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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Freeman Financial Corporation Limited**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

**FREEMAN FINANCIAL CORPORATION LIMITED****民眾金服控股有限公司***(incorporated in the Cayman Islands with limited liability)***(Stock Code: 279)****PLACING OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Placing Agent

FREEMAN SECURITIES LIMITED

A notice convening the EGM to be held at Harbour Plaza Room II, Basement 1, Harbour Plaza North Point, MTR Quarry Bay Station Exit C, 665 King's Road, North Point, Hong Kong at 4:00 pm on 15 March, 2016 is set out on page 21 to 23 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited as Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereto. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting thereof should you so desire.

24 February 2016

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday, Sunday and public holiday) on which banks generally in Hong Kong are open for business;
“CEPA”	the Closer Economic Partnership Arrangement between Mainland China and 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 the main board of the Stock Exchange;
“Convertible Notes “	unsecured convertible notes of an aggregate principal amount of HK\$600,000,000 (as revised pursuant to the Supplemental Agreement) constituted by the Convertible Notes Instrument to be issued by the Company;
“Convertible Noteholder(s)”	any person who is/are for the time being the registered holder(s) of the Convertible Note(s);
“Convertible Notes Instrument”	the instrument constituting the Convertible Notes (as revised pursuant to the Supplemental Agreement);
“Conversion Price”	HK\$0.15 per Conversion Share (as revised pursuant to the Supplemental Agreement), subject to adjustment;
“Conversion Share(s)”	the Share(s) to be issued by the Company upon conversion of a Convertible Note;
“Directors”	directors of the Company from time to time;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, pass resolution(s) by the Shareholders to approve, inter alia, the Placing and the transactions contemplated thereunder including the grant of the Specific Mandate;

DEFINITIONS

“FCL Group”	Freeman Corporation Limited and its subsidiaries
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issue Date”	the date of issue of the Convertible Notes;
“JV Announcements”	announcements of the Company published at the website of the Stock Exchange dated 12 November 2015, 2 December 2015 and 3 December 2015 respectively;
“JV Securities Company”	full-licensed joint venture securities company set-up in Shanghai Pilot Free Trade Zone through a Promoters’ Agreement entered into between Freeman Securities Limited (a wholly-owned subsidiary of the Company), Sailing International Investment Fund (Shanghai) Co. Limited and other co-promoters (the aforesaid Sailing International Investment Fund (Shanghai) Co. Limited and other co-promoters are independent third parties not connected with the Company and its connected persons);
“Latest Practicable Date”	19 February 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	15 December 2018 or, if that is not a Business Day, the first Business Day thereafter;
“Placing”	the placing of the Convertible Notes of the Company in accordance with the Placing Agreement;
“Placing Agent”	Freeman Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 9 December 2015 in relation to the Placing (as supplemented by the Supplemental Agreement);

DEFINITIONS

“Placing Period”	the period from (and excluding) the date of the Placing Agreement to (and including) the last Business Day before the expiry of a period of fourteen days from the date of the EGM or such later date as maybe agreed between the Company and the Placing Agent;
“Promoters’ Agreement”	the Promoters’ Agreement entered into between Freeman Securities Limited, Sailing International Investment Fund (Shanghai) Co. Limited and other co-promoters as described in the JV Announcements;
“PRC ”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Specific Mandate”	the specific mandate to be sought from Shareholders at the EGM to authorise the Directors to issue the Convertible Notes and to allot and issue the Conversion Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement to the Placing Agreement entered into between the Company and the Placing Agent on 15 February 2016
“Subscriber(s)”	independent individual, institutional or professional investor(s) procured by the Placing Agent to subscribe for the Convertible Notes;
“subsidiaries”	has the meaning ascribed thereto it under the Listing Rules;
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers; and
“%”	per cent.

LETTER FROM THE BOARD



FREEMAN FINANCIAL CORPORATION LIMITED

民眾金服控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

Executive Directors:

Mr. Lo Kan Sun (*Chairman*)

Mr. Hui Quincy Kwong Hei (*Managing Director*)

Ms. Au Shuk Yee, Sue

Ms. Chow Mun Yee

Independent Non-executive Directors:

Mr. Cheung Wing Ping

Mr. Chung Yuk Lun

Mr. Hung Cho Sing

Dr. Agustin V. Que

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Room 2302, 23rd Floor

China United Centre

28 Marble Road

North Point, Hong Kong

24 February 2016

To the Shareholders,

Dear Sir or Madam,

PLACING OF CONVERTIBLE NOTES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 9 December 2015 and 15 February 2016 in relation to the Placing of the Convertible Notes.

The purpose of this circular is to provide you with, among other things, (i) details of the Placing Agreement and the Supplemental Agreement, the Convertible Notes and the Specific Mandate; (ii) a notice of the EGM; and (iii) other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE PLACING AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

Pursuant to the Placing Agreement and the Supplemental Agreement, the Placing Agent has conditionally agreed to procure during the Placing Period, on a best effort basis, Subscribers to subscribe for the Convertible Notes. Details of the Placing Agreement are set out below.

Date: 9 December 2015 and 15 February 2016 (all after trading hours)

Issuer: the Company

Placing Agent: Freeman Securities Limited, a wholly-owned subsidiary of the Company

Placing Commission: the Placing Agent will receive a placing commission of 3.5% of the amount equal to the aggregate principal amount of the Convertible Notes.

Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market rate.

The Convertible Notes will be placed to not less than six Subscribers who (and whose ultimate beneficial owners) will be third parties independent of each other, of and not connected with the Company and its associates and the Directors, chief executive or substantial Shareholder (as defined in the Listing Rules) of the Company or its subsidiaries or any of their respective associates.

Conditions Precedent

Completion of the Placing Agreement is conditional upon (as revised pursuant to the Supplemental Agreement):–

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Conversion Shares;
- (ii) the passing of resolution(s) by the Shareholders at the EGM to approve the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate; and
- (iii) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Placing Agreement and any of the transaction contemplated thereunder.

LETTER FROM THE BOARD

The completion of the Promoter's Agreement is not the conditions precedent of the Placing and the Specific Mandate. If the conditions above are not fulfilled on or prior to 30 June 2016 (as revised pursuant to the Supplemental Agreement) (or such later date as may be agreed between the Placing Agent and the Company), the obligations of the parties under 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.

Completion

Completion of the Placing shall take place on or before the tenth Business Day following the satisfaction of the above conditions or such later date as the Placing Agent and the Company may agree.

Termination

If at any time prior to 10:00 a.m. on the date of completion of the Placing, in the absolute opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:-

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the Placing to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or

LETTER FROM THE BOARD

- (iv) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (v) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate if repeated on the date of completion of the Placing Agreement, the Placing Agent shall determine in its absolute opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing,

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 10:00 a.m. on the completion date of the Placing. There is no explicit provision in the Placing Agreement for the Company to terminate the Placing Agreement. The Company may agree with the Placing Agent to terminate the Placing Agreement any time before the Placing Period expires.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party to the Placing Agreement shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Principal amount	An aggregate principal amount of HK\$600,000,000
Issue Price	100% of the principal amount of the Convertible Notes. The issue price was determined by the Company based on the face value of the Convertible Notes
Form of the Convertible Notes and Denomination	In registered form and in denomination of HK\$5,000,000 each or integral multiples thereof
Interest Rate	6.75% per annum payable quarterly in arrears The interest rate of the Convertible Notes at 6.75% per annum is with reference to (i) the best lending rate of 5% per annum quoted by The Hongkong and Shanghai Banking Corporation Limited on the date of the Placing Agreement; and (ii) the prevailing interest rate of the convertible notes issued from other listed companies in Hong Kong

LETTER FROM THE BOARD

Maturity Date	15th day of December 2018 or if that is not a Business Day, the first Business Day thereafter
Status	The Convertible Notes, when issued, will constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded by mandatory provisions of applicable law
Conversion Shares	Upon full conversion of the Convertible Notes at the Conversion Price of HK\$0.15, an aggregate of 4,000,000,000 Conversion Shares will be allotted and issued pursuant to the Convertible Notes Instrument. Such number of Conversion Shares represents approximately 38.74% of the issued share capital of the Company as at the Latest Practicable Date and approximately 27.92% of the issued share capital of the Company as enlarged by the issue of the 4,000,000,000 Conversion Shares (as revised pursuant to the Supplemental Agreement).
Conversion Restrictions	<p>(a) No conversion rights shall be exercised if as a result of such exercise, less than 25% of the Company's issued shares shall be held by the public.</p> <p>(b) If any exercise of conversion rights would result in an obligation under the Takeovers Code to make a general offer, Convertible Noteholders will be required to comply with such obligation.</p>
Conversion Price	HK\$0.15 per Conversion Share subject to adjustments as set out in the terms and conditions of the Convertible Notes Instrument

LETTER FROM THE BOARD

Ranking of Conversion Shares

The Conversion Shares shall rank *pari passu* in all respects with all other existing Shares outstanding at the conversion date and all Conversion Shares shall have the right to participate in all dividends and other distributions the record date of which falls on or after the conversion date.

Conversion period

The period commencing from the Issue Date up to the Maturity Date

Redemption

Discharge on maturity

In respect of the outstanding principal amount of the Convertible Notes not converted or redeemed prior to the Maturity Date, the Company shall make straight payment at a redemption amount equivalent to 100% of the said outstanding principal amount plus the outstanding accrued interest calculated at 6.75% per annum.

Redemption by the Convertible Noteholders

Convertible Noteholders shall be entitled upon giving written notice to the Company, to require the Company to redeem all (but not part only) of the Convertible Notes at a redemption amount equivalent to 100% of the principal amount plus accrued and unpaid interest within 10 days following the Company's receipt of the notice of the occurrence of the event as stipulated in Clause 14.2 of the Promoters' Agreement (the failure of obtaining the approval from the China Securities Regulatory Commission for the formation of the JV Securities Company within 12 months from the date of application)

Early Redemption by the Company

There are no early redemption rights exercisable by the Company under the terms of the Convertible Notes.

LETTER FROM THE BOARD

Redemption on default

If any of the events of default set out in the Convertible Notes Instrument occurs, Convertible Noteholders holding 51% or more of the outstanding Convertible Notes may by notice in writing to the Company declare that the redemption on default shall apply and then each Convertible Noteholder may, at its option, give a redemption notice in respect of all the Convertible Notes held by it to the Company whereupon the outstanding principal amount of such Convertible Notes shall become immediately due and payable at a redemption amount. Such events of default include (but are not limited to) (i) default of the Company to repay the principal or interest of the Convertible Notes or inability of the Company to pay its debts; (ii) material default of covenants or breach of warranties and undertakings under the Convertible Notes Instrument; (iii) winding-up, dissolution or insolvency of the Company; (iv) a receiver is appointed of the whole or major part of the Company's assets; (v) an action, condition or thing fails to be taken to enable the Company to perform or comply with the obligations set out in the Convertible Notes or (vi) the Company's Shares cease to be listed or are suspended from trading on the Stock Exchange for a 60 consecutive trading days.

The Company will consult with legal advisor should there are events of material default of covenants or breach of warranties and undertakings under the Convertible Notes Instrument.

The Company will review the then available internal resources (including cash and bank balances) from time to time to ensure that it will have sufficient cash to redeem any, if not all, of the Convertible Notes issued. If necessary, the Company may consider other fund raising activities (e.g. the placing of new Shares under general mandate, right issue and external borrowings) for the above redemption.

LETTER FROM THE BOARD

Mandatory Conversion Rights for the Company

Upon Freeman Securities Limited being obligated to pay 90% of the subscription price pursuant to the Promoters' Agreement (the "Mandatory Conversion Event"), the Company shall have the mandatory conversion right (the "Mandatory Conversion Rights") to compel the Convertible Noteholders to convert the whole or part (in denominations of HK\$5,000,000 or its multiples) of the outstanding principal of the Convertible Notes into Conversion Shares at the Conversion Price in satisfaction of the outstanding principal amount of the Convertible Notes from time to time during the 90 days period commencing on the 1st day of occurrence of the Mandatory Conversion Event.

The Company shall be entitled to exercise the Mandatory Conversion Rights by serving a notice to each of the Convertible Noteholders (the "MCR Notice"). Once the MCR Notice(s) has/have been served on the Convertible Noteholder(s), the Company shall allot relevant Conversion Shares to each of the Convertible Noteholders (or its/their nominee(s)) to whom the MCR Notices(s) has/have been served in accordance with the conditions of the Convertible Notes Instrument.

Since the Convertible Notes are subject to the terms and conditions of the Convertible Notes Instrument and the Mandatory Conversion Rights are provided in the Convertible Notes Instrument, such Mandatory Conversion Rights are binding on any Convertible Noteholders (including any transferees of the Convertible Noteholders). The time that Freeman Securities Limited will be obliged to pay 90% of the subscription price is when the approval by the China Securities Regulatory Commission and the Ministry of Commerce in the PRC for the formation of the JV Securities Company is obtained.

LETTER FROM THE BOARD

The Company will take into account of, inter alia, the following factors in determining whether to exercise the Mandatory Conversion Rights: (i) the funding needs of the Company for the payment of 90% of the subscription price pursuant to the Promoters' Agreement in respect of the JV Investments (as defined below under the section headed "Use of proceeds and reasons for and benefits of issue of Convertible Notes"; (ii) the number of the outstanding Convertible Notes; (iii) the then market sentiment and the then trading price of the Shares; and (iv) the then financial position and available internal resources of the Group.

Listing

No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Transferability of Convertible Notes

Convertible Notes shall be freely transferable provided that no transfer of the Convertible Notes shall be effected and no allotment or issue of any Conversion Shares by the Company shall be made if such transfer of the Convertible Notes or allotment or issue of Conversion Shares will be in breach of the Listing Rules, the Companies Ordinance or any applicable law or regulations.

The Company shall maintain a register of the Convertible Noteholders so that the names of the Convertible Noteholders will be known to the Company. When the Convertible Notes are to be transferred, the name of the transferee shall also be required to be disclosed to the Company to avoid any breach of the Listing Rules upon the transfer of the Convertible Notes.

LETTER FROM THE BOARD

Covenants, warranties and undertakings The Company's covenants, warranties and undertakings include (but are not limited to) (i) the Company shall keep sufficient authorised share capital for issuance of Conversion Shares; (ii) the Company shall not make any redemption of share capital or share premium account except pursuant to the general mandate to repurchase Shares granted by the Shareholders; (iii) the Company shall not modify the rights of the Shares or issue any other class of equity with more favorable terms than the Shares; (iv) the Company shall ensure all Conversion Shares will be duly issued as fully-paid and will rank pari passu with all other Shares then in issue; (v) the Company shall pay all fees and stamp duties in respect of the issue of the Conversion Shares; and (vi) the Company shall comply with the conditions imposed by the Stock Exchange or by the Hong Kong Securities and Futures Commission for the listing of and permission to deal in the Conversion Shares issued or to be issued from time to time (if any).

Voting Rights The Convertible Noteholders shall not be entitled to attend or vote in any meetings of the Company by virtue of them holding the Convertible Notes.

The Conversion Price of HK\$0.15 per Conversion Share represents:

- (i) a discount of approximately 68.1% over the closing price of HK\$0.47 per Share as quoted on the Stock Exchange on 9 December 2015, being the date of the Placing Agreement;
- (ii) a discount of approximately 68.4% over the average closing price of approximately HK\$0.474 per Share for the last five consecutive trading days up to and including the date of the Placing Agreement;
- (iii) a discount of approximately 25.0% over the closing price of HK\$0.20 per Share as quoted on the Stock Exchange on 15 February 2016, being the date of the Supplemental Agreement;
- (iv) a discount of approximately 40.0% over the average closing price of approximately HK\$0.25 per Share for the last five consecutive trading days up to and including the date of the Supplemental Agreement;
- (v) a discount of approximately 50.0% over the closing price of HK\$0.30 per share as quoted on the Stock Exchange on the Latest Practicable Date; and

LETTER FROM THE BOARD

- (vi) a discount of approximately 55.2% over the unaudited consolidated net asset value per Share of approximately HK\$0.335, based on the Group's unaudited net asset value of approximately HK\$3,463,710,000 as at 30 September 2015 and the number of Shares in issue of 10,324,137,300 Shares as at the Latest Practicable Date.

The initial Conversion Price and the other terms of the Convertible Notes were determined after arm's length negotiations between the Company and the Placing Agent with reference to (i) the above price ratios represent the discounts of the Conversion Price over the market price of the Shares on the date of the Placing Agreement and the Supplemental Agreement, the last five consecutive trading days up to and including the date of the Placing Agreement and the Supplemental Agreement and on the Latest Practicable Date; (ii) the unaudited consolidated net asset value per Share as at 30 September 2015; (iii) the prevailing market conditions and market sentiment as seen by the recent fall of the Hang Seng Index in the last quarter of 2015; and (iv) the dilutive impact on the market price of the Shares to approximately HK\$0.14 per Share upon the issue of the Conversion Shares (which is approximate to the Conversion Price of HK\$0.15 per Conversion Share).

The Board is of the opinion that the Conversion Price is fair and reasonable and in the best interests of the Shareholders and the Company.

ADJUSTMENT EVENTS

The initial Conversion Price shall from time to time be subject to adjustment upon occurrence of the following events:

- (i) consolidation or subdivision of the Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution;
- (iv) if and whenever the Company shall offer to Shareholders new Shares for subscription by way of rights or shall grant to Shareholders by way of rights, options or warrants or other rights to subscribe for or purchase any new Shares, in each case at a price which is less than 90% of the market price (calculation as provided in the Convertible Notes Instrument);
- (v) if and whenever the Company shall offer to Shareholders new Shares for subscription other than by way of rights or shall grant to Shareholders other than by way of rights, options or warrants or other rights to subscribe for or purchase any new Shares, in each case at a price which is less than 90% of the market price (calculation as provided in the Convertible Notes Instrument);

LETTER FROM THE BOARD

- (vi) if and whenever the Company or any other company shall issue wholly for cash any securities which carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the market price (calculation as provided in the Convertible Notes Instrument); and
- (vii) modification of the rights of conversion, exchange or subscription attaching to such securities under (vi) above so that the consideration per Share is less than 90% of the market price (calculation as provided in the Convertible Notes Instrument).

INFORMATION OF THE COMPANY AND THE PLACING AGENT

The Group is principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities, the provision of licensed lending business, as well as investment holding.

The Placing Agent is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is a licensed corporation within the meaning of the Securities and Futures Ordinance and is licensed to carry out Type 1 (dealing in securities) regulated activity.

USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF ISSUE OF CONVERTIBLE NOTES

The Board considers that the issue of the Convertible Notes is an appropriate means of fund raising for the Company and it does not have any immediate dilution effect on the shareholding of the existing Shareholders. The Board is of the view that the issue of the Convertible Notes provides opportunities for the Group to strengthen its capital base and financial position for future business development.

The gross proceeds from the issue of Convertible Notes will be amounted to HK\$600,000,000. The net proceeds from the issue of Convertible Notes, after the deduction of related expenses), are estimated to be approximately HK\$578,500,000, representing net issue price of approximately HK\$0.145 per Conversion Share.

LETTER FROM THE BOARD

Reference is made to the announcements of the Company dated 12 November 2015, 2 December 2015 and 3 December 2015, the Group intended to invest a total of RMB525 million (representing approximately HK\$635 million) in the JV Securities Company, representing 15% share capital thereof, which is a full-licensed joint venture securities company proposed to be set up in Shanghai Pilot Free Trade Zone under the framework of the CEPA pursuant to the Promoters' Agreement (the "JV Investment"). As stated in the paragraphs headed "Information on FSL & the Group and reasons for the JV Investment" in the Company's announcement dated 12 November 2015, the Company believes that the JV Investment could offer a golden opportunity for the Company to embark on a new milestone in its business development in financial services industry and it is feasible with regard to the formation of the JV Securities Company is subject to the approval of the China Securities Regulatory Commission.

The JV Securities Company proposed to be principally engaged in full spectrum of securities business including provision of securities brokerage services, securities underwriting and sponsor services, advising on securities investments, securities financing services, asset management, corporate finance advisory services, sale of investment funds, etc. subject to the laws and regulations of the PRC. The Company intends to nominate one director to serve in the board of directors of the JV Securities Company in order to participate in the formulation of development strategy and the business and management of the JV Securities Company. Should the formation of the JV Securities Company be obtained from the China Securities Regulatory Commission, the Group intends to apply the net proceeds from the issue of the Convertible Notes for payment of the subscription money in respect of the JV Securities Company.

In case the approval from the China Securities Regulatory Commission for the formation of the JV Securities Company cannot be obtained within 12 months from the date of application, the Convertible Noteholders shall be entitled to require the Company to redeem all (but not part only) of the Convertible Notes at a redemption amount equivalent to 100% of the principal amount plus accrued and unpaid interest. The net proceeds will then be utilised for redemption of the Convertible Notes if redemption requests be received from the Convertible Noteholders.

Saved as the investment in the JV Securities Company, the Company currently does not have any specific potential investment opportunity as at the Latest Practicable Date. Thus, the Company expected the net proceeds from the issue of the Convertible Notes can satisfy the Company's funding needs (including the investment in the JV Securities Company) for the next twelve months.

The Directors consider the terms of the Placing Agreement and the Supplemental Agreement are negotiated at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

Date of announcements	Fund raising activities	Net proceeds raised/to be raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
22 April 2015, 29 April 2015, 15 May 2015 and 8 June 2015	Placing of 1,376,551,640 unlisted warrants with mandatory exercise rights at HK\$0.43 per warrant share under specific mandate	(i) HK\$13.5 million raised from issue of warrants (ii) HK\$574.2 million to be raised from issue of warrant shares	General working capital for the Group and also for future expansion and development of FCL Group's financial services and securities trading business	(i) Utilised as general working capital for the Group (ii) Warrant not yet exercised by the warrantheolders and the net proceeds will be utilised as general working capital for the Group and future expansion and development of FCL Group
13 May 2015 and 8 June 2015	Placing of 688,275,820 unlisted warrants with mandatory exercise rights at HK\$0.55 per warrant share under specific mandate	(i) HK\$6.6 million raised from issue of warrants (ii) HK\$367.2 million to be raised from issue of warrant shares	General working capital for the Group and also for future expansion and development of FCL Group's financial services and securities trading business	(i) Utilised as general working capital for the Group (ii) Warrant not yet exercised by the warrantheolders and the net proceeds will be utilised as general working capital for the Group and future expansion and development of FCL Group

Save as disclosed above, the Company had not conducted any other fund raising activities in the past twelve immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this Circular, and (ii) assuming full exercise of the conversion rights attached to the Convertible Notes at the initial Conversion Price of HK\$0.15 per Conversion Share and further assuming that no other Shares will be issued is as follows:

Shareholders	As at the Latest Practicable Date		Immediately after the full conversion of the Convertible Notes	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)
Substantial Shareholder (as defined under the Listing Rules)				
Mr. Andrew Liu (<i>Note 1</i>)	1,116,848,070	10.82%	1,116,848,070	7.80%
Directors				
Ms. Au Shuk Yee, Sue	7,375,320	0.07%	7,375,320	0.05%
Ms. Chow Mun Yee	6,048,000	0.06%	6,048,000	0.04%
Public Shareholders				
The Subscribers (upon full conversion of the Convertible Notes)	–	–	4,000,000,000	27.92%
Other public Shareholders	9,193,865,910	89.05%	9,193,865,910	64.19%
Total	10,324,137,300	100.00%	14,324,137,300	100.00%

Note 1: These Shares are held by Unitas Capital Strategic Partners I Limited, a company wholly-owned by Mr. Andrew Liu.

GENERAL

The Conversion Shares will be issued under the Specific Mandate to be sought at the EGM. Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

The EGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Placing and the transactions contemplated thereunder including the grant of the Specific Mandate.

LETTER FROM THE BOARD

Completion of the Placing is subject to fulfillment of the conditions precedent under the Placing Agreement and the Supplemental Agreement and the parties' rights to terminate under the terms and conditions of the Placing Agreement and the Supplemental Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

EGM

A notice convening the EGM is set out on page 21 to 23 of this circular. The EGM will be held at Harbour Plaza Room II, Basement 1, Harbour Plaza North Point, MTR Quarry Bay Station Exit C, 665 King's Road, North Point, Hong Kong on 15 March 2016 at 4:00 p.m. for the Shareholders to consider, and, if thought fit, approve, among other things, the ordinary resolution relating to the Placing and the transactions contemplated thereunder including the grant of the Specific Mandate.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Placing and the transactions contemplated thereunder. Accordingly, no Shareholders are required to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you propose to attend the EGM, you are requested to complete the accompanying form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) if you so desire.

The ordinary resolution proposed to be approved at the EGM will be taken by poll in accordance with the requirements of the Listing Rules and an announcement will be made by the Company following the conclusion of the EGM to inform you of its results.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Board consider that the Placing is entered into on normal commercial terms following arm's length negotiations between the relevant parties and it is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommend the Shareholders to vote in favour of the resolution to approve the Placing and the transactions contemplated thereunder including the grant of the Specific Mandate.

By order of the Board of
Freeman Financial Corporation Limited
Lo Kan Sun
Chairman

NOTICE OF EGM



FREEMAN FINANCIAL CORPORATION LIMITED

民眾金服控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that a extraordinary general meeting of Freeman Financial Corporation Limited (the “Company”) will be held at Harbour Plaza Room II, Basement 1, Harbour Plaza North Point, MTR Quarry Bay Station Exit C, 665 King’s Road, North Point, Hong Kong, on Tuesday, 15 March 2016 at 4:00 p.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as an ordinary resolution of the Company:–

ORDINARY RESOLUTION

1. “THAT

- (a) the placing agreements dated 9 December 2015 and 15 February 2016 (collectively the “Placing Agreements”) entered into between the Company and Freeman Securities Limited (the “Placing Agent”) in relation to, among other things, the placing through the Placing Agent, on a best efforts basis, of convertible notes (the “Convertible Notes”) in an aggregate principal amount of up to HK\$600,000,000 and the transactions contemplated under the Placing Agreements, (a copy of which have been produced to the meeting marked “A” and “B” and initialed by the chairman of the meeting for identification purposes) subject to adjustments and to the terms and conditions set out in the convertible notes instrument (the “Convertible Notes Instrument”), (a copy of which has been produced to the meeting marked “C” and initialed by the chairman of the meeting for identification purposes), and the execution, performance and implementation thereof and ancillary matters contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfillment of the conditions precedent set out in the Placing Agreements, the issue of the Convertible Notes in accordance with the terms and conditions of the Placing Agreements and the Convertible Notes Instrument be and is hereby approved;

NOTICE OF EGM

- (c) the allotment and issue of new shares of the Company upon the exercise of the conversion rights attaching to the Convertible Notes (the “Conversion Shares”) be and is hereby approved; and the directors of the Company (the “Directors”) be and are hereby granted a specific mandate to allot and issue the Conversion Shares; and
- (d) the Directors be and are hereby authorised to do all such acts and things as they consider necessary, desirable or expedient for the implementation of and giving effect to the Placing Agreements, the issue of the Convertible Notes, and the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Notes and the transactions contemplated thereunder.”

By order of the Board of
Freeman Financial Corporation Limited
Lo Kan Sun
Chairman

Hong Kong, 24 February 2016

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in

Hong Kong:
Room 2302, 23rd Floor
China United Centre
28 Marble Road
North Point, Hong Kong

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time for holding the meeting or the adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

NOTICE OF EGM

4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

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

Executive Directors

Mr. Lo Kan Sun (*Chairman*)

Mr. Hui Quincy Kwong Hei (*Managing Director*)

Ms. Au Shuk Yee, Sue

Ms. Chow Mun Yee

Independent Non-executive Directors

Mr. Cheung Wing Ping

Mr. Chung Yuk Lun

Mr. Hung Cho Sing

Dr. Agustin V. Que