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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 UNLISTED WARRANTS UNDER SPECIFIC MANDATE

Placing Agent



Enerchine Securities Limited

PLACING OF UNLISTED WARRANTS

The Board is pleased to announce that on 13 May 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company agreed to grant and the Placing Agent agreed to procure not less than six Subscribers to subscribe for 688,275,820 Warrants, on a fully-underwritten basis, at the Issue Price of HK\$0.01 per Warrant. The Subscription Price is HK\$0.55 per Warrant Share (subject to adjustment pursuant to the Warrant Instrument).

As at the date of this announcement, the Company has a total of 10,324,137,300 Shares in issue. A total of 688,275,820 Warrant Shares will be allotted and issued by the Company upon full exercise of the Subscription Rights, which represent (i) approximately 6.67% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 6.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares; and (iii) approximately 5.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares and Warrant Shares 1, assuming that there will not be any other changes in the issued share capital of the Company before the exercise of all the Subscription Rights and the Subscription Rights 1.

The issue of Warrant Shares under the Specific Mandate is subject to the Shareholders' approval. Accordingly, the Company will seek Shareholders' approval at the SGM by way of poll for the Placing together with the issue of Warrant Shares 1 under the General Mandate proposed on 22 April 2015.

A Circular containing, among other things, further details of the Placing under the Specific Mandate and the Placing 1 under the General Mandate, and other information required under the Listing Rules, together with the notice of the SGM, is expected to be despatched to the Shareholders on or before 31 May 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

As the Completion is conditional upon satisfaction of the conditions precedent as set out under the Placing Agreement, the issue of Warrants may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

On 13 May 2015 (after trading hours), the Company and the Placing Agent has entered into the Placing Agreement, to procure for Subscribers to subscribe for 688,275,820 Warrants, details of which are as follows:

PLACING AGREEMENT

Date: 13 May 2015 (after trading hours)

Placing Agent: Enerchine Securities Limited

Issuer: The Company

Securities to be granted

Subject to the fulfillment of the conditions precedent to the Placing Agreement, the Company has agreed to grant, and the Placing Agent has agreed to procure not less than six Subscribers to subscribe for 688,275,820 Warrants, on a fully-underwritten basis, at the Issue Price of HK\$0.01 per Warrant. It is expected that none of the Subscribers and their ultimate beneficial owners will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Completion. Each of the Warrants carries the right to subscribe for one Warrant Share at the Subscription Price of HK\$0.55 per Warrant Share (subject to adjustment pursuant to the Warrant Instrument).

As at the date of this announcement, the Company has a total of 10,324,137,300 Shares in issue. Upon full exercise of the Subscription Rights, a total of 688,275,820 Warrant Shares will be allotted and issued by the Company, which represent (i) approximately 6.67% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 6.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares; and (iii) approximately 5.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares and Warrant Shares 1, assuming that there will not be any other changes in the issued share capital of the Company before the exercise of all the Subscription Rights and the Subscription Rights 1.

Basis of pricing of the Warrants

The Issue Price is HK\$0.01 per Warrant.

The Subscription Price is HK\$0.55 per Warrant Share, which represents:

- (i) the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on 13 May 2015, being the date of the Placing Agreement;
- (ii) a premium of approximately 5.77% over the average of the closing prices of approximately HK\$0.52 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Placing Agreement; and
- (iii) a premium of approximately 1.85% over the average of the closing prices of approximately HK\$0.54 per Share as quoted on the Stock Exchange of for the last ten trading days up to and including the date of the Placing Agreement.

The aggregate of the Issue Price per Warrant and Subscription Price per Warrant Share is HK\$0.56. This represents (i) a premium of approximately 1.82% over the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on 13 May 2015, being the date of the Placing Agreement; and (ii) a premium of approximately 7.69% over the average closing price of approximately HK\$0.52 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Placing Agreement.

Both the Issue Price and the Subscription Price are determined after arm's length negotiations between the Company and the Placing Agent, taking into account the recent trading prices of the Shares and prevailing stock market sentiment. The Board is of the opinion that the Issue Price and the Subscription Price are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Conditions for issue of the Warrants

Completion shall be conditional upon the following:

- (i) the passing of resolution(s) by the Shareholders at the SGM to approve the Placing Agreement and the transactions contemplated thereunder and the issue of the Warrants and the grants of the Specific Mandate;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Warrant Shares which may fall to be issued and allotted upon exercise of the Subscription Rights attached to the Warrants; and
- (iii) the obligations of the Placing Agent thereunder not being terminated in accordance with the terms of the Placing Agreement.

If the above conditions are not fulfilled on or prior to the Long Stop Date, the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses and any prior breaches of the Placing Agreement.

Placing commission

The Placing Agent will receive a placing commission of 3% of any Subscription Price for the Warrants received by the Company when any Warrant Holder exercises the Subscription Rights. Such placing commission was determined after arm's length negotiations between the Company and the Placing Agent. The Directors are of the view that the placing commission is fair and reasonable.

Subscribers

The Warrants shall be offered by the Placing Agent, on a fully-underwritten basis, to not less than six Subscribers which are independent professional investors. The Placing Agent shall use all reasonable endeavours to ensure and shall obtain confirmation to that effect that the Subscribers shall be third parties independent from the Company and not connected with the Company and its connected persons. The Placing Agent shall also use all reasonable endeavours to ensure and shall obtain confirmation to that effect that none of the Subscribers and their ultimate beneficial owners shall become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after subscription of the Warrants.

Principal terms of the Warrants

The principal terms of the Warrants are as follows:

Number of Warrants and Warrant Shares:	A total of 688,275,820 Warrants will be issued at the Issue Price. Each Warrant carries the right to subscribe for one Warrant Share at the Subscription Price. Upon full exercise of the Subscription Rights, a total of 688,275,820 Warrant Shares will be issued. The Warrants will be constituted by the Warrant Instrument. The Warrants will rank pari passu in all respects among themselves.
Form:	The Warrants will be issued upon Completion in registered form. Warrant certificate will be issued to the Subscribers.
Issue Price:	HK\$0.01 per Warrant
Subscription Price:	HK\$0.55 per Warrant Share (subject to adjustment pursuant to the Warrant Instrument)
	The initial Subscription Price of the Warrants are subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with conversion price less than the then market price provided that the Subscription Price shall not at any time fall below the par value of the Shares.
Subscription Period:	The period of two years commencing from the date of issue of the Warrants
Mandatory Exercise Rights:	The mandatory exercise rights exercisable by the Company to request all Warrant Holders who hold any unexercised Warrants upon the expiry of the subscription period (2 years commencing from the date of issue of the Warrants) to exercise the Subscription Rights of the whole of the Warrants held by such Warrant Holder to subscribe for the Warrant Shares at the Subscription Price
Ranking of Warrant Shares:	The Warrant Shares, when issued and fully paid, will rank pari passu in all respects with the existing issued Shares as at the date of allotment of the Warrant Shares.

Voting Rights: The Warrant Holder(s) will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The Warrant Holder(s) shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Transferability: The Warrants are transferable in whole or in part but at integral multiples of 1,000,000 Warrants.

Completion

Completion shall take place no later than the second Business Day following the satisfaction of the conditions specified in the Placing Agreement (or such later date as the Company and the Placing Agent shall agree).

APPLICATION FOR LISTING

No application will be made for the listing of the Warrants. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the Subscription Rights. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

CHANGES IN SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 10,324,137,300 Shares in issue and 688,275,820 share options granted but not yet exercised. Save as disclosed, the Company has no other outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

The following table illustrates changes in shareholding structure before and after the exercise of the Warrants and Warrants 1 (assuming that there will not be any other changes in the issued share capital of the Company before the exercise of all the Subscription Rights and the Subscription Rights 1):

	As at the date of this announcement		Immediately after the exercise in full of the Subscription Rights 1		Immediately after the exercise in full of the Subscription Rights		Immediately after the exercise in full of both the Subscription Rights 1 and the Subscription Rights	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Substantial Shareholder								
Liu Andrew (<i>Note 1</i>)	1,116,848,070	10.82%	1,116,848,070	9.55%	1,116,848,070	10.14%	1,116,848,070	9.01%
Directors								
Au Shuk Yee, Sue	7,375,320	0.07%	7,375,320	0.06%	7,375,320	0.07%	7,375,320	0.06%
Chow Mun Yee	6,048,000	0.06%	6,048,000	0.05%	6,048,000	0.05%	6,048,000	0.05%
Subscribers under Placing	-	-	-	-	688,275,820	6.25%	688,275,820	5.56%
Subscribers under Placing 1	-	-	1,376,551,640	11.76%	-	-	1,376,551,640	11.11%
Other public Shareholders	9,193,865,910	89.05%	9,193,865,910	78.58%	9,193,865,910	83.49%	9,193,865,910	74.21%
	<u>10,324,137,300</u>	<u>100%</u>	<u>11,700,688,940</u>	<u>100%</u>	<u>11,012,413,120</u>	<u>100%</u>	<u>12,388,964,760</u>	<u>100%</u>

Note 1: These Shares are held by Unitas Capital Strategic Partners I Limited which is a company wholly-owned by Mr. Liu Andrew.

INFORMATION ON THE GROUP

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.

REASONS FOR THE ISSUE AND USE OF PROCEEDS

The Board considers that the issue of the Warrants is an appropriate means of fund raising for the Company and it does not have any immediate dilution effect on the shareholding of the existing Shareholders. Further capital would be raised upon exercise of the Subscription Rights attaching to the Warrants. The Board is of the view that the issue of the Warrants and the issue of the Warrant Shares provide opportunities for the Group to strengthen its capital base and financial position for future business development.

The gross proceeds from the issue of Warrants will be approximately HK\$6.9 million. The net proceeds from the issue of Warrants, after the deduction of related expenses, are estimated to be approximately HK\$6.6 million, representing net issue price of approximately HK\$0.0096 per Warrant.

Assuming full exercise of the Subscription Rights at the Subscription Price, it is expected that an additional gross proceeds of approximately HK\$378.6 million and net proceeds of approximately HK\$367.2 million (after deduction of related expenses) will be raised. The Group intends to apply the net proceeds as general working capital for the Group and also for future expansion and development of FCL Group's financial services and securities trading business.

The Directors consider the terms of the Placing Agreement are negotiated at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

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

Date of announcements	Fund raising activities	Net proceeds to be raised (approximately)	Proposed use of the net proceeds	Actual use of proceeds
22 April 2015 and 29 April 2015	Placing of 1,376,551,640 unlisted Warrants 1 at HK\$0.43 per Warrant Share	HK\$587.6 million	General working capital for the Group and also for future expansion and development of FCL Group's financial services and securities trading business	Not yet completed as at the date of this announcement

More details of Placing 1 are set out in the Company's announcements dated 22 April 2015 and 29 April 2015.

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

LISTING RULES IMPLICATIONS

Pursuant to Rule 15.02(1) of the Listing Rules, the Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued.

The issue of Warrant Shares under the Specific Mandate is subject to the Shareholders' approval. Accordingly, the Company will seek Shareholders' approval at the SGM by way of poll for the Placing.

As at the date of this announcement, the Company has 688,275,820 share options granted but not yet exercised. Saved as disclosed, the Company did not have any other securities with subscription rights outstanding and not yet exercised and which are required to be aggregated with the Warrant Shares in accordance with Rule 15.02(1) of the Listing Rules.

Assuming full exercise of the Subscription Rights, 688,275,820 Warrant Shares (representing approximately 6.67% of the existing issued share capital of the Company) will be issued. Accordingly, the issue of the Warrants would be in compliance with Rule 15.02(1) of the Listing Rules.

As at the date of the Placing Agreement, the Placing Agent together with its ultimate beneficial owners held 840,000,000 Shares representing approximately 8.14% of the total issued share capital of the Company. Saved as disclosed, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

SGM

The SGM will be convened and held for the purpose of considering and, if thought fit, approving (i) the Placing Agreement and the transactions contemplated thereunder, including the issue of the Warrants and the grant of the Specific Mandate for issue of Warrant Shares upon exercise of the Warrants; and (ii) the placing agreement dated 22 April 2015 and the supplemental placing agreement dated 29 April 2015 and the transactions contemplated thereunder, including the issue of Warrants 1 and the issue of Warrant Shares 1 under the General Mandate. To the best knowledge of the Directors, none of the Shareholders has a material interest in the Placing and Placing 1, accordingly, no Shareholders will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Specific Mandate and the General Mandate.

A Circular containing, among other things, further details of the Placing under the Specific Mandate and Placing 1 under the General Mandate, and other information required under the Listing Rules, together with the notice of the SGM, is expected to be despatched to the Shareholders on or before 31 May 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

GENERAL

As the Completion is conditional upon satisfaction of the conditions precedent as set out under the Placing Agreement, the issue of Warrants may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or any other public holidays) on which banks in Hong Kong are generally open for settlement business
“Circular”	the circular to be despatched by the Company in respect of the Placing and Placing 1
“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
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“FCL Group”	Freeman Corporation Limited, an indirect non-wholly owned subsidiary of the Company incorporated in the Cayman Islands with limited liability and its subsidiaries

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the extraordinary general meeting on 14 November 2014 to allot and issue and deal with 20% of the then issued share capital of the Company as at the date of the extraordinary general meeting representing 1,376,551,640 Shares (taking into account of the share subdivision undertaken by the Company as announced on 11 November 2014 and became effective on 15 December 2014)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	HK\$0.01 per Warrant to be issued pursuant to the Placing Agreement
“Listing Committee”	shall have the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2015 or such later date as may be agreed between the Company and the Placing Agent in writing
“Mandatory Exercise Rights”	the mandatory exercise rights exercisable by the Company to request all Warrant Holders who hold any unexercised Warrants upon the expiry of the subscription period (2 years commencing from the date of issue of the Warrants) to exercise the Subscription Rights of the whole of the Warrants held by such Warrant Holder to subscribe for the Warrant Shares at the Subscription Price
“Placing”	the offer by way of a private placement of the Warrants procured by the Placing Agent to selected professional investors on the terms and conditions set out in the Placing Agreement
“Placing 1”	the offer by way of a private placement of Warrants 1 procured by the Placing Agent to selected professional investors on the terms and conditions set out in the placing agreement dated 22 April 2015 and supplemental placing agreement dated 29 April 2015

“Placing Agent”	Enerchine Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a placing agreement dated 13 May 2015 entered into between the Company and the Placing Agent pursuant to which the Placing Agent agrees to procure the Subscribers to subscribe for, and the Company agrees to issue, the Warrants
“SGM”	the special general meeting of the Company to be convened to consider, and if thought fit, to approve the Placing and Placing 1
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the SGM for the allotment and issue of the Warrants Shares upon the exercise of the Subscription Rights
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	independent professional investor(s) procured by the Placing Agent to subscribe for the Warrants pursuant to the Placing Agent’s obligations under the Placing Agreement
“Subscription Price”	HK\$0.55 per Warrant Share, being the exercise price per Warrant Share at which the holder of each Warrant may subscribe for the Warrant Share (subject to adjustment)
“Subscription Rights”	the rights of the Warrant Holder represented by the Warrants to subscribe for the Warrant Shares upon and subject to the conditions of the Warrants
“Subscription Rights 1”	the rights of the holder of Warrants 1 represented by Warrants 1 to subscribe for the Warrant Shares upon and subject to the conditions of the Warrants

“Warrant(s)”	a total of 688,275,820 unlisted transferable warrants to be issued by the Company at the Issue Price in registered form, each conferring rights entitling the Warrant Holder to subscribe in cash for one Warrant Share at the Subscription Price at any time during the period of two years commencing from the date of issue of the Warrants and subject to the Mandatory Exercise Rights
“Warrant(s) 1”	a total of 1,376,551,640 unlisted transferable warrants to be issued by the Company at the issue price of HK\$0.01 in registered form, each conferring rights entitling the holder of Warrant 1 to subscribe in cash for one warrant share at the subscription price of HK\$0.43 (revised on 29 April 2015) at any time during the period of two years commencing from the date of issue of Warrants 1 and subject to the mandatory exercise rights as set out in the supplemental placing agreement dated 29 April 2015 entered into between the Company and the Placing Agent
“Warrant Holder(s)”	at any time in respect of any Warrant the person(s) who is/are of the time being the registered holder(s) of that Warrant
“Warrant Instrument”	the instrument constituting the Warrants to be executed by the Company substantially in the form as set out in the Placing Agreement
“Warrant Share(s)”	the Shares falling to be issued by the Company under the Warrants upon (i) exercise by a Warrant Holder of the Subscription Rights; and (ii) exercise by the Company of the Mandatory Exercise Rights, pursuant to the Specific Mandate and on the terms and conditions under the Warrant Instrument
“Warrant Share(s) 1”	the Shares falling to be issued by the Company under Warrants 1 upon exercise by a holder of Warrants 1 of the subscription rights attaching to Warrants 1 pursuant to the General Mandate and on the terms and conditions under the warrant instrument as set out in the placing agreement dated on 22 April 2015 and supplemental placing agreement dated 29 April 2015 entered into between the Company and the Placing Agent

“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, 13 May 2015

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

Independent Non-executive Directors

Mr. Cheung Wing Ping

Mr. Chung Yuk Lun

Mr. Hung Cho Sing

Dr. Agustin V. Que