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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular together with the enclosed form of proxy 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 transferee.

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

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**FREEMAN FINANCIAL CORPORATION LIMITED****民豐企業控股有限公司***(incorporated in the Cayman Islands with limited liability)***(Stock Code: 279)**

**(1) PLACING OF UNLISTED WARRANTS WITH FIRST MANDATORY EXERCISE RIGHTS UNDER FIRST SPECIFIC MANDATE;**

**(2) PLACING OF UNLISTED WARRANTS WITH SECOND MANDATORY EXERCISE RIGHTS UNDER SECOND SPECIFIC MANDATE;**

**AND**

**(3) NOTICE OF SPECIAL GENERAL MEETING**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A notice convening the SGM to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Wednesday, 24 June 2015 at 4:00 p.m. or any adjournment thereof is set out on pages 30 to 33 of this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish.

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## DEFINITIONS

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

|                                   |   |
|-----------------------------------|---|
| “Board”                           | the board of Directors  |
| “Business Day(s)”                 | a day (excluding Saturday, Sunday or any other public holidays) on which banks in Hong Kong are generally open for settlement business  |
| “Company”                         | Freeman Financial Corporation Limited (Stock Code: 279), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange   |
| “connected person(s)”             | shall have the meaning ascribed to it under the Listing Rules   |
| “Director(s)”                     | director(s) of the Company  |
| “FCL Group”                       | Freeman Corporation Limited, an indirect non-wholly owned subsidiary of the Company incorporated in the Cayman Islands with limited liability and its subsidiaries  |
| “First Completion”                | completion of the First Placing in accordance with the terms and conditions of the First Placing Agreement  |
| “First Instrument”                | the instrument constituting the <b>First Warrants with First Mandatory Exercise Rights</b> to be executed by the Company substantially in the form as set out in the First Placing Agreement  |
| “First Issue Price”               | HK\$0.01 per <b>First Warrant with First Mandatory Exercise Rights</b> to be issued pursuant to the First Placing Agreement   |
| “First Mandatory Exercise Rights” | the mandatory exercise rights exercisable by the Company to request all First Warrant Holders who hold any unexercised <b>First Warrants with First Mandatory Exercise Rights</b> upon the expiry of the subscription period (2 years commencing from the date of issue of the <b>First Warrants with First Mandatory Exercise Rights</b> ) to exercise the First Subscription Rights of the whole of the <b>First Warrants with First Mandatory Exercise Rights</b> held by such First Warrant Holders to subscribe for the First Warrant Shares at the First Subscription Price |

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## DEFINITIONS

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| “First Placing”                        | the offer by way of a private placement of the <b>First Warrants with First Mandatory Exercise Rights</b> procured by the Placing Agent to selected professional investors on the terms and conditions set out in the First Placing Agreement  |
| “First Placing Agreement”              | a placing agreement dated 22 April 2015 entered into between the Company and the Placing Agent pursuant to which the Placing Agent agrees to procure the First Subscribers to subscribe for, and the Company agrees to issue, the <b>First Warrants with First Mandatory Exercise Rights</b> (as supplemented by the First Supplemental Placing Agreement, the Second Supplemental Placing Agreement and the Third Supplemental Placing Agreement) |
| “First Specific Mandate”               | a specific mandate to be sought from the Shareholders at the SGM for the allotment and issue of the First Warrant Shares upon the exercise of the First Subscription Rights  |
| “First Subscribers”                    | independent professional investor(s) procured by the Placing Agent to subscribe for the <b>First Warrants with First Mandatory Exercise Rights</b> pursuant to the Placing Agent’s obligations under the First Placing Agreement   |
| “First Subscription Price”             | HK\$0.43 per First Warrant Share (as revised pursuant to the First Supplemental Placing Agreement), being the exercise price per First Warrant Share at which each First Warrant Holder may subscribe for the First Warrant Shares (subject to adjustment)   |
| “First Subscription Rights”            | the rights of the First Warrant Holder(s) represented by the <b>First Warrants with First Mandatory Exercise Rights</b> to subscribe for the First Warrant Shares upon and subject to the conditions of the <b>First Warrants with First Mandatory Exercise Rights</b>   |
| “First Supplemental Placing Agreement” | the first supplemental agreement to the First Placing Agreement entered into between the Company and the Placing Agent on 29 April 2015  |

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## DEFINITIONS

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| “First Warrant(s) with First Mandatory Exercise Rights” | a total of 1,376,551,640 unlisted transferable warrants to be issued by the Company at the First Issue Price in registered form, each conferring rights entitling the First Warrant Holder to subscribe in cash for one First Warrant Share at the First Subscription Price at any time during the period of two years commencing from the date of issue of the <b>First Warrants with First Mandatory Exercise Rights</b> and subject to the First Mandatory Exercise Rights |
| “First Warrant Holder(s)”                               | the holder(s) of the <b>First Warrants with First Mandatory Exercise Rights</b>   |
| “First Warrant Share(s)”                                | the Shares falling to be issued by the Company under the <b>First Warrants with First Mandatory Exercise Rights</b> upon (i) exercise by a First Warrant Holder of the First Subscription Rights; or (ii) exercise by the Company of the First Mandatory Exercise Rights, pursuant to the First Specific Mandate and on the terms and conditions under the First Instrument   |
| “Group”   | the Company and its subsidiaries  |
| “Hong Kong”   | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Latest Practicable Date”                               | 8 June 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |
| “Listing Committee”                                     | shall have the meaning ascribed to it under the Listing Rules   |
| “Listing Rules”   | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Long Stop Date”  | 30 June 2015 or such later date as may be agreed between the Company and the Placing Agent in writing   |
| “Placing Agent”   | Enerchine Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |

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## DEFINITIONS

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| “Second Completion”                | completion of the Second Placing in accordance with the terms and conditions of the Second Placing Agreement   |
| “Second Instrument”                | the instrument constituting the <b>Second Warrants with Second Mandatory Exercise Rights</b> to be executed by the Company substantially in the form as set out in the Second Placing Agreement  |
| “Second Issue Price”               | HK\$0.01 per <b>Second Warrant with Second Mandatory Exercise Rights</b> to be issued pursuant to the Second Placing Agreement   |
| “Second Mandatory Exercise Rights” | the mandatory exercise rights exercisable by the Company to request all Second Warrant Holders who hold any unexercised <b>Second Warrants with Second Mandatory Exercise Rights</b> upon the expiry of the subscription period (2 years commencing from the date of issue of the <b>Second Warrants with Second Mandatory Exercise Rights</b> ) to exercise the Second Subscription Rights of the whole of the <b>Second Warrants with Second Mandatory Exercise Rights</b> held by such Second Warrant Holders to subscribe for the Second Warrant Shares at the Second Subscription Price |
| “Second Placing”                   | the offer by way of a private placement of the <b>Second Warrants with Second Mandatory Exercise Rights</b> procured by the Placing Agent to selected professional investors on the terms and conditions set out in the Second Placing Agreement   |
| “Second Placing Agreement”         | a placing agreement dated 13 May 2015 entered into between the Company and the Placing Agent pursuant to which the Placing Agent agrees to procure the Second Subscribers to subscribe for, and the Company agrees to issue, the <b>Second Warrants with Second Mandatory Exercise Rights</b> (as supplemented by the Second Supplemental Agreement)   |
| “Second Specific Mandate”          | a specific mandate to be sought from the Shareholders at the SGM for the allotment and issue of the Second Warrant Shares upon the exercise of the Second Subscription Rights  |
| “Second Subscribers”               | independent professional investor(s) procured by the Placing Agent to subscribe for the <b>Second Warrants with Second Mandatory Exercise Rights</b> pursuant to the Placing Agent’s obligations under the Second Placing Agreement  |

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## DEFINITIONS

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| “Second Subscription Price”                               | HK\$0.55 per Second Warrant Share, being the exercise price per Second Warrant Share at which each Second Warrant Holder may subscribe for the Second Warrant Shares (subject to adjustment)   |
| “Second Subscription Rights”                              | the rights of Second Warrant Holder(s) represented by the <b>Second Warrants with Second Mandatory Exercise Rights</b> to subscribe for the Second Warrant Shares upon and subject to the conditions of the <b>Second Warrants with Second Mandatory Exercise Rights</b>   |
| “Second Supplemental Agreement”                           | the second supplemental agreement to the Second Placing Agreement entered into between the Company and the Placing Agent on 8 June 2015  |
| “Second Supplemental Placing Agreement”                   | the second supplemental agreement to the First Placing Agreement entered into between the Company and the Placing Agent on 15 May 2015   |
| “Second Warrant(s) with Second Mandatory Exercise Rights” | a total of 688,275,820 unlisted transferable warrants to be issued by the Company at the Second Issue Price in registered form, each conferring rights entitling the Second Warrant Holder to subscribe in cash for one Second Warrant Share at the Second Subscription Price at any time during the period of two years commencing from the date of issue of the <b>Second Warrants with Second Mandatory Exercise Rights</b> and subject to the Second Mandatory Exercise Rights |
| “Second Warrant Holder(s)”                                | the holder(s) of the <b>Second Warrants with Second Mandatory Exercise Rights</b>  |
| “Second Warrant Share(s)”                                 | the Shares falling to be issued by the Company under the <b>Second Warrants with Second Mandatory Exercise Rights</b> upon (i) exercise by a Second Warrant Holder of the Second Subscription Rights; or (ii) exercise by the Company of the Second Mandatory Exercise Rights, pursuant to the Second Specific Mandate and on the terms and conditions under the Second Instrument   |
| “SFO”   | Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)   |

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## DEFINITIONS

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| “SGM”                                  | the special general meeting of the Company to be convened and held for the propose of considering, and if thought fit, approving the First Placing, the Second Placing, the grants of the First Specific Mandate and Second Specific Mandate and the transactions contemplated thereunder |
| “Share(s)”                             | ordinary share(s) of HK\$0.001 each in the issued share capital of the Company  |
| “Shareholder(s)”                       | holder(s) of the Shares   |
| “Stock Exchange”                       | The Stock Exchange of Hong Kong Limited   |
| “Third Supplemental Placing Agreement” | the third supplemental agreement to the First Placing Agreement entered into between the Company and the Placing Agent on 8 June 2015   |
| “HK\$”                                 | Hong Kong dollars, the lawful currency of Hong Kong   |
| “%”                                    | per cent  |



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## INFORMATION OF UNLISTED WARRANTS WITH MANDATORY EXERCISE RIGHTS

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Each of the First Warrants with First Mandatory Exercise Rights and the Second Warrants with Second Mandatory Exercise Rights is distinguished from those standard unlisted warrants with the incorporation of Mandatory Exercise Rights. Mandatory Exercise Rights define as the mandatory exercise rights *exercisable by the Company to request all warrant holders* who hold any unexercised warrants upon *the expiry of the subscription period to exercise the subscription rights of the whole of the warrants held by them to subscribe for the Shares at the subscription price.*

For the principal terms of the First Warrants with First Mandatory Exercise Rights and Second Warrants with Second Mandatory Exercise Rights, please refer to the pages 12 to 14 and 19 to 21 of this Circular respectively.

### CAUTION STATEMENT

The First Mandatory Exercise Rights are a right attached to the First Warrants with First Mandatory Exercise Right that the Company may or may not exercise. If there remains any unexercised First Warrants with First Mandatory Exercise Rights upon the expiry of the period of two years commencing from the date of issue of the First Warrants with First Mandatory Exercise Rights and the Company exercises the First Mandatory Exercise Rights, a maximum of 1,376,551,640 First Warrant Shares will be issued, which represent (i) approximately 13.33% of the existing issued share capital of the Company; (ii) approximately 11.76% of the issued share capital of the Company as enlarged by the allotment and issue of all the First Warrant Shares; and (iii) approximately 11.11% of the issued share capital of the Company as enlarged by the allotment and issue of all the First Warrant Shares and Second Warrant Shares (assuming that there will not be any changes in the issued share capital of the Company before the exercise of all the First Subscription Rights and Second Subscription Rights; and all First Warrants with First Mandatory Exercise Rights and all Second Warrants with Second Mandatory Exercise Rights are exercised).

The Second Mandatory Exercise Rights are a right attached to the Second Warrants with Second Mandatory Exercise Right that the Company may or may not exercise. If there remains any unexercised Second Warrants with Second Mandatory Exercise Rights upon the expiry of the period of two years commencing from the date of issue of the Second Warrants with Second Mandatory Exercise Rights and the Company exercises the Second Mandatory Exercise Rights, a maximum of 688,275,820 Second Warrant Shares will be issued, which represent (i) approximately 6.67% of the existing issued share capital of the Company; (ii) approximately 6.25% of the issued share capital of the Company as enlarged by the allotment and issue of all the Second Warrant Shares; and (iii) approximately 5.56% of the issued share capital of the Company as enlarged by the allotment and issue of all the First Warrant Shares and Second Warrant Shares (assuming that there will not be any changes in the issued share capital of the Company before the exercise of all the First Subscription Rights and Second Subscription Rights; and all First Warrants with First Mandatory Exercise Rights and all Second Warrants with Second Mandatory Exercise Rights are exercised).

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## LETTER FROM THE BOARD

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### **FREEMAN FINANCIAL CORPORATION LIMITED**

### **民豐企業控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 279)**

*Executive Directors:*

Mr. Lo Kan Sun (*Chairman*)  
Mr. Hui Quincy Kwong Hei (*Managing Director*)  
Ms. Au Shuk Yee, Sue  
Ms. Chow Mun Yee

*Registered office:*

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

*Independent Non-executive Directors:*

Mr. Cheung Wing Ping  
Mr. Chung Yuk Lun  
Mr. Hung Cho Sing  
Dr. Agustin V. Que

*Principal Place of Business in*

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

9 June 2015

*To the Shareholders*

Dear Sir or Madam,

**(1) PLACING OF UNLISTED WARRANTS WITH FIRST MANDATORY EXERCISE RIGHTS UNDER FIRST SPECIFIC MANDATE;**

**(2) PLACING OF UNLISTED WARRANTS WITH SECOND MANDATORY EXERCISE RIGHTS UNDER SECOND SPECIFIC MANDATE;**

**AND**

**(3) NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

Reference is made to the Company's announcements dated 22 April 2015, 29 April 2015, 13 May 2015, 15 May 2015, 29 May 2015, 5 June 2015 and 8 June 2015 in relation to, among other things, the First Placing and the Second Placing.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) information relating to the First Placing under First Specific Mandate and the Second Placing under Second Specific Mandate; and (ii) the notice convening SGM at which ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, approve the First Placing, the Second Placing, the grants of the First Specific Mandate and Second Specific Mandate and the transactions contemplated thereunder.

### **(1) PLACING OF UNLISTED WARRANTS WITH FIRST MANDATORY EXERCISE RIGHTS UNDER FIRST SPECIFIC MANDATE**

#### **THE FIRST PLACING AGREEMENT, FIRST SUPPLEMENTAL PLACING AGREEMENT, SECOND SUPPLEMENTAL PLACING AGREEMENT AND THIRD SUPPLEMENTAL PLACING AGREEMENT**

Date: 22 April 2015, 29 April 2015, 15 May 2015 and 8 June 2015 (all after trading hours)

Placing Agent: Enerchine Securities Limited

Issuer: The Company

#### **Securities to be granted**

Subject to the fulfillment of the conditions precedent to the First Placing Agreement, the Company has agreed to grant, and the Placing Agent has agreed to procure not less than six First Subscribers to subscribe for 1,376,551,640 **First Warrants with First Mandatory Exercise Rights**, on a fully-underwritten basis, at the First Issue Price of HK\$0.01 per **First Warrant with First Mandatory Exercise Rights**. It is expected that none of the First Subscribers will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the First Completion. Each of the **First Warrants with First Mandatory Exercise Rights** carries the right to subscribe for one First Warrant Share at the First Subscription Price of HK\$0.43 per First Warrant Share (subject to adjustment pursuant to the First Instrument).

As at the Latest Practicable Date, the Company has a total of 10,324,137,300 Shares in issue. Upon full exercise of the First Subscription Rights, a total of 1,376,551,640 First Warrant Shares will be allotted and issued by the Company, which represent (i) approximately 13.33% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 11.76% of the issued share capital of the Company as enlarged by the allotment and issue of all the First Warrant Shares; and (iii) approximately 11.11% of the issued share capital as enlarged by the allotment and issue of all the First Warrant Shares and Second Warrant Shares (assuming that there will not be any changes in the issued share capital of the Company before the exercise of all the First Subscription Rights and all **First Warrants with First Mandatory Exercise Rights** and all **Second Warrants with Second Mandatory Exercise Rights** are exercised).

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## LETTER FROM THE BOARD

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### **Basis of pricing of the First Warrants with First Mandatory Exercise Rights**

The First Issue Price is HK\$0.01 per **First Warrant with First Mandatory Exercise Rights**.

The First Subscription Price is HK\$0.43 per First Warrant Share, which represents:

- (i) the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on 22 April 2015, being the date of the First Placing Agreement;
- (ii) a premium of approximately 26.47% over the average of the closing prices of approximately HK\$0.34 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the First Placing Agreement; and
- (iii) a premium of approximately 59.26% over the average of the closing prices of approximately HK\$0.27 per Share as quoted on the Stock Exchange of for the last ten trading days up to and including the date of the First Placing Agreement.

The aggregate of the First Issue Price per **First Warrant with First Mandatory Exercise Rights** and First Subscription Price per First Warrant Share is HK\$0.44. This represents (i) a premium of approximately 2.33% over the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on 22 April 2015, being the date of the First Placing Agreement; (ii) a premium of approximately 29.41% over the average closing price of approximately HK\$0.34 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the First Placing Agreement; (iii) a premium of approximately 41.94% over the audited net asset value per Share of approximately HK\$0.31 as at 31 March 2014; and (iv) a price-to-earnings ratio of approximately 9.78 times based on the earnings per Share of approximately HK\$0.045 for the year ended 31 March 2014 (as adjusted by the two bonus issues of shares and share subdivision completed subsequent to 31 March 2014).

Both the First Issue Price and the First Subscription Price are determined after arm's length negotiations between the Company and the Placing Agent, taking into account of the above price ratios, the recent trading prices of the Shares, prevailing stock market sentiment and the incorporation of the First Mandatory Exercise Rights. The Board is of the opinion that the First Issue Price and the First Subscription Price are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **Conditions for issue of the First Warrants with First Mandatory Exercise Rights**

First Completion shall be conditional upon the following:

- (i) the Listing Committee granting approval for the listing of and permission to deal in the First Warrant Shares which may fall to be issued and allotted upon exercise of the First Subscription Rights attached to the **First Warrants with First Mandatory Exercise Rights**; and

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## LETTER FROM THE BOARD

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- (ii) the obligations of the Placing Agent thereunder not being terminated in accordance with the terms of the First Placing Agreement.

If the above conditions are not fulfilled on or prior to the Long Stop Date, the First Placing Agreement shall terminate and none of the parties to the First Placing Agreement shall have any claim against the other for any costs or losses and any prior breaches of the First Placing Agreement.

### **Placing commission**

The Placing Agent will receive a placing commission of 3% of any First Subscription Price for the **First Warrants with First Mandatory Exercise Rights** received by the Company when any First Warrant Holder exercises the First Subscription Rights. Such placing commission was determined after arm's length negotiations between the Company and the Placing Agent. The Directors are of the view that the placing commission is fair and reasonable.

### **First Subscribers**

The **First Warrants with First Mandatory Exercise Rights** shall be offered by the Placing Agent, on a fully-underwritten basis, to not less than six First Subscribers which are independent professional investors. The Placing Agent shall use all reasonable endeavours to ensure and shall obtain confirmation to that effect that the First Subscribers shall be third parties independent from the Company and not connected with the Company and its connected persons. The Placing Agent shall also use all reasonable endeavours to ensure and shall obtain confirmation to effect that none of the First Subscribers and their ultimate beneficial owners shall become a substantial Shareholder (as defined under the Listing Rules) of the Company immediately after subscription of the **First Warrants with First Mandatory Exercise Rights**.

According to the Placing Agent, a list of First Subscribers has been carefully selected for the First Placing and all the selected First Subscribers are professional investors and have no relationship with each other. The First Subscribers are confident of the Company's business outlook and prospects and are exuberant in making investment in the Company by way of subscribing the **First Warrants with First Mandatory Exercise Rights**. The Placing Agent has conducted due diligence and credit assessment of the First Subscribers to ensure they have sufficient net worth of the subscription money of the **First Warrants with First Mandatory Exercise Rights** and the First Warrant Shares. Also, the Placing Agent has conducted interviews with the First Subscribers and confirmed their intention to exercise the First Subscription Rights within the two-year time. In this regard, the Company considers that the First Subscribers would have the financial ability to settle the exercise moneys upon exercise of the **First Warrants with First Mandatory Exercise Rights**.

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## LETTER FROM THE BOARD

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### Principal terms of the First Warrants with First Mandatory Exercise Rights

The principal terms of the **First Warrants with First Mandatory Exercise Rights** are as follows:

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|--|--|
| Number of <b>First Warrants with First Mandatory Exercise Rights</b> and First Warrant Shares: | A total of 1,376,551,640 <b>First Warrants with First Mandatory Exercise Rights</b> will be issued at the First Issue Price. Each <b>First Warrant with First Mandatory Exercise Rights</b> carries the right to subscribe for one First Warrant Share at the First Subscription Price. Upon full exercise of the First Subscription Rights, a total of 1,376,551,640 First Warrant Shares will be issued. The <b>First Warrants with First Mandatory Exercise Rights</b> will be constituted by the First Instrument. The <b>First Warrants with First Mandatory Exercise Rights</b> will rank pari passu in all respects among themselves. |
| Form:  | The <b>First Warrants with First Mandatory Exercise Rights</b> will be issued upon First Completion in registered form. <b>First Warrant with First Mandatory Exercise Rights</b> certificate will be issued to the First Subscribers.   |
| First Issue Price:   | HK\$0.01 per <b>First Warrant with First Mandatory Exercise Rights</b>   |
| First Subscription Price:  | HK\$0.43 per First Warrant Share (subject to adjustment pursuant to the First Instrument)<br><br>The initial First Subscription Price of the <b>First Warrants with First Mandatory Exercise Rights</b> are subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with conversion price less than the then market price provided that the First Subscription Price shall not at any time fall below the par value of the Shares.           |
| First Subscription Period:   | The period of two years commencing from the date of issue of the <b>First Warrants with First Mandatory Exercise Rights</b>  |

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## LETTER FROM THE BOARD

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### First Mandatory Exercise Rights:

The mandatory exercise rights exercisable by the Company to request all First Warrant Holders who hold any unexercised **First Warrants with First Mandatory Exercise Rights** upon the expiry of the First Subscription Period (as defined above) to exercise the First Subscription Rights of the whole of the **First Warrants with First Mandatory Exercise Rights** held by such First Warrant Holders to subscribe for the First Warrant Shares at the First Subscription Price. With the First Mandatory Exercise Rights, the Company could raise additional funding from the subscription of the First Warrant Shares at its discretion in two-year time after the issue of the **First Warrants with First Mandatory Exercise Rights**.

According to the terms of the First Instrument, the Company is entitled to exercise the First Mandatory Exercise Rights within 14 business days after the expiry of the First Subscription Period (as defined above) by serving a notice to each of the First Warrant Holders who hold any unexercised **First Warrants with First Mandatory Exercise Rights** upon the expiry of the First Subscription Period (as defined above). Each of the First Warrant Holders to whom the said notice has been served shall within 7 days after the date of the notice exercise the First Subscription Rights in respect of the whole of the **First Warrants with First Mandatory Exercise Rights** held by such First Warrant Holder at the First Subscription Price and pay the exercise moneys to the Company.

Since the **First Warrants with First Mandatory Exercise Rights** are subject to the terms and conditions of the First Instrument and the First Mandatory Exercise Rights are provided in the First Instrument, such mandatory exercise rights are binding on any First Warrant Holders (including any transferees of the **First Warrants with First Mandatory Exercise Rights**). Further, given that the First Subscribers and any transferees of the **First Warrants with First Mandatory Exercise Rights** will be professional investors, it is expected that the First Warrant Holders would have sufficient financial resources to meet the subscription obligations upon the exercise of the First Mandatory Exercise Rights by the Company.

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## LETTER FROM THE BOARD

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If any First Warrant Holders refuse to exercise the First Subscription Rights or fail to pay the exercise moneys to the Company, the Company is entitled to take legal action against such First Warrant Holder to enforce its contractual rights.

Ranking of First Warrant Shares:

The First Warrant Shares, when issued and fully paid, will rank pari passu in all respects with the existing issued Shares as at the date of allotment of the First Warrant Shares.

Voting Rights:

The First Warrant Holder(s) will not have any right to attend or vote at any meeting of the Company by virtue of them being the First Warrant Holders. The First Warrant Holder(s) shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Transferability:

Any transfer of the **First Warrants with First Mandatory Exercise Rights** will be subject to prior approval of the Company and any transferee shall be a “professional investor” as defined under the SFO.

The **First Warrants with First Mandatory Exercise Rights** are transferable in whole or in part but at integral multiples of 1,000,000 **First Warrants with First Mandatory Exercise Rights**.

Before giving any approval for transfer of the First Warrants, the Company will verify whether the potential transferee(s) shall be a “professional investor” in order to ensure it/he/she would have sufficient funds to subscribe for the First Warrant Shares. The verification process includes but not limited to obtaining confirmation from the potential transferee(s) on whether it/he/she is a “professional investor”. The Company is entitled to refuse any transfer request if it is not satisfied with the verification results.

The Company will carry out due diligence process to verify the financial ability of any potential transferee(s) in order to ensure it/he/she would have sufficient funds to subscribe the First Warrant Shares before approval of such transfer.



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## LETTER FROM THE BOARD

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### **First Completion**

The First Completion shall take place no later than the second Business Day following the satisfaction of the conditions specified in the First Placing Agreement (or such later date as the Company and the Placing Agent shall agree).

### **FIRST SPECIFIC MANDATE TO ISSUE THE FIRST WARRANT SHARES**

The First Warrant Shares will be issued under the First Specific Mandate subject to Shareholders' approval at the SGM.

### **Caution statement**

**The First Mandatory Exercise Right is a right attached to the First Warrants with First Mandatory Exercise Right that the Company may or may not exercise. If there remains any unexercised First Warrants with First Mandatory Exercise Rights upon the expiry of the period of two years commencing from the date of issue of the First Warrants with First Mandatory Exercise Rights and the Company exercises the First Mandatory Exercise Rights, a maximum of 1,376,551,640 First Warrant Shares will be issued, which represent (i) approximately 13.33% of the existing issued share capital of the Company; (ii) approximately 11.76% of the issued share capital of the Company as enlarged by the allotment and issue of all the First Warrant Shares; and (iii) approximately 11.11% of the issued share capital of the Company as enlarged by the allotment and issue of all the First Warrant Shares and Second Warrant Shares (assuming that there will not be any changes in the issued share capital of the Company before the exercise of all the First Subscription Rights and Second Subscription Rights; and all First Warrants with First Mandatory Exercise Rights and all Second Warrants with Second Mandatory Exercise Rights are exercised).**

### **(2) PLACING OF UNLISTED WARRANTS WITH SECOND MANDATORY EXERCISE RIGHTS UNDER SECOND SPECIFIC MANDATE**

### **THE SECOND PLACING AGREEMENT AND SECOND SUPPLEMENTAL AGREEMENT**

Date: 13 May 2015 and 8 June 2015 (after trading hours)

Placing Agent: Enerchine Securities Limited

Issuer: The Company

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## LETTER FROM THE BOARD

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### Securities to be granted

Subject to the fulfillment of the conditions precedent to the Second Placing Agreement, the Company has agreed to grant, and the Placing Agent has agreed to procure not less than six Second Subscribers to subscribe for 688,275,820 **Second Warrants with Second Mandatory Exercise Rights**, on a fully-underwritten basis, at the Second Issue Price of HK\$0.01 per **Second Warrant with Second Mandatory Exercise Rights**. It is expected that none of the Second Subscribers and their ultimate beneficial owners will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Second Completion. Each of the **Second Warrants with Second Mandatory Exercise Rights** carries the right to subscribe for one Second Warrant Share at the Second Subscription Price of HK\$0.55 per Second Warrant Share (subject to adjustment pursuant to the Second Instrument).

As at the Latest Practicable Date, the Company has a total of 10,324,137,300 Shares in issue. Upon full exercise of the Second Subscription Rights, a total of 688,275,820 Second Warrant Shares will be allotted and issued by the Company, which represent (i) approximately 6.67% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 6.25% of the issued share capital of the Company as enlarged by the allotment and issue of all the Second Warrant Shares; and (iii) approximately 5.56% of the issued share capital of the Company as enlarged by the allotment and issue of the First Warrant Shares and Second Warrant Shares (assuming that there will not be any other changes in the issued share capital of the Company before the exercise of all the First Subscription Rights and the Second Subscription Rights and all **First Warrants with First Mandatory Exercise Rights** and all **Second Warrants with Second Mandatory Exercise Rights** are exercised).

### Basis of pricing of the Second Warrants with Second Mandatory Exercise Rights

The Second Issue Price is HK\$0.01 per **Second Warrant with Second Mandatory Exercise Rights**.

The Second Subscription Price is HK\$0.55 per Second Warrant Share, which represents:

- (i) the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on 13 May 2015, being the date of the Second Placing Agreement;
- (ii) a premium of approximately 5.77% over the average of the closing prices of approximately HK\$0.52 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Second Placing Agreement; and
- (iii) a premium of approximately 1.85% over the average of the closing prices of approximately HK\$0.54 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the date of the Second Placing Agreement.

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## LETTER FROM THE BOARD

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The aggregate of the Second Issue Price per **Second Warrant with Second Mandatory Exercise Rights** and Second Subscription Price per Second Warrant Share is HK\$0.56. This represents (i) a premium of approximately 1.82% over the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on 13 May 2015, being the date of the Second Placing Agreement; (ii) a premium of approximately 7.69% over the average closing price of approximately HK\$0.52 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Second Placing Agreement; (iii) a premium of approximately 80.65% over the audited net asset value per Share of approximately HK\$0.31 as at 31 March 2014; and (iv) a price-to-earnings ratio of approximately 12.44 times based on the earnings per Share of approximately HK\$0.045 for the year ended 31 March 2014 (as adjusted by the two bonus issues of shares and share subdivision completed subsequent to 31 March 2014).

The Second Subscription Price is set at a higher price than the First Subscription Price after considering: (i) the trading price of the Shares on the date of the Second Placing Agreement (i.e. HK\$0.55 per Share), which is higher than the then trading price of the Shares on the date of the First Placing Agreement (i.e. HK\$0.43 per Share); and (ii) the rising trend of the Shares after entering the First Placing Agreement.

Both the Second Issue Price and the Second Subscription Price are determined after arm's length negotiations between the Company and the Placing Agent, taking into account of the above price ratios, the recent trading prices of the Shares, prevailing stock market sentiment and the incorporation of the Second Mandatory Exercise Rights. The Board is of the opinion that the Second Issue Price and the Second Subscription Price are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **Conditions for issue of the Second Warrants with Second Mandatory Exercise Rights**

Second Completion shall be conditional upon the following:

- (i) the passing of resolution(s) by the Shareholders at the SGM to approve the Second Placing Agreement and the transactions contemplated thereunder and the issue of the **Second Warrants with Second Mandatory Exercise Rights** and the grants of the Second Specific Mandate;
- (ii) the Listing Committee granting approval for the listing of and permission to deal in the Second Warrant Shares which may fall to be issued and allotted upon exercise of the Second Subscription Rights attached to the **Second Warrants with Second Mandatory Exercise Rights**; and
- (iii) the obligations of the Placing Agent thereunder not being terminated in accordance with the terms of the Second Placing Agreement.

If the above conditions are not fulfilled on or prior to the Long Stop Date, the Second Placing Agreement shall terminate and none of the parties to the Second Placing Agreement shall have any claim against the other for any costs or losses and any prior breaches of the Second Placing Agreement.

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## LETTER FROM THE BOARD

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### Placing commission

The Placing Agent will receive a placing commission of 3% of any Second Subscription Price for the **Second Warrants with Second Mandatory Exercise Rights** received by the Company when any Second Warrant Holder exercises the Second Subscription Rights. Such placing commission was determined after arm's length negotiations between the Company and the Placing Agent. The Directors are of the view that the placing commission is fair and reasonable.

### Second Subscribers

The **Second Warrants with Second Mandatory Exercise Rights** shall be offered by the Placing Agent, on a fully-underwritten basis, to not less than six Second Subscribers which are independent professional investors. The Placing Agent shall use all reasonable endeavours to ensure and shall obtain confirmation to that effect that the Second Subscribers shall be third parties independent from the Company and not connected with the Company and its connected persons. The Placing Agent shall also use all reasonable endeavours to ensure and shall obtain confirmation to that effect that none of the Second Subscribers and their ultimate beneficial owners shall become a substantial Shareholder (as defined under the Listing Rules) of the Company immediately after subscription of the **Second Warrants with Second Mandatory Exercise Rights**.

The Placing Agent shall also use all reasonable endeavours to ensure and shall obtain confirmation to effect that none of the Second Subscribers and their ultimate beneficial owners shall become a substantial Shareholder (as defined under the Listing Rules) of the Company immediately after subscription of the **Second Warrants with Second Mandatory Exercise Rights**.

According to the Placing Agent, a list of Second Subscribers has been carefully selected for the Second Placing and all the selected Second Subscribers are professional investors and have no relationship with each other. The Second Subscribers are confident of the Company's business outlook and prospects and are exuberant in making investment in the Company by way of subscribing the **Second Warrants with Second Mandatory Exercise Rights**. The Placing Agent has conducted due diligence and credit assessment of the Second Subscribers to ensure they have sufficient net worth of the subscription money of the **Second Warrants with Second Mandatory Exercise Rights** and the Second Warrant Shares. Also, the Placing Agent has conducted interviews with the Second Subscribers and confirmed their intention to exercise the Second Subscription Rights within the two-year time. In this regard, the Company considers that the Second Subscribers would have the financial ability to settle the exercise moneys upon exercise of the **Second Warrants with Second Mandatory Exercise Rights**.

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## LETTER FROM THE BOARD

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### Principal terms of the Second Warrants with Second Mandatory Exercise Rights

The principal terms of the **Second Warrants with Second Mandatory Exercise Rights** are as follows:

|   |  |
|---|--|
| Number of <b>Second Warrants with Second Mandatory Exercise Rights</b> and Second Warrant Shares: | A total of 688,275,820 <b>Second Warrants with Second Mandatory Exercise Rights</b> will be issued at the Second Issue Price. Each <b>Second Warrant with Second Mandatory Exercise Rights</b> carries the right to subscribe for one Second Warrant Share at the Second Subscription Price. Upon full exercise of the Second Subscription Rights, a total of 688,275,820 Second Warrant Shares will be issued. The <b>Second Warrants with Second Mandatory Exercise Rights</b> will be constituted by the Second Instrument. The <b>Second Warrants with Second Mandatory Exercise Rights</b> will rank pari passu in all respects among themselves. |
| Form:   | The <b>Second Warrants with Second Mandatory Exercise Rights</b> will be issued upon Second Completion in registered form. <b>Second Warrant with Second Mandatory Exercise Rights</b> certificate will be issued to the Second Subscribers.   |
| Second Issue Price:   | HK\$0.01 per <b>Second Warrant with Second Mandatory Exercise Rights</b>   |
| Second Subscription Price:  | HK\$0.55 per Second Warrant Share (subject to adjustment pursuant to the Second Instrument)<br><br>The initial Second Subscription Price of the <b>Second Warrants with Second Mandatory Exercise Rights</b> are subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with conversion price less than the then market price provided that the Second Subscription Price shall not at any time fall below the par value of the Shares.               |
| Second Subscription Period:   | The period of two years commencing from the date of issue of the <b>Second Warrants with Second Mandatory Exercise Rights</b>  |

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## LETTER FROM THE BOARD

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Second Mandatory Exercise Rights:

The mandatory exercise rights exercisable by the Company to request all Second Warrant Holders who hold any unexercised **Second Warrants with Second Mandatory Exercise Rights** upon the expiry of the Second Subscription Period (as defined above) to exercise the Second Subscription Rights of the whole of the **Second Warrants with Second Mandatory Exercise Rights** held by such Second Warrant Holders to subscribe for the Second Warrant Shares at the Second Subscription Price. With the Second Mandatory Exercise Rights, the Company could raise additional funding from the subscription of the Second Warrant Shares at its discretion in two-year time after the issue of the **Second Warrants with Second Mandatory Exercise Rights**.

According to the terms of the Second Instrument, the Company is entitled to exercise the Second Mandatory Exercise Rights within 14 business days after the expiry of the Second Subscription Period (as defined above) by serving a notice to each of the Second Warrant Holders who hold any unexercised **Second Warrants with Second Mandatory Exercise Rights** upon the expiry of the Second Subscription Period (as defined above). Each of the Second Warrant Holders to whom the said notice has been served shall within 7 days after the date of the notice exercise the Second Subscription Rights in respect of the whole of the **Second Warrants with Second Mandatory Exercise Rights** held by such Second Warrant Holder at the Second Subscription Price and pay the exercise moneys to the Company.

Since the **Second Warrants with Second Mandatory Exercise Rights** are subject to the terms and conditions of the Second Instrument and the Second Mandatory Exercise Rights are provided in the Second Instrument, the Second Mandatory Exercise Rights are binding on any Second Warrant Holders (including any transferees of the **Second Warrants with Second Mandatory Exercise Rights**). Further, given that the Second Subscribers and any transferees of the **Second Warrants with Second Mandatory Exercise Rights** will be professional investors, it is expected that any Second Warrant Holders would have sufficient financial resources to meet the subscription obligations upon the exercise of the Second Mandatory Exercise Rights by the Company.

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## LETTER FROM THE BOARD

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If any Second Warrant Holders refuse to exercise the Second Subscription Rights or fail to pay the exercise moneys to the Company, the Company is entitled to take legal action against such Second Warrant Holder to enforce its contractual rights.

Ranking of Second Warrant Shares:

The Second Warrant Shares, when issued and fully paid, will rank pari passu in all respects with the existing issued Shares as at the date of allotment of the Second Warrant Shares.

Voting Rights:

The Second Warrant Holder(s) will not have any right to attend or vote at any meeting of the Company by virtue of them being the Second Warrant Holders. The Second Warrant Holder(s) shall not have the right to participate in any distributions and/or offers of further securities made by the Company

Transferability:

Any transfer of the **Second Warrants with Second Mandatory Exercise Rights** will be subject to prior approval of the Company and any transferee shall be a “professional investor” as defined under the SFO.

The **Second Warrants with Second Mandatory Exercise Rights** are transferable in whole or in part but at integral multiples of 1,000,000 **Second Warrants with Second Mandatory Exercise Rights**.

Before giving any approval for transfer of the Second Warrants, the Company will verify whether the potential transferee(s) shall be a “professional investor” in order to ensure it/he/she would have sufficient funds to subscribe for the Second Warrant Shares. The verification process includes but not limited to obtaining confirmation from the potential transferee(s) on whether it/he/she is a “professional investor”. The Company is entitled to refuse any transfer request if it is not satisfied with the verification results.

The Company will carry out due diligence process to verify the financial ability of any potential transferee(s) in order to ensure it/he/she would have sufficient funds to subscribe the Second Warrant Shares before approval of such transfer.

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## LETTER FROM THE BOARD

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### Second Completion

The Second Completion shall take place no later than the second Business Day following the satisfaction of the conditions specified in the Second Placing Agreement (or such later date as the Company and the Placing Agent shall agree).

### SECOND SPECIFIC MANDATE TO ISSUE THE SECOND WARRANT SHARES

The Second Warrant Shares will be issued under the Second Specific Mandate subject to Shareholders' approval at the SGM.

### Caution statement

**The Second Mandatory Exercise Right is a right attached to the Second Warrants with Second Mandatory Exercise Right that the Company may or may not exercise. If there remains any unexercised Second Warrants with Second Mandatory Exercise Rights upon the expiry of the period of two years commencing from the date of issue of the Second Warrants with Second Mandatory Exercise Rights; and the Company exercises the Second Mandatory Exercise Rights, a maximum of 688,275,820 Second Warrant Shares will be issued, which represent (i) approximately 6.67% of the existing issued share capital of the Company; (ii) approximately 6.25% of the issued share capital of the Company as enlarged by the allotment and issue of all the Second Warrant Shares; and (iii) approximately 5.56% of the issued share capital of the Company as enlarged by the allotment and issue of all the First Warrant Shares and Second Warrant Shares Rights (assuming that there will not be any changes in the issued share capital of the Company before the exercise of all the First Subscription Rights and Second Subscription Rights; and all First Warrants with First Mandatory Exercise Rights and all Second Warrants with Second Mandatory Exercise Rights are exercised).**

### APPLICATION FOR LISTING

No application will be made for the listing of the **First Warrants with First Mandatory Exercise Rights** and **Second Warrants with Second Mandatory Exercise Rights**. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the First Warrant Shares and the Second Warrant Shares which may fall to be allotted and issued upon exercise of the First Subscription Rights and the Second Subscription Rights respectively. The objectives of the issue of the **First Warrants with First Mandatory Exercise Rights** and **Second Warrants with Second Mandatory Exercise Rights** are to provide additional sources of funding to the Company in two-year time from a group of professional investors. The listing of the **First Warrants with First Mandatory Exercise Rights** and/or **Second Warrants with Second Mandatory Exercise Rights** on the Stock Exchange would incur extra costs and timing for arrangement to the Company which might increase the volatility of the Shares if the **First Warrants with First Mandatory Exercise Rights** and/or **Second Warrants with Second Mandatory Exercise Rights** are publicly traded. Accordingly, no listing of the **First Warrants with First Mandatory Exercise Rights** and **Second Warrants with Second Mandatory Exercise Rights** will be sought on the Stock Exchange or any other stock exchanges.



## LETTER FROM THE BOARD

### CHANGES IN SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 10,324,137,300 Shares in issue and 688,275,820 share options granted but not yet exercised. Save as disclosed, the Company has no other outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

The following table illustrates changes in shareholding structure before and after the exercise of the **First Warrants with First Mandatory Exercise Rights** and the **Second Warrants with Second Mandatory Exercise Rights** (assuming that there will not be any other changes in the issued share capital of the Company before the exercise of all the First Subscription Rights and the Second Subscription Rights):

|  | As at<br>the Latest Practicable Date |  | Immediately after the<br>exercise in full of the First<br>Subscription Rights |  | Immediately after the<br>exercise in full of the<br>Second Subscription Rights |  | Immediately after the exercise<br>in full of both the First<br>Subscription Rights and the<br>Second Subscription Rights |  |
|--|--------------------------------------|--|---|--|--|--|--|--|
|  | Number of<br>Shares                  | Approximate<br>percentage of<br>shareholding | Number of<br>Shares   | Approximate<br>percentage of<br>shareholding | Number of<br>Shares  | Approximate<br>percentage of<br>shareholding | Number of<br>Shares  | Approximate<br>percentage of<br>shareholding |
| <b>Substantial Shareholder</b>                 |                                      |  |   |  |  |  |  |  |
| Liu Andrew ( <i>Note 1</i> )                   | 1,116,848,070                        | 10.82%                                       | 1,116,848,070   | 9.55%  | 1,116,848,070  | 10.14%                                       | 1,116,848,070  | 9.01%  |
| <b>Directors</b>                               |                                      |  |   |  |  |  |  |  |
| Au Shuk Yee, Sue                               | 7,375,320                            | 0.07%  | 7,375,320   | 0.06%  | 7,375,320  | 0.07%  | 7,375,320  | 0.06%  |
| Chow Mun Yee                                   | 6,048,000                            | 0.06%  | 6,048,000   | 0.05%  | 6,048,000  | 0.05%  | 6,048,000  | 0.05%  |
| First Subscribers<br>( <i>Notes 2 and 3</i> )  | -                                    | -  | 1,376,551,640   | 11.76%                                       | -  | -  | 1,376,551,640  | 11.11%                                       |
| Second Subscribers<br>( <i>Notes 2 and 3</i> ) | -                                    | -  | -   | -  | 688,275,820  | 6.25%  | 688,275,820  | 5.56%  |
| Other public Shareholders                      | 9,193,865,910                        | 89.05%                                       | 9,193,865,910   | 78.58%                                       | 9,193,865,910  | 83.49%                                       | 9,193,865,910  | 74.21%                                       |
|  | <u>10,324,137,300</u>                | <u>100%</u>                                  | <u>11,700,688,940</u>   | <u>100%</u>                                  | <u>11,012,413,120</u>  | <u>100%</u>                                  | <u>12,388,964,760</u>  | <u>100%</u>                                  |

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

*Note 2:* To the best knowledge of the Directors, the First Subscribers and Second Subscribers, together with their ultimate beneficial owners are third parties independent from the Company and not connected with the Company and its connected persons.

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## LETTER FROM THE BOARD

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*Note 3:* The list of First Subscribers and Second Subscribers are shown as follows:

| <b>List of Subscribers</b> | <b>Number of First Warrants with First Mandatory Exercise Rights</b> | <b>Number of Second Warrants with Second Mandatory Exercise Rights</b> |
|----------------------------|--|--|
| Subscriber A               | 230,000,000  | 135,000,000  |
| Subscriber B               | 230,000,000  | 135,000,000  |
| Subscriber C               | 230,000,000  | 135,000,000  |
| Subscriber D               | 230,000,000  | –  |
| Subscriber E               | 230,000,000  | –  |
| Subscriber F               | 226,551,640  | 13,275,820   |
| Subscriber G               | –  | 135,000,000  |
| Subscriber H               | –  | 135,000,000  |
| Total                      | <u>1,376,551,640</u>   | <u>688,275,820</u>   |

Since certain of the First Subscribers are confident in the Company's business outlook and prospects, they continue to participate in the Second Placing to further subscribe for **Second Warrants with Second Mandatory Exercise Rights**.

To the best knowledge of the Directors, each of the Subscribers A to H has no relationship with each other.

### INFORMATION ON THE GROUP

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, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding.

### REASONS FOR THE ISSUE OF FIRST WARRANTS WITH FIRST MANDATORY EXERCISE RIGHTS AND SECOND WARRANTS WITH SECOND MANDATORY EXERCISE RIGHTS AND USE OF PROCEEDS

The Board considers that the issue of the **First Warrants with First Mandatory Exercise Rights** and the **Second Warrants with Second Mandatory Exercise Rights** are appropriate means of fund raising for the Company and it does not have any immediate dilution effect on the shareholding of the existing Shareholders. Further capital would be raised upon exercise of the First Subscription Rights attaching to the **First Warrants with First Mandatory Exercise Rights** and the Second Subscription Rights attaching to the **Second Warrants with Second Mandatory Exercise Rights**. The Board is of the view that the issue of the **First Warrants with First Mandatory Exercise Rights** and the **Second Warrants with Second Mandatory Exercise Rights** as well as the issue of the First Warrant Shares and the Second Warrant Shares provide opportunities for the Group to strengthen its capital base and financial position for future business development.

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## LETTER FROM THE BOARD

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The Company will take into account of, inter alia, the following factors in determining whether to exercise the First Mandatory Exercise Rights and/or Second Mandatory Exercise Rights or not at the expiry of their respective subscription period: (i) the funding needs of the Company; (ii) the number of the unexercised **First Warrants with First Mandatory Exercise Rights** and **Second Warrants with Second Mandatory Exercise Rights** upon the expiry of their respective subscription period; (iii) the aggregate net proceeds to be raised by exercising the First Mandatory Exercise Rights and/or Second Mandatory Exercise Rights; (iv) the then market sentiment and the then trading price of the Shares; and (v) the then availability of other sources of fund raising (if needed) and the terms and conditions thereof.

In view of the recent business development of the Group including but not limited to the provision of securities brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding, and also of the recent business development of FCL Group, the Company considers that the **First Warrants with First Mandatory Exercise Rights** and **Second Warrants with Second Mandatory Exercise Rights** with a definitive subscription period of two years would match the timing of the Company's capital requirements for the Group's businesses expansion and development.

The gross proceeds from the issue of **First Warrants with First Mandatory Exercise Rights** will be approximately HK\$13.8 million. The net proceeds from the issue of **First Warrants with First Mandatory Exercise Rights**, after the deduction of related expenses, are estimated to be approximately HK\$13.5 million, representing net issue price of approximately HK\$0.0098 per **First Warrant with First Mandatory Exercise Rights**.

The gross proceeds from the issue of **Second Warrants with Second Mandatory Exercise Rights** will be approximately HK\$6.9 million. The net proceeds from the issue of **Second Warrants with Second Mandatory Exercise Rights**, after the deduction of related expenses, are estimated to be approximately HK\$6.6 million, representing net issue price of approximately HK\$0.0096 per **Second Warrant with Second Mandatory Exercise Rights**.

The Company considers the immediate aggregate net cash proceeds from the issue of **First Warrants with First Mandatory Exercise Rights** and **Second Warrants with Second Mandatory Exercise Rights** of approximately HK\$20.1 million will be used for general working capital such as payment for general and administrative expenses.

Assuming full exercise of the First Subscription Rights at the First Subscription Price, it is expected that an additional gross proceeds of approximately HK\$591.9 million and net proceeds of approximately HK\$574.2 million (excluding the net proceeds from the aggregate net issue price of the **First Warrants with First Mandatory Exercise Rights** and after deduction of related expenses) will be raised.

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## LETTER FROM THE BOARD

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Assuming full exercise of the Second Subscription Rights at the Second Subscription Price, it is expected that an additional gross proceeds of approximately HK\$378.6 million and net proceeds of approximately HK\$367.2 million (excluding the net proceeds from the aggregate net issue price of the **Second Warrants with Second Mandatory Exercise Rights** and after deduction of related expenses) will be raised.

The Group intends to apply the aggregate net proceeds from the First Placing and Second Placing of approximately HK\$961.5 million (including the net proceeds from the issue of **First Warrants with First Mandatory Exercise Rights** of HK\$13.5 million and **Second Warrants with Second Mandatory Exercise Rights** of HK\$6.6 million, and after deducting total estimated expenses of approximately HK\$29.7 million) as general working capital for the Group and also for future expansion and development of FCL Group's financial services and securities trading business with details as follows: for (i) securities trading business with an amount ranging from approximately HK\$288 million to HK\$430 million; (ii) additional funding to Freeman Securities Limited (a non-wholly owned subsidiary of the Company principally engaged in the provision of securities brokerage services, investment holding and trading of securities) for business expansion with an amount ranging from approximately HK\$336 million to HK\$430 million; (iii) money lending business with an amount ranging from approximately HK\$144 million to HK\$192 million; and (iv) other general working capital of approximately HK\$50 million (which represents approximately the annual total general and administrative expenses of the Group).

The above allocation of application of the aggregate net proceeds is determined based on the estimated funding requirements of each business segment matching with the existing scale of each business segment in order to capture potential business opportunities. This allocation may subject to changes, depending on factors such as the actual number of the **First Warrants with First Mandatory Exercise Rights or Second Warrants with Second Mandatory Exercise Rights** exercised by the First Warrant Holder(s) or Second Warrant Holder(s), the amount of net proceeds raised upon the exercise of the **First Warrants with First Mandatory Exercise Rights** by the First Warrant Holder(s) or **Second Warrants with Second Mandatory Exercise Rights** by the Second Warrant Holder(s), stock market condition, general investment and economic environment in Hong Kong and global, as well as performance of these business segments. Should there be material changes on the above allocation of application of the net proceeds, the Company would make further announcement(s) if necessary.

Save and except for the placing of new Shares under general mandate and issue of new Shares at a discount price, the Company has not considered other alternative fund raising methods. These two fund raising methods would generally raise new capital at a discount. The Company is of the view that the issue of **First Warrants with First Mandatory Exercise Rights** and **Second Warrants with Second Mandatory Exercise Rights** could raise more new capital as the First Subscription Price/Second Subscription Price represents the closing price per Share on the date of the First Placing Agreement/Second Placing Agreement. Also, it will be less time consuming and enable the Company to response to market sentiment more timely and thus seize the valuable opportunities for fund-raising for the Group. Other fund raising methods such as bank borrowings may take longer time and involve extra costs.

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## LETTER FROM THE BOARD

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In view of the above factors, the Directors consider that the terms of the First Placing Agreement and the Second Placing Agreement are negotiated at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

As at the Latest Practicable Date, save as the First Placing and the Second Placing which are subject to the Shareholders' approval and not yet completed, the Company had not conducted any other fund raising activities in the past twelve months immediately preceding the date of this circular.

### LISTING RULES IMPLICATIONS

Pursuant to Rule 15.02(1) of the Listing Rules, the total Shares to be issued upon exercise of the **First Warrants with First Mandatory Exercise Rights** and the **Second Warrants with Second Mandatory Exercise Rights** must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the respective time the **First Warrants with First Mandatory Exercise Rights** and the **Second Warrants with Second Mandatory Exercise Rights** are issued. The First Placing and the Second Placing are not inter-conditional to each other.

The issues of the First Warrant Shares under First Specific Mandate and Second Warrant Shares under Second Specific Mandate are subject to the Shareholders' approval. Accordingly, the Company will seek Shareholders' approval at the SGM by way of poll for the First Placing and Second Placing.

As at the Latest Practicable Date, the Company has 688,275,820 share options granted but not yet exercised. Saved as disclosed, the Company did not have any other securities with subscription rights outstanding and not yet exercised and which are required to be aggregated with the First Warrant Shares and the Second Warrant Shares in accordance with Rule 15.02(1) of the Listing Rules.

Assuming (i) the 1,376,551,640 First Warrant Shares are issued upon full exercise of the First Subscription Rights; (ii) the 688,275,820 Second Warrant Shares are issued upon full exercise of the Second Subscription Rights; and (iii) no Shares are further issued and repurchased, an aggregate of 2,064,827,460 First Warrant Shares and Second Warrant Shares to be issued represents (i) 20.00% of the existing share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the First Warrant Shares and the Second Warrant Shares. Accordingly, the issue of the **First Warrants with First Mandatory Exercise Rights** and the **Second Warrants with Second Mandatory Exercise Rights** would be in compliance with Rule 15.02(1) of the Listing Rules.

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## LETTER FROM THE BOARD

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### SGM

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the First Placing, the Second Placing, the grants of the First Specific Mandate and Second Specific Mandate and the transactions contemplated thereunder.

As at the Latest Practicable Date, the Placing Agent together with its ultimate beneficial owners held 840,000,000 Shares representing approximately 8.14% of the total issued share capital of the Company. The Placing Agent together with its ultimate beneficial owners are considered to have a material interest in the First Placing and the Second Placing and will abstain from voting in favour of the resolutions relating to the First Placing and the Second Placing to the extent of the Shares it holds (if any) at the SGM. To the best knowledge of the Directors, save as disclosed, no other Shareholders will be required to abstain from voting in respect of the resolution(s) relating to the First Placing, the Second Placing and the grants of the First Specific Mandate and Second Specific Mandate at the SGM.

A notice convening the SGM to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Wednesday, 24 June 2015 at 4:00 p.m. is set out on pages 30 to 33 of this circular.

A proxy form for use at the SGM is enclosed herewith. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish.

### GENERAL

Other than the legal documents in relation to the First Placing and Second Placing such as the First Placing Agreement, the First Supplemental Placing Agreement, the Second Supplemental Placing Agreement, the Third Supplemental Placing Agreement, the Second Placing Agreement and the Second Supplemental Agreement, as at the Latest Practicable Date, the Company has not entered, or contemplated to enter, into any other arrangements, agreements or understanding (whether formal or informal and whether express or implied) with the First Subscribers, Second Subscribers or the Placing Agent other than the ordinary course of business of the Company.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there were no other arrangement between each of the First Subscribers or Second Subscribers and the Company and its connected persons other than the ordinary course of business of the Company. Each of the First Subscribers or Second Subscribers was not in possession of any potential deals or information about the Company that might crystallise over the respective exercisable period of the **First Warrants with First Mandatory Exercise Rights** or **Second Warrants with Second Mandatory Exercise Rights** other than the ordinary course of business of the Company.

Save and except for as disclosed in the Company's announcements on 29 January 2015 and 21 April 2015, respectively regarding the possible changes in the Company's joint venture and the positive profit alert, the Directors are not aware of any other contemplated acquisitions, disposals or other matters during the exercisable period of the **First Warrants with First Mandatory Exercise Rights** and the **Second Warrants with Second Mandatory Exercise Rights** (i.e. 2 years commencing from the date of issue of the respective warrants) that may have a material impact on the Company which is necessary for the Shareholders and the public to appraise the position of the Company as at the Latest Practicable Date.

**As the First Completion and the Second Completion are conditional upon satisfaction of the conditions precedent as set out under the First Placing Agreement and the Second Placing Agreement respectively, the issue of the First Warrants with First Mandatory Exercise Rights and the Second Warrants with Second Mandatory Exercise Rights may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

### RESPONSIBILITY STATEMENT

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

### RECOMMENDATION

The Board considers that each of the First Placing, the Second Placing and the grants of the First Specific Mandate and Second Specific Mandate is in the interests of the Company and its Shareholders as a whole and therefore recommends the Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM.

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

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## NOTICE OF SGM

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### FREEMAN FINANCIAL CORPORATION LIMITED

### 民豐企業控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 279)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “SGM”) of Freeman Financial Corporation Limited (the “Company”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Wednesday, 24 June 2015 at 4:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the conditional placing agreements dated 22 April 2015, 29 April 2015, 15 May 2015 and 8 June 2015 ((collectively, the “**First Placing Agreement**”), a copy of which is marked “A”, “B”, “C” and “D” and signed by the chairman of the meeting for identification purpose) entered into between the Company, as issuer, and Enerchine Securities Limited, as placing agent, in relation to the proposed placing of 1,376,551,640 unlisted warrants with mandatory exercise rights (the “**First Warrant(s) with First Mandatory Exercise Rights**”), at the issue price of HK\$0.01 per **First Warrant with First Mandatory Exercise Rights**, which confer the subscription rights to subscribe for new ordinary shares of par value of HK\$0.001 each in the capital of the Company (the “**Share(s)**”) within 24 months from the date of the issue of the **First Warrants with First Mandatory Exercise Rights** at an initial subscription price of HK\$0.43 per Share, subject to adjustment and to the terms and conditions set out in the warrant instrument ((the “**First Instrument**”), a copy of which is marked “E” and signed by the chairman of the meeting for identification purpose), and all the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) subject to the fulfillment of the conditions of the First Placing Agreement, the creation and issue of the **First Warrants with First Mandatory Exercise Rights** in accordance with the terms and conditions of the First Placing Agreement and the First Instrument be and are hereby approved, ratified and confirmed;



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## NOTICE OF SGM

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- (c) subject to the fulfillment of the conditions of the First Placing Agreement, any one director of the Company (the “**Director**”) be and is hereby generally and specifically authorised to allot and issue such number of the Shares that may fall to be allotted and issued upon exercise of the subscription rights attaching to the **First Warrants with First Mandatory Exercise Rights** (the “**First Specific Mandate**”). The First Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to passing of this resolution; and
- (d) any one Director be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the First Placing Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

2. “**THAT:**

- (a) the conditional placing agreements dated 13 May 2015 and 8 June 2015 ((the “**Second Placing Agreement**”), a copy of which is marked “F” and “G” and signed by the chairman of the meeting for identification purpose) entered into between the Company, as issuer, and Enerchine Securities Limited, as placing agent, in relation to the proposed placing of 688,275,820 unlisted warrants with mandatory exercise rights (the “**Second Warrant(s) with Second Mandatory Exercise Rights**”), at the issue price of HK\$0.01 per **Second Warrant with Second Mandatory Exercise Rights**, which confer the subscription rights to subscribe for Share(s) within 24 months from the date of the issue of the **Second Warrants with Second Mandatory Exercise Rights** at an initial subscription price of HK\$0.55 per Share, subject to adjustment and to the terms and conditions set out in the warrant instrument ((the “**Second Instrument**”), a copy of which is marked “H” and signed by the chairman of the meeting for identification purpose), and all the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) subject to the fulfillment of the conditions of the Second Placing Agreement, the creation and issue of the **Second Warrants with Second Mandatory Exercise Rights** in accordance with the terms and conditions of the Second Placing Agreement and the Second Instrument be and are hereby approved, ratified and confirmed;

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## NOTICE OF SGM

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- (c) subject to the fulfillment of the conditions of the Second Placing Agreement, any one Director be and is hereby generally and specifically authorised to allot and issue such number of the Shares that may fall to be allotted and issued upon exercise of the subscription rights attaching to the **Second Warrants with Second Mandatory Exercise Rights** (the “**Second Specific Mandate**”). The Second Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
- (d) any one Director be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Second Placing Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 9 June 2015

*Notes:*

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

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## NOTICE OF SGM

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

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

*Executive Directors:*

Mr. Lo Kan Sun (*Chairman*)  
Mr. Hui Quincy Kwong Hei (*Managing Director*)  
Ms. Au Shuk Yee, Sue  
Ms. Chow Mun Yee

*Independent Non-executive Directors:*

Mr. Cheung Wing Ping  
Mr. Chung Yuk Lun  
Mr. Hung Cho Sing  
Dr. Agustin V. Que