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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF SHARES OF FUTURE MASTER GROUP**

The Board announces that on 13 April 2011 (after the trading hours of the Stock Exchange), the Company entered into the Agreement pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase, the Future Master Shares for a consideration of HK\$120,000,000, which shall be completely satisfied by the issue and allotment of the New Cordoba Shares by the Purchaser to the Company (or its nominees).

On the basis that the issued share capital of the Purchaser comprises 2,939,378,606 Cordoba Shares as at the date of this announcement, the New Cordoba Shares represent (i) approximately 6.80% of the issued share capital of the Purchaser as at the date of this announcement and (ii) approximately 6.37% of the enlarged share capital of the Purchaser immediately following the issue and allotment of the New Cordoba Shares.

Completion shall take place on the second Business Day after the conditions to the Disposal have been satisfied (or such other date as the Purchaser and the Company may agree).

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but none of them exceeds 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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## **THE AGREEMENT**

Date: 13 April 2011

### **Parties**

- (1) Purchaser : Cordoba Homes Limited, a company incorporated in the British Virgin Islands
- (2) Seller : The Company

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

### **Assets to be disposed**

Upon Completion, the Company will transfer one share in Future Master, representing its entire issued share capital, to the Purchaser (or its nominees).

Future Master Group holds 2 entire floors and a number of other units of China United Centre in North Point, Hong Kong, with a total gross floor area of approximately 34,995 square feet which are currently let out for rental income.

### **Consideration and Payment**

The consideration for the Future Master Shares shall be HK\$120,000,000, which shall be satisfied in full by the issue and allotment of 200,000,000 New Cordoba Shares to the Company (or its nominees) by the Purchaser at Completion at HK\$0.60 per New Cordoba Share.

On the basis that the issued share capital of the Purchaser comprises 2,939,378,606 Cordoba Shares as at the date of this announcement, the New Cordoba Shares represent (i) approximately 6.80% of the issued share capital of the Purchaser as at the date of this announcement and (ii) approximately 6.37% of the enlarged share capital of the Purchaser immediately following the issue and allotment of the New Cordoba Shares.

The consideration for the Disposal was determined after arm's length negotiations with the Purchaser with reference to (i) the unaudited net assets value per share of the Purchaser as at 31 December 2010 of approximately HK\$0.63; (ii) the historical performance and future prospects of the Purchaser; and (iii) the net asset value of Future Master Group as described below.

The valuation report issued by Asset Appraisal Limited in respect of the properties held by Future Master Group showed a total valuation of approximately HK\$181.7 million as of 31 March 2011. The unaudited carrying amount of related leasehold improvements, furniture and fixtures and office equipment was approximately HK\$5.6 million as of that date. In addition, the outstanding amount of the mortgage loans taken out by Future Master Group was approximately HK\$69.7 million as of 31 March 2011. As of 31 March 2011, Future Master Group also had other assets (unaudited) of approximately HK\$1.6 million and other liabilities (unaudited and excluding deferred tax) of approximately HK\$1.1 million. As a result, the net asset value of Future Master Group (on the basis that all properties held by it were fair-valued) was approximately HK\$118.1 million as of 31 March 2011.

The Company intends to hold the New Cordoba Shares as available for sale investment.

### **Conditions precedent**

Completion is conditional on the fulfillment of the following conditions:–

- (a) The Company having completed financial and legal due diligence review on the Purchaser and its business and having notified the Purchaser that the due diligence results are satisfactory provided that such notification shall not prejudice in any manner whatsoever any of the Company's right in respect of a claim pursuant to the warranties, representations and the undertakings given by the Purchaser under the Agreement;
- (b) All requisite consents, license and approvals from any relevant government authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the Disposal and the issue of New Cordoba Shares 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 Purchaser Group, if required; and
- (c) The due diligence investigation on Future Master Group, the properties held by Future Master Group and the tenancy agreements in respect of such properties having been completed to the reasonable satisfaction of the Purchaser.

If any of the above conditions is not satisfied on or before 30 June 2011 or such later date as agreed by the Purchaser and the Company in writing, then the Agreement will terminate and no party thereto shall have any claim against the other, except in respect of any antecedent breach of the terms thereof.

## Completion

Completion shall take place on the second Business Day after the date upon which the conditions mentioned above have been satisfied (or such other date as the Purchaser and the Company may agree).

Upon Completion, Future Master Group will cease to be subsidiaries of the Company.

## INFORMATION ON THE PURCHASER

The Purchaser is incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment, investment in securities trading, money lending and investment holding.

As at the date of this announcement, based on the register of members of the Purchaser, the two largest shareholders of the Purchaser held approximately 32.32% and 31.53% of the issued share capital of the Purchaser, respectively. The largest shareholder is a private company whereas the second largest shareholder is a subsidiary of a listed company. None of the other shareholders of the Purchaser have more than a 30% shareholding stake in the Purchaser. Upon completion of the Disposal, the Purchaser will be owned as to approximately 6.37% by the Company.

According to the unaudited management accounts of the Purchaser Group for the year ended 31 December 2010, the Purchaser Group has unaudited consolidated net asset value of approximately HK\$1,433 million and a total of approximately 2.28 billion issued shares as at 31 December 2010 (giving a net asset value per share as at that date of approximately HK\$0.63). Further financial information of the Purchaser Group is set out as below:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2009</b>	<b>2010</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	(unaudited)	(unaudited)
Turnover	36	20
Profit (Loss) before taxation	136	(265)
Profit (Loss) after taxation	131	(269)

## **REASONS AND BENEFITS OF THE DISPOSAL**

By transferring the Future Master Group together with its properties to the Purchaser, the Company will be able to concentrate more of its management time on financial services.

The Purchaser currently holds a number of residential properties in Hong Kong. It also owns commercial properties comprising various storeys and units in China United Centre, North Point, with gross floor area of approximately 85,331 square feet, together with auxiliary car parks with a gross floor area of around 30,000 square feet. Given the Purchaser's exposure to residential real estate in addition to commercial real estate, the transaction allows the Company to diversify its exposure in the property sector. The Disposal and the related acquisition of shares in the Purchaser will also enable the Company to leverage the expertise of the Purchaser Group in the areas of property acquisitions and disposals, property management and leasing. It is expected that the Company's property holding and investment business will, going forward, be carried on through its equity interests in the Purchaser.

In addition, the Company increased its shareholding interests in Hennabun Capital Group Limited recently in a transaction described in the Company's announcement dated 3 March 2011. The Company notes that as at the date of this announcement, the Purchaser owns an approximate 34.91% interests in Hennabun Capital Group Limited. This Disposal and the related acquisition of shares in the Purchaser allows the Company to further increase its attributable economic interests in Hennabun Capital Group Limited.

The estimated gain on disposal of Future Master Group amounts to approximately HK\$35 million which is partly a result of certain properties held by Future Master Group being stated at carrying value less depreciation (and not fair value) in the financial statements published by the Company. Those properties were classified as leasehold land and buildings in the Company's financial statements.

The Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **GENERAL INFORMATION**

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

## **INFORMATION ON FUTURE MASTER GROUP**

Future Master is an investment holding company, which holds four wholly-owned subsidiaries, namely, Dering Investments Limited, Supreme Access International Limited, People Pride Investments Limited and Quality World Investments Limited, all of which are incorporated in the British Virgin Islands with limited liability. Future Master Group's principal business is in property investments and it currently holds commercial properties in Hong Kong.

## **PROVISION OF CORPORATE GUARANTEE**

The Company has provided guarantees in respect of mortgage loans taken out by the Future Master Group. As described above, the outstanding mortgage loan balance as of 31 March 2011 was approximately HK\$69.7 million.

Pursuant to the Agreement, the Company has agreed to maintain the Guarantee for a term of one year from the date of Completion, which is renewable upon agreement of the Company and the Purchaser. The Purchaser has agreed to pay the Company a guarantee fee of 1.25% per annum to be calculated on the amount of outstanding mortgage loans at each month end, payable on a quarterly basis in arrears.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but none of them exceeds 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Agreement”	the conditional agreement dated 13 April 2011 entered into between the Purchaser and the Company in respect of the Disposal
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday and public holidays) on which banks are generally open for business in Hong Kong

“Company”	Freeman Financial 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
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Cordoba Shares”	ordinary shares HK\$0.10 each in the capital of the Purchaser
“Directors”	the director(s) of the Company, including the independent non-executive Directors
“Disposal”	the disposal of Future Master Shares to the Purchaser
“Future Master”	Future Master Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Future Master Group”	Future Master and its subsidiaries
“Future Master Shares”	one issued and fully paid-up ordinary share with par value of US\$1.00 in the capital of Future Master, representing the entire issued share capital of Future Master
“Group”	the Company and its subsidiaries
“Guarantee”	means the guarantee given by the Company to lenders in respect of the mortgage loans taken out by Future Master Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“New Cordoba Share(s)”	200,000,000 new Cordoba Shares to be issued and allotted to the Company (or its nominees) in consideration for the Disposal

“PRC”	the People’s Republic of China
“Purchaser”	Cordoba Homes Limited, a company incorporated in the British Virgin Islands with limited liability
“Purchaser Group”	the Purchaser and its subsidiaries
“Shareholder(s)”	holders of existing shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**Freeman Financial Corporation Limited**  
**Chow Mun Yee**  
*Executive Director*

Hong Kong, 13 April 2011

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  
Ms. Chow Mun Yee

*Non-executive Directors:*

Mr. Andrew Liu  
Mr. Cheng Chi Ming, Brian  
Mr. Liu Kam Fai, Winston

*Independent non-executive Directors:*

Mr. Gary Drew Douglas  
Mr. Peter Temple Whitlam  
Dr. Agustin V. Que  
Mr. Yau Chung Hong