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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)**

### **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE ON A BEST EFFORT BASIS**

**Placing Agent**

**RADLAND INTERNATIONAL LIMITED**

#### **THE PLACING UNDER SPECIFIC MANDATE ON A BEST EFFORT BASIS**

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

On 21 October 2010, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company agreed to place, through the Placing Agent, an aggregate of 2,000,000,000 Placing Shares, on a best effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be third parties independent of the Company and the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates at a price of HK\$0.275 per Placing Share.

The maximum aggregate number of 2,000,000,000 Placing Shares represents (i) approximately 173.9% of the existing issued share capital of the Company of 1,150,065,070 Shares as at the date of this announcement; and (ii) approximately 63.49% of the issued share capital of the Company of 3,150,065,070 Shares as enlarged by the Placing.

The Placing is conditional upon (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares; and (b) the passing of resolution(s) by the Shareholders to approve the Placing Agreement and the transactions contemplated under the Placing Agreement at the EGM.

Subject to satisfaction of the above-mentioned conditions, the Placing Agent may deliver a completion notice to the Company at any time during a period of ninety days after the date of the EGM (or such other period as may be agreed between the Company and the Placing Agent). Completion of the Placing is expected to take place on the second Business Day after the date on which the Conditions have been satisfied.

The aggregate gross proceeds and net proceeds from the Placing will be approximately HK\$550.0 million and HK\$535.8 million, respectively, and are intended to be used as general working capital and substantially for expanding the Group's financial services business (see main text in this announcement).

An EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolutions to approve (i) the Placing Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate.

A circular containing, among other things, (i) further details of the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

**Completion of the Placing is subject to the satisfaction of the conditions 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.**

## **THE PLACING UNDER SPECIFIC MANDATE ON A BEST EFFORT BASIS**

### **The Placing Agreement**

#### **Date**

21 October 2010 (after trading hours)

**Issuer**

The Company

**Placing Agent**

Radland International Limited, the Placing Agent, is indirectly-owned as to approximately 51.93% by the Company and is an indirect non-wholly owned subsidiary of the Company.

The Placing Agent has conditionally agreed to place an aggregate of 2,000,000,000 Placing Shares on a best effort basis and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares being placed. The Directors are of the view that the placing commission of 2.5% accords with the market rate and is fair and reasonable.

**Placees**

The Placing Agent agreed to procure, on a best effort basis, not fewer than six Placees, being independent individuals, institutional or other professional investors, to subscribe for the Placing Shares at the Placing Price within the Placing Period. The Placing Agent agreed to use all reasonable endeavours to ensure that the Placees and their ultimate beneficial owners are third parties independent from the Company and the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates. The Placing Agent has also agreed to use all reasonable endeavours to ensure that none of the Placees or their ultimate beneficial owners will become a controlling shareholder (as defined in the Listing Rules) of the Company immediately after taking up the Placing Shares.

**Placing Price**

The Placing Price of HK\$0.275 represents:

- (i) a discount of approximately 14.06% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 18.40% to the average closing price of approximately HK\$0.337 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement; and
- (iii) a discount of approximately 19.00% to the average closing price of approximately HK\$0.3395 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

### **The Placing Shares**

The maximum aggregate number 2,000,000,000 Placing Shares represents (i) approximately 173.9% of the existing issued share capital of the Company of 1,150,065,070 Shares as at the date of this announcement; and (ii) approximately 63.49% of the issued share capital of the Company of 3,150,065,070 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$200.0 million.

### **Ranking of the Placing Shares**

The Placing Shares rank pari passu among themselves and with the Shares in issue as at the date of this announcement.

### **Conditions of the Placing**

The Placing is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares; and
- (b) the passing of resolution(s) by the Shareholders at the EGM to approve the Placing Agreement and the transactions contemplated under the Placing Agreement including the allotment and issue of the Placing Shares.

If the above conditions are not fulfilled on or prior to the 110th day from the date of the EGM (or such later date as may be agreed between the Company and the Placing Agent), 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 (save for any prior breaches of the Placing Agreement).

### **Specific Mandate to issue the Placing Shares**

The Placing Shares will be issued under the Specific Mandate to be sought at the EGM.

### **Completion of the Placing**

Subject to satisfaction of the Conditions, the Placing Agent may deliver a completion notice to the Company at any time during a period of ninety days after the date of the EGM (or such other period as may be agreed between the Company and the Placing Agent). The notice can

only be given once. Completion of the Placing will take place on the second Business Day after the date on which the Conditions are satisfied (or such other date as may be agreed by the Company and the Placing Agent).

If the Placing Agent does not issue a completion notice to the Company on or prior to the ninetieth day after the date of the EGM (or such other date as may be agreed between the Company and the Placing Agent), 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 (save for any prior breaches of the Placing Agreement).

**As completion of the Placing is subject to the satisfaction of a number of conditions precedent and the termination rights of the Placing Agent under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

#### **Application for listing**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Placing.

#### **Reasons for the Placing and use of proceeds**

The Group is principally engaged in the business of trading of securities, provision of finance, property holding and investment, insurance brokerage business, securities brokerage, investment advisory and investment holding.

Terms of the Placing Agreement were determined after arm's length negotiations between the Company and the Placing Agent. The gross proceeds from the Placing will be approximately HK\$550.0 million. The net proceeds from the Placing will amount to approximately HK\$535.8 million. The net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.268 per Share.

As mentioned in a previous circular issued by the Company, the Directors believe that it is currently an excellent environment for the Group to position itself to capture vast opportunities in the financial services sector. The net proceeds from the Placing will therefore be used as general working capital and substantially for expanding the Group's financial services business, including (i) enlarging the Group's equity investment portfolio in financial services, (ii) pursuing investment opportunities in the financial services sector, and (iii) expanding the Group's money lending business.

The Directors note that the financial services industry is a capital intensive industry, and any meaningful expansion of the Group's financial services business and the pursuit of meaningful investment opportunities will generally involve significant amounts of money. In addition, the Directors believe that proceeds from the Placing will enhance the credit-worthiness and bargaining power of the Group when it pursues such expansion and investment opportunities, potentially leading to a greater chance of success as well as the Group receiving more favourable terms. Furthermore, the net proceeds from the Placing will enable the Group to scale its financial services operations promptly and efficiently in order to capture and benefit from fast-changing market conditions. The Placing will also have the added benefits of broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing Agreement is in the interest of the Company and the Shareholders as a whole.

The Directors have considered different types of fund raising arrangements and consider that the Placing is the most efficient way in terms of cost for the Company.

### **Termination and force majeure**

The Placing Agreement may be terminated by the Placing Agent if at any time before 9:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent that the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any of the following events:
  - (i) 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
  - (ii) 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

- (iii) 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
- (iv) a change or development involving a prospective change in taxation in Hong Kong, Cayman Islands, the British Virgin Islands or the People's Republic of China 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
- (v) 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 9:00 a.m. on the Completion Date.

#### **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (<i>approx.</i>)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
29 September 2010	Placing of 118,950,000 new Shares on a fully underwritten basis, which was completed on 8 October 2010	HK\$36.90 million	for general working capital	Used as intended
9 August 2010	Placing of 99,125,239 new Shares on a fully underwritten basis, which was completed on 13 August 2010	HK\$27.2 million	for general working capital and expanding the financial services business of the Group	Used as intended

9 August 2010	Issue of convertible bonds in the principal amount of up to HK\$550.0 million ( <i>Note</i> )	HK\$320.0 million	for general working capital and expanding the financial services business of the Group	The net proceeds of HK\$280 million was used as intended. The balance of HK\$40 million is still being maintained with a bank
9 April 2010	Placing of 76,270,000 new Shares on a fully underwritten basis, which was completed on 21 April 2010	HK\$37.09 million	for general working capital	Used as intended
22 January 2010	Placing of 46,892,699 new Shares on a fully underwritten basis, which was completed on 29 January 2010	HK\$25.04 million	for general working capital	Used as intended
26 November 2009	Placing of 100,000,000 new Shares under specific mandate on a fully underwritten basis, which was completed on 6 January 2010	HK\$46.17 million	for general working capital of the Group	Used as intended

*Note:*

The convertible bonds in the aggregate principal amount of up to HK\$550.0 million (including HK\$275.0 million for Firm Bonds and HK\$275.0 million for Optional Bonds) could be issued subject to the terms and conditions of the Bond Subscription Agreement dated 9 August 2010. Based on the initial Conversion Price of HK\$0.275 per Share, the convertible bonds are convertible into 2,000,000,000 conversion Shares. As at the date of this announcement, completion of the issue of the Firm Bonds in the aggregate principal amount of HK\$275.0 million and completion of the issue of Optional Bonds in the aggregate principal amount of HK\$45.0 million have taken place.



Up to the date of this announcement, 436,363,633 conversion Shares have been converted. The total outstanding issued Firm Bonds of HK\$200.0 million, representing 727,272,729 conversion Shares, have not yet been converted. The total amount of Optional Bonds which could still be issued is HK\$230.0 million and represents 836,363,638 conversion Shares.

For further details of the aforementioned convertible bonds please refer to the announcements of the Company dated 9 August 2010, 5 October 2010 and 12 October 2010.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full) are set out as below:

	As at the date of this announcement		Immediate after the completion of the Placing (assuming that the Placing Shares are placed in full)	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)
<b>Executive Directors</b>				
Dr. Yang Fan Shing, Andrew	66,000	0.01	66,000	-
Ms. Au Shuk Yee, Sue	1,229,000	0.11	1,229,000	0.04
<b>Public</b>				
Placees	-	-	2,000,000,000	63.49
Other public shareholders	<u>1,148,770,070</u>	<u>99.88</u>	<u>1,148,770,070</u>	<u>36.47</u>
<b>Total</b>	<u>1,150,065,070</u>	<u>100.00</u>	<u>3,150,065,070</u>	<u>100.00</u>

*Note:*

The convertible bonds in the aggregate principal amount of up to HK\$550.0 million (including HK\$275.0 million for Firm Bonds and HK\$275.0 million for Optional Bonds) could be issued subject to the terms and conditions of the Bond Subscription Agreement dated 9 August 2010. As at the date of this announcement, completion of the issue of the Firm Bonds in the aggregate principal amount of HK\$275.0 million and the completion of the issue of Optional Bonds in the aggregate principal amount of HK\$45.0 million have taken place. Up to the date of this announcement, as a result of exercise of the conversion rights attached to the convertible bonds in the aggregate principal amount of HK\$120.0 million at the conversion price of HK\$0.275 per conversion Share, 436,363,633 Shares of HK\$0.10 each have been converted.

For further details of the aforementioned convertible bonds, please refer to the announcement of the Company dated 9 August 2010, 5 October 2010 and 12 October 2010. Should the remaining convertible bonds be issued and converted into new Shares in full, the total number of issued Share will be enlarged by 1,563,636,367 Shares, based on the initial conversion price of the convertible bonds of HK\$0.275 per Share.

## **LISTING RULES IMPLICATIONS**

The Placing Agent is a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO. As at the date of the Placing Agreement, the Company owned approximately 51.93% of HCG which wholly owns the Placing Agent. Therefore, the Placing Agent in turn is an indirect non-wholly owned subsidiary of the Company.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolutions to approve (i) the Placing Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate.

To the best knowledge of the Directors, none of the Shareholders has a material interest in the transaction contemplated under the Placing Agreement as at the date of this announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the resolution relating to the Placing.

A circular containing, among other things, (i) further details of the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

## **GENERAL**

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

## **TERMS USED IN THIS ANNOUNCEMENT**

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Subscription”	subscription of convertible bonds by the Investor and/or his nominee(s) pursuant to the Bond Subscription Agreement;
“Bond Subscription	conditional bond subscription agreement dated 9 August 2010 entered

Agreement”	into between the Company and the Investor in relation to the Bond Subscription;
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	Freeman Corporation Limited (Stock Code: 279), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion Date”	means the second Business Day after the date on which the Conditions are satisfied (or such other date as the Company and the Placing Agent may agree)
“Conditions”	means the conditions of the Placing referred to in the section headed “Conditions of the Placing” above
“Conversion Price”	HK\$0.275 per Share, subject to adjustment
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if appropriate, to approve, inter alia, the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Firm Bonds”	convertible bonds in aggregate principal amount of HK\$275,000,000 to be issued by the Company pursuant to the Bond Subscription Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HCG”	Hennabun Capital Group Limited, a company incorporated in the British Virgin Islands and an indirect non-wholly owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Investor”	Mr. Liu, Andrew
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“Optional Bonds”	convertible bonds in aggregate principal amount of up to HK\$275,000,000 to be issued by the Company upon exercise of the option to subscribe for optional bonds
“Placee(s)”	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”	the placing of an aggregate of 2,000,000,000 new Shares, on a best effort basis, pursuant to the terms of the Placing Agreement
“Placing Agent”	Radland International Limited (a company incorporated in HK with limited liability), is a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO and an indirect non-wholly owned subsidiary of the Company
“Placing Agreement”	the placing agreement entered between the Company and the Placing Agent dated 21 October 2010 in relation to the Placing
“Placing Price”	HK\$0.275 per Placing Share
“Placing Period”	the period of commencing upon the date of the Placing Agreement and terminating at 5:00p.m. on the 90th day after the date of the EGM or such other period agreed by the Placing Agent and the Company , unless the Placing is terminated earlier pursuant to the terms of the Placing Agreement
“Placing Share(s)”	an aggregate of 2,000,000,000 Shares to be placed pursuant to the Placing Agreement

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Placing Shares pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“%”	per cent.

By Order of the Board of  
**Freeman Corporation Limited**  
Suen Yick Lun Philip  
*Executive Director*

Hong Kong, 21 October 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)  
Mr. Hui Quincy Kwong Hei (Managing Director)  
Ms. Au Shuk Yee, Sue  
Mr. Scott Allen Phillips  
Mr. Suen Yick Lun Philip

*Independent non-executive Directors:*

Roger Thomas Best, JP  
Mr. Gary Drew Douglas  
Mr. Peter Temple Whitelam  
Dr. Agustin V. Que