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## **FREEMAN CORPORATION LIMITED**

**民豐控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 279)**

### **ISSUE OF CONVERTIBLE NOTE BY A NON WHOLLY-OWNED SUBSIDIARY**

This is a voluntary announcement made by the Company pursuant to Rule 13.09 of the Listing Rules.

On 14 January 2010, the Subscriber and HCG entered into a subscription agreement pursuant to which, a two-year Convertible Note in the aggregate principal amount of HK\$301 million convertible into HCG Shares at the Conversion Price of HK\$7 (subject to adjustment) per HCG Share was issued to the Subscriber by HCG and the subscription amount of HK\$301 million was received by HCG on the same day. The proceeds of HK\$301 million raised by the issue of the Convertible Note will be applied as general working capital of HCG and for its business expansion in future.

Upon full exercise of the conversion right attaching to the Convertible Note at the Conversion Price, the total number of HCG Shares falling to be issued to the holder of the Convertible Note will be 43,000,000, representing 23.9% of the issued share capital of HCG as enlarged by such conversion. Accordingly, the Group's equity interests in HCG will be diluted to approximately 39.3% of the issued share capital of HCG as enlarged by full conversion of the Convertible Note. As at the date of this announcement, the Subscriber has not yet indicated its intention to exercise the conversion rights attaching to the Convertible Note. If HCG allots and issues conversion shares under the Convertible Note, the Company will comply with relevant requirements in this connection in accordance with the Listing Rules, if required.

This is a voluntary announcement made by the Company pursuant to Rule 13.09 of the Listing Rules.

## **Issue of Convertible Note by HCG**

The Company was informed by HCG that on 14 January 2010, the Subscriber and HCG entered into a subscription agreement pursuant to which, a two-year Convertible Note in the aggregate principal amount of HK\$301 million convertible into HCG Shares at the Conversion Price of HK\$7 (subject to adjustment) per HCG Share was issued to the Subscriber by HCG and the subscription amount of HK\$301 million was received by HCG on the same day. The Convertible Note is non-interest bearing and non-transferrable without the prior written consent of HCG.

HCG is a subsidiary indirectly-owned as to approximately 51.6% by the Company. HCG and its subsidiaries are principally engaged in the provision of financial services including security brokerage, commodity trading, money lending, margin financing, corporate finance advisory and investment advisory as well as proprietary trading and direct investment.

The Subscriber is a third party independent of the Company and connected persons of the Company. Notwithstanding the underlying interests in HCG held by the Subscriber under the Convertible Note, the Subscriber was not granted any right to nominate any director to the board of HCG through the subscription of the Convertible Note.

## **Reasons for HCG to Issue of Convertible Note**

The Conversion Price of HK\$7 was determined after arm's length negotiations between HCG and the Subscriber with reference to the unaudited consolidated net asset value of HCG of approximately HK\$1,017 million as at 30 September 2009. Based on the information provided by HCG, the total number of HCG Shares in issue as at 14 January 2010 and the unaudited consolidated management accounts of HCG as at 30 September 2009, the unaudited consolidated net asset value per HCG Share is approximately HK\$7.4. The proceeds of HK\$301 million raised by the issue of the Convertible Note will be applied as general working capital of HCG and for its business expansion in future.

The Convertible Note is non-recourse in nature whereas no guarantee by the Group is required. Moreover, as the Convertible Note is non-interest bearing, the Directors consider that the issue of the Convertible Note provides a good opportunity for HCG to raise fresh proceeds for its general working capital and for its future business expansion without any interest expense. Given that no additional director shall be nominated by

the Subscriber to the board of HCG through the subscription of the Convertible Note, the issue of the Convertible Note will not constitute any impact on the business direction and management of HCG.

Taking into considerations the discount of approximately 5.4% of the Conversion Price to the unaudited consolidated net asset value of approximately HK\$7.4 per HCG Share and the benefits of the issue of the Convertible Note hereinabove mentioned, the Directors are of the view that the terms of the issue of the Convertible Note are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **The Impact of Convertible Note upon Conversion**

Subject to the terms and conditions of the Convertible Note, the Subscriber or the holder of the Convertible Note may convert the outstanding principal amount of the Convertible Note in whole or in part into HCG Shares at any time from the relevant date of issue until a date falling seven days prior to (and excluding) the Maturity Date. The exercise of the conversion rights is conditional on all consents or approval of any relevant governmental authorities, regulatory bodies or other relevant third parties. Upon full exercise of the conversion right attaching to the Convertible Note at Conversion Price, the total number of HCG Shares falling to be issued to the holder of the Convertible Note will be 43,000,000, representing 23.9% of the issued share capital of HCG as enlarged by such conversion. Accordingly, the Group's equity interests in HCG will be diluted to approximately 39.3% of the issued share capital of HCG as enlarged by full conversion of the Convertible Note and thereafter, HCG will cease to be a subsidiary of the Company and its results will not be consolidated to the financial statements of the Group.

The Subscriber or the holder of the Convertible Note may or may not convert the whole or any part of the outstanding principal amount of the Convertible Note into HCG Shares during the conversion period. As at the date of this announcement, the Subscriber has not yet indicated its intention to exercise the conversion rights attaching to the Convertible Note. If HCG allots and issues conversion shares under the Convertible Note, the Company will comply with the relevant requirements in this connection in accordance with the Listing Rules, if required.

## Definitions

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

“Board”	the board of directors of the Company
“Company”	Freeman Corporation Limited (Stock code: 279), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on main board of The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	initial conversion price of HK\$7 (subject to adjustment) per HCG Share which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Note
“Convertible Note”	the two-year non-interest bearing convertible redeemable note in the principal amount of HK\$301 million issued by HCG to the Subscriber on 14 January 2010
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HCG”	Hennabun Capital Group Limited, a company incorporated in the British Virgin Islands and an indirect non wholly-owned subsidiary of the Company
“HCG Share(s)”	ordinary shares of US\$0.1 each in the share capital of HCG
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Maturity Date”	the secondary anniversary following the date of issue of the Convertible Note

“Subscriber”

Super Star Far East Limited, a company incorporated in the British Virgin Islands and the ultimate beneficial owner of which is Mr. Zeng Yi

By order of the Board  
**Freeman Corporation Limited**  
**Mr. Lo Kan Sun**  
*Managing Director*

Hong Kong, 9 February 2010

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

*Executive Directors:*

Dr. Yang Fan Shing, Andrew (*Chairman*)  
Mr. Lo Kan Sun (*Managing Director*)  
Ms. Kwok Wai Ming  
Ms. Au Shuk Yee, Sue  
Mr. Scott Allen Phillips

*Independent non-executive Directors:*

Mr. Chiu Siu Po  
Ms. Hui Wai Man, Shirley  
Mr. Gary Drew Douglas  
Mr. Peter Temple Whitlam