

IN THE GRAND COURT OF THE CAYMAN ISLANDS

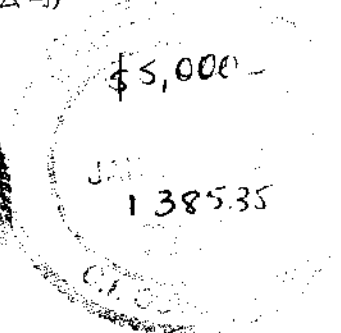
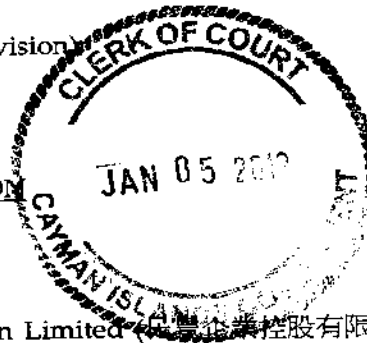
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 3 OF 2012

IN THE MATTER of Freeman Financial Corporation Limited (民豐企業控股有限公司)

AND in the matter of the Companies Law (2011 Revision)

AND Grand Court Rules



TO: The Grand Court of the Cayman Islands

THE PETITION of Freeman Financial Corporation Limited (民豐企業控股有限公司) shows as follows:

1. The object of this Petition is to seek an Order of the Court pursuant to section 15 of the Companies Law (2011 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner Freeman Financial Corporation Limited (民豐企業控股有限公司) (the "Company").
2. The Company was incorporated under the Companies Law on 14 August 1992 with the name "Tung Fong Hung (Holdings) Limited" and registered in the Cayman Islands as an exempted company with registration number CR-43978. On 27 February 2001, the name of the Company was changed from "Tung Fong Hung (Holdings) Limited" to "Hansom Eastern (Holdings) Limited (恒盛東方控股有限公司)". On 4 August 2005, the name of the Company was changed from "Hansom Eastern (Holdings) Limited" to "Inner Mongolia Development (Holdings) Limited (內蒙發展(控股)有限公司)". By a special resolution of the shareholders of the Company passed on 11 May 2006, the name of the Company was further changed from "Inner Mongolia Development (Holdings) Limited (內蒙發展(控股)有限公司)" to "Freeman Corporation Limited (民豐控股有限公司)".

- (a) reduce the issued share capital of the Company by cancelling the issued and paid up capital to the extent of HK\$0.09 on each issued share of the Company thereby reducing the nominal value of each issued share from HK\$0.10 to HK\$0.01 (the "May Capital Reduction"); and
 - (b) consolidate every 10 issued and reduced shares of HK\$0.01 each of the Company into one issued consolidated share of HK\$0.10 each (the "May Consolidation").
6. The Company made an on-market purchase of 3 shares of HK\$0.10 each which shares were cancelled on the register of members of the Company on 3 March, 2008.
7. The May Capital Reduction and May Consolidation (collectively, the "May Capital Reorganisation") became effective on 14 May, 2008 after all of the conditions thereto, including confirmation of the May Capital Reduction by this Honourable Court, were fulfilled.
8. On 17 September, 2008, a special resolution was passed by the shareholders of the Company at its extraordinary general meeting to, conditional upon fulfilment of certain conditions set out in the notice of extraordinary general meeting of the Company dated 25 August, 2008:
- (a) reduce the issued share capital of the Company by cancelling the issued and paid up capital to the extent of HK\$0.08 on each issued share of the Company thereby reducing the nominal value of each issued share from HK\$0.10 to HK\$0.02 (the "November Capital Reduction"); and
 - (b) consolidate every 5 issued and reduced shares of HK\$0.02 each of the Company into one issued consolidated share of HK\$0.10 each (the "November Consolidation").

9. The Company made an on-market purchase of 2 shares of HK\$0.10 each which shares were cancelled on the register of members of the Company on 11 September, 2008.
10. The November Capital Reduction and November Consolidation (collectively, the "November Capital Reorganisation") became effective on 25 November, 2008 after all of the conditions thereto, including confirmation of the November Capital Reduction by this Honourable Court, were fulfilled.
11. On 18 May, 2009, a special resolution was passed by the shareholders of the Company at its extraordinary general meeting to, conditional upon fulfillment of certain conditions set out in the notice of extraordinary general meeting of the Company dated 24 April, 2009:
 - (a) reduce the issued share capital of the Company by cancelling the issued and paid up capital to the extent of HK\$0.09 on each issued share of the Company thereby reducing the nominal value of each issued share from HK\$0.10 to HK\$0.01 (the "August Capital Reduction"); and
 - (b) consolidate every 10 issued and reduced shares of HK\$0.01 each of the Company into one issued consolidated share of HK\$0.10 each (the "August Consolidation").
12. The August Capital Reduction and August Consolidation (collectively, the "August Capital Reorganisation") became effective on 5 August, 2009 after all of the conditions thereto, including confirmation of the August Capital Reduction by this Honourable Court, were fulfilled.

13. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited since October 1992. Over the years, the Company has allotted and issued various tranches of ordinary shares, being the only class of shares of the Company. The Company made an on-market purchase of 2 shares of HK\$0.10 each which shares were cancelled on the register of members of the Company on 30 April, 2009. As at the date of this petition, the authorised share capital of the Company is HK\$5,000,000,000 divided into 50,000,000,000 shares of HK\$0.10 each and its issued share capital is HK\$471,370,143.10 divided into 4,713,701,431 existing shares of HK\$0.10 each (the "Existing Shares").
14. The objects for which the Company was formed are unrestricted and the Company has full power and authority to exercise all the functions of a natural person of full capacity in respect of any question of corporate benefit, as provided by section 27(2) of the Companies Law.
15. The Articles of Association of the Company provide, *inter alia*, as follows:
- Article 59(a) "The Company may from time to time by ordinary resolution:
- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares, on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to

the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sales) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(ii) cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by person, and diminish the amount of its share capital by the amount of the shares so cancelled; and

(iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares."

Article 59(b) "The Company may by special resolution, reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Law."

16. By a special resolution of the Company (the "Special Resolution") duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 23 December, 2011 (the "Extraordinary General Meeting"), it was resolved:

"THAT conditional upon (i) approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the "Court"); (ii) registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction (as defined below) and the minute approved by the Court containing the particulars required under the Companies Law of the Cayman Islands in respect of the Capital Reduction (as defined below) and compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction (as defined below); and (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) in issue, upon the date (the "Effective Date") on which the aforesaid conditions are fulfilled:

- (a) every five (5) issued shares of par value of HK\$0.10 each in the capital of the Company be consolidated ("Share Consolidation") into one consolidated share of par value of HK\$0.50 each ("Consolidated Share");
- (b) immediately following the Share Consolidation, the issued and paid up share capital of the Company be reduced ("Capital Reduction") by cancelling the paid up capital to the extent of HK\$0.49 on each Consolidated Share in issue so that each issued Consolidated Share of HK\$0.50 each of the Company be treated as one fully paid-up share of HK\$0.01 par value each ("Adjusted Share(s)") in the share capital of the Company and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued capital thereby cancelled be made available for issue of new shares of the Company;
- (c) the credit arising from the Capital Reduction shall be applied to set-off the accumulated deficit of the Company and the balance (if any) will be transferred to a distributable reserve of the Company called the distributable capital reduction reserve account or other reserve account of the Company which may be utilized by the directors of the Company as a distributable reserve in

accordance with the articles of association of the Company and all applicable laws;

- (d) immediately following the Capital Reduction, each authorized but unissued share of the Company of par value of HK\$0.10 each shall be sub-divided into ten (10) Adjusted Shares of par value of HK\$0.01 each ("Share Subdivision");
- (e) all of the Adjusted Shares resulting from the Share Consolidation, Capital Reduction and Share Subdivision shall rank pari passu in all respects and have the rights and privileges and be subject to the restrictions contained in the Company's articles of association; and
- (f) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Capital Reorganisation."

Each of the capitalised terms referred to in the Special Resolution above are defined in the information circular exhibited to the affidavit of Lo Kan Sun ("LKS-6").

17. The number of votes casted by the members of the Company present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting is as set out in the table below:

	Present & Voting	For	Against
How Present	Number of shares voted	Number of shares voted	Number of shares voted
In person/by corporate representatives	2,361,054,405 shares	2,360,398,134 shares	656,271 shares

By proxy	33,459 shares	Nil	33,459 shares
Total	2,361,087,864 shares	2,360,398,134 shares	689,730 shares

The Special Resolution was voted on by way of a poll and the number of votes casted by the members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting in favour of the Special Resolution represents more than three-fourths of the votes casted in respect of the Special Resolution and therefore the chairman of the Extraordinary General Meeting declared the Special Resolution passed in accordance with the Articles of Association of the Company.

18. Despite the August Capital Reorganisation, the Existing Shares of the Company have been trading on the Stock Exchange at prices below their par value since August 2011. The Company is prohibited from issuing new shares at below their par value under the Articles of Association and without Court approval under the Companies Law. The current par value per Existing Share is HK\$0.10. The closing price per Existing Share as quoted on the Stock Exchange as of 23 December, 2011 was HK\$0.032. The average closing price per Existing Share for the last 10 consecutive trading days up to and including 23 December, 2011 was HK\$0.030. The average closing price per Existing Share for the last 30 consecutive trading days up to and including 23 December, 2011 was HK\$0.032. The proposed reduction in the nominal value of each Existing Share will permit greater flexibility in pricing future capital raising exercises, such as the transactions contemplated under the Subscription Agreement (as described and defined in the circular of the Company dated 30 November, 2011), without the need to be concerned about the relationship between the issue price of such shares and their nominal value. A proposal ("Capital Reorganisation") was therefore put forward to (i) consolidate (the "Consolidation") every five issued shares of HK\$0.10 each into one share of HK\$0.50 each (the "Consolidated Share"); (ii) reduce the nominal value of all issued Consolidated Shares in the issued share capital of the Company (the "Capital Reduction") by cancelling paid-up capital to the extent of HK\$0.49 on each Consolidated

Share in issue as at the effective date of the Capital Reduction so that each such reduced share shall be treated as one fully paid-up share of nominal value of HK\$0.01 each in the issued share capital of the Company; (iii) apply the credit arising from the Capital Reduction to set-off the accumulated deficit of the Company and the balance (if any) will be transferred to a distributable reserve called the distributable capital reduction reserve account or other reserve account of the Company; and (iv) subdivide each authorised but unissued share of HK\$0.10 each of the Company into ten shares of HK\$0.01 each (the "Share Subdivision", the aforesaid collectively to be referred to as the "Capital Reorganisation").

19. The proposed Capital Reorganisation does not involve either the diminution of any liability in respect of unpaid capital and the Company does not have any intention to make payment to any shareholder of any paid-up capital. Furthermore, the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company and thus will have no direct impact on creditors nor will it affect the proportionate interests of the shareholders.
20. The form of Minute proposed to be registered is as follows:

"The issued share capital of Freeman Financial Corporation Limited (民豐企業控股有限公司) (the "Company") was by virtue of a Special Resolution passed on 23 December, 2011 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [], 2012, reduced from HK\$0.50 per each issued share to HK\$0.01 per each issued share (the "Capital Reduction") after a share consolidation of every five issued shares of HK\$0.10 each into one share of HK\$0.50 each. Upon the Capital Reduction becoming effective, each authorised but unissued share of HK\$0.10 each shall be subdivided into ten unissued shares of HK\$0.01 each in the capital of the Company. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$5,000,000,000 divided into 500,000,000,000 shares of HK\$0.01 each."

Your Petitioner, the Company, therefore prays as follows:

- (1) That the Capital Reorganisation of the Company proposed to be effected by the Special Resolution set forth in paragraph 16 of this Petition may be confirmed and that the above-mentioned Minute may be approved by the Court.
- (2) That to this end, all necessary inquiries and directions may be made and given.
- (3) Such further and other order as this Honourable Court shall think fit.

NOTE: It is intended to serve this Petition on Freeman Financial Corporation Limited (民豐企業控股有限公司), at its registered office located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Dated this 5th day of January 2012

Conyers Dill & Pearman

CONYERS DILL & PEARMAN
Attorneys-at-Law for the Petitioner herein

This Petition having been presented to the Court on the ___th day of _____ 2012 will be heard at the Law Courts, George Town, Grand Cayman on the ___th day of _____ 2012 at _____ am/pm or as soon thereafter as the Petition can be heard.

This Petition was filed by Conyers Dill & Pearman, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is that of its Attorneys, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.