THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

FREEMAN FINANCIAL CORPORATION LIMITED
民豐企業控股有限公司

(formerly known as Freeman Corporation Limited 民豐控股有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DEEMED DISPOSAL ARISING FROM SUBSCRIPTION FOR NEW SHARES BY AN INVESTOR IN A NON-WHOLLY OWNED SUBSIDIARY;

(2) MAJOR TRANSACTION IN RELATION TO THE PROVISION OF FINANCIAL ASSISTANCE UNDER THE LOAN FACILITY;

AND

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting (the "EGM") of Freeman Financial Corporation Limited (the "Company") to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on 20 December 2010 at 9:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting if you so wish.

Hong Kong, 3 December 2010

CONTENTS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business day"	any day (not being a Saturday, Sunday, public holiday or days on which a typhoon signal No.8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks are generally open for business in Hong Kong
"BVI"	the British Virgin Islands
"Company"	Freeman Financial Corporation Limited 民豐企業控股有限公司 (Stock code: 279), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on Main Board of the Stock Exchange
"Completion"	completion of the Subscription
"Conditions"	conditions precedent contained in the Subscription Agreement for the Completion
"Director(s)"	the director(s) of the Company
"Drawn Down Amount"	the amount drawn down by Hennabun under the Loan Agreement from time to time
"EGM"	the extraordinary general meeting of the Company to be convened on 20 December 2010 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong to consider, and if thought fit, approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Loan Agreement and the transactions contemplated thereunder
"FFSL"	Freeman Financial Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Equity Spin"	Equity Spin Investments Limited, a company incorporated in the BVI with limited liability

"Financial Assistance"	the financial assistance to be provided by Hansom to Hennabun after the Completion
"Group"	the Company and its subsidiaries
"Hansom"	Hansom Finance Limited, a company incorporated in Hong Kong with limited liability and principally engaged in provision of money lending service
"Hennabun"	Hennabun Capital Group Limited, a company incorporated in the BVI and an indirect non-wholly owned subsidiary of the Company
"Hennabun Group"	Hennabun and its subsidiaries
"Hennabun Shares"	ordinary shares of US$0.10 each in the share capital of Hennabun
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administration Region of the People's Republic of China
"Investor"	Ideal Principles Limited, a wholly owned subsidiary of the Enerchina Holdings Limited (Stock code: 622), a company listed on the Main Board of the Stock Exchange
"Latest Practicable Date"	30 November 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Agreement"	the master loan agreement dated 1 November 2010 between Hansom and Hennabun which combined all the previous loan facilities provided to Hennabun by Hansom into a single revolving loan facility
"Other Hennabun Shareholders"	shareholders of Hennabun other than FFSL, Equity Spin and the Investor
"Prime Rate"	the prime rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time

"Remaining Group"	the Group immediately after Completion
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of Hennabun Shares by the Investor pursuant to the terms and conditions of the Subscription Agreement
"Subscription Agreement"	the subscription agreement between Hennabun and the Investor dated 1 November 2010 in relation to the Subscription

FREEMAN FINANCIAL CORPORATION LIMITED
民豐企業控股有限公司

(formerly known as Freeman Corporation Limited 民豐控股有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

Executive Directors:
Dr. Yang Fan Shing, Andrew *(Chairman)*
Mr. Lo Kan Sun *(Managing Director)*
Mr. Hui Quincy Kwong Hei *(Managing Director)*
Ms. Au Shuk Yee, Sue
Mr. Scott Allen Phillips
Mr. Suen Yick Lun Philip

Non-executive Director:
Mr. Andrew Liu

Independent Non-executive Directors:
Mr. Roger Thomas Best, JP
Mr. Gary Drew Douglas
Mr. Peter Temple Whitelam
Dr. Agustin V. Que
Mr. Yau Chung Hong

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

3 December 2010

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DEEMED DISPOSAL ARISING FROM SUBSCRIPTION FOR NEW SHARES BY AN INVESTOR IN A NON-WHOLLY OWNED SUBSIDIARY;

(2) MAJOR TRANSACTION IN RELATION TO THE PROVISION OF FINANCIAL ASSISTANCE UNDER THE LOAN FACILITY

AND

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

On 1 November 2010, Hennabun, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement with the Investor, pursuant to which the Investor agreed to subscribe and Hennabun agreed to allot and issue 33,333,333 Hennabun Shares for a consideration of approximately HK$200 million.

On the same day, Hansom, a wholly owned subsidiary of the Company, entered into the Loan Agreement with Hennabun, pursuant to which all the previous loan facilities then provided by Hansom to Hennabun were combined into a single revolving loan facility.

The purpose of this circular is to provide you with information in relation to, among other things, (i) details of the Subscription Agreement; (ii) details of the Loan Agreement; (iii) the financial information of Hennabun Group; (iv) the financial information of the Group; (v) the unaudited pro forma financial information of the Remaining Group; and (vi) a notice convening the EGM at which ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, approve (a) the Subscription Agreement; and (b) the Loan Agreement and the transactions contemplated under each of these agreements.

THE SUBSCRIPTION AGREEMENT

Set out below are the principal terms of the Subscription Agreement:

Date:

1 November 2010

Parties:

(1) Issuer: Hennabun

(2) Investor: Ideal Principles Limited, a wholly owned subsidiary of the Enerchina Holdings Limited

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

Subscription of the Hennabun Shares

The Investor shall subscribe and Hennabun agreed to allot and issue 33,333,333 Hennabun Shares, representing 24.51% of the existing issued share capital of Hennabun.

As at the date of the Subscription Agreement, Hennabun is owned as to 51.93%, 41.36% and 6.71% by FFSL, Equity Spin and Other Hennabun Shareholders respectively.

Consideration

The consideration for the Subscription shall be approximately HK$200 million, which had already been settled by the Investor pursuant to the Subscription Agreement as at the Latest Practicable Date.

The consideration was determined after arm's length negotiations between Hennabun and the Investor with reference to (i) unaudited consolidated net asset value of Hennabun as at 30 June 2010; (ii) the historical performance and future prospects of Hennabun Group; and (iii) the liquidity of the Hennabun Shares.

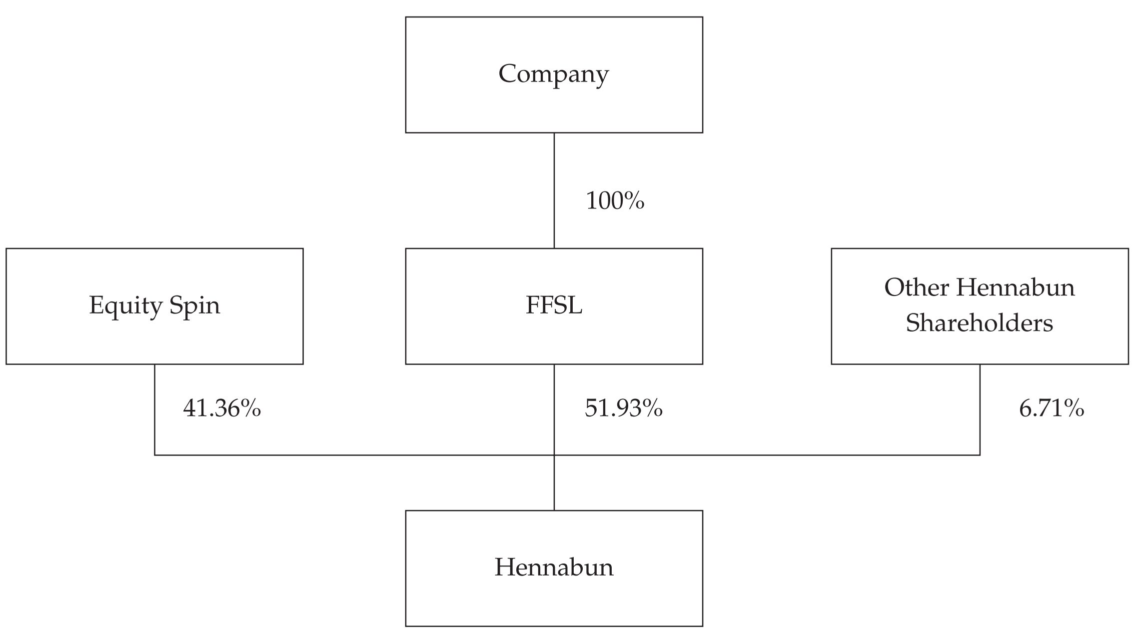
Corporate Structure

Upon Completion, the total number of Hennabun Shares in issue will be increased from 135,996,333 Hennabun Shares to 169,329,666 Hennabun Shares. The shareholding of FFSL, which held a total of 70,621,333 Hennabun Shares as at the Latest Practicable Date, will be reduced from approximately 51.93% of the entire issued share capital of Hennabun before the Subscription, to approximately 41.71% of the entire issued share capital of Hennabun as enlarged by the Subscription, and the shareholding of Equity Spin and Other Hennabun Shareholders will also be decreased proportionately. Assuming there is no issue, repurchase or transfer of Hennabun Shares between the Latest Practicable Date and the date of Completion, immediately after the Completion, Hennabun shall be owned as to approximately 41.71%, 33.22%, 19.69% and 5.38% by FFSL, Equity Spin, the Investor and Other Hennabun Shareholders respectively.

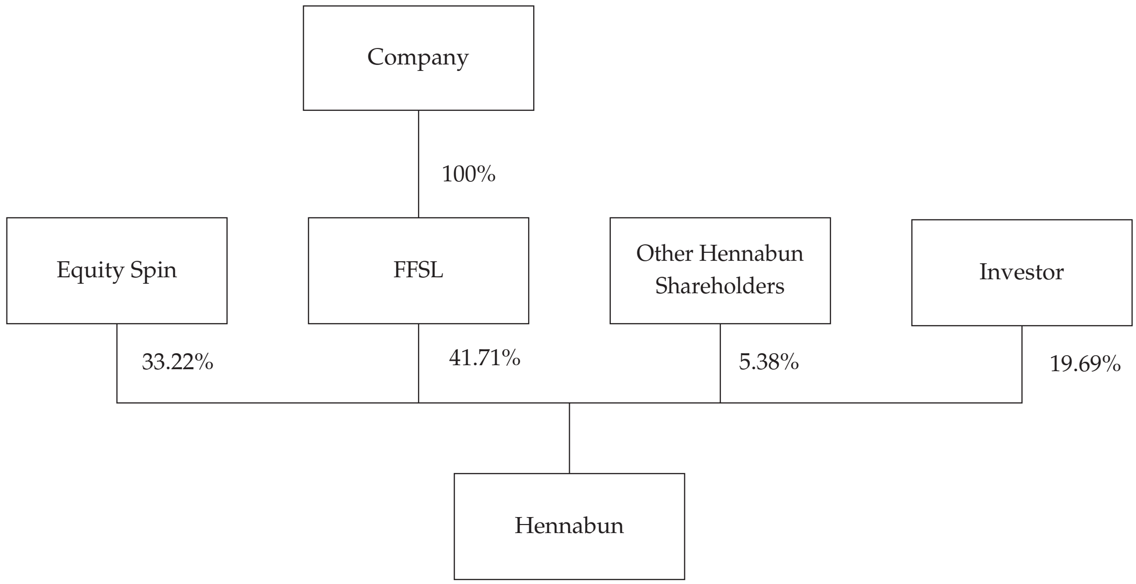
As at the Latest Practicable Date, there was no outstanding financial instruments that would be convertible into Hennabun Shares.

The following diagrams provide an illustration of the simplified corporate structure of Hennabun as at the Latest Practicable Date and immediately after the Completion.

Simplified corporate structure of Hennabun as at the Latest Practicable Date:



Simplified corporate structure of Hennabun immediately after the Completion:



Conditions precedent

Completion shall be subject to and conditional upon the fulfillment of the following Conditions:

(i) the approval of the Subscription Agreement and transactions contemplated thereunder by the Shareholders at the EGM in accordance with the Listing Rules;

(ii) the Investor having completed financial and legal due diligence review on Hennabun and its business and having notified Hennabun that the due diligence results are satisfactory provided that such notification shall not prejudice in any manner whatsoever any of the Investor's right in respect of a claim pursuant to the warranties, representations and the undertakings given by Hennabun under the Subscription Agreement; and

(iii) all other consents or approval of any relevant government authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the Subscription and the issue of Hennabun Shares thereunder having been obtained (including but not limited to the approval of the Securities and Futures Commission under Part V of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) for any change in "substantial shareholder" of the relevant member(s) of the Group, if required.

Termination

If the Conditions are not fulfilled on or prior to 31 March 2011 (or such later date as may be agreed between Hennabun and the Investor in writing), the Subscription Agreement shall terminate and (i) Hennabun shall return forthwith to the Investor any amount of the Subscription monies paid without interest and (ii) none of the parties to the Subscription Agreement shall have any claims against the other for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion

Completion shall take place on the second business day after the date on which the Conditions shall have been satisfied at 11:00 a.m. at Suite 2801-03, China United Centre, 28 Marble Road, North Point, Hong Kong (or such other date and/or place as the parties may agree).

USE OF THE SUBSCRIPTION MONEY

The net proceeds from the Subscription of approximately HK$200 million will be used by Hennabun for general working capital purposes and, where appropriate, future expansion of existing business or development of new business where suitable opportunities arise in future.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscription would strengthen the financial position and liquidity of Hennabun Group which recorded an accumulated loss as at 30 June 2010 and had net operating and investing cash outflows for the year ended 31 December 2009 and the six months ended 30 June 2010. Therefore, the Directors consider that by capitalizing the competitive strengths arising from the contribution of financial capital by the Investor, Hennabun Group will be able to continue with the development of its core business and to achieve the growth of its existing business. In particular, should any opportunities arise, Hennabun Group will have an enhanced financial strength to fund its potential investment and/or extend to other businesses.

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

After the Completion, Hennabun will cease to be a subsidiary of the Company, and the Remaining Group will continue its principal business in trading of securities, provision of finance, insurance brokerage business, and property holding and investment. Furthermore, as disclosed in the circular of the Company dated 21 August 2010, the Board intends to further expand the Group's financial services by, among others, committing additional capital into the Group's money lending business and enlarging the Group's equity investment portfolio in financial services.

Save for the Subscription which would result in a deemed disposal of interest in Hennabun, the Board had no intention to dispose any of the Company's interest in Hennabun as at the Latest Practicable Date.

The Board considers that the terms of the Subscription Agreement are negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE INVESTOR

The Investor was incorporated in the BVI and is an investment holding company wholly owned by Enerchina Holdings Limited (Stock code: 622), a company listed on the Main Board of the Stock Exchange.

INFORMATION ON HENNABUN GROUP

On 25 November 2008, Equity Spin entered into a sales and purchase agreement with FFSL pursuant to which FFSL acquired 79.46% then issued share capital of Hennabun from Equity Spin for a consideration of HK$105.8 million. FFSL also entered into a convertible note subscription agreement on 25 November 2008 (as amended by a supplemental agreement dated 23 January 2009) with Hennabun for the subscription of convertible notes at a cash consideration of HK$250 million, which was fully converted into 3,125,000,000 then new ordinary shares of Hennabun. Completion of these transactions and the full conversion of the aforementioned convertible notes took place on 30 September 2009 and Hennabun has since become an indirect non-wholly owned subsidiary of the Company. As at the Latest Practicable Date, the Group did not have interest in any convertible notes of Hennabun.

Hennabun is an investment holding company and Hennabun Group is principally engaged in security brokerage, commodity trading, money lending, margin financing and corporate finance advisory as well as proprietary trading and direct investment.

As extracted from the financial information of the Hennabun Group as set out in Appendix I to this circular, Hennabun Group had an unaudited consolidated net assets of approximately HK$1,158.9 million as at 30 June 2010, whilst other financial information of Hennabun Group is as follows:

	For the year ended 31 December	
	2008	**2009**
	(HK$' million)	*(HK$' million)*
Turnover	73.5	128.4
Net (loss)/profit before taxation	(79.7)	28.8
Net (loss)/profit after taxation	(75.5)	28.7

FINANCIAL EFFECT OF THE SUBSCRIPTION

Upon Completion, Hennabun will cease to be a subsidiary of the Company and will become an associate company of the Company. The financial results, assets, liabilities and cash flows of Hennabun Group will no longer be consolidated into the Group's consolidated financial statements.

Based on the financial information of Hennabun Group as set out in Appendix I to this circular, the Directors estimated that the expected loss to be recorded in the Remaining Group's consolidated financial statements arising from the Subscription is approximately HK$35.6 million. The estimated loss has taken into account of the change in the Remaining Group's equity interest in Hennabun of the net assets value of Hennabun as at 30 June 2010 and the share of consideration of the Subscription by the Company upon Completion.

As illustrated in the unaudited pro forma financial position of the Remaining Group as set out in Appendix III to this circular which has been prepared as if the Subscription had been completed on 31 March 2010, (i) the total assets of the Group would be decreased by approximately HK$1.1 billion; (ii) the total liabilities of the Group would be decreased by approximately HK$574.8 million; and (iii) the Remaining Group will remain to hold a non-controlling interest of approximately HK$517.0 million in Hennabun.

As illustrated in the unaudited pro forma consolidated income statement of the Remaining Group as set out in Appendix III to this circular, which has been prepared as if the Subscription had been completed on 1 October 2009, (i) turnover of HK$ 64.7 million would be recorded by the Remaining Group; and (ii) the net profit attributable to the owners of the Company would be decreased by HK$12.4 million to HK$285.1 million for the year ended 31 March 2010.

As such, the Board considers that the Remaining Group will continue to have sufficient level of operations to warrant the continued listing of the Shares under the Listing Rules.

THE PROVISION OF FINANCIAL ASSISTANCE

Loan Agreement

Hansom, a wholly owned subsidiary of the Company which is principally engaged in provision of finance, has been providing loan facilities to Hennabun as its general working capital. On 1 November 2010, Hansom entered into the Loan Agreement with Hennabun, pursuant to which all the previous loan facilities then provided to Hennabun by Hansom have been combined into a single revolving loan facility of HK$500 million for the periods from 1 November 2010 to 31 December 2010 and HK$250 million from 1 January 2011 to 31 October 2011 respectively. This had taken into account of the general working capital of Hennabun.

The Board noted that a Director, who held approximately 0.08% of issued Shares, had approximately 1.1% equity interest in Hennabun as at the date of the Loan Agreement. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, other than the aforementioned, Hennabun and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The interest on the Drawn Down Amount shall be charged at the Prime Rate plus 2% and be payable on a quarterly basis in arrears. The Drawn Down Amount is unsecured but subject to a default interest at Prime Rate plus 2%.

As at the date of the Loan Agreement, Hennabun had already drawn down in full the loan facility of HK$500 million under the Loan Agreement.

According to the Loan Agreement, the Drawn Down Amount shall be reduced such that the Drawn Down Amount will not exceed HK$250 million after 31 December 2010. Taking into account of the Drawn Down Amount as at the Latest Practicable Date, HK$250 million of the Drawn Down Amount shall be repaid by the end of 31 December 2010 whilst the remaining HK$250 million shall be repaid by 31 October 2011.

As such, although the Loan Agreement and the Subscription Agreement are not inter-conditional, it is expected that the Financial Assistance will remain in place after the Completion.

Reasons for and benefits of the Financial Assistance to the Group

The terms of the Loan Agreement, including the Drawn Down Amount, its interest rate and the repayment terms, are agreed between the parties based on arm's length negotiation after taking into account, inter alia, the current borrowing costs of the Group in Hong Kong. Furthermore, it is expected that the Group will be able to generate an interest income of approximately HK$13.88 million from the Drawn Down Amount for the year ended 31 March 2011, on the assumption that (i) Hennabun repays the Drawn Down Amount in accordance with the repayment schedule as stipulated in the Loan Agreement and (ii) the Prime Rate as at 1 November 2010 of 5% remains the same before the repayment of the Drawn Down Amount in entirety.

Accordingly, the Directors are of the opinion that the terms of the Loan Agreement are negotiated on an arm's length basis, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

Listing Rules implications

Subscription

The Subscription which involves the Investors subscribing 33,333,333 Hennabun Shares constitutes the deemed disposal of the Company's equity interest in a subsidiary of the Company under Chapter 14 of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) for the Subscription are larger than 75%, the Subscription constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the approval by the Shareholders at the EGM to be convened.

Financial Assistance

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Hennabun is not a connected person (as defined under the Listing Rules) of the Company.

Upon Completion, Hennabun will become an associate company of the Company. As it is expected that the Financial Assistance provided by Hansom to Hennabun will remain in place after the Completion, such provision of Finance Assistance will constitute a major transaction under Chapter 14 of the Listing Rules which is subject to the approval by the Shareholders at the EGM to be convened.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders and its associates has a material interest in the Subscription or the Financial Assistance who is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

EGM

The EGM will be held by the Company on 20 December 2010 at 9:00 a.m. at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong for the Shareholders to consider, and if thought fit, passing the resolutions to approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Loan Agreement and the transactions contemplated thereunder.

A proxy form for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete the proxy form and return it to the Company's branch Share registrar in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.

Pursuant to 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting shall be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board considers that the Subscription Agreement and the Loan Agreement have been entered into on normal commercial terms after arm's length negotiation and the terms of the Subscription Agreement and the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed ordinary resolutions to approve the Subscription Agreement, the Loan Agreement and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

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

By Order of the Board of
FREEMAN FINANCIAL CORPORATION LIMITED
Suen Yick Lun Philip
Executive Director

REVIEWED FINANCIAL INFORMATION

A summary of the unaudited consolidated statements of comprehensive income, the unaudited consolidated statements of changes in equity and the unaudited consolidated statements of cash flows of Hennabun Capital Group Limited and its subsidiaries (hereinafter collectively referred to as the "Disposal Group'') for each of the three years ended 31 December 2007, 2008 and 2009 and for the six months ended 30 June 2010 (the "Relevant Periods") and for the six months ended 30 June 2009 and the unaudited consolidated statements of financial position of the Disposal Group as at the end of each of the Relevant Periods, together with the notes thereto, are set out as below. The aforesaid financial information of the Disposal Group for the Relevant Periods and for the six months ended 30 June 2009 has been reviewed by the reporting accountant, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants.

The financial information of the Disposal Group for the years ended 31 December 2007, 2008 and 2009 as set out in Appendix 1 to this circular is based on 2007, 2008 and 2009 audited financial statements of the Disposal Group, as adjusted where necessary for (i) the accounting policies adopted by Freeman Financial Corporation Limited; and (ii) the adjusting events transacted after each of the relevant periods until the date of the review report. As a result, the financial information of the Disposal Group may not be the same as that reported in the 2007, 2008 and 2009 audited financial statements of the Disposal Group.

The financial information of the Disposal Group for the six months ended 30 June 2009 and 2010 is extracted from the unaudited management accounts of the Disposal Group.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following is a summary of the unaudited consolidated statements of comprehensive income of the Disposal Group.

	Six months ended 30 June		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	106,498,682	48,705,581	128,390,876	73,474,612	143,603,740
Other income	16,181,197	6,503,923	7,941,131	143,579,329	114,652
Gain on disposal of interests in subsidiaries	–	–	–	5,793,534	1,765,326
Allowance for bad and doubtful debts	(10,679,858)	(20,253,218)	(27,570,488)	(54,370,408)	(40,032,081)
Bad debts written off	(7,664,904)	(2,340)	(6,347,171)	(1,398,790)	(917,569)
Loss on investment	–	–	–	–	(55,000,000)
Employee benefits expense	(11,451,444)	(7,950,283)	(17,073,682)	(10,789,159)	(8,537,735)
Depreciation	(3,820,948)	(3,251,086)	(7,277,519)	(7,368,132)	(5,872,486)
Other operating expenses	(32,424,290)	(21,798,060)	(59,057,479)	(40,795,533)	(36,478,064)
Net realised gains (losses) on disposal of financial assets at fair value through profit or loss	855,644	6,609,590	30,215,564	(139,267,317)	(32,806,897)
Net unrealised holding (losses) gains on financial assets at fair value through profit or loss	(4,328,450)	6,775,788	993,443	(37,850,230)	(40,492,321)
Net realised losses on disposal of available-for-sale financial assets	–	–	(1,940,846)	–	–
Finance costs	(13,118,735)	(11,098,325)	(19,508,066)	(10,723,803)	(17,762,369)
Profit (Loss) before taxation	40,046,894	4,241,570	28,765,763	(79,715,897)	(92,415,804)
Taxation	–	(21,108)	(45,402)	4,200,000	–
Profit (Loss) for the period/year	40,046,894	4,220,462	28,720,361	(75,515,897)	(92,415,804)
Other comprehensive income					
Net unrealised holding gains on available-for-sale financial assets	46,346,339	–	4,402,374	–	–
Total comprehensive income (loss) for the period/year	86,393,233	4,220,462	33,122,735	(75,515,897)	(92,415,804)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following is a summary of the unaudited consolidated statements of financial position of the Disposal Group as at the end of each of the Relevant Periods.

	At 30 June	At 31 December		
	2010	2009	2008	2007
	HK$	*HK$*	*HK$*	*HK$*
Non-current assets				
Property, plant and equipment	40,057,222	43,020,337	20,185,767	99,820,113
Intangible assets	2,743,334	2,743,334	2,743,334	2,743,334
Deposits for acquisition of property, plant and equipment	14,015,912	–	–	39,030,000
Available-for-sale financial assets	359,047,867	312,701,528	–	–
Loans receivable	1,212,750	160,123,800	13,000,000	–
Other non-current assets	2,040,000	2,300,000	1,970,000	2,150,000
Other investments	74,247,501	74,247,501	74,247,501	1
	493,364,586	595,136,500	112,146,602	143,743,448
Current assets				
Financial assets at fair value through profit or loss	14,508,763	9,319,239	18,656,619	84,429,661
Loans receivable	437,687,904	307,583,402	12,030,822	301,841,868
Trade and other receivables	785,754,916	223,805,637	109,124,502	508,813,821
Pledged bank deposits	3,000,000	3,000,000	3,000,000	3,000,000
Bank balances and cash	660,406,974	532,409,395	213,017,912	175,947,334
	1,901,358,557	1,076,117,673	355,829,855	1,074,032,684
Current liabilities				
Trade and other payables	621,876,163	324,698,081	55,929,881	226,632,879
Due to a director	–	–	–	20,982,350
Due to a related company	–	–	28,455	683,555,293
Bank overdrafts	–	249,777	19,888,588	8,186,180
Interest-bearing borrowings	330,551,977	300,560,675	100,000,000	205,000,000
Taxation	535,384	558,308	598,136	4,798,136
	952,963,524	626,066,841	176,445,060	1,149,154,838
Net current assets (liabilities)	948,395,033	450,050,832	179,384,795	(75,122,154)
Total assets less current liabilities	1,441,759,619	1,045,187,332	291,531,397	68,621,294
Non-current liabilities				
Long-term interest-bearing borrowings	14,365,660	14,583,155	–	–
Convertible notes	268,473,642	–	–	–
	282,839,302	14,583,155	–	–
NET ASSETS	1,158,920,317	1,030,604,177	291,531,397	68,621,294

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	At 30 June	At 31 December		
	2010	**2009**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*
Capital and reserves				
Share capital	106,701,140	106,701,140	386,461,400	149,312,800
Reserves	1,052,219,177	923,903,037	(94,930,003)	(80,691,506)
TOTAL EQUITY	1,158,920,317	1,030,604,177	291,531,397	68,621,294

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The movements in the unaudited consolidated statements of changes in equity of the Disposal Group are as follows:

	Six months ended 30 June		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Opening balance – Total equity	1,030,604,177	291,531,397	291,531,397	68,621,294	13,037,098
New shares issued	–	–	1,950,000	343,000,000	17,000,000
Repurchase of ordinary shares	–	–	(10,000)	–	–
Repurchase of ordinary shares arising from disposal of a subsidiary	–	–	–	(44,574,000)	–
Conversion of convertible notes	–	–	704,010,045	–	131,000,000
Issue of a convertible note – Equity component	41,922,907	19,490,298	–	–	–
Total comprehensive income (loss) for the period/year	86,393,233	4,220,462	33,122,735	(75,515,897)	(92,415,804)
Closing balance – Total equity	1,158,920,317	315,242,157	1,030,604,177	291,531,397	68,621,294

CONSOLIDATED STATEMENTS OF CASH FLOWS

The unaudited consolidated statements of cash flows of the Disposal Group are as follows:

	Six months ended 30 June		Year ended 31 December		
	2010	**2009**	**2009**	**2008**	**2007**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
OPERATING ACTIVITIES					
Profit (Loss) before taxation	40,046,894	4,241,570	28,765,763	(79,715,897)	(92,415,804)
Depreciation	3,820,948	3,251,086	7,277,519	7,368,132	5,872,486
Interest expenses	13,118,735	11,098,325	19,508,066	10,723,803	17,762,369
Recovery of allowance for bad and doubtful debts	(1,153,433)	(5,169,963)	(4,803,092)	(80,560,341)	–
Recovery of bad debts previously written off	–	–	–	(8,375)	–
Allowance for bad and doubtful debts and bad debts written off	18,344,762	20,255,558	33,917,659	55,769,198	40,949,650
Gain on disposal of interests in subsidiaries	–	–	–	(5,793,534)	(1,765,326)
(Gain) Loss on disposal of property, plant and equipment	–	–	–	(5,000)	58,000
Gain on redemption of convertible notes	–	–	(525,805)	–	–
Property, plant and equipment and other assets written off	–	1,766	69,040	153,000	–
Waiver of amount due to a related party	–	–	–	(62,566,895)	–
Net realised (gains) losses on disposal of financial assets at fair value through profit or loss	(855,644)	(6,609,590)	(30,215,564)	139,267,317	32,806,897
Net unrealised holding losses (gains) on financial assets at fair value through profit or loss	4,328,450	(6,775,788)	(993,443)	37,850,230	40,492,321
Net realised losses on disposal of available-for-sale financial assets	–	–	1,940,846	–	–
Reversal of provision for loss on misappropriation of clients' securities	–	(223,296)	(255,122)	–	–
Provision for loss on misappropriation of clients' securities	–	–	–	–	2,500,000
Provision for penalty imposed by the Securities and Futures Commission	–	–	–	–	1,500,000
Changes in working capital:					
Loans, trade and other receivables	(1,450,690,224)	(565,833,317)	(581,843,465)	680,996,832	(564,979,759)
Other non-current assets	260,000	(40,000)	(330,000)	–	–
Trade and other payables	1,197,534,246	752,464,873	271,107,596	(149,219,544)	143,545,882
Due to a director	–	–	–	(20,982,350)	20,982,350
Cash (used in) generated from operations	(175,245,266)	206,661,224	(256,380,002)	533,276,576	(352,690,934)
Interest paid	(3,722,186)	(9,099,148)	(14,972,216)	(11,084,144)	(19,810,321)
Income tax paid	(22,924)	–	–	–	–
Net cash (used in) from operating activities	(178,990,376)	197,562,076	(271,352,218)	522,192,432	(372,501,255)

	Six months ended 30 June		Year ended 31 December		
	2010	2009	2009	2008	2007
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
INVESTING ACTIVITIES					
Acquisition of a subsidiary	–	–	1,722,651	–	–
Proceeds from disposal of subsidiaries	–	–	16	94,000,000	87,987,514
Proceeds from disposal of property, plant and equipment	–	–	–	5,000	300,000
Net (purchase of) proceed from disposal of financial assets of fair value through profit or loss	(8,662,330)	9,653,319	33,901,509	(111,344,505)	(156,854,479)
Purchase of property, plant and equipment and other investments	(388,161)	(1,217,430)	(30,065,210)	(91,159,905)	(100,254,315)
Purchase of available-for-sale financial assets	–	–	(618,539,154)	–	–
Proceeds on disposal of available-for-sale financial assets	–	–	308,299,154	–	–
Deposits for acquisition of property, plant and equipment and investment project	(14,015,912)	–	–	(36,784,000)	(39,030,000)
Refund of deposit from Central Clearing and Settlement System Guarantee Fund	–	–	–	180,000	–
Cash contribution to Central Clearing and Settlement System Guarantee Fund	–	–	–	–	(40,000)
Net cash (used in) from investing activities	(23,066,403)	8,435,889	(304,681,034)	(145,103,410)	(207,891,280)
FINANCING ACTIVITIES					
Issue of convertible notes	301,000,000	250,000,000	750,000,000	–	–
New shares issued	–	–	–	343,000,000	17,000,000
New loans raised	830,000,000	202,000,000	892,143,830	327,800,000	548,550,000
Repayment of loans	(800,226,193)	(197,000,000)	(677,000,000)	(432,800,000)	(519,050,000)
Repurchase of ordinary shares	–	–	(10,000)	–	–
Redemption of convertible notes	–	–	(50,000,000)	–	–
(Repayment to) Advance from a related company	–	(28,455)	(28,455)	(589,719,943)	682,556,808
Net cash from (used in) financing activities	330,773,807	254,971,545	915,105,375	(351,719,943)	729,056,808
Net increase in cash and cash equivalents	128,717,028	460,969,510	339,072,123	25,369,079	148,664,273
Cash and cash equivalents at beginning of the period/year	535,159,618	196,129,324	196,129,324	170,761,154	22,096,881
Effect on exchange rate changes	(469,672)	14,402	(41,829)	(909)	–
Cash and cash equivalents at end of the period/year, represented by bank balances and cash, pledged bank deposits and bank overdrafts	663,406,974	657,113,236	535,159,618	196,129,324	170,761,154

1. INDEBTEDNESS

STATEMENT OF INDEBTEDNESS

As at 31 October 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had bank and other borrowings amounting to approximately HK$87,723,000 and HK$320,596,000, respectively.

The following table illustrates the Group's indebtedness as at 31 October 2010:

	HK$'000
Bank borrowings	
Current	
Mortgage loans, secured	87,723
Other borrowings	
Current	
Other loans, unsecured	140,009
Margin loans, secured	30,463
Shareholder loan, unsecured	150,124
Total other borrowings	320,596
Total indebtedness	408,319

As at 31 October 2010, the Group's bank mortgage loans and margin loans were secured by (i) fixed charges over certain leasehold land and buildings and investment properties held by the Group with an aggregate carrying value of approximately HK$184,784,000; and (ii) certain investments at fair value through profit or loss held by the Group of approximately HK$573,684,000.

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 at the close of business on 31 October 2010.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 October 2010.

2. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the internally generated funds of the Group and upon the Completion, the Group have sufficient working capital for its present requirements in the next twelve months from the date of this circular in the event that the Financial Assistance is (i) approved; or (ii) not approved by the Shareholders.

3. MATERIAL ADVERSE CHANGE

Up to and including the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 March 2010, being the date to which the latest published audited financial statements of the Group were made up.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the years ended 31 March 2008, 2009 and 2010, and for the six months ended 30 September 2010.

For the year ended 31 March 2008

FINAL RESULTS

The turnover of the Remaining Group for the financial year was HK$85,340,000 which represented an increase of 298% as compared to that of HK$21,467,000 (as restated) in last year. The gross profit was HK$77,538,000, representing an increase of 314% as compared to last year's figure. The consolidated net loss attributable to shareholders of the Remaining Group for the year was HK$403,708,000. Loss per share was HK59.68 cents.

The loss incurred by the Remaining Group in the financial year was mainly due to the net fair value losses on investments at fair value through profit or loss of HK$456,450,000 and the impairment of goodwill on acquisition of subsidiaries of HK$12,129,000. General and administrative expenses increased from last year's figure of HK$29,350,000 to HK$40,829,000 in this year being in line with the increase in operating activities of the Remaining Group. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2008.

OPERATIONS REVIEW

The Remaining Group was principally engaged in the trading of securities, provision of finance, property holding and investment, insurance agency and brokerage business, and investment holding during the financial year. The turnover of the Remaining Group for the year comprised mainly interest income earned from provision of finance; interest income and dividend income from equity investments; gains/(losses) from the sale of investments at fair value through profit or loss; insurance agency and brokerage income; and gross rental income received and receivable from investment properties.

Trading of Securities

The trading of securities remains as a significant part of the Remaining Group's business. Net gains from the securities trading business and dividend income from equity investment for the year amounted to HK$59,070,000 in aggregate. The segment had recorded a loss of HK$396,922,000 after taking into account the changes in fair value of the listed securities held at year end.

Provision of Finance

Turnover of the financing business was HK$17,464,000. The business recorded a profit of HK$17,361,000 in the year.

Property Holding and Investment

During the year, the Remaining Group expanded its investment in commercial properties. The total rental income generated from the property holding and investment business for the year amounted to HK$2,590,000 and the segment recorded a profit of HK$7,683,000 in the year after taking into account the net gains arising from changes in fair value of the investment properties.

Insurance

During the year, the insurance agency and brokerage business recorded a turnover of HK$6,216,000 and a segmental loss of HK$5,948,000 in the year.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 March 2008, the net current assets of the Remaining Group amounted to HK$775,213,000 and the current ratio (current assets/current liabilities) was 8.2. The cash and bank balances were HK$278,649,000.

As at 31 March 2008, the Remaining Group had secured bank loans of approximately HK$97,781,000 and had no unsecured other borrowings. HK$92,541,000 of the secured bank loans were repayable after one year or repayable on demand whilst HK$5,240,000 of the secured bank loans and the unsecured other borrowings were repayable within one year or repayable on demand. The liability component of the convertible notes was approximately HK$31,853,000. Gearing ratio calculated on the basis of the Remaining Group's interest-bearing bank and other borrowings divided by the adjusted capital, being the liability component of the convertible notes and equity attributable to equity holders of the Company, was 10.0% at the balance sheet date. The bank loans and other borrowings of the Remaining Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollars. Thus there is no exposure to fluctuations in exchange rates in relation to the borrowings.

The Remaining Group had no material capital commitment at the year end date. In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Remaining Group has sufficient financial resources to meet its ongoing operational requirements.

The Remaining Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2008, the Remaining Group had shareholders' funds of HK$943,309,000. During the financial year, the Company had carried out several placings of shares pursuant to which a total of 2,234,552,000 new shares were issued with net proceeds of approximately HK$319,712,000 raised. Net proceeds of approximately HK$182,836,000 had been raised by the Company during the year from the rights issue of 1,563,986,824 new shares of the Company. Net proceeds of approximately HK$189,857,000 had also been raised by the Company during the year from the conversion of convertible notes issued by the Company into 1,625,000,000 new shares of the Company. A total of 246,800,000 new shares were also issued during the year through the exercises of certain share options in accordance with the Company's share option scheme and net proceeds of approximately HK$35,046,000 therefrom was applied to the working capital of the Remaining Group. The capital base of the Company had been much improved after the said financing exercises.

Foreign Currency Management

During the year, since the amount of the Remaining Group's foreign currency transactions is not material, the Directors are of the view that the Remaining Group's exposure to exchange rate risk is not material.

Material Acquisition/Disposal and Significant Investments

On 9 July 2007, the Remaining Group disposed of its entire interest in an associate, Hennabun at a consideration of HK$50,000,000. On 7 September 2007, the Remaining Group disposed of its entire interest in a subsidiary, Startech Business Limited, at a consideration of HK$5,995,000.

Save as aforesaid, the Remaining Group did not make any material acquisition or disposal of subsidiary or associate during the year.

Pledge of Assets

As at 31 March 2008, leasehold land and buildings with total a carrying amount of approximately HK$71,458,000 and investment properties situated in Hong Kong with an aggregate carrying value of approximately HK$100,779,000 were pledged to secure general banking facilities granted to the Remaining Group. Investments held for trading of approximately HK$345,791,000 were pledged to a financial institution to secure margin financing facilities provided to the Remaining Group.

Contingent Liabilities

The Remaining Group had no material contingent liabilities at the year end date.

Employees' Remuneration Policy and Retirement Benefits Scheme

As at 31 March 2008, the Remaining Group employed about 36 staff members including directors of the Company. Staff costs incurred for the year, including directors' remuneration, were approximately HK$23,054,000. It is the remuneration policy of the Remaining Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, including the granting of share options, are structured to motivate individual performance and contributions to the Remaining Group. The Company has adopted a share option scheme on 23 August 2002 for the Directors and the employees. The Remaining Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

BUSINESS PROSPECTS

Followed by the acquisition of the insurance agency and brokerage business and several fund raising activities, 2008 will be a critical year to the Company in relation to the long term insurance license application. The Company has taken a significant step in the application for the insurance authorisation since we have submitted our application together with our initial business proposal to the regulatory authority during the financial year. The Company has managed to recruit a core working team comprising some very experienced and knowledgeable executives to take charge of the implementation of the insurance policies and strategies and we will continue to nurture our best effort to meet with international standards for the establishment of a life insurance company.

In terms of business under our insurance agency and brokerage arm, we are looking for a number of target insurers with specialized investment link products for expansion of our product lines. We will continue to identify and establish the most suitable and effective channels for distribution among our sales force in a bid to provide a high potential growth of business of the Company in the long run.

For the year ended 31 March 2009

BUSINESS REVIEW

During the year under review, the volume of trading securities decreased significantly due to the financial tsunami and the performance was affected by the market expectation as well as fund raising activities in local market. However, the Company was able to maintain its securities portfolio and the performance in the second-half of the year was slowly improved compared to first half in 2009.

The operation of our insurance agency and brokerage business remained the same, but the performance was affected by the status of the application of insurance license. Although the Company considered putting on hold temporarily regarding the application, the Company was continuously provided financial and management support for its operation.

Besides, property market in Hong Kong also affected by adversely change in market conditions, however, the changes were not so extreme compared to the changes in the financial market. During the year, the Company purchased two commercial units at a total consideration of approximately HK$24.9 million. The Company believed its investment properties portfolio in quality commercial premises will be enhanced.

Furthermore, provision of finance was constricted due to the market conditions. During the year, certain borrowers failed to repay the outstanding loan principal of approximately HK$26.5 million. The loans were secured by an industrial property, shares charge and personal guarantee. The Company has taken a legal action to secure the industrial property and made provision of HK$20.0 million. However, the Company is in consideration of taking further action to recover the provision.

During the year, on 25 November 2008, FFSL as the purchaser entered into a sale and purchase agreement with Equity Spin as the vendor, pursuant to which FFSL agreed to purchase and Equity Spin agreed to sell approximately 3,937,133,000 fully paid ordinary shares of US$0.01 each of Hennabun for a consideration of HK$105.8 million. The transaction was subsequently completed on 30 September 2009. In addition, on the same date, FFSL entered into a convertible note subscription agreement with Hennabun for the subscription of convertible notes in the principal amount of HK$250 million issued by Hennabun at a cash consideration of HK$250 million. The subscription has been completed on 19 February 2009.

During the financial year, the Company carried out two rights issues, the total proceeds (before expenses) was HK$596.2 million. The working capital of the Company had been enhanced.

FINANCIAL REVIEW

Turnover decreased by 88.7% to HK$9.6 million compared to HK$85.3 million in 2008. During the year under review, the financial tsunami affected the overall performance of the Remaining Group. Loss from sales of trading securities amounted to HK$11.5 million, representing a decrease of 1.2 times compared to a gain of HK$57.8 million in 2008; it was mainly due to a significant adversely change in financial market. Interest income from provision of finance decreased by 34.9% to HK$11.4 million compared to HK$17.5 million in 2008. Gross rental income increased to HK$3.6 million, representing an increase of 38.5% compared to HK$2.6 million in 2008, it was because the number of tenants slightly increased and the rental income from certain properties were proportionately fully recognized in 2009. Insurance agency and brokerage income dropped by 40.3% to HK$3.7 million compared to HK$6.2 million in 2008.

The gross profit was HK$4.0 million, representing a decrease of 94.8% as compared to last year's figure. It was mainly due to loss from the sale of trading securities. During the year, certain fair value adjustments have been made in accordance with the Hong Kong Financial Reporting Standards. Investment properties were valued at fair value at each reporting date, the fair value of investment properties were adjusted down by HK$18.7 million in 2009; it was mainly due to a chain effect of the global financial crisis. Moreover, the Remaining Group recorded fair value losses on securities held for trading of HK$356.7 million, decreased by 21.9% as compared to HK$456.5 million in 2008. The Remaining Group has implemented a control policy over daily operation, and thus, the general and administrative expenses decreased to HK$34.6 million from HK$40.8 million in 2008. Although there were some corporate exercises completed during the year, most of the related expenses were set off against the proceeds. The net loss attributable to shareholders of the Company was HK$430.3 million. Loss per share was HK$45.81 cents.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2009, the net current assets of the Remaining Group amounted to HK$640.1 million and the current ratio was 6.4. The cash and bank balances were HK$34.8 million.

As at 31 March 2009, the Remaining Group had secured bank loans of HK$91.9 million and had unsecured other borrowings of HK$18.0 million. Gearing ratio calculated on the basis of the Remaining Group's interest-bearing bank and other borrowings divided by the adjusted capital, being the liability component of the convertible notes and equity attributable to equity holders of the Company, was 10.2% at the balance sheet date. The bank loans and other borrowings of the Remaining Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollars. Thus there was no exposure to fluctuations in exchange rates in relation to the borrowings. The Remaining Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2009, the Remaining Group had shareholders' funds of HK$1,080.9

million. During the financial year, the Company had carried out two rights issues, the total proceeds (before expense) was HK$596.2 million. The working capital of the Company had been enhanced.

PLEDGE OF ASSETS

As at 31 March 2009, leasehold land and buildings with a total carrying amount of approximately HK$70.3 million and investment properties situated in Hong Kong with an aggregate carrying value of approximately HK$90.9 million were pledged to secure general banking facilities granted to the Remaining Group. Investments held for trading of approximately HK$577 million were pledged to a financial institution to secure margin financing facilities provided to the Remaining Group.

FOREIGN CURRENCY MANAGEMENT

During the year, since the amount of the Remaining Group's foreign currency transactions is not material, the Directors are of the view that the Remaining Group's exposure to exchange rate risk is not material.

MATERIAL ACQUISITION/DISPOSAL

Save as aforesaid, the Remaining Group did not make any material acquisition or disposal of subsidiary or associate during the year.

CAPITAL COMMITMENTS

The Remaining Group had no material capital commitment at the year end date. In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Remaining Group has sufficient financial resources to meet its ongoing operational requirements.

CONTINGENT LIABILITIES

The Remaining Group had no material contingent liabilities at the year end date.

EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2009, the Remaining Group employed about 23 staff members including directors of the Company. Staff costs incurred for the year, including directors' remuneration, was approximately HK$15.5 million. It was the remuneration policy of the Remaining Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, include granting of share options, were structured to motivate individual performance and contributions to the Remaining Group. The Company has adopted a share option scheme on 23 August

2002 for the Directors and the employees. The Remaining Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

In view of the current global economic conditions, the global economy and financial markets are stabilizing as the global market believed the worst of the global financial and economic crisis is over and the global economy will begin to recover sooner or later.

Despite the sign of recovery, the Company will continue to adopt measures to strengthen our financial position and is optimistic about its businesses given the improvement in local market recently. Furthermore, the Company will continue to focus on its core businesses. Leveraging all of its advantages that the Company has, the Company will seek for any further development. Furthermore, the Company will continuously seek strategic investors and partners for its operations and also explore new opportunities and business models in order to foster growth and expansion when the timing is right.

For the year ended 31 March 2010

BUSINESS REVIEW

This year, the performance of the Remaining Group was improved as a result of a continuous improvement of the world economy.

The volume of trading securities of the Remaining Group was increased compared to last year. The investment portfolio of the Remaining Group has no material change during the year. Although the performance of the financial market has improved compared to last year, the financial market was still sensitive to market information. The operation of our insurance agency and brokerage business remained the same compared to last year. The application of insurance license was put on hold since 2009.

Property market in Hong Kong has also improved because of the change in economic conditions. There was no material change in property portfolio of the Remaining Group during the year.

The operation of provision of financial services has no material change compared to last year. An industrial property, which was pledged to the Remaining Group as a security to a loan granted to a borrower in previous years, was realised at approximately HK$9.8 million during the year. As the financial markets were improving throughout the year, the provision of financial services activities have increased.

Last year, FFSL entered into a sale and purchase agreement with Equity Spin, pursuant to which FFSL agreed to purchase and Equity Spin agreed to sell approximately 3,937,133,000 fully paid ordinary shares of US$0.01 each of Hennabun for a consideration of HK$105.8 million. FFSL also entered into a convertible note subscription agreement with Hennabun for the subscription of convertible notes in the principal amount of HK$250 million issued by Hennabun at a cash consideration of HK$250 million. The transaction has been completed on 30 September 2009. Hennabun Group have similar operation compared to the Company. Hennabun Group was mainly engaged in brokerage business, securities brokerage, margin financing, investment advisory and investment holding.

A share consolidation, which was announced by the Company on 3 April 2009, was completed on 6 August 2009. The Company had also carried out three placing activities during the year. The total net proceeds was approximately HK$95.8 million and has been used as the general working capital of the Company.

FINANCIAL REVIEW

Turnover increased by 5.7 times to HK$64.7 million compared to HK$9.6 million in 2009. During the year under review, the financial market has been stabilised and thus the performance of the Remaining Group has improved. Income from trading of securities included income from sales of trading securities and dividend income from trading investments. Income from sales of trading securities recorded a profit of HK$57.3 million, representing an increase of 5.9 times compared to a loss of HK$11.5 million; it was mainly due to a rebound in financial markets. Dividend income from trading investments increased by 8.6 times to HK$23.1 million compared to HK$2.4 million in 2009 mainly due to a special dividend from an investment. Interest income from provision of finance decreased by 85.96% to HK$1.6 million compared to HK$11.4 million in 2009 as a result of increase in financing activities. Gross rental income increased to HK$4.0 million, representing an increase of 11.1% compared to HK$3.6 million in 2009, it was mainly because the rental income from certain properties were fully recognised in 2010. Income from insurance brokerage business decreased by 45.9% to HK$2.0 million compared to HK$3.7 million mainly due to decrease in the number of policies.

The gross profit was HK$61.9 million, representing an increase of 93.8% as compared to last year. It was mainly due to increase in gain from the sale of trading securities; and positive returns on investments.

During the year, certain provisions were made in accordance with the financial reporting standards. Investment properties were valued at fair value at the end of each reporting period, the fair value of investment properties were adjusted by an increment of HK$28.7 million, it was because the value of properties has changed positively since the global financial crisis in 2008. Moreover, the Remaining Group recorded a fair value gain on securities held for trading of HK$106.7 million as a result of rebound in financial market. The Remaining Group has continuously monitored the daily operation with an aim at cost saving. This year, the general and administrative expenses were HK$29.6 million, representing an increase of 14.5% compared to HK$34.6 million in 2009. During the year, all of the direct expenses related to issuance of new shares were set off against the Company's reserve.

The net profit attributable to shareholders of the Company was HK$285.1 million. Earning per share was HK$1.1.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2010, the net current assets of the Remaining Group amounted to HK$787.6 million and the current ratio (current assets/current liabilities) was 9.4. The cash and bank balances were HK$20.9 million.

As at 31 March 2010, the Remaining Group had secured loans of HK$83.1 million. Gearing ratio calculated on the basis of the Remaining Group's interest bearing bank and other borrowings and convertible notes divided by the equity attributable to equity holders of the Company, was 5.5 at the end of the reporting period. The bank loans and other borrowings of the Remaining Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate (as quoted by The Bank of East Asia, Limited, Citibank (Hong Kong) Limited, Bank of Communications Co., Ltd or The Hongkong and Shanghai Banking Corporation Limited) and were made in Hong Kong dollars. The Remaining Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2010, the Remaining Group had shareholders' funds of HK$1,515.3 million. During the year, the total net proceeds arisen from placing activities was approximately HK$94.5 million and has been used as the general working capital of the Company.

PLEDGE OF ASSETS

As at 31 March 2010, leasehold land and buildings with a total carrying amount of approximately HK$38.8 million and investment properties situated in Hong Kong with an aggregate carrying value of approximately HK$118.8 million were pledged to secure general banking facilities granted to the Remaining Group. Investments held for trading of approximately HK$821 million were pledged to a financial institution to secure margin financing facilities provided to the Remaining Group.

FOREIGN CURRENCY MANAGEMENT

During the year, since the amount of the Remaining Group's foreign currency transactions is not material, the Directors are of the view that the Remaining Group's exposure to exchange rate risk is not material.

MATERIAL ACQUISITION / DISPOSAL

Last year, FFSL entered into a sale and purchase agreement with Equity Spin, pursuant to which the subsidiary agreed to purchase and Equity Spin agreed to sell approximately 3,937,133,000 fully paid ordinary shares of US$0.01 each of Hennabun for a consideration of HK$105.8 million. FFSL also entered into a convertible note subscription agreement with Hennabun for the subscription of convertible notes in the principal amount of HK$250 million issued by Hennabun at a cash consideration of HK$250 million which was fully converted into

3,125,000,000 then new ordinary shares of Hennabun. These transactions had been completed on 30 September 2009. Hennabun have similar operations compared to the Company.

CAPITAL COMMITMENTS

The Remaining Group had no material capital commitment at the year end date. In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Remaining Group has sufficient financial resources to meet its ongoing operational requirements.

CONTINGENT LIABILITIES

The Remaining Group had no material contingent liabilities at the year end date.

EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2010, the Remaining Group employed about 23 staff members including directors of the Company. Staff costs incurred for the year, including directors' remuneration, was approximately HK$12.7 million. It was the remuneration policy of the Remaining Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, including the granting of share options, were structured to motivate individual performance and contributions to the Remaining Group. The Company has adopted a share option scheme on 23 August 2002 for the Directors and the employees. The Remaining Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

The Company will continue to focus on its principal activities and strengthen our financial position. Although the global economy is recovering since last year, the financial market believed the global economy will moderate in the coming year as fiscal stimulus is evaporating. Looking forward, the Company is optimistic about the prospect of the financial market and will continue to explore any new business opportunities or investments.

For the six months ended 30 September 2010

BUSINESS REVIEW

During the six months ended 30 September 2010, interest income from provision of finance increased as the financial market became more vigorous than last year. However, the Remaining Group will continuously monitor its operation closely with the consideration of the performance of financial markets. The portfolio of investment in securities has no material change since last year. Property holding and investment segment, the Remaining Group disposed a property with a cash consideration of HK$52.0 million. The Remaining Group did not purchase any investment properties, and there is no material change in the Remaining Group's property portfolio compared to last year, except for the mentioned disposal. Insurance brokerage business has maintained its operations as last year.

FINANCIAL REVIEW

The Remaining Group's turnover decreased by 2.01 times to a net loss of HK$30.7 million compared to a net gain of HK$30.3 million for the same period in 2009. Income from trading of securities recorded a net loss of HK$43.8 million, representing a decrease of 11.4 times compared to a net gain of HK$4.2 million as certain listed securities were sold based on the market sentiment. Dividend income decreased to HK$5.8 million compared to HK$22.3 million for the same period in 2009, it was mainly due to a special dividend income which was received by the Remaining Group for the same period in 2009. Interest income from provision of finance increased by 0.77 times to HK$2.3 million compared to HK$1.3 million in 2009 as a result of increase in financing activities. Rental income increased to HK$3.8 million, representing an increase of 1.71 times compared to HK$1.4 million for the same period in 2009, it was because of a reduction on vacancy during the period. Insurance brokerage income decreased by 27% to HK$0.88 million compared to HK$1.2 million for the same period in 2009 mainly due to a decrease in number of policies.

The Remaining Group's gross loss for the six months ended 30 September 2010 was HK$31.8 million, representing a decrease of 2.1 times as compared to the same period in 2009. It was mainly due to net losses from the trading of securities.

The Remaining Group posted a fair value loss on securities held for trading of HK$82.2 million. General and administrative expenses increased to HK$12.6 million from HK$11.4 million, representing an increase of 10.5% as compared to the same period in 2009, which was mainly due to an increase in corporate expenses in relation to corporate activities.

Other expenses mainly included loss on disposal of subsidiaries of HK$1.7 million.

Finance costs decreased by 8.3% to HK$1.1 million from HK$1.2 million compared to the same period in 2009. It was mainly due to decrease in payment of bank loan interest as a result of decrease in loan principal.

The net loss attributable to shareholders of the Company was HK$129 million. It was mainly because the Remaining Group recorded net fair value losses in investment at fair value through profit and loss and a net loss from trading of securities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 September 2010, net current assets of the Remaining Group amounted to HK$871.7 million and cash and bank balances of HK$78.6 million.

The Remaining Group had secured bank loans of HK$72.2 million and had unsecured other borrowings of HK$31.1 million. Gearing ratio calculated on the basis of the Remaining Group's total borrowings over shareholders' funds was 7.9%. The bank loans and other borrowings of the Remaining Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate (as quoted by The Bank of East Asia, Limited, Citibank (Hong Kong) Limited, Bank of Communications Co., Ltd or The Hongkong and Shanghai Banking Corporation Limited) and were made in Hong Kong dollars.

The Remaining Group's assets portfolio is mainly financed by its shareholders' funds. At 30 September 2010, the Remaining Group had shareholders' funds of approximately HK$1,309 million.

FOREIGN CURRENCY MANAGEMENT

During the period, since the amount of the Remaining Group's foreign currency transactions is not material, the Directors are of the view that the Remaining Group's exposure to exchange rate risk is not material.

CAPITAL COMMITMENT

The Remaining Group has no material capital commitment as at 30 September 2010. In light of the amount of liquid assets in hand and banking facilities available, the Directors are of the view that the Remaining Group has adequate financial resources to meet its ongoing operational requirements.

MATERIAL ACQUISITION/DISPOSAL

The Remaining Group did not make any material acquisition or disposal of subsidiary or associate during the six months ended 30 September 2010.

PLEDGE OF ASSETS

At 30 September 2010, (i) investments held for trading of HK$566.5 million were pledged to a financial institution to secure margin financing facilities provided to the Remaining Group; (ii) land and buildings of HK$23.5 million were pledged to a bank to secure loan facilities granted to the Remaining Group; and (iii) investment properties with a total carrying amount of HK$134.3 million were pledged to banks to secure loan facilities granted to the Remaining Group.

CONTINGENT LIABILITIES

The Remaining Group had no material contingent liabilities at the 30 September 2010.

EMPLOYEES AND REMUNERATION POLICY

At 30 September 2010, the Remaining Group employed about 24 staff members including directors of the Company. Staff costs incurred for the period, including directors' remuneration, was approximately HK$5.6 million.

It is the remuneration policy of the Remaining Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, including the grant of share options, are structured to motivate individual performance and contributions to the Remaining Group.

PROSPECTS

The Remaining Group will continue to focus and deepen its core businesses in provision of finance, trading of securities and other financial services.

In the meantime, with the lead of our management team, the Remaining Group is actively searching for business opportunities. Whenever, there is attractive investment opportunities existed, the Remaining Group will expand its business arms.

5. FINANCIAL AND TRADING PROSPECTS

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

In year 2010, the global economy continues to recover whilst the financial market conditions in Hong Kong have improved substantially since last year. With a well position in the market, the Group is confident that it can capitalize on these growing business opportunities. For the six months ended 30 September 2010, the Group's turnover increased by 39.9% to HK$42.4 million and gross profit increased by 43.9% to HK$41.3 million as compared to the same period in 2009. The Directors consider the financial and trading positions of the Group remain the same.

As such, the Group believes that it is currently an excellent environment for the Group to position itself to capture the vast opportunities in the financial services sector. Such expansion of financial services business is intended to the value accretive for all Shareholders. The Company has identified a number of investment targets in the financial services sector. However, it is still uncertain at this stage which investment would materialise and the amounts will be involved.

In the future, the Group will continue to focus on its principal activities and strengthen its financial position. The Group is optimistic about the prospect of the financial market and will continue to explore any new business opportunities or investments. Should the opportunities arise, other than achieving growth in its existing business, the Group will also consider extending to other businesses.

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

A. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

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3 December 2010

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 (formerly known as Freeman Corporation Limited) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), set out on pages 4 to 15 in Appendix III to the circular of the Company dated 3 December 2010 (the "Circular"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the subscription of ordinary shares in the share capital of Hennabun Capital Group Limited, an indirect non-wholly owned subsidiary of the Company, by Ideal Principles Limited pursuant to the terms and conditions of the subscription agreement dated 1 November 2010 might have affected the relevant financial information presented in respect of the Group. The basis of preparation of the unaudited pro forma financial information is set out on pages 4 to 5 in Appendix III to the Circular.

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 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 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:

(a) the financial position of the Group as at 31 March 2010 or any future date; or

(b) the results and cash flows of the Group for the year ended 31 March 2010 or any future periods.

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

(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,

Certified Public Accountants
Hong Kong

B. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The accompanying unaudited pro forma financial information of the Company and its subsidiaries (the "Group") excluding Hennabun Capital Group Limited ("Hennabun") and Hennabun's subsidiaries (the "Hennabun Group"), collectively referred to as the "Remaining Group", has been prepared to illustrate the effect of the allotment and issuance of 33,333,333 new ordinary shares of Hennabun at HK$6 each to Ideal Principles Limited under the Subscription Agreement (the "Subscription") might have on the financial statements of the Group, assuming the completion of the Subscription had resulted in a dilution in the Group's equity interest of Hennabun to 41.71%.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2010, after giving effect to the pro forma adjustments as explained in Part C of this appendix below, for the purpose of illustrating the effect of the Subscription on the financial position of the Group as if the Subscription had completed on 31 March 2010, which would have decreased the Group's equity interest in Hennabun from 51.63% to 41.71%. For illustrative purpose of preparing the unaudited pro forma consolidated statement of financial position, no adjustments have been made to take into account the subsequent repurchase of 800,000 issued ordinary shares of Hennabun on 11 October 2010 by Hennabun, which has increased the Group's equity interest in Hennabun from 51.63% to 51.93%.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2010, after giving the effect to the pro forma adjustments as explained in Part C of this appendix below, for the purpose of illustrating the effect of the completion of the Subscription on the results and cash flows of the Group as if the Subscription had completed on 1 October 2009, i.e. the next day after the completion of the Group's acquisition of 51.44% equity interest in Hennabun, which would have decreased the Group's equity interest in Hennabun from 51.44% to 41.71%. For illustrative purpose of preparing the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, no adjustments have been made to take into account the subsequent repurchases of 800,000 issued ordinary shares of Hennabun on 11 October 2010 by Hennabun, which has increased the Group's equity interest in Hennabun from 51.44% to 51.93%.

The unaudited pro forma financial information of the Remaining Group has been prepared for illustrative purposes only and because of their hypothetical nature, they may not give a true picture of the financial position of the Remaining Group had the Subscription been completed as at 31 March 2010 or at any future dates and of the results and cash flows of the Remaining Group for the year ended 31 March 2010 or any future periods had the Subscription been completed on 1 October 2009 or at any future dates.

C. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Unaudited pro forma consolidated statement of financial position

	Consolidated statement of financial position of the Group at 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 13*	
NON-CURRENT ASSETS								
Property, plant and equipment	72,803	(41,696)	–	–	–	–	–	31,107
Investment properties	160,780	–	–	–	–	–	–	160,780
Prepaid land premium	21,755	–	–	–	–	–	–	21,755
Interest in an associate	–	–	–	516,988	–	–	–	516,988
Available-for-sale investment	325,273	(325,273)	–	–	–	–	–	–
Other non-current investment	74,248	(74,248)	–	–	–	–	–	–
Loans receivable	64,323	(62,323)	–	–	–	–	–	2,000
Intangible assets	4,243	(4,243)	–	–	–	–	–	–
Total non-current assets	723,425							732,630
CURRENT ASSETS								
Accounts receivable	395,286	(395,286)	–	–	–	–	–	–
Loans receivable	539,325	(538,315)	–	–	–	–	–	1,010
Prepayments, deposits and other receivables	21,082	(13,041)	–	–	9,489	–	–	17,530
Investments at fair value through profit or loss	864,913	(23,195)	–	–	–	–	–	841,718
Cash and bank balances	170,249	(149,336)	–	–	–	–	–	20,913
Total current assets	1,990,855							881,171
CURRENT LIABILITIES								
Accounts payable	60,456	(69,945)	–	–	9,489	–	–	–
Other payables and accruals	81,642	(76,792)	–	–	–	3,170	–	8,020
Interest-bearing bank and other borrowings	213,960	(200,557)	–	–	–	–	69,690	83,093
Tax payable	7,006	(4,559)	–	–	–	–	–	2,447
Total current liabilities	363,064							93,560
NET CURRENT ASSETS	1,627,791							787,611
Total assets less current liabilities	2,351,216							1,520,241

	Consolidated statement of financial position of the Group at 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 13*	
TOTAL ASSETS LESS CURRENT LIABILITIES	2,351,216							1,520,241
NON-CURRENT LIABILITIES								
Interest-bearing bank and other borrowings	84,193	(14,503)	–	–	–	–	(69,690)	–
Convertible notes	221,118	(221,118)	–	–	–	–	–	–
Deferred tax liabilities	4,895	–	–	–	–	–	–	4,895
Total non-current liabilities	310,206							4,895
Net assets	2,041,010							1,515,346
EQUITY								
Equity attributable to owners of the Company								
Issued capital	38,135	–	–	–	–	–	–	38,135
Reserves	1,490,087	–	(9,706)	–	–	(3,170)	–	1,477,211
	1,528,222							1,515,346
Minority interests	512,788	(512,788)	–	–	–	–	–	–
Total equity	2,041,010							1,515,346

2. Unaudited pro forma consolidated income statement

	Consolidated income statement of the Group for the year ended 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	*Note 10*	*Note 6*	
REVENUE	169,570	(106,222)	–	1,376	–	–	64,724
Cost of sales	(2,814)	–	–	–	–	–	(2,814)
Gross profit	166,756						61,910
Other income and gains	27,333	(1,146)	–	–	–	–	26,187
Gains arising from change in fair value of investment properties, net	28,672	–	–	–	–	–	28,672
Fair value gains on investments at fair value through profit or loss, net	98,709	8,028	–	–	–	–	106,737
Excess over the cost of a business combination	138,954	–	–	–	–	–	138,954
Loss on deemed disposal of partial interest in subsidiaries	–	–	(7,911)	–	–	–	(7,911)
General and administrative expenses	(80,630)	52,221	–	(1,219)	–	–	(29,628)
Other expenses, net	(57,197)	22,197	–	–	–	(3,170)	(38,170)
Finance costs	(14,550)	11,704	–	(157)	–	–	(3,003)
Share of profit of an associate	–	–	–	–	5,494	–	5,494
PROFIT BEFORE TAX	308,047						289,242
Income tax expense	(4,187)	45	–	–	–	–	(4,142)
PROFIT FOR THE YEAR	303,860						285,100
Attributable to:							
Owners of the Company	297,486	(6,799)	(7,911)	–	5,494	(3,170)	285,100
Minority interests	6,374	(6,374)	–	–	–	–	–

3. Unaudited pro forma consolidated statement of comprehensive income

	Consolidated statement of comprehensive income of the Group for the year ended 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	*Note 10*	*Note 6*	
PROFIT FOR THE YEAR	303,860	(13,173)	(7,911)	–	5,494	(3,170)	285,100
OTHER COMPREHENSIVE INCOME							
Change in fair value of available-for-sale assets	16,974	(16,974)	–	–	–	–	–
Exchange differences on translation of foreign operations	8	–	–	–	–	–	8
	16,982						8
Share of other comprehensive income from an associate	–	–	–	–	7,080	–	7,080
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	16,982						7,088
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	320,842						292,188
Attributable to							
Owners of the Company	306,258	(15,563)	(7,911)	–	12,574	(3,170)	292,188
Minority interests	14,584	(14,584)	–	–	–	–	–
	320,842						292,188

4. Unaudited pro forma consolidated statement of cash flows

	Consolidated statement of cash flows of the Group for the year ended 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 11*	*Note 8*	*Note 10*	*Note 6*	*Note 12*	
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax	308,047	(13,218)	(7,911)	5,494	(3,170)	–	289,242
Adjustments for:							
Finance costs	14,550	(11,547)	–	–	–	–	3,003
Share of profit of an associate	–	–	–	(5,494)	–	–	(5,494)
Interest income	(43,430)	35,274					(8,156)
Depreciation	6,366	(3,920)	–	–	–	–	2,446
Recognition of prepaid land premium	401	–	–	–	–	–	401
Fair value gains on investments at fair value through profit or loss, net	(98,709)	(8,028)	–	–	–	–	(106,737)
Fair value gain on a derivative instrument	(16,030)	–	–	–	–	–	(16,030)
Loss on disposal of an available-for-sale investment	1,940	(1,940)	–	–	–	–	–
Loss on redemption of convertible notes	51,247	(30,213)	–	–	–	–	21,034
Loss on disposal/write-off of items of property, plant and equipment	84	(84)	–	–	–	–	–
Gains arising from changes in fair value of investment properties, net	(28,672)	–	–	–	–	–	(28,672)
Gain on disposal of a subsidiary	(2,500)	–	–	–	–	–	(2,500)
Gain on disposal of investment properties	(647)	–	–	–	–	–	(647)
Impairment of accounts receivable	7,108	(7,108)	–	–	–	–	–
Reversal of impairment of loans receivable	(3,098)	–	–	–	–	–	(3,098)
Excess over the cost of a business combination	(138,954)	–	–	–	–	–	(138,954)
Loss on deemed disposal of partial interest in subsidiaries	–	–	7,911	–	–	–	7,911
	57,703						13,749
Increase in accounts receivable	(233,566)	233,566	–	–	–	–	–
Decrease in loans receivable	52,665	27,414	–	–	–	–	80,079
Increase in prepayments, deposits and other receivables	(5,154)	4,446	–	–	–	–	(708)
Increase in investments at fair value through profit or loss	(106,862)	27,020	–	–	–	–	(79,842)
Decrease in accounts payable	(11,501)	2,012	–	–	–	–	(9,489)
Decrease in other payables and accruals	(72,947)	72,640	–	–	3,170	–	2,863

	Consolidated statement of cash flows of the Group for the year ended 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 11*	*Note 8*	*Note 10*	*Note 6*	*Note 12*	
Cash generated/(used in) operations	(319,662)						6,652
Interest received	43,430	(35,274)	–	–	–	–	8,156
Interest paid	(5,657)	3,772	–	–	–	–	(1,885)
Hong Kong profits tax paid	(85)	85	–	–	–	–	–
Net cash flows from/(used in) operating activities	(281,974)						12,923
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of items of property, plant and equipment	(1,095)	504	–	–	–	–	(591)
Proceeds from disposal of items of property, plant and equipment	1	(1)	–	–	–	–	–
Purchases of investment properties	(5,092)	–	–	–	–	–	(5,092)
Proceeds from disposal of investment properties	6,647	–	–	–	–	–	6,647
Purchases of available-for-sale investments	(618,538)	618,538	–	–	–	–	–
Proceeds from disposal of an available-for-sale investment	308,299	(308,299)	–	–	–	–	–
Acquisition of subsidiaries	304,121	–	–	–	–	–	304,121
Deemed disposal of subsidiaries	3,270	–	–	–	–	(304,121)	(300,851)
Net cash flows used in investing activities	(2,387)						4,234
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from placement of new shares and rights issues	97,191	–	–	–	–	–	97,191
Share issue expenses	(1,350)	–	–	–	–	–	(1,350)
Drawdown of bank and other borrowings	213,673	(200,000)	–	–	–	–	13,673
Repayment of bank and other borrowings	(49,224)	316	–	–	–	–	(48,908)
Redemption of convertible notes	(150,000)	50,000	–	–	–	–	(100,000)
Proceeds from issue of a convertible note	301,000	(301,000)	–	–	–	–	–
Increase in margin loan borrowing, net	8,356	–	–	–	–	–	8,356
Net cash flows from/(used in) financing activities	419,646						(31,038)

	Consolidated statement of cash flows of the Group for the year ended 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 11*	*Note 8*	*Note 10*	*Note 6*	*Note 12*	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	135,285						(13,881)
Cash and cash equivalents at beginning of year	34,794	–	–	–	–	–	34,794
Effect of foreign exchange rate changes, net	170	(170)	–	–	–	–	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	170,249						20,913
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS							
Cash and cash balances	170,249						20,913

5. Notes to the unaudited pro forma financial information of the Remaining Group

(1) The consolidated statement of financial position of the Group as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year ended 31 March 2010 are extracted from the audited financial statements of the Group for the year ended 31 March 2010.

(2) The adjustment, which is extracted from the management accounts of the Group as at 31 March 2010 audited by Ernst & Young and has taken into account the necessary consolidation adjustments, reflects the de-consolidation of assets and liabilities of Hennabun Group and the effects on the Group's reserves and minority interests, assuming the Subscription had completed on 31 March 2010.

(3) The adjustment reflects the estimated loss on dilution of the Group's equity interest of Hennabun from 51.63% to 41.71%, assuming the Subscription had completed on 31 March 2010.

The estimated loss on dilution is arrived as follows:

	HK$'000
Net assets value of Hennabun Group as at 31 March 2010	1,039,482
Less: Minority interests	(512,788)
Share of net assets of Hennabun Group by the Group before the completion of the Subscription[(a)]	526,694
Net assets value of Hennabun Group as at 31 March 2010, as enlarged by the HK$200,000,000 proceeds from the completion of the Subscription	1,239,482
Equity interest owned by the Group after the completion of the Subscription	41.71%
Share of net assets of Hennabun Group by the Group after the completion of the Subscription[(b)]	516,988
Estimated loss from the deemed disposal arising from the dilution in the share of net assets of Hennabun Group by the Group [(a) – (b)]	9,706

(4) The adjustment reflects the recognition of the remaining equity interest of 41.71% in Hennabun as an interest in an associate, assuming the Subscription had completed on 31 March 2010. In the opinion of the Company, the Group would be in a position to exercise significant influence on the financial and operating policies of Hennabun Group, and accordingly, the remaining interest in Hennabun is recognised as an interest in an associate in accordance with HKAS 28 *Investments in Associates*.

In deriving the Group's interest in an associate for the illustrative purpose of preparing this unaudited pro forma consolidated statement of financial position, the fair values of the identifiable assets and liabilities of Hennabun Group as at 31 March 2010 are assumed by the Company to approximate to their carrying amounts as at the same date. Moreover, the fair values of the Group's retained equity interest of 41.71% of the shares of Hennabun are also assumed by the Company to approximate to the carrying amounts of the net assets shared by the Group.

On Completion, the fair values of the identifiable assets, liabilities and contingent liabilities (if any) as well as the Group's retained equity interest of 41.71% of the shares of Hennabun will have to be reassessed. Accordingly, the actual amounts of the Group's interest in an associate, goodwill (if any) and loss on deemed disposal recognised at the date of the completion of the Subscription may be significantly different from the amount presented in this unaudited pro forma consolidated statement of financial position.

(5) The adjustment reflects the reversal of eliminated intercompany balance of HK$9,489,000. The balance represented the proceeds of securities settlement which were receivable from Hennabun Group. Had the Subscription completed on 31 March 2010, the balance would not be eliminated and would be recorded as "prepayments, deposits and other receivables" in the consolidated statement of financial position of the Remaining Group.

(6) The adjustment reflects the estimated legal and professional fees in relation to the Subscription of HK$3,170,000.

(7) The adjustment, which is extracted from the management accounts of the Group for the year ended 31 March 2010 audited by Ernst & Young and has taken into account the necessary consolidation adjustments, reflects (i) the de-consolidation of the results of the Hennabun Group for the period from 1 October 2009 to 31 March 2010; and (ii) the reversal of share of operating results and other comprehensive income of the minority interests, assuming the Subscription had completed on 1 October 2009.

(8) The adjustment reflects the estimated loss on dilution of the Group's equity interest of Hennabun from 51.44% to 41.71%, assuming the Subscription had completed on 1 October 2009.

The estimated loss on dilution is arrived as follows:

	HK$'000
Net assets value of Hennabun Group as at 1 October 2009	938,653
Less: Minority interests	(455,810)
Share of net assets of Hennabun Group by the Group before the completion of the Subscription [(a)]	482,843
Net assets value of Hennabun Group as at 1 October 2009, as enlarged by the HK$200,000,000 proceeds from the completion of the Subscription	1,138,653
Equity interest owned by the Group after the completion of the Subscription	41.71%
Share of net assets of Hennabun Group by the Group after the completion of the Subscription [(b)]	474,932
Estimated loss from deemed disposal arising from the dilution in the share of net assets of Hennabun Group by the Group [(a) – (b)]	7,911

In deriving the Group's estimated loss on deemed disposal for the illustrative purpose of preparing the unaudited pro forma consolidated income statement, the fair values of the Group's retained equity interest of 41.71% of the shares of Hennabun as at 1 October 2009 are assumed by the Company to approximate to the carrying amounts of the identifiable assets and liabilities of Hennabun Group as at the same date.

On Completion, the fair values of the identifiable assets, liabilities and contingent liabilities (if any) as well as the Group's retained equity interest of 41.71% of the shares of Hennabun will have to be reassessed. Accordingly, the actual amount of the Group's loss on deemed disposal recognised at the date of the completion of the Subscription may be significantly different from the amount presented in this unaudited pro forma consolidated income statement.

(9) The adjustment reflects the reversal of eliminated intercompany revenue for the period from 1 October 2009 to 31 March 2010.

(10) The adjustment reflects the share of profit and other comprehensive income of Hennabun Group for the period from 1 October 2009 to 31 March 2010 using the equity method of accounting, assuming the Subscription had taken place on 1 October 2009 and the Group's remaining equity interest of 41.71% in Hennabun was recognised as an interest in an associate in accordance with HKAS 28 *Investments in Associates*.

(11) The adjustment, which is extracted from the Group's management accounts for the year ended 31 March 2010 audited by Ernst & Young and has taken into account the necessary consolidation adjustments, reflects the exclusion of cash flows of the Hennabun Group for the period from 1 October 2009 to 31 March 2010, assuming the Subscription completed on 1 October 2009.

(12) The adjustment reflects the de-consolidation of cash and cash equivalents in respect of the deemed disposal of Hennabun Group, assuming the Subscription had completed on 1 October 2009. The analysis is as follows:

	HK$'000
Cash and bank balances de-consolidated	326,412
Bank overdrafts de-consolidated	(22,291)
Cash and cash equivalents de-consolidated in respect of the deemed disposal of Hennabun Group	304,121

(13) The adjustment reflects the reclassification of the Group's bank loans as current with reference to the Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause" issued by the Hong Kong Institute of Certified Public Accountants effective from 29 November 2010.

1. 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 enquires, 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.

2. DISCLOSURE OF INTERESTS

(a) The Directors' or chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As the Latest Practicable Date, the interests or short positions of each Director or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules, were as follows:

Long Positions and Short Positions in Shares and Underlying Shares of the Company

Name of directors	Capacity	Number of Shares/ underlying Shares held	Approximate percentage of the issued share capital
Dr. Yang Fan Shing, Andrew	Beneficial owner	40,000	0.00%
Dr. Yang Fan Shing, Andrew	Interest of spouse	26,000	0.00%
Ms. Au Shuk Yee, Sue	Beneficial owner	1,229,000	0.05%
Mr. Andrew Liu	Beneficial owner	796,663,640	31.47%

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 or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

As at the Latest Practicable Date, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' interests or short positions in the Shares and Underlying Shares

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 any interest or short position 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company.

Name of substantial shareholder	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the issued share capital
Radford Capital Investment Limited	Interest of Controlled Corporation	168,181,818	6.64%
Winning Horsee Limited	Beneficial owner	168,181,818	6.64%

Save as disclosed above, the Directors were not aware of any other relevant interest or short positions of 5% or more in the issued share capital of the Company as at the Latest Practicable Date.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 March 2010, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of, by or leased to any member of the Group or are proposed to be acquired or disposed of, by or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date which are, or may be, material:

(a) the Subscription Agreement;

(b) the Loan Agreement;

(c) 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 200,000,000 new shares at the placing price of HK$0.275 per share to not fewer than six placees;

(d) 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 placees;

(e) 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 the convertible bonds in aggregate principal amount of HK$275 million issued by the Company and the Company has agreed to issue convertible bonds to Mr. Andrew Liu and/or his nominees;

(f) 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;

(g) the placing agreement dated 9 April 2010 entered into between Kingston Securities Limited, the placing agent, and the Company in relation to the placing of 76,270,000 new shares at the placing price of HK$0.5 per share to not fewer than six placees;

(h) the placing agreement dated 22 January 2010 entered into between Get Nice Securities Limited, the placing agent, and the Company in relation to the placing of 46,892,699 new shares at the placing price of HK$0.55 per share to not fewer than six placees;

(i) the conditional placing agreement dated 25 November 2009 entered into between the Company and Chung Nam Securities Limited in respect of the placing of 100 million new Shares at HK$0.48 per placing share;

(j) the placing agreement dated 19 October 2009 entered into between Get Nice Securities Limited, the placing agent, and the Company in relation to the placing of 39,000,000 new shares at the placing price of HK$0.6 per share to not fewer than six placees; and

(k) the underwriting agreement dated 8 January 2009 entered into between the Company and Get Nice Securities Limited, who acted as the underwriter to fully underwrite the proposed rights issue of not less than 977,317,496 rights shares and not more than 986,926,396 rights shares, at the price of HK$0.11 per rights share.

6. LITIGATION AND POSSIBLE LEGAL ACTION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

7. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which competes or likely to compete, either directly or indirectly, with the business of the Group.

8. EXPERT AND CONSENT

The following is the qualifications of the experts who have given opinions or advices which are contained or referred to in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants
Mazars CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, none of the above experts had beneficial interest in the share capital of any member of the Group nor any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor any interest, either directly or indirectly, in any assets which have been, since 31 March 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above experts have given and have not withdrawn their written letter of consent to the issue of this circular with the inclusion herein of the letter or report or references to their names in the form and context in which they appear.

9. MISCELLANEOUS

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is at Room 2302, 23rd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

(c) The secretary of the Company is Mr. Suen Yick Lun Philip, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a member of CPA Australia.

(d) The Company's branch registrar and transfer office in Hong Kong is Tricor Secretaries Limited, which is located at 26th Floor Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection 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 during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

(i) the memorandum and articles of association of the Company;

(ii) each of the material contracts as set out under the paragraph headed "Material contracts" in this appendix;

(iii) the annual reports of the Company for the two years ended 31 March 2009 and 31 March 2010;

(iv) the review report of Hennabun Group prepared by Mazars CPA Limited, the text of which is set out in Appendix I to this circular;

(v) the letter from Ernst & Young regarding the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(vi) the written consents from Ernst & Young and Mazars CPA Limited as referred to in the paragraph headed "Expert and Consent" in this appendix; and

(vii) a copy of this circular.

FREEMAN FINANCIAL CORPORATION LIMITED
民豐企業控股有限公司

(formerly known as Freeman Corporation Limited 民豐控股有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Freeman Financial Corporation Limited (the "Company") will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on 20 December 2010 at 9:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "THAT:–

a) the terms of the subscription agreement dated 1 November 2010 (the "Subscription Agreement", a copy of which marked "A" has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) entered into between Hennabun Capital Group Limited ("Hennabun"), a non wholly-owned subsidiary of the Company and Ideal Principles Limited (the "Investor") pursuant to which the Investor agreed to subscribe and Hennabun agreed to allot and issue 33,333,333 shares (the "Subscription Shares") in the share capital of Hennabun for a consideration of approximately HK$200 million, and all transactions contemplated thereunder and in connection therewith and any other ancillary documents and all transactions contemplated thereunder, be and are hereby approved, confirmed and/or ratified;

b) a deemed disposal (the "Deemed Disposal") of the Company interests in Hennabun by subscription of the Subscription Shares by the Investor be and is hereby approved, and all transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and/or ratified; and

c) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such documents, deeds, agreements and instruments, to agree to such amendments, variations or extension to the Subscription Agreement and do all such acts, matters and things and take all such steps as they may in their discretion consider necessary, expedient or desirable to implement and/or to give effect to the Deemed Disposal and the Subscription Agreement (and the transactions contemplated thereunder) as they may in their discretion consider to be desirable and in the interests of the Company."

2. "THAT:–

a) the terms of the loan agreement dated 1 November 2010 (the "Loan Agreement", a copy of which marked "B" has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) entered into between Hansom Finance Limited, a wholly-owned subsidiary of the Company as lender and Hennabun as borrower and all transactions contemplated thereunder and in connection therewith and any other ancillary documents and all transactions contemplated thereunder, be and are hereby approved, confirmed and/or ratified;

b) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such documents, deeds, agreements and instruments, to agree to such amendments, variations or extension to the Loan Agreement and do all such acts, matters and things and take all such steps as they may in their discretion consider necessary, expedient or desirable to implement and/or to give effect to the Loan Agreement (and the transactions contemplated thereunder) as they may in their discretion consider to be desirable and in the interests of the Company.

By Order of the Board of
FREEMAN FINANCIAL CORPORATION LIMITED
Suen Yick Lun Philip
Executive Director

Hong Kong, 3 December 2010

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

Principal place of business in Hong Kong:
2302, 23rd Floor,
China United Centre
28 Marble Road
North Point, Hong Kong

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.

3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury centre, 28 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.

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:
Dr. Yang Fan Shing, Andrew *(Chairman)*
Mr. Lo Kan Sun *(Managing Director)*
Mr. Hui Quincy Kwong Hei *(Managing Director)*
Ms. Au Shuk Yee, Sue
Mr. Scott Allen Phillips
Mr. Suen Yick Lun Philip

Non-executive Director:
Mr. Andrew Liu

Independent non-executive Directors:
Mr. Roger Thomas Best, JP
Mr. Gary Drew Douglas
Mr. Peter Temple Whitelam
Dr. Agustin V. Que
Mr. Yau Chung Hong