading in existing Shares and Subdivided Shares (in form of existing share certificates in red colour and new share certificates in green colour) begins.....9:00 a.m. on Wednesday, 31 December

2015
(Hong Kong time)

Temporary counter for trading in Subdivided Shares in board lots of 40,000 Subdivided Shares (in form of existing share certificates in red colour) closes 4:00 p.m. on Wednesday, 21 January

Parallel trading in Shares and Subdivided Shares (in form of existing share certificates in red colour and new share certificates in green colour) ends..... 4:00 p.m. on Wednesday, 21 January

Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Subdivided Shares 4:00 p.m. on Wednesday, 21 January

Free exchange of existing share certificates for new share certificates in green colour endsFriday, 23 January

Further announcement will be made by the Company for changes, if any, in the expected timetable for implementation of the Share Subdivision, the Bonus Issue and the Change in Board Lot Size as well as the associated trading arrangements listed above.

GENERAL

The Company is incorporated in the Cayman Islands with limited liability. 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.

An EGM is proposed to be convened for the Shareholders to, among other things, consider, and if thought fit, to approve (i) the Share Subdivision; and (ii) the Bonus Issue.

A circular containing, among other things, further details of (i) the Share Subdivision; (ii) the Bonus Issue; (iii) the Change in Board Lot Size; and (iv) the notice of the EGM and related proxy form, will be despatched to the Shareholders on or around 26 November 2014.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:–

“Board”	the board of Directors of the Company
“Bonus Issue”	the issue of the Bonus Shares to the Qualifying Shareholders on the basis of one Bonus Share for every two Subdivided Shares held on the Record Date as described in this announcement
“Bonus Share(s)”	new Subdivided Share(s) to be allotted and issued by way of the Bonus Issue by the Company
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 4,000 existing Shares to 20,000 Subdivided Shares after the Share Subdivision becoming effective
“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
“EGM”	the general meeting of the Company to be convened for the purpose of approving the Share Subdivision and the Bonus Issue
“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 Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date who are entitled to the Bonus Issue but excluding Overseas Shareholder(s) whom the Board, 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 regulatory body or stock exchange in that place not to extend the Bonus Issue to them
“Record Date”	being the date for determination of entitlement to the Bonus Issue, which is expected to be Friday, 19 December 2014
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s) or Subdivided Share(s), as the case may be
“Share Subdivision”	the proposed subdivision of each issued Share into ten Subdivided Shares as described in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company arising from and upon the Share Subdivision becoming effective

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

Hong Kong, 11 November 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