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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)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DEEMED DISPOSAL ARISING FROM SUBSCRIPTION FOR NEW SHARES BY AN INVESTOR IN A NON-WHOLLY OWNED SUBSIDIARY;

(2) MAJOR TRANSACTION IN RELATION TO THE PROVISION OF FINANCIAL ASSISTANCE UNDER THE LOAN FACILITY; AND

(3) RESUMPTION OF TRADING

THE SUBSCRIPTION AGREEMENT

On 1 November 2010 (after trading hours), Hennabun, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement with the Investor, pursuant to which the Investor agreed to subscribe and Hennabun agreed to allot and issue 33,333,333 Hennabun Shares for a consideration of approximately HK\$200 million.

THE PROVISION OF FINANCIAL ASSISTANCE

On 1 November 2010, Hansom, a wholly owned subsidiary of the Company which is principally engaged in provision of finance, entered into the Loan Agreement with Hennabun, pursuant to which all the previous loan facilities then provided by Hansom to Hennabun have been combined into a single revolving loan facility.

GENERAL

The EGM will be held by the Company for the Shareholders to consider, and if thought fit, pass the resolutions to approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Loan Agreement and the transactions contemplated thereunder.

The Circular containing, amongst other things, further details of the Subscription Agreement and the Loan Agreement, together with the notice of the EGM, will be despatched to the Shareholders on or before 25 November 2010.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 2 November 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 5 November 2010.

INTRODUCTION

Reference is made to the Company's announcement dated 26 August 2010 in relation to, inter alia, the possible disposal of the Company's interest in Hennabun.

On 1 November 2010 (after trading hours), Hennabun, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement with the Investor, pursuant to which the Investor agreed to subscribe and Hennabun agreed to allot and issue 33,333,333 Hennabun Shares for a consideration of approximately HK\$200 million. As such, the Company no longer intends to dispose of its interest in Hennabun as at the date of this announcement.

THE SUBSCRIPTION AGREEMENT

Set out below are the principal terms of the Subscription Agreement:

Date:

1 November 2010 (after trading hours)

Parties:

- (1) Issuer: Hennabun
- (2) Investor: Ideal Principles Limited, a wholly owned subsidiary of the Enerchina Holdings Limited

To the best of the Directors' knowledge, information and belief of the Company, and having made all reasonable enquiries, the Investor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Subscription of the Hennabun Shares

The Investor shall subscribe and Hennabun agreed to allot and issue 33,333,333 Hennabun Shares, representing 24.51% of the existing issued share capital of Hennabun.

As at the date of the Subscription Agreement, Hennabun is owned as to 51.93%, 41.36% and 6.71% by, FFSL, Equity Spin and Other Hennabun Shareholders, respectively.

Consideration

The consideration for the Subscription shall be approximately HK\$200 million, which shall be payable in cash on or before 15 November 2010 (or such later date as Hennabun and the Investor may otherwise agree).

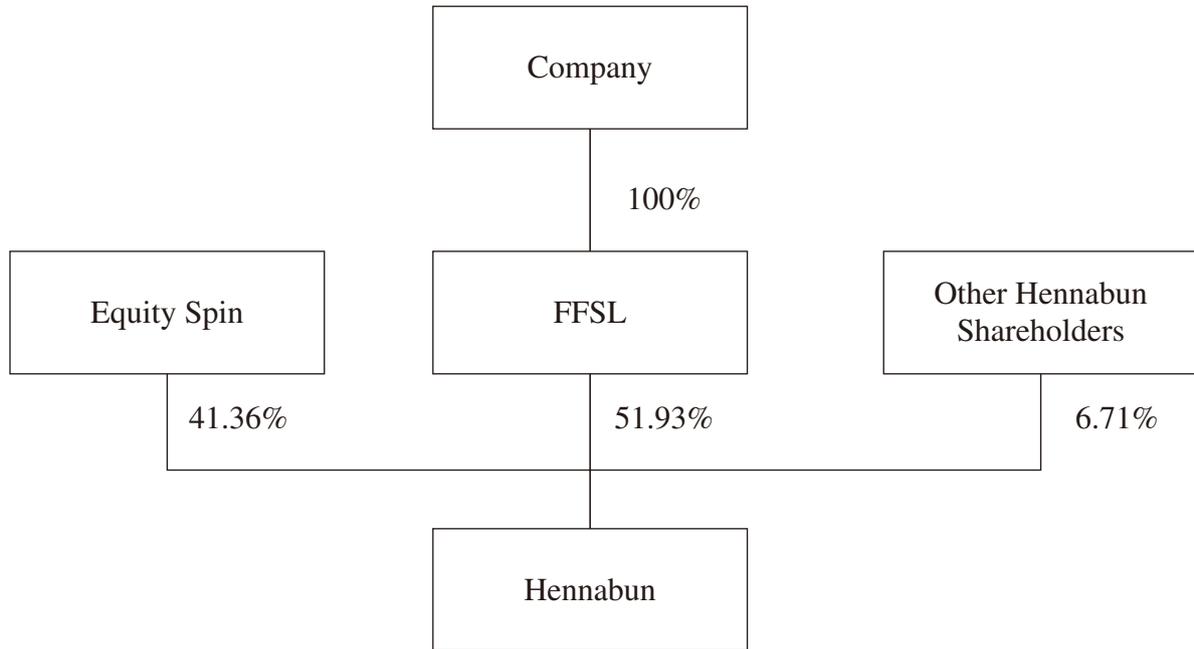
The consideration was determined after arm's length negotiations between Hennabun and the Investor with reference to (i) unaudited consolidated net asset value of Hennabun as at 30 June 2010; (ii) the historical performance and future prospects of Hennabun Group; and (iii) the liquidity of the Hennabun Shares.

Corporate Structure

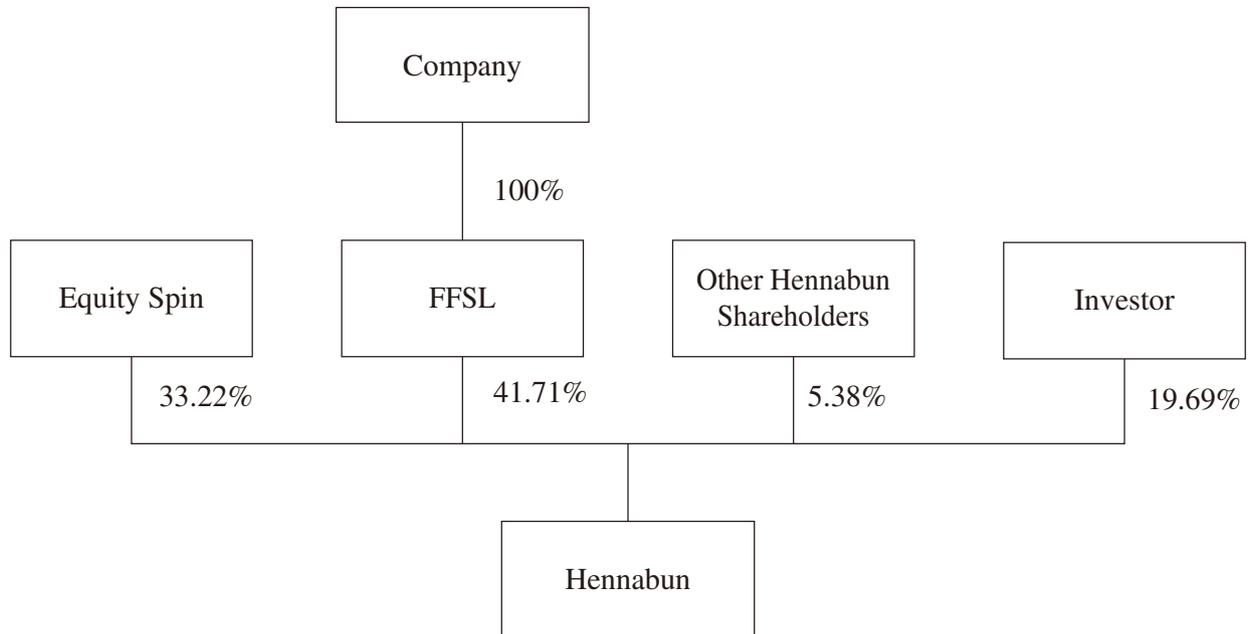
Upon Completion, the total number of Hennabun Shares in issue will be increased from 135,996,333 Hennabun Shares to 169,329,666 Hennabun Shares. The shareholding of FFSL, who owns a total of 70,621,333 Hennabun Shares as at the date of this announcement, will be reduced from approximately 51.93% of the entire issued share capital of Hennabun before the Subscription, to approximately 41.71% of the entire issued share capital of Hennabun as enlarged by the Subscription, and the shareholding of Equity Spin and Other Hennabun Shareholders will also be decreased proportionately. After the Completion, Hennabun shall be owned as to approximately 41.71%, 33.22%, 19.69% and 5.38% by FFSL, Equity Spin, the Investor and Other Hennabun Shareholders, respectively.

The following diagrams provide an illustration of the simplified corporate structure of Hennabun as at the date of this announcement and immediately after the Completion.

Simplified corporate structure of Hennabun as at the date of this announcement:



Simplified corporate structure of Hennabun immediately after the Completion:



Conditions precedent

Completion shall be subject to and conditional upon the fulfillment of the following Conditions:

- (i) the approval of the Subscription Agreement and transactions contemplated thereunder by the Shareholders at the EGM in accordance with the Listing Rules;
- (ii) the Investor having completed financial and legal due diligence review on Hennabun and its business and having notified Hennabun that the due diligence results are satisfactory provided that such notification shall not prejudice in any manner whatsoever any of the Investor's right in respect of a claim pursuant to the warranties, representations and the undertakings given by Hennabun under the Subscription Agreement; and
- (iii) all other consents or approval of any relevant government authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the Subscription and the issue of Hennabun Shares thereunder having been obtained (including but not limited to the approval of the Securities and Futures Commission under Part V of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) for any change in "substantial shareholder" of the relevant member(s) of the Group, if required.

Termination

If the Conditions are not fulfilled on or prior to 31 March 2011 (or such later date as may be agreed between Hennabun and the Investor in writing), the Subscription Agreement shall terminate and (i) Hennabun shall return forthwith to the Investor any amount of the Subscription monies paid without interest and (ii) none of the parties to the Subscription Agreement shall have any claims against the other for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion

Completion shall take place on the second business day after the date on which the Conditions shall have been satisfied at 11:00 a.m. at Suite 2801-03, China United Centre, 28 Marble Road, North Point, Hong Kong (or such other date and/or place as the parties may be agreed).

USE OF THE SUBSCRIPTION MONEY

The net proceeds from the Subscription of approximately HK\$200 million will be used by Hennabun for general working capital purposes and, where appropriate, future expansion of existing business or development of new business where suitable opportunities arise in future.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscription would strengthen the financial position and liquidity of Hennabun Group which have been incurring losses in the prior years. This will also enhance the ability of Hennabun Group to fund its potential acquisitions or expand its existing business.

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

After the Completion, Hennabun will cease to be a subsidiary of the Company, and the remaining Group will continue its principal business in trading of securities, provision of finance, insurance brokerage business, property holding and investment. Furthermore, as disclosed in the circular of the Company dated 21 August 2010, the Board intends to further expand the Group's financial services by, among others, committing additional capital into the Group's money lending business and enlarging the Group's equity investment portfolio in financial services.

The remaining Group (excluding Hennabun), which recorded unaudited turnover of approximately HK\$64 million for the year ended 31 March 2010 according to its management accounts, will remain to hold a non-controlling interest in Hennabun after the Completion. As such, the Board considers that the Group will continue to have sufficient level of operations to warrant the continued listing of the Shares under the Listing Rules.

The Board considers that the terms of the Subscription Agreement are negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE INVESTOR

The Investor was incorporated in the BVI and is an investment holding company wholly owned by Enerchina Holdings Limited (Stock code: 622), a company listed on the Main Board of the Stock Exchange.

INFORMATION ON HENNABUN GROUP

On 25 November 2008, Equity Spin entered into a sales and purchase agreement with FFSL pursuant to which FFSL acquired 79.46% then issued share capital of Hennabun from Equity Spin for a consideration of HK\$105.8 million. FFSL also entered into a convertible note subscription agreement on 25 November 2008 (as amended by a supplemental agreement dated 23 January 2009) with Hennabun for the subscription of convertible notes at a cash consideration of HK\$250 million. Completion of this transaction took place on 30 September 2009 and Hennabun has since become an indirect non-wholly-owned subsidiary of the Company.

Hennabun is an investment holding company and Hennabun Group is principally engaged in security brokerage, commodity trading, money lending, margin financing and corporate finance advisory as well as proprietary trading and direct investment.

According to the Accounts (which is subject to review by an independent reporting accountant) prepared in accordance with the Hong Kong Financial Reporting Standards, as at 30 June 2010, Hennabun Group has unaudited consolidated net assets of approximately HK\$1,158.9 million, which includes, among others, HK\$1,739 million of loans receivable that requires further review by the independent reporting accountant and certain amount of such may be subject to impairment test. Further financial information of Hennabun Group is set out as below:

| | For the year ended 31 December | |
|--------------------------|---------------------------------------|------------------------|
| | 2008 | 2009 |
| | <i>(HK\$' million)</i> | <i>(HK\$' million)</i> |
| | (audited) | (audited) |
| Turnover | 73.5 | 134.1 |
| Net loss before taxation | (79.7) | (59.2) |
| Net loss after taxation | (75.5) | (59.2) |

FINANCIAL EFFECT OF THE SUBSCRIPTION

Upon Completion, Hennabun will cease to be a subsidiary of the Company and will become an associate company of the Company. The financial results, assets, liabilities and cash flows of Hennabun Group will no longer be consolidated into the Group's consolidated financial statements.

Based on the existing information available to the Company, the Directors estimated that the expected loss to be recorded in the Group's consolidated financial statements arising from the Subscription is approximately HK\$35.06 million. The estimated loss has taken into account of the change in the Group's equity interest in Hennabun of the unaudited net assets value of Hennabun as at 30 June 2010 and the share of consideration of the Subscription by the Company upon Completion.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the remaining Group will be upon Completion. Further information regarding the financial effect of the Subscription will be included in the Circular.

THE PROVISION OF FINANCIAL ASSISTANCE

Loan Agreement

Hansom, a wholly-owned subsidiary of the Company which is principally engaged in provision of finance, has been providing loan facilities to Hennabun as its general working capital. On 1 November 2010, Hansom entered into the Loan Agreement with Hennabun, pursuant to which all the previous loan facilities then provided to Hennabun by Hansom have been combined into a single revolving loan facility of HK\$500 million and HK\$250 million for the periods from 1 November 2010 to 31 December 2010 and from 1 January 2011 to 31 October 2011 respectively.

The Board noted that a Director who holds approximately 0.08% of issued Shares, had approximately 1.1% equity interest in Hennabun as at the date of the Loan Agreement. To the best of the Directors' knowledge, information and belief of the Company, and having made all reasonable enquiries, other than the aforementioned, Hennabun and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The interest on the Drawn Down Amount shall be charged at the Prime Rate plus 2% and be payable on a quarterly basis in arrears. The Drawn Down Amount is unsecured but subject to a default interest at Prime Rate plus 2%.

As at the date of the Loan Agreement, Hennabun had already drawn down in full the loan facility of HK\$500 million under the Loan Agreement.

According to the Loan Agreement, the Drawn Down Amount shall be repaid to Hansom by Hennabun such that the Drawn Down Amount will not exceed HK\$250 million after 31 December 2010. Taking into account of the Drawn Down Amount as at the date of this announcement, the HK\$250 million of the Drawn Down Amount shall be repaid by the end of 31 December 2010 whilst HK\$250 million of the remaining amount shall be repaid by 31 October 2011.

As such, it is expected that the Financial Assistance will remain in place after the Completion.

Reasons for and benefits of the Financial Assistance to the Group

The terms of the Loan Agreement, including the Drawn Down Amount, its interest rate and the repayment terms, are agreed between the parties based on arm's length negotiation after taking into account, inter alia, the current borrowing costs of the Group in Hong Kong. Furthermore, it is expected that the Group will be able to generate an interest income of approximately HK\$13.88 million from the Drawn Down Amount for the year ended 31 March 2011, on the assumption that (i) Hennabun repays the Drawn Down Amount in accordance with the repayment schedule as stipulated in the Loan Agreement and (ii) the Prime Rate as at 1 November 2010 of 5% remains the same before the repayment of the Drawn Down Amount in entirety.

Accordingly, the Directors are of the opinion that the terms of the Loan Agreement are negotiated on an arm's length basis, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

Listing Rules implications

Subscription

The Subscription which involves the Investors subscribing 33,333,333 Hennabun Shares from Hennabun constitutes the deemed disposal of the Company's equity interest in a subsidiary of the Company under Chapter 14 of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) for the Subscription are larger than 75%, the Subscription constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the approval by the Shareholders at the EGM to be convened.

Financial Assistance

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Hennabun is not a connected person (as defined under the Listing Rules) of the Company.

Upon Completion, Hennabun will become an associate company of the Company. As it is expected that the Financial Assistance provided by Hansom to Hennabun will remain in place after the Completion, and such provision of finance assistance will constitute a major transaction under Chapter 14 of the Listing Rules which is subject to the approval by the Shareholders at the EGM to be convened.

EGM

The EGM will be held by the Company for the Shareholders to consider, and if thought fit, passing the resolutions to approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Loan Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders and its associates has a material interest in the Subscription or the Financial Assistance who is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

The Circular containing, amongst other things, further details of the Subscription Agreement and the Loan Agreement, together with the notice of the EGM, will be despatched to the Shareholders on or before 25 November 2010.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 2 November 2010 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 5 November 2010.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

| | |
|---------------------|--|
| “Accounts” | the management accounts of Hennabun Group for the six-month period ended 30 June 2010 |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of directors of the Company |
| “BVI” | the British Virgin Islands |
| “Circular” | the circular to be despatched by the Company in respect of the Subscription and the Financial Assistance |
| “Company” | Freeman Corporation Limited 民豐控股有限公司 (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 |
| “Completion” | completion of the Subscription |
| “Conditions” | conditions precedent contained in the Subscription Agreement for the Completion |
| “Consideration” | the consideration for the Subscription |
| “Director(s)” | the director(s) of the Company |
| “Drawn Down Amount” | the amount drawn down by Hennabun under the Loan Agreement from time to time |
| “EGM” | the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Loan Agreement and the transactions contemplated thereunder |

| | |
|-------------------------------|---|
| “Equity Spin” | Equity Spin Investments Limited, a company incorporated in the BVI with limited liability |
| “FFSL” | Freeman Financial Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Financial Assistance” | the financial assistance to be provided by Hansom to Hennabun after the Completion |
| “Group” | the Company and its subsidiaries |
| “Hansom” | Hansom Finance Limited, a company incorporated in Hong Kong with limited liability and principally engaged in provision of finance |
| “Hennabun” | Hennabun Capital Group Limited, a company incorporated in the BVI and an indirect non-wholly owned subsidiary of the Company |
| “Hennabun Group” | Hennabun and its subsidiaries |
| “Hennabun Shares” | ordinary shares of US\$0.10 each in the share capital of Hennabun |
| “Investor” | Ideal Principles Ltd, a wholly owned subsidiary of the Enerchina Holdings Limited (Stock code: 622), a company listed on the Main Board of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan Agreement” | the master loan agreement dated 1 November 2010 between Hansom and Hennabun which combined all the previous loan facilities then provided to Hennabun by Hansom into a single revolving loan facility |
| “Other Hennabun Shareholders” | shareholders of Hennabun other than FFSL, Equity Spin and the Investor |
| “Prime Rate” | the prime rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |

| | |
|--------------------------|--|
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription” | the subscription of Hennabun Shares by the Investor pursuant to the terms and conditions of the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement between Hennabun and the Investor dated 1 November 2010 in relation to the Subscription |

By order of the Board of
FREEMAN CORPORATION LIMITED
Suen Yick Lun Philip
Executive Director

Hong Kong, 4 November 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