
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus 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 securities in Freeman Financial Corporation Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Dealings in Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, having attached hereto the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies” in appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of the Prospectus Documents.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of any of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.



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)

RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE

Underwriters of the Rights Issue

CHUNG NAM SECURITIES LIMITED



The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Friday, 4 May 2012. The procedure for acceptance and payment or transfer of the Rights Shares is set out on pages 11 to 12 of this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Monday, 23 April 2012 to Monday, 30 April 2012 (both days inclusive). If the conditions of the Rights Issue (as described on page 15 of this Prospectus) are not fulfilled or the Underwriting Agreement is terminated by an Underwriter, the Rights Issue will not proceed. Any dealing in the nil-paid Rights Shares during the period from Monday, 23 April 2012 to Monday, 30 April 2012 (both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter(s) by notice in writing to the Company at any time prior to 4:00 p.m. on the Latest Termination Date to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed “Termination of the Underwriting Agreement” on pages 17 and 18 of this Prospectus. If an Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on page 15 of this Prospectus being fulfilled. In the event that such conditions have not been satisfied in accordance with the Underwriting Agreement on or before 4:00 p.m. on 30 June 2012, all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement. In such event, the Rights Issue will not proceed.

19 April 2012

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EXPECTED TIMETABLE

The expected timetable of the Rights Issue is set out below:

First day of dealings in nil-paid Rights Shares	Monday, 23 April 2012
Latest time for splitting of nil-paid Rights Shares	4:30 p.m., Wednesday, 25 April 2012
Last day of dealings in nil-paid Rights Shares	Monday, 30 April 2012
Latest time for acceptance of and payment for Rights Shares and application for excess Rights Shares	4:00 p.m., Friday, 4 May 2012
Latest time for the termination of the Underwriting Agreement	4:00 p.m., Tuesday, 8 May 2012
Announcement of allotment results	Wednesday, 9 May 2012
Despatch of certificates for fully-paid Rights Shares and refund cheques	Thursday, 10 May 2012
Expected first day of dealings in fully-paid Rights Shares	Friday, 11 May 2012

All times and dates specified in this Prospectus refer to Hong Kong local times. Dates stated in this Prospectus for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced as appropriate in accordance with the Listing Rules.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above; or
2. a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares (if any) does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	4 May 2012 or such other date as the Underwriters may agree in writing with the Company as the latest date for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday or Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Capital Reorganisation”	the capital reorganisation of the Company effective on 20 March 2012 as described in the announcement of the Company dated 16 March 2012 and the circular of the Company dated 30 November 2011
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chung Nam”	Chung Nam Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activities under the SFO
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Freeman Financial Corporation Limited (Stock Code: 279), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange

DEFINITIONS

“Director(s)”	director(s) of the Company from time to time
“EAF(s)”	the form(s) of application for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriters
“EGM”	the extraordinary general meeting of the Company convened and held at 3:30 p.m. on Tuesday, 3 April 2012 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
“Get Nice”	Get Nice Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	any Shareholders other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	the general mandate granted to the Directors to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of the Company in issue as at the date of annual general meeting of the Company held on 30 August 2011
“Last Trading Day”	19 January 2012, being the date of the Underwriting Agreement
“Latest Practicable Date”	13 April 2012, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Termination Date”	the second Business Day after the Acceptance Date or such other date as the Underwriters may agree in writing with the Company

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of association of the Company
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Option(s)”	the option(s) to subscribe for Shares under the share option scheme adopted by the Company on 23 August 2002
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue, being in such usual form as may be agreed between the Company and the Underwriters
“Prospectus”	this prospectus despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders
“Record Date”	18 April 2012 (or such other date as the Underwriters may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are determined
“Registrar”	the share registrar of the Company in Hong Kong, being Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of two Rights Shares for every Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents

DEFINITIONS

“Rights Shares”	2,451,124,742 new Shares to be issued and allotted under the Rights Issue
“Scheme Mandate”	the mandate granted to the Directors to allot and issue under the share option scheme adopted by the Company on 23 August 2002 up to a maximum of 10% of the aggregate share capital of the Company in issue as at the date of the extraordinary general meeting of the Company held on 30 March 2011
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with a par value of HK\$0.01
“Shareholder(s)”	registered holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“Underwriters”	Chung Nam and Get Nice, the Underwriters of the Rights Issue
“Underwriting Agreement”	the underwriting agreement dated 19 January 2012 entered into between the Company and the Underwriters in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	all the Rights Shares except for the Rights Shares that Mr. Andrew Liu and Willie have irrevocably undertaken to accept or procure acceptance for
“Willie”	Willie International Holdings Limited (Stock Code: 273), a company incorporated in the Hong Kong with limited liability the shares of which are listed on the Stock Exchange
“Willie Group”	Willie and its subsidiaries
“%” or “per cent.”	percentage or per centum

LETTER FROM THE BOARD



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)

Executive Directors:

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. Liu Kam Fai, Winston

Independent non-executive Directors:

Mr. Gary Drew Douglas
Mr. Peter Temple Whitelam
Dr. Agustin V. Que
Mr. Miu H., Frank

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

19 April 2012

To the Shareholders

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE

INTRODUCTION

On 19 January 2012, the Company announced that the Board proposes to issue new Shares to the Qualifying Shareholders by way of rights issue at a subscription price of HK\$0.10 per Rights Share on the basis of two Rights Shares for every Share held on the Record Date.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you, among others, further details about the Rights Issue.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	two Rights Shares for every Share held on the Record Date
Number of Shares in issue as at the Record Date	:	1,225,562,371 Shares
Number of Rights Shares	:	2,451,124,742 Rights Shares
Subscription Price	:	HK\$0.10 per Rights Share
Number of Rights Shares to be accepted under the irrevocable undertaking given by Mr. Andrew Liu	:	413,647,452 Rights Shares
Number of Rights Shares to be accepted under the irrevocable undertaking given by Willie	:	420,686,114 Rights Shares
Number of Rights Shares underwritten by the Underwriters	:	all the Rights Shares except for the Rights Shares that Mr. Andrew Liu and Willie have irrevocably undertaken to accept or procure acceptance for, being 1,616,791,176 Rights Shares

The 2,451,124,742 nil-paid Rights Shares proposed to be provisionally allotted represent 200% of the Company's issued share capital as at the Record Date and 66.67% of the Company's issued share capital as enlarged by the issue of the 2,451,124,742 Rights Shares. The aggregate nominal value of the 2,451,124,742 Rights Shares will be HK\$24,511,247.42.

LETTER FROM THE BOARD

Qualifying Shareholders

The Company has sent the Prospectus Documents to Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, none of Shareholders as recorded on the register of members of the Company had address(es) which is/are outside Hong Kong. Accordingly, there is no Non-Qualifying Shareholder for the purpose of the Rights Issue.

Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 35.48% to the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 36.71% to the average closing price of approximately HK\$0.158 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day;
- (c) a discount of approximately 15.25% to the theoretical ex-rights price of approximately HK\$0.118 per Share based on the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (d) a discount of approximately 34.64% to the closing price of HK\$0.153 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price which has been set as a discount as described above with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share will be approximately HK\$0.097.

Basis of provisional allotment

The basis of the provisional allotment shall be two Rights Shares for every Share in issue and held at the close of business on the Record Date, being 2,451,124,742 Rights Shares at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents. Application for all or any part of a provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Fractions of Rights Shares

On the basis of provisional allotment of two Rights Shares for every Share held by the Qualifying Shareholders at the close of business on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Status of Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

LETTER FROM THE BOARD

Procedure for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholders to subscribe for the number of Rights Shares indicated on the PAL. If the Qualifying Shareholders wish to exercise the right to subscribe for all the Rights Shares specified in the enclosed PAL, the Qualifying Shareholders must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance of the number of Rights Shares provisionally allotted to the Qualifying Shareholders, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Friday, 4 May 2012. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Freeman Financial Corporation Limited – Provisional Allotment Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been received by the Registrar by 4:00 p.m. on Friday, 4 May 2012, whether by the original allottee or any person by whom the rights have been validly transferred, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under EAFs by the Qualifying Shareholders.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or to transfer part of the rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Wednesday, 25 April 2012 with the Registrar who will cancel the original PAL and issue new PALs in the denominations required. The PALs contain full information regarding the procedures to be followed if the Qualifying Shareholders wish to accept only part of the provisional allotment or if the Qualifying Shareholders wish to transfer all or part of the provisional allotment.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and cashier's orders accompanying duly completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it, have been, or will be, duly complied with. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. Applicants must pay the exact

LETTER FROM THE BOARD

amount payable upon application for the Right Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque will be made out to you only if the overpaid amount is HK\$100 or above.

If an Underwriter exercises the rights to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint acceptances, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered addresses at their own risk as soon as practicable thereafter.

Application for excess Rights Shares

Qualifying Shareholders or transferees of nil-paid Rights Shares may apply, by way of excess application, for any Rights Shares provisionally allotted but not accepted.

Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its/their provisional allotment must complete and sign the enclosed EAF as indicated thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong so as to be received by no later than 4:00 p.m. on Friday, 4 May 2012. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Freeman Financial Corporation Limited – Excess Application Account" and crossed "Account Payee Only". The Registrar will notify the applicants of any allotment of excess Rights Shares made to them.

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied for (i.e. applications for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Right Shares; whereas applications for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Right Shares), and with board lot allocations to be made on a best effort basis.

LETTER FROM THE BOARD

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

The allocation of excess Rights Shares (if any) made to the Qualifying Shareholders is expected to be announced on Wednesday, 9 May 2012. If no excess Rights Shares are allotted to the Qualifying Shareholders, a cheque for the amount tendered on application is expected to be refunded in full without interest on Thursday, 10 May 2012 by ordinary post at their own risk. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the amount of the surplus application monies are also expected to be refunded to them without interest on Thursday, 10 May 2012 by ordinary post at their own risk.

All cheques and cashier's orders will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements in connection with the EAF and any acceptance of it, have been, or will be, duly complied with. Completion and return of the EAF together with a cheque or cashier's order in payment for excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected. Applicants must pay the exact amount payable upon application for the Right Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque will be made out to you only if the overpaid amount is HK\$100 or above.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If an Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled the monies received in respect of the relevant applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by the ordinary post to their respective addresses at their own risk as soon as practicable thereafter.

LETTER FROM THE BOARD

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on Thursday, 10 May 2012. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on Thursday, 10 May 2012 by ordinary post to the applicants at their own risk.

Applicant(s) will receive one Share certificate for all the Rights Share issued to him/her/it/them.

The first day of dealings in the Right Shares in their fully-paid form is expected to commence on Friday, 11 May 2012.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 20,000 Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

1. the passing of the relevant resolution by the Independent Shareholders approving the Rights Issue at the EGM in accordance with the Listing Rules;
2. the Capital Reorganisation having become effective;
3. the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by two Directors (or by their agents duly authorised in writing) in compliance with the Companies Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance and the Listing Rules;
4. the posting of copies of the Prospectus Documents to the Qualifying Shareholders;
5. the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriters, in their reasonable opinion, accept and the subsequent satisfaction of such conditions (if any); and
6. the Underwriters having not terminated the Underwriting Agreement in accordance with the terms set out in the Underwriting Agreement.

As at the Latest Practicable Date, 1 and 2 above have been satisfied.

In the event that the above conditions have not been satisfied on or before 4:00 p.m. on 30 June 2012 (or such later date as the Underwriters and the Company may agree in writing), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

The Right Issue was approved by the Independent Shareholders by way of poll at the EGM.

LETTER FROM THE BOARD

The Underwriting Agreement

The principal terms and conditions of the Underwriting Agreement are summarised as below:

- Date : 19 January 2012, as supplemented by the supplemental agreement dated 16 April 2012 between the same parties
- Underwriters : Chung Nam Securities Limited and Get Nice Securities Limited
- Underwriting commitment of the Underwriters : The underwriting commitment of each of the Underwriters is one half of the total number of Underwritten Shares as follows:

Name	Underwriting commitment (assuming that no Options pursuant to the Scheme Mandate are granted and exercised on or prior to the Record Date)	Underwriting commitment (assuming that all the Options pursuant to the Scheme Mandate are granted and exercised on or prior to the Record Date)
Chung Nam	Up to 714,121,560 Rights Shares	Up to 808,395,588 Rights Shares
Get Nice	Up to 714,121,560 Rights Shares	Up to 808,395,588 Rights Shares

The underwriting obligations and liabilities of the Underwriters are several (and not joint or joint and several). Each Underwriter's commitment to underwrite is limited to the above-mentioned underwriting commitment.

- Commission : 3% of the aggregate Subscription Price of the Underwritten Shares actually issued (which underwriting commission shall be divided equally between the Underwriters) as determined on the Record Date
- Undertakings : The Company has given undertakings to the Underwriters that from the date of the Underwriting Agreement until after the Record Date not to issue any Shares under the Issue Mandate or otherwise or grant any options or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than the issue of Shares to Willie pursuant to the Subscription Agreement as described in the Company's circular dated 30 November 2011, the granting of Options pursuant to the Scheme Mandate, and the issue of Shares upon exercise of any Options granted) without the approval of the Underwriters.

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Having taken into account the irrevocable undertakings given by Mr. Andrew Liu and Willie, the Rights Issue has been fully underwritten.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriters with reference to the prevailing market rate. The Directors (including independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

If at any time between the date of the Underwriting Agreement and 4:00 p.m. on the Latest Termination Date, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- (a) an Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of that Underwriter) material in the context of the Rights Issue; or
- (b)
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, the Cayman Islands or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or

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- (vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, the Cayman Islands or elsewhere,

which event or events is or are in the reasonable opinion of an Underwriter:

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, that Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriters may be entitled, by notice in writing to the Company terminate the Underwriting Agreement.

Upon the giving of such notice, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party to the Underwriting Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriters exercise such right, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND THE RIGHTS SHARES

The Shares have been dealt on an ex-rights basis from Tuesday, 10 April 2012. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 23 April 2012 to Monday, 30 April 2012 (both days inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from Monday, 23 April 2012 to Monday, 30 April 2012 (both days inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date when the conditions of the Rights Issue are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Monday, 23 April 2012 to Monday, 30 April 2012 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Rights Issue” of this Prospectus. In particular, the Rights Issue is subject to the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds to be raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
3 October 2011	Issue of 188,548,057 Shares to Willie	HK\$48.1 million	For replenishment of the working capital of the Company as described in the Company’s circular dated 30 November 2011	Used as intended

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

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, Mr. Andrew Liu, being a non-executive Director, owns 206,823,726 Shares in the share capital of the Company. Mr. Andrew Liu has given an irrevocable undertaking to the Company that the aforementioned 206,823,726 Shares shall remain registered in his name from the date of the Underwriting Agreement up to and including the date on which dealings in fully-paid Rights Shares commence on the Stock Exchange (or such later date as may be agreed with the Company in writing), and he shall accept his entitlement of 413,647,452 Rights Shares in full prior to 4:00 p.m. on the Acceptance Date and on the terms and conditions set out in the Prospectus Documents.

In addition, as at the Latest Practicable Date, Willie Group owns 210,343,057 Shares in the share capital of the Company. Willie has given an irrevocable undertaking to the Company that the aforementioned 210,343,057 Shares shall remain registered in the name of Willie and/or the relevant subsidiary(ies) of Willie from the date of the Underwriting Agreement up to and including the date on which dealings in the fully-paid Rights Shares commence on the Stock Exchange (or such later date as may be agreed with the Company in writing), and Willie and/or the relevant subsidiary(ies) of Willie will accept, or procure the acceptance of, Willie Group’s entitlement of 420,686,114 Rights Shares in full prior to 4:00 p.m. on the Acceptance Date and on the terms and conditions set out in the Prospectus Documents.

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Furthermore, should Willie and/or the relevant subsidiary(ies) of Willie procure the acceptance of all or part of Willie Group's entitlement under the Rights Issue by another person or persons, Willie undertakes to use all reasonable endeavours to ensure that each of such person(s) shall be a third party independent of, not acting in concert with and not connected with the Directors, chief executive or other substantial shareholders (within the meaning of the Listing Rules) of the Company or their respective associates.

REASONS FOR AND BENEFITS OF THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

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

The gross proceeds from the Rights Issue will be approximately HK\$245.1 million. The estimated net proceeds from the Rights Issue will be approximately HK\$237.8 million.

As at 30 September 2011, the Group had cash and bank balances of approximately HK\$305.2 million. Since then, the Group used these cash and bank balances of approximately HK\$48.1 million to subscribe for shares in Willie, approximately HK\$55.2 million in trading of securities, approximately HK\$9.4 million in its money lending business, approximately HK\$100.6 million in its securities brokerage and margin financing business, and approximately HK\$13.8 million in other general and administrative expenses. Since 30 September 2011, the Group also increased its borrowings by approximately HK\$29.7 million. As at the end of January 2012, the Company had cash and bank balances of approximately HK\$107.8 million and total outstanding short-term borrowings of approximately HK\$230.0 million (resulting in a net debt balance of approximately HK\$122.2 million).

In relation to working capital management policies, the Company monitors its daily operations with an aim to save costs and to maintain a cash and bank balance which allows the Company to meet day-to-day expenses as well as short-term liquidity needs. Should any liquidity needs arise, the Company will identify appropriate sources of financing, either by way of internal resources or external borrowings or funding.

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In relation to investment policies, the Company makes strategic investments as well as investments in marketable securities. For strategic investments, the Company aims to create and realize shareholders' value through making investments into companies or projects (with or without management and operational rights) that have promising outlooks and prospects, in particular, companies and projects in the financial services sector. The Company's selection criteria for making strategic investments include: (i) potential for appreciation in value; (ii) whether there is potential for achieving synergies; (iii) investment opportunities in the financial services sector are preferred; (iv) outlook for the industry which the target is engaged in; and (v) size of the target relative to size of the Group. For marketable securities, the Company aims to achieve capital appreciation by investing into marketable securities with potential for positive investment returns.

The Company, as always, is continuously and actively exploring various means to deepen, strengthen and broaden its focus on the financial services sector. As described in the Company's 2011 Interim Report, the Company is also examining different initiatives to reinforce and sharpen such focus. Separately, the Company believes that the current market conditions present an excellent window of opportunity to make investments in marketable securities in order to capture potential upside.

As a result of the foregoing, the Company intends to apply the net proceeds from the Rights Issue towards general working capital with an amount of approximately HK\$5 million and substantially for: (a) providing funding support to the Group's securities brokerage business with an amount ranging from approximately HK\$91 million to HK\$131 million, (b) strategic investments in areas such as financial planning, insurance brokerage and corporate finance services with an amount of approximately HK\$10 million, and (c) investments in marketable securities for potential capital appreciation with an amount ranging from approximately HK\$92 million to HK\$132 million.

Securities brokerage is a capital intensive industry. Since Freeman Securities Limited ("FSL") became a subsidiary of the Group in July 2011, the Company has on various occasions injected additional capital into FSL. FSL's issued share capital has grown from HK\$56 million (before it became our subsidiary) to HK\$171 million as at the end of January 2012. In respect of the securities brokerage business mentioned under (a) above, FSL is in the process of expanding its client base in terms of number of clients, trading volume and asset value so as to increase FSL's market share and interest income from margin financing activities. Meanwhile, FSL is planning to allocate additional resources to marketing campaigns given the increasing competition in Hong Kong's securities brokerage industry. FSL is also continuously making investments in and improvements to its trading and computer systems. Moreover, FSL intends to take advantage of any revival or increase in fund-raising activities by listed companies through winning mandates to act as placing agent and/or underwriter on a larger number of corporate fund-raising transactions.

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In respect of the strategic investments mentioned under (b) above, the Professional Insurance Brokers Association has approved the membership application from Harvest Financial Services Limited (“Harvest”), a wholly-owned subsidiary of the Company. The Company (through Harvest) has continued its insurance brokerage business as well as commenced the provision of financial planning and related services. Due to their lackluster performance, the Company disposed of three companies which were engaged in the insurance brokerage business in September 2011. With (i) a new management team for the insurance brokerage and financial planning business having been put in place, (ii) new corporate and brand image to be launched under the new name “Harvest”, (iii) widening of scope from traditional life and general insurance to financial planning with expanded product and service offerings (including investment-linked products), and (iv) a less volatile economic environment as compared to the second half of 2011, the Company believes that there will be greater business opportunities, higher customer satisfaction and improved financial performance for this business. In respect of corporate finance advisory services, the Company is in the process of hiring key personnel and expects to submit license application for type 6 (advising on corporate finance) regulated activity under the SFO to the Securities and Futures Commission (the “SFC”) before the end of April 2012. The Company will commence its corporate finance advisory business upon obtaining relevant approvals from the SFC. In addition to growing the insurance brokerage, financial planning and corporate finance businesses organically through making strategic investments in companies newly formed by the Group, the Company is also examining the possibility of acquiring companies engaged in the same lines of businesses. However, no target has yet materialized as at the Latest Practicable Date.

In respect of investments in marketable securities mentioned under (c) above, the Company intends to invest mainly in equity, equity-related and/or debt securities in listed companies in Hong Kong and other major securities markets around the world. The Company also intends to maintain a diversified investment portfolio both in terms of the number of investee companies as well as the industries in which the investee companies operate, in order to manage the Company’s exposure to different companies and different industries. The Company will focus on making investments in companies with promising growth prospects and/or which are trading at a discount to net asset value, with the primary investment objective of achieving capital appreciation. Having said that, the Company will also consider making investment opportunistically in special situations (for example, where securities are trading at distressed levels or where trading resumption is imminent following a prolonged period of trading suspension). The Company monitors closely the global and local capital markets, and makes investment decisions and/or modifications to its investment plan based on a multitude of factors including the general investment and economic environment, stock market conditions as well as the latest developments surrounding its investee companies and investment targets.

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Assuming approximately HK\$132 million is used to invest in marketable securities, this will only represent approximately 16% of the value of the Group's investments at fair value through profit or loss of approximately HK\$825 million as disclosed in the Company's 2011 Interim Report, and approximately 15% after taking into account the approximately HK\$55.2 million used in the trading of securities between 1 October 2011 and 31 January 2012 mentioned above. Whilst the Hong Kong stock market has rebounded during recent months from the slump in the second half of 2011, the Hang Seng Index has yet to reach the highest levels achieved in 2011, not to mention the pre-financial tsunami levels. As a result, the Company believes that using part of the proceeds from the Rights Issue to invest into marketable securities will allow the Company to average down investment costs to "recoup" part of the historical losses as well as to reap potential valuation upside assuming the capital markets continue to stabilize and improve. As at the Latest Practicable Date, however, the Company has not identified any investment target, and has not determined the specific amount of investment to be made in any one company and the timing of any such investment that will be invested into using the proceeds from the Rights Issue.

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity. The Board also believes that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue, assuming that there is no change in shareholding structure of the Company from the Latest Practicable Date to immediately after completion of the Rights Issue after taking into account the irrevocable undertakings given by Mr. Andrew Liu and Willie:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming the Rights Shares are subscribed for in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders (except Mr. Andrew Liu and Willie Group) takes up any of the Rights Shares and the Underwriters and sub-underwriters and subscribers procured by them take up the Rights Shares to the maximum extent	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Andrew Liu (<i>Note 1</i>)	206,823,726	16.88	620,471,178	16.88	620,471,178	16.88
Au Shuk Yee, Sue (<i>Note 2</i>)	1,365,800	0.11	4,097,400	0.11	1,365,800	0.04
Chow Mun Yee (<i>Note 3</i>)	1,120,000	0.09	3,360,000	0.09	1,120,000	0.03
Gary Drew Douglas (<i>Note 4</i>)	1,120,000	0.09	3,360,000	0.09	1,120,000	0.03
Miu H., Frank (<i>Note 5</i>)	1,120,000	0.09	3,360,000	0.09	1,120,000	0.03
Chung Nam and sub-underwriters and subscribers procured by them (<i>Note 6</i>)	260	0.00	780	0.00	808,395,848	21.99
Get Nice and sub-underwriters and subscribers procured by them (<i>Note 6</i>)	–	–	–	–	808,395,588	21.99
Willie Group (<i>Note 7</i>)	210,343,057	17.16	631,029,171	17.16	631,029,171	17.16
Other Shareholders	803,669,528	65.58	2,411,008,584	65.58	803,669,528	21.85
Total	1,225,562,371	100.00	3,676,687,113	100.00	3,676,687,113	100.00

LETTER FROM THE BOARD

Notes:

1. Mr. Andrew Liu is a non-executive Director. As at the Latest Practicable Date, Mr. Andrew Liu has given an irrevocable undertaking to the Company and details of which are set out in the section headed “Irrevocable Undertakings”.
2. Ms. Au Shuk Yee, Sue is an executive Director.
3. Ms. Chow Mun Yee is an executive Director.
4. Mr. Gary Drew Douglas is an independent non-executive Director.
5. Mr. Miu H., Frank is an independent non-executive Director.
6. As at the Latest Practicable Date, the Company owns an approximately 32.26% indirect shareholding interest in Chung Nam, and Chung Nam is consequently an associate of the Company.

Each of the Underwriters has undertaken with the Company that (i) it shall use all reasonable endeavours to procure that each of its sub-underwriters and subscribers or purchasers of Underwritten Shares procured by it under the Underwriting Agreement as well as subscribers or purchasers procured by its sub-underwriters shall be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial Shareholders (within the meaning of the Listing Rules) of the Company or their respective associates; (ii) it will, and will cause its sub-underwriters to, procure independent subscribers or purchasers take up such number of Rights Shares (a) as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company and (b) such that it, its sub-underwriters and the subscribers or purchasers procured by it and by its sub-underwriters shall not, together with party(ies) acting in concert with each of them, hold 29.9% or more of the voting rights of the Company upon completion of the Rights Issue.

The Company has been informed by the Underwriters that the Underwriters have already entered into sub-underwriting agreements with sub-underwriters to ensure the minimum public float requirements would be met.

7. As at the Latest Practicable Date, Willie has given an irrevocable undertaking to the Company and details of which are set out in the section headed “Irrevocable Undertakings”.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 March 2009, 2010 and 2011 are disclosed in the annual reports of the Company for the years ended 31 March 2009 (pages 28 to 129), 2010 (pages 31 to 166) and 2011 (pages 43 to 214) respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.freeman279.com). The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2009, 2010 and 2011.

2. UNAUDITED INTERIM RESULTS

The unaudited consolidated financial statements of the Company for the six months ended 30 September 2011 together with the relevant notes to the accounts are disclosed in the interim report of the Company for the six months ended 30 September 2011 (pages 6 to 42), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.freeman279.com).

3. INDEBTEDNESS

Statement of Indebtedness

Borrowings

As at the close of business on 29 February 2012, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had borrowings amounting to approximately HK\$243.2 million.

The following table illustrates the Group's indebtedness as at the close of business on 29 February 2012:

	<i>HK\$'000</i>
<i>Current</i>	
Margin loans, secured	107,224
Other loans, secured	<u>136,005</u>
Total borrowings	<u><u>243,229</u></u>

As at the close of business on 29 February 2012, the Group's total borrowings were secured by certain investments at fair value through profit or loss and an available-for-sale investment (namely, the shares in Willie subscribed by the Company pursuant to the Subscription Agreement as described in the Company's circular dated 30 November 2011) held by the Group of approximately HK\$884.7 million.

Contingent liabilities

As at the close of business on 29 February 2012, the Group has given guarantees to banks in connection with facilities granted to certain entities owned by the Group's available-for-sale investment with total utilised facilities of approximately HK\$65.0 million (the "Guarantee"). The facilities relate to mortgage loans on properties which were sold to Cordoba Homes Limited as described in the Company's announcement dated 13 April 2011 and the Company agreed to maintain the Guarantee for a term of one year from 14 April 2011 (the "Guarantee Maintenance"). The Guarantee Maintenance expired on 13 April 2012. According to an irrevocable undertaking jointly and severally given by Cordoba Homes Limited and a wholly owned subsidiary of Cordoba Homes Limited to the Company, they have undertaken to indemnify the Company in full in respect of all obligations under the Guarantee on or after 14 April 2012.

Disclaimer

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, or any outstanding debt securities, bank overdrafts and liabilities under acceptances or acceptance credits or other similar borrowings, indebtedness, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 29 February 2012.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 29 February 2012.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the cash flows generated from the operating activities, the financial resources available to the Group including internally generated funds and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements in the next twelve months from the date of this Prospectus.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the Company's announcement dated 12 April 2012 in relation to a profit warning for the Company's annual results for the year ended 31 March 2012, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. BUSINESS REVIEW FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**Operation review**

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

Results review

The Group recorded a net loss of approximately HK\$400,378,000 for the six months ended 30 September 2011 (the “**Period**”) as compared to net loss of approximately HK\$42,830,000 in the corresponding period of 2010. The net loss incurred by the Group for the Period was mainly attributable to realised loss on disposal of its listed investments held for trading and unrealised loss on revaluation of its listed investments. Loss per share of the Company for the Period was HK8.49 cents as compared to loss per share of HK14.83 cents for the same period in 2010.

Liquidity, financial resources and capital structure

The Group financed its asset portfolio by internally generated cash resources and fund raising exercises. As at 30 September 2011, the net current assets of the Group amounted to approximately HK\$939,609,000 (As at 31 March 2011: approximately HK\$1,305,367,000) with cash and bank balances of approximately HK\$305,240,000 (As at 31 March 2011: approximately HK\$382,624,000).

As at 30 September 2011, the Group had secured short-term borrowings of approximately HK\$200,294,000 (As at 31 March 2011: HK\$135,121,000 and unsecured long-term borrowings of HK\$200,000,000). The gearing ratio of the Group was decreased to 9.5% as compared to 13.4% as at 31 March 2011 (calculated on the basis of total borrowings over shareholders’ funds). Taking into account of the amount of liquid assets on hand and banking facilities available, the Group has sufficient working capital for its ongoing operational requirements.

The unaudited consolidated net asset value per share of the Company as at 30 September 2011 was HK\$0.45 (As at 31 March 2011: HK\$0.53). The consolidated net asset value per share is calculated based on the net assets of the Group as at 30 September 2011 of approximately HK\$2,105,647,000 (As at 31 March 2011: approximately HK\$2,501,824,000) and the total number of 4,713,701,431 shares (As at 31 March 2011: 4,713,701,431 shares) in issue as at that date.

7. BUSINESS AND TRADING PROSPECTS

The Company, as always, is continuously and actively exploring various means to deepen, strengthen and broaden its focus on the financial services sector. The Company is also examining different initiatives to reinforce and sharpen such focus. Separately, the Company believes that the current market conditions present an excellent window of opportunity to make investments in marketable securities in order to capture potential upside.

In conducting business in the financial services sector, the Company is currently operating in the following business segments:

(i) Provision of securities brokerage services

FSL became a subsidiary of the Group in July 2011. FSL is mainly engaged in the provision of securities brokerage services (including the provision of underwriting services). For the six months ended 30 September 2011, FSL contributed income from provision of securities brokerage services of approximately HK\$2.0 million to the Group's unaudited consolidated results. Since then, FSL has undertaken a number of sizeable underwriting, sub-underwriting, placing and sub-placing transactions. The Company expects the operating results of this business segment will remain healthy if the global and local economic climate remains stable.

(ii) Provision of finance

For the six months ended 30 September 2011, the Group recorded total interest income of approximately HK\$9.4 million from provision of finance. The need by various banks to recapitalise, the new Basel III requirements, the remaining uncertainties surrounding the sovereign debt crisis in Europe and the continuation of comparatively tight monetary policy in China are expected to create more business opportunities for the Company to lend money to potential customers at attractive interest rates.

(iii) Securities trading

The Group recorded an unaudited consolidated net loss of approximately HK\$400.4 million for the six months ended 30 September 2011 which was mainly attributable to the significant realised and unrealised loss from securities trading business as a result of the market downturn. Nonetheless, the Company maintains a positive outlook for the equities and debt markets and is optimistic that the financial market is enriched with investment opportunities. The economy is cyclical in nature. Following corrections to the global equities market in the second half of 2011, the Company expects the equities and stock markets to continue to gradually rebound as the global economic environment improves. For example, the historical downturns in the Hang Seng Index during the years of 1998, 2003 and 2008 were followed by turnarounds in the latter years. Moreover, Hang Seng Index has rebounded by approximately 26% from October 2011 up to the end of March 2012. The current global environment and stock valuations provide a good opportunity for the Company to acquire marketable securities at attractive prices and reap potential gains for the Company in the future.

(iv) Investment holding

The Group has a significant strategic investment in Hennabun Capital Group Limited (“Hennabun”), which is mainly engaged in the provision of a variety of financial services. The above-mentioned factors for different business segments also apply to the financial services provided by Hennabun. As a result, the opportunities and outlook mentioned in (i) to (iii) above also apply to the Group’s strategic investment in Hennabun.

In addition to the above business segments, the Professional Insurance Brokers Association has approved the membership application from Harvest, a wholly-owned subsidiary of the Company. The Company (through Harvest) has continued its insurance brokerage business as well as commenced the provision of financial planning and related services. In respect of corporate finance advisory services, the Company is in the process of hiring key personnel and expects to submit license application for type 6 (advising on corporate finance) regulated activity under the SFO to the SFC before the end of April 2012. The Company will commence its corporate finance advisory business upon obtaining relevant approvals from the SFC. In addition to growing the insurance brokerage, financial planning and corporate finance businesses organically through making strategic investments in companies newly formed by the Group, the Company is also examining the possibility of acquiring companies engaged in the same lines of businesses. However, no target has yet materialized as at the Latest Practicable Date. The Board will continue to look for investment opportunities which are in the interests of the Company and the Shareholders as well as to strengthen its capital base when opportunities arise.

1. STATEMENT OF UNAUDITED PRO FORMA OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

Introduction

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules to illustrate the effect of the proposed rights issue on the basis of two rights shares for every share held on the record date (the “Rights Issue”) on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been undertaken and completed on 30 September 2011.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 September 2011, as extracted from published unaudited interim results of the Group for the six months ended 30 September 2011 set out in the interim report of the Company for the six months ended 30 September 2011 (pages 6 to 42), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.freeman279.com), after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 September 2011 <i>(Note 2)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(Note 3)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders immediately after completion of the Rights Issue <i>(Note 6)</i> HK\$'000	Unaudited consolidated net tangible assets per Share attributable to the Shareholders as at 30 September 2011 <i>(Note 4)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the Shareholders immediately after completion of the Rights Issue <i>(Note 5)</i> HK\$
Rights Issue of 2,451,124,742 Rights Shares <i>(Note 1)</i>	2,105,308	237,762	2,343,070	2.23	0.64

Notes:

1. The Rights Issue of 2,451,124,742 Rights Shares is based on 1,225,562,371 Shares in issue as at the Record Date.
2. The unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 September 2011 is arrived at based on the unaudited consolidated net assets of the Group as at 30 September 2011 of approximately HK\$2,105,647,000 less intangible asset of approximately HK\$339,000 as set out in the interim report of the Company for the six months ended 30 September 2011 (pages 6 to 42), which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.freeman279.com).
3. The estimated net proceeds from the Rights Issue is calculated based on 2,451,124,742 Rights Shares to be issued at the subscription price of HK\$0.10 per Rights Share. The estimated net proceeds are arrived at based on the gross proceeds from the Rights Issue of approximately HK\$245,112,000 less the estimated related expenses of approximately HK\$7,350,000.
4. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share is 942,740,286 (as adjusted upon the Capital Reorganisation became effective) as at 30 September 2011.
5. The unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue is calculated based on 3,676,687,113 Shares which comprise 1,225,562,371 Shares in issue before the Rights Issue and 2,451,124,742 Rights Shares expected to be issued on the completion of the Rights Issue.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2011.

The following is the text of a report, prepared for the sole purpose of inclusion in this Prospectus, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP



19 April 2012

The Board of Directors
Freeman Financial Corporation Limited
Room 2302, 23rd Floor, China United Centre
28 Marble Road
North Point
Hong Kong

Dear Sirs

**Freeman Financial Corporation Limited and its subsidiaries
Unaudited pro forma financial information**

We report on the unaudited pro forma financial information of Freeman Financial Corporation Limited (the “Company”) and its subsidiaries (the “Group”), set out on pages 31 and 32 in Appendix II to the prospectus of the Company dated 19 April 2012 (the “Prospectus”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Company’s proposed rights issue at a subscription price of HK\$0.1 per rights share, on the basis of two rights shares for every share held on 18 April 2012 (i.e. the Record Date as defined in the Prospectus), to raise approximately HK\$245.1 million before expenses (the “Proposed Rights Issue”) might have affected the relevant financial information presented in respect of the Group immediately after the completion of the Proposed Rights Issue. The basis of preparation of the unaudited pro forma financial information is set out on pages 31 and 32 in Appendix II to the Prospectus.

Respective Responsibilities of the Directors of the Company and the Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited pro forma financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2011 or any future date.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

APPENDIX II PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully

Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately following the completion of the Rights Issue are set out as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
<u>500,000,000,000</u> Shares of HK\$0.01 each	<u>5,000,000,000.00</u>
<i>Issued and fully paid:</i>	
<u>1,225,562,371</u> Shares	<u>12,255,623.71</u>

(ii) Immediately following the completion of the Rights Issue

<i>Authorised:</i>	<i>HK\$</i>
<u>500,000,000,000</u> Shares of HK\$0.01 each	<u>5,000,000,000.00</u>
<i>Issued and fully paid and to be issued:</i>	
1,225,562,371 Shares in issue before completion of the Rights Issue	12,255,623.71
<u>2,451,124,742</u> Rights Shares to be allotted and issued under the Rights Issue	<u>24,511,247.42</u>
<u>3,676,687,113</u> Shares in issue immediately after completion of the Rights Issue	<u>36,766,871.13</u>

All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, there were no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

Based on the register kept by the Company, as at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding (Note)
Andrew Liu	Beneficial owner	206,823,726	16.88%
Au Shuk Yee, Sue	Beneficial owner	1,365,800	0.11%
Chow Mun Yee	Beneficial owner	1,120,000	0.09%
Gary Drew Douglas	Beneficial owner	1,120,000	0.09%
Miu H., Frank	Beneficial owner	1,120,000	0.09%

Note:

The percentage of shareholding in the Company is calculated on the basis of 1,225,562,371 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Based on the register kept by the Company, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long positions in the Shares

Name of substantial shareholders	Capacity	Number of shares/ underlying shares held	Approximate percentage of shareholding
Willie International Holdings Limited (Note 1)	Beneficial Owner & Interest of controlled corporation	210,343,057	17.16% (Note 4)
Get Nice Holdings Limited (Note 2)	Interest of controlled corporation	808,395,588	21.99% (Note 5)
Chuang Eugene Yue-chien	Beneficial Owner	158,162,000	12.91% (Note 4)
SPARX Asia Capital Management (Note 3)	Investment Manager	79,930,000	6.52% (Note 4)

- Note 1:* These shares of which 21,795,000 shares are held by Pearl Decade Limited, an indirect wholly owned subsidiary of Willie as at the Latest Practicable Date. The remaining 188,548,057 Shares are held by Willie.
- Note 2:* These shares represent Rights Shares underwritten by Get Nice, a wholly-owned subsidiary of Get Nice Incorporated, whereas Get Nice Incorporated is wholly-owned by Get Nice Holdings Limited.
- Note 3:* These shares of which 65,542,000 shares are held by PMA Emerging Opportunities Fund SPC and 14,388,000 shares are held by PMA Strategic Investments Fund. Both parties are wholly owned by SPARX Asia Capital Management.
- Note 4:* The percentage of shareholding in the Company is calculated on the basis of 1,225,562,371 Shares in issue as at the Latest Practicable Date.
- Note 5:* As extracted from filings made by Get Nice Holdings Limited, Get Nice Incorporated and Get Nice.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (i) As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.
- (ii) There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

6. EXPERT

The following is the qualification of the expert who has given opinions or advice, which are contained in this Prospectus:

Name	Qualification
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young did not have any direct or indirect shareholdings in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to the Company or any of their respective subsidiaries, respectively, since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.

Ernst & Young has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion therein of its reports and references to its name in the form and context in which they appear.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any other member of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The following contracts had been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) The supplemental agreement dated 16 April 2012 entered into between the Company and the Underwriters in relation to the amendments of certain terms of the Underwriting Agreement;

- (b) The Underwriting Agreement;
- (c) The share subscription agreement dated 30 September 2011 between the Company and Willie (1) in relation to the subscription of shares in the Company by Willie and (2) in relation to the subscription of shares in Willie by the Company. The consideration for the subscription was approximately HK\$48.08 million respectively;
- (d) The conditional agreement dated 19 September 2011 between Freeman Agency Limited, a wholly owned subsidiary of the Company and Dr. Yang Fan Shing, Andrew in relation to the disposal of shares in Freeman Investment Services Limited, the total consideration was HK\$0.75 million;
- (e) The subscription agreement dated 12 August 2011 between FSL, Global Wealthy International Limited (“Global Wealthy”) and the Company in relation to the issue and allotment of shares in FSL to Global Wealthy, the total consideration was HK\$15 million;
- (f) The share purchase agreement dated 19 July 2011 between Ng Chor Yam and Freeman United Investments Limited (“Freeman United”), a wholly owned subsidiary of the Company, in relation to the purchase of shares in FSL, the total consideration was HK\$30 million;
- (g) The subscription agreement dated 17 May 2011 between Hennabun and the Company, in relation to the subscription of Hennabun’s convertible note by the Company, the total consideration was HK\$250 million;
- (h) The agreement dated 17 May 2011 between Ambition Union Limited (“Ambition”), a wholly owned subsidiary of the Company, Mr. Liu Lit Man, Mrs. Liu Heu Seu Chu Pearl and Mr. Andrew Liu concerning the disposal of the 23.43% beneficial interests in Liu’s Holdings Limited. The consideration for the disposal was approximately HK\$425.73 million;
- (i) The share purchase agreement dated 13 April 2011 between Cordoba Homes Limited and the Company, in relation to the disposal of shares in Future Master Investments Limited, a wholly owned subsidiary of the Company and a property investment holding company, the total consideration was HK\$120 million;
- (j) The subscription agreement dated 8 March 2011 between FSL and Freeman United in relation to the subscription of shares in FSL, the total consideration was HK\$20 million;

- (k) The subscription agreement dated 3 March 2011 between Hennabun and the Company, in relation to the subscription of Hennabun's shares by the Company, the total consideration was approximately HK\$253 million;
- (l) The share purchase agreement dated 8 December 2010 amongst Mr. Liu Lit Man, Mrs. Liu Heu Seu Chu Pearl, Mr. Andrew Liu and Ambition in relation to the acquisition of the 23.43% beneficial interests in Liu's Holdings Limited, the total consideration was approximately HK\$502.54 million;
- (m) The loan agreement dated 1 November 2010 between Hansom Finance Limited ("Hansom"), a wholly owned subsidiary of the Company and Hennabun which combined all the previous loan facilities provided to Hennabun by Hansom into a single revolving loan facility, the total loan principal involved was HK\$500 million;
- (n) The placing agreement dated 21 October 2010 entered into between Radland International Limited, the placing agent, and the Company in relation to the placing of 2,000,000,000 new shares at the placing price of HK\$0.275 per share to not fewer than six places, the maximum gross proceeds was approximately HK\$550 million;
- (o) The placing agreement dated 29 September 2010 entered into between Kingston Securities Limited, the placing agent, and the Company in relation to the placing of 118,950,000 new shares at the placing price of HK\$0.32 per share to not fewer than six places, the gross proceeds was approximately HK\$38.06 million;
- (p) The bond subscription agreement dated 9 August 2010 entered into between the Company and Mr. Andrew Liu, pursuant to which Mr. Andrew Liu has agreed to subscribe for or procure subscription of the convertible bonds in aggregate principal amount of up to HK\$550 million issued by the Company and the Company has agreed to issue convertible bonds to Mr. Andrew Liu and/or his nominees;
- (q) The subscription agreement dated 9 August 2010 entered into between the Company and Mr. Andrew Liu, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Andrew Liu has conditionally agreed to subscribe for 99,125,239 new shares of the Company, at HK\$0.275 per share, the gross proceeds was approximately HK\$27.26 million; and
- (r) The conditional agreement dated 17 May 2010 entered into between Future Master Investments Limited (a wholly owned subsidiary of the Company), Apple Worth Limited and the Company in relation to the sale of 1 share of Sunny Soar Investments Limited (a wholly owned subsidiary of the Company) for a consideration of HK\$52 million.

10. CORPORATE INFORMATION**Registered office of the Company**

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

**Head office and principal place of
business of the Company in Hong Kong**

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

**Share registrar and transfer office
of the Company in Hong Kong**

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Authorised representatives

HUI Quincy Kwong Hei
Room 2302, 23rd Floor
China United Centre
28 Marble Road
North Point
Hong Kong

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

Company secretary

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

Legal adviser to the Company

Ching & Solicitors
Suite 2501, 25th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Auditors

Ernst & Young
Certified Public Accountants
22/F., CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Principal bankers

The Hongkong and Shanghai
Banking Corporation Limited
No.1 Queen's Road Central
Hong Kong

Bank of Communications Co., Ltd.
Hong Kong Branch
1/F., 32-34 Johnston Road
Wan Chai
Hong Kong

DIRECTORS**Particulars of Directors****Name****Address****Executive Directors**

LO Kan Sun

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

HUI Quincy Kwong Hei

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

AU Shuk Yee, Sue

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

PHILLIPS Scott Allen

Orchid Garden #327
No.18 Xinjin Road
Chaoyang District
Beijing, 100015
People of Republic China

CHOW Mun Yee

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

Non-executive Directors

LIU Andrew

Flat B, 22nd Floor
The Harbourview
11 Magazine Gap Road
Mid-levels, Hong Kong

LIU Kam Fai, Winston

2nd Floor, 92 Repulse Bay Road
Hong Kong**Independent non-executive Directors**

DOUGLAS Gary Drew

Flat B, 19th Floor, Island Lodge
180 Java Road, North Point
Hong Kong

WHITELAM Peter Temple

8B, 18 Queen's Road East
Wanchai, Hong Kong

QUE Agustin V.

Regency Menteng,
Apt. 403 J1. RP Soeroso
No.10-12 Menteng
Jakarta 10330
Indonesia

MIU H., Frank

Flat B, 15th Floor, Tower 8, Phase I
28 Bel-Air Avenue
Residence Bel-Air
Island South
Hong Kong

EXECUTIVE DIRECTORS

Mr. Lo Kan Sun (“**Mr. Lo**”), aged 58, joined the Company as Executive Director in June 2008 and was re-designated as Managing Director in November 2008. Mr. Lo holds a Master’s degree in Business Administration from Indiana University in the USA and a Bachelor’s degree in Electrical Engineering from University of Illinois, the USA. Mr. Lo has over 28 years of experience in finance, investment and banking in Hong Kong and Canada. Mr. Lo was an executive director of Willie International Holdings Limited, another listed public company in Hong Kong until Mr. Lo resigned in April 2008.

Mr. Hui Quincy Kwong Hei (“**Mr. Hui**”), aged 39, joined the Company as General Manager in August 2010 and was re-designated as Managing Director in September 2010. Mr. Hui holds a Bachelor of Laws (Hons) degree and a Bachelor of Economics degree from the University of Sydney, Australia. Mr. Hui has over 15 years of investment banking, financial services and legal experience. Prior to joining the Company, Mr. Hui was a managing director with Credit Suisse (Hong Kong) Limited (“Credit Suisse”). Before that, Mr. Hui was a managing director and Head of Hong Kong Banking in Global Banking of Deutsche Bank Group (“Deutsche Bank”). During his service period with Deutsche Bank and Credit Suisse, Mr. Hui worked on and supervised the completion of many landmark mergers and acquisitions and fund-raising transactions. Mr. Hui was a solicitor with Linklaters in Hong Kong before joining Deutsche Bank, and was admitted as solicitor of the Supreme Court of England and Wales, legal practitioner of the Supreme Court of New South Wales, Australia, and solicitor of the High Court of Hong Kong.

Ms. Au Shuk Yee, Sue (“**Ms. Au**”), aged 47, joined the Company as Executive Director in June 2006. Ms. Au has obtained a bachelor’s degree of science in accounting from Liberty University, Virginia and has more than 10 years of experience in business administration and accounting. Previously, Ms. Au was the managing director of a telecommunication equipment manufacturing and trading company and was the Chief Executive Officer of a listed company before joining the Company.

Mr. Scott Allen Phillips (“**Mr. Phillips**”), aged 45, joined the Company as Executive Director in October 2008, Mr. Phillips holds a Master’s degree in Business Administration from Illinois State University in the USA and a Bachelor’s degree in Science, Industrial Technology from Southern Illinois University, the USA. Mr. Phillips has over 21 years’ experience in investment banking, financial services consulting and manufacturing in the USA, China and Hong Kong.

Ms. Chow Mun Yee (“**Ms. Chow**”), aged 36, joined the Company’s accounts and company secretarial department in December 2010 and was appointed as Executive Director in February 2011. Ms. Chow is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a fellow member of the Association of Chartered Certified Accountants and holds a Bachelor (Hons) degree in Business Administration from the Chinese University of Hong Kong. Prior to joining the Company, Ms. Chow has over 13 years of experience in accounting and auditing at an international accounting firm and has extensive experience in financial services, investment and property development.

NON-EXECUTIVE DIRECTORS

Mr. Andrew Liu (“**Mr. A. Liu**”), aged 56, joined the Company as Non-executive Director in November 2010. Mr. A. Liu is a non-executive director of Chong Hing Bank Limited and Liu Chong Hing Investment Limited (“LCH Investment”) (both are listed on the main board of The Stock Exchange of Hong Kong Limited). He is the Chief Executive Officer of Uitas Capital Pte Ltd. (formerly known as CCMP Capital Asia Pte Ltd.). Mr. A. Liu, holder of a Master of Arts degree from the Oxford University in England, was a solicitor with Slaughter and May in London before joining Morgan Stanley & Co. Inc. in New York in 1981. Mr. A. Liu was promoted to managing director in 1990 before relocating to Morgan Stanley Asia Limited in Hong Kong, where he assumed the position of President and managing director until his resignation in September 1997. Mr. A. Liu remains associated with Morgan Stanley as an advisory director. He is a cousin of Mr. Liu Kam Fai, Winston, the Company’s Non-executive Director.

Mr. Liu Kam Fai, Winston (“**Mr. W. Liu**”), aged 45, joined the Company as Non-executive Director in January 2011. Mr. W. Liu was appointed as executive director of LCH Investment since 1997 and was redesignated as the deputy managing director in August 2008. He holds a Master’s degree in economics from the University of London, specialising in finance and macro-economic policy. Mr. W. Liu oversees LCH Investment’s strategic development, project implementation, as well as all aspects of business operations. Mr. W. Liu also serves as a director of a number of subsidiaries of LCH Investment. Mr. W. Liu is the son of Dr. Liu Lit Mo, LLD, MBE, JP. He is also a cousin of Mr. A. Liu, the Company’s Non-executive Director and substantial shareholder. LCH Investment is a company listed on the main board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gary Drew Douglas (“**Mr. Douglas**”), aged 62, joined the Company as Independent Non-executive Director in February 2006. Mr. Douglas holds a Master’s Degree in Business Administration from University of Santa Clara, the USA. Mr. Douglas has over 20 years of professional experience in general management, IT business, project management, and commercial and retail banking in Japan and the USA. From June 2011 to October 2011, Mr. Douglas was appointed as an independent non-executive director of Radford Capital Investment (“Radford”) which is a company listed on the main board of the Stock Exchange. Mr. Douglas is presently the managing director of Dragonite International Limited (“Dragonite”) and an independent non-executive director of Willie International Holdings Limited, both companies are listed on the main board of the Stock Exchange.

Mr. Peter Temple Whitelam (“**Mr. Whitelam**”), aged 82, joined the Company as Independent Non-executive Director in November 2006. Mr. Whitelam is a specialist consultant in global branding and international communications. After graduating from Pembroke College, Oxford University, Mr. Whitelam joined the BBC before winning a Fulbright Scholarship to study educational radio and television in the United States where he gained a Master of Science degree from Boston University. Following four years at NBCTV in New York, Mr. Whitelam began a long career in advertising, creating national and international campaigns for such clients as British Airways, Unilever, Nabisco, ESPN, Colgate, Cadbury, General Motors, American Express, Nomura Securities, and the Bank of Montreal. Mr. Whitelam has worked as a creative strategist in Boston, New York, London, Montreal, Toronto, Tokyo and Taiwan and received international awards for his ideas. Recently Mr. Whitelam has been developing brand strategies both for companies and government agencies. Mr. Whitelam has a long time acquaintance with Asia, having visited and worked in eight different countries in the Asia Pacific region. Mr. Whitelam is the chairman of the board of directors of Mascotte Holdings Limited which is a listed public company in Hong Kong.

Dr. Agustin V. Que (“**Dr. Que**”), aged 65, joined the Company as Independent Non-executive Director in September 2010. Dr. Que holds Ph.D. and MBA degrees, both majoring in Finance, from the Wharton School of the University of Pennsylvania in Philadelphia, Pennsylvania, the USA. He has been involved in the field of finance for more than 35 years as a private equity investor, merchant banking, corporate and development finance professional in Jakarta, Hong Kong, Singapore, Boston and Washington, DC. He is currently based in Jakarta, Indonesia, where he is corporate finance adviser responsible for mergers and acquisitions, new investments, business development and investment banking activities to an Indonesian holding company with diversified interests in agribusiness, property and financial services. Prior to Jakarta, Dr. Que worked in the financial sector in Hong Kong for 12 years. Dr. Que started his career in finance in Washington DC, the USA with The World Bank, over a period of 10 years. His last posting was Senior Investment Officer in the Capital Markets Department of the International Finance Corporation, The World Bank’s private investment arm. Dr. Que is an independent non-executive director of Mascotte Holdings Limited which is a listed public company in Hong Kong.

Mr. Miu H., Frank (“**Mr. Miu**”), aged 63, joined the Company as independent non-executive Director and chairman of audit committee in 15 December 2011. He holds a Juris Doctor degree from Harvard Law School and a Bachelor of Arts degree in Economics and Accounting from St. John’s University of Minnesota. He is a member of the American Bar Association and the American Institute of Certified Public Accountants. He is also a Fellow of Hong Kong Institute of Directors. Apart from professional experience in law and accounting, he has extensive exposure to various industries including financial services. Mr. Miu is a former executive director of Radford which is a company listed on the main board of Stock Exchange during the period from March 2009 to December 2009 and served again as the executive director and managing director of Radford in June and July 2011. Mr. Miu is also a former executive director of Dragonite which is a company listed on the main board of the Stock Exchange, during the period from April 2010 to May 2010 and a former non-executive director of Dragonite during the period from May 2010 to July 2011. Mr. Miu is currently an independent non-executive director of Mascotte Holdings Limited, Willie International Holdings Limited and Tack Fiori, and all of these companies are companies listed on the main board of the Stock Exchange. Aside from directorships in the aforesaid public companies listed on the Stock Exchange, Mr. Miu is also an independent non-executive director of Duoyuan Global Water Inc., a public company listed on New York Stock Exchange.

11. MISCELLANEOUS

The English texts of this Prospectus shall prevail over their Chinese texts in case of inconsistencies.

12. EXPENSES

The expenses payable by the Company in connection with the Rights Issue, including the underwriting commission, financial advisory fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$7.35 million on the basis of 2,451,124,742 Rights Shares to be issued.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except Saturdays and public holidays) at the principal place of business of the Company in Hong Kong at Room 2302, 23rd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong from the date of this Prospectus up to and including Thursday, 3 May 2012:

- (a) the Memorandum and the Articles;
- (b) the annual reports of the Company for the three financial years ended 31 March 2011, 31 March 2010 and 31 March 2009;

- (c) the interim report of the Company for the six months ended 30 September 2011;
- (d) the letter on the unaudited pro forma financial information of the Group issued by Ernst & Young which is set out in appendix II to this Prospectus;
- (e) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this appendix;
- (f) the written consent referred to in the paragraph under the heading “Expert” in this appendix;
- (g) the circular dated 25 June 2011 in relation to the disposal of 23.43% beneficial interests in Liu’s Holdings Limited;
- (h) the circular dated 31 August 2011 in relation to subscription of redeemable convertible note of Hennabun Capital Group Limited; and
- (i) the circular dated 30 November 2011 in relation to subscription of shares in Willie International Holdings Limited.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consents referred to under the paragraph headed “Expert” in this appendix, have been registered by the Registrar of Companies in Hong Kong Pursuant to section 342C of the Companies Ordinance.