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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult 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.

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**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)****MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE
ACQUISITION OF SALE SHARES IN LIU'S HOLDINGS LIMITED****AND****NOTICE OF EXTRAORDINARY GENERAL MEETING****Financial Adviser****Citigroup Global Markets Asia Limited****Independent Financial Adviser to the Independent Board Committee and
Independent Shareholders of Freeman Financial Corporation Limited****Grand Vinco Capital Limited***(A wholly-owned subsidiary of Vinco Financial Group Limited)*

A letter from the independent board committee of Freeman Financial Corporation Limited (the "Company") containing its recommendation to the independent shareholders of the Company is set out on pages 20 to 21 of this circular. A letter from Grand Vinco Capital Limited containing its advice to the independent board committee and the independent shareholders of the Company is set out on pages 22 to 38 of this circular.

A notice convening the extraordinary general meeting of the Company (the "EGM") to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Tuesday, 18 January 2011 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 accompanying 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, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish but the authority of your proxy will be invalidated forthwith.

Hong Kong, 30 December 2010

CONTENTS

	<i>Pages</i>
Definition	1
Letter from the Board	4
Letter from the Independent Board Committee	20
Letter from Vinco Capital	22
Appendix I – Financial Information of Liu’s Holdings	I-1
Appendix II – Financial Information of the Group	II-1
Appendix III – Unaudited Pro Forma Financial Information of the Enlarged Group	III-1
Appendix IV – General Information	IV-1
Notice of the EGM	EGM-1
Accompanying document: – Form of proxy	

DEFINITION

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 hosted in Hong Kong at 10:00 a.m.) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Chong Hing Bank”	Chong Hing Bank Limited 創興銀行有限公司 (Stock code: 1111), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“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 the main board of the Stock Exchange
“Completion”	completion of the Share Purchase
“Conditions”	conditions precedent contained in the Share Purchase Agreement for the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Share Purchase
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on Tuesday, 18 January 2011 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong to consider, and if thought fit, approve the resolution in respect of the Share Purchase Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group immediately after Completion

DEFINITION

“First Seller”	Mr. Liu Lit Man, <i>GBS, JP, FIBA</i> , the legal and beneficial owner of 149,091 ordinary shares of HK\$1.00 each in Liu’s Holdings
“First Seller’s Shares”	149,091 ordinary shares of HK\$1.00 each in Liu’s Holdings owned by the First Seller
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Andrew Liu, the lawful son of Mr. Liu Lit Man and Mrs. Liu Heu Seu Chu Pearl
“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
“Independent Board Committee”	an independent committee of the board of directors of the Company including all the independent non-executive directors of the Company that has been established for the purpose of advising the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than the Guarantor, the First Seller and the Second Sellers and their respective associates
“Latest Practicable Date”	24 December 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“LCH Investment”	Liu Chong Hing Investment Limited 廖創興企業有限公司 (Stock Code: 194), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Liu’s Holdings”	Liu’s Holdings Limited 廖氏集團有限公司, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&A”	the Memorandum and Articles of Association of Liu’s Holdings

DEFINITION

“Prime Rate”	the prime rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time
“Purchaser”	Ambition Union Limited, a wholly-owned subsidiary of the Company
“Sale Shares”	the First Seller’s Shares and the Second Sellers’ Shares
“Second Sellers”	Mr. Liu Lit Man and Mrs. Liu Heu Seu Chu Pearl, lawful spouse of Mr. Liu Lit Man, the legal and beneficial owner of 26,623 ordinary shares of HK\$1.00 each in Liu’s Holdings
“Second Sellers’ Shares”	26,623 ordinary shares of HK\$1.00 each in Liu’s Holdings owned by the Second Sellers
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Purchase”	the purchase of the Sale Shares by the Purchaser under the Share Purchase Agreement
“Share Purchase Agreement”	agreement dated 8 December 2010 in respect of the Share Purchase entered into between the First Seller, the Second Sellers, the Guarantor and the Purchaser
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vinc Capital”	Grand Vinc Capital Limited, a wholly-owned subsidiary of Vinc Financial Group Limited, a corporation licensed to carry business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise (i) the Independent Board Committee; and (ii) the Independent Shareholders in connection with the Share Purchase Agreement and the transactions contemplated thereunder
“%”	per cent.

LETTER FROM THE BOARD



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

30 December 2010

To the Shareholders,

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF SALE SHARES IN LIU'S HOLDINGS LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References is made to the announcement dated 10 December 2010 issued by the Company. On 8 December 2010 (after trading hours), Ambition Union Limited, a wholly-owned subsidiary of the Company, being the Purchaser, entered into the Share Purchase Agreement with (1) Mr. Liu Lit Man, *GBS, JP, FIBA*, being the First Seller and (2) Mr. Liu Lit Man and Mrs. Liu Heu Seu Chu Pearl, being the Second Sellers, pursuant to which the First Sellers and the Second Sellers agreed to sell the Sale Shares to the Purchaser at the aggregate consideration of approximately HK\$502.54 million.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information in relation to, among other things, (i) details of the Share Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendation of the Independent Board Committee; (iii) the letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders; (iv) the financial information of Liu's Holdings; (v) the financial information of the Group; (vi) the unaudited pro forma financial information of the Enlarged Group; and (vii) a notice convening the EGM at which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder.

THE SHARE PURCHASE AGREEMENT

Set out below are the principal terms of the Share Purchase Agreement:

Date:

8 December 2010 (after trading hours)

Parties:

- (1) Mr. Liu Lit Man as the First Seller;
- (2) Mr. Liu Lit Man & Mrs. Liu Heu Seu Chu Pearl as the Second Sellers;
- (3) Mr. Andrew Liu as the Guarantor;
- (4) Ambition Union Limited as the Purchaser.

Shares to be acquired

Pursuant to the Share Purchase Agreement, the Purchaser has conditionally agreed to purchase, and the First Seller and the Second Sellers have conditionally agreed to sell and transfer all their legal and beneficial rights, interests, entitlements, claims and undeclared dividends in the Sale Shares. The Sale Shares represent approximately 23.43% in the issued share capital of Liu's Holdings. As far as the Directors are aware, the remaining interests in Liu's Holdings are held by various members of the Liu family or their estates. As at the Latest Practicable Date, Liu's Holdings holds an approximate 45.33% interest in LCH Investment, and LCH Investment in turn holds an approximate 48.52% interest in Chong Hing Bank. Both LCH Investment and Chong Hing Bank are listed on the main board of the Stock Exchange.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group held 676,000 shares in LCH Investment, representing approximately 0.18% of its issued capital and the Group also held 5,840,000 shares in Chong Hing Bank, representing approximately 1.34% of its issued capital.

It has been brought to the Company's attention the following statements, both appearing in the 2010 interim report of LCH Investment:-

- i. "Liu's Holdings Limited, a private company incorporated in Hong Kong, is *wholly-owned* by Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung." (*italics added*)
- ii. "171,600,000 shares in the Company [LCH Investment] are beneficially held by Liu's Holdings Limited, of which Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung are *amongst its shareholders*." (*italics added*)

The Company has confirmed the exact ownership of the First Seller and the Second Sellers in the Sale Shares through obtaining a legal opinion and through:-

- (a) Conducted a company search on Liu's Holdings. Based on the latest annual return which was filed with the Companies Registry by Liu's Holdings on 9 February 2007, the First Seller is the registered shareholder for 149,091 shares in Liu's Holdings, and the Second Sellers are the registered shareholder for 26,623 shares in Liu's Holdings. There have been no subsequent changes filed by Liu's Holdings;
- (b) Confirmed with Liu's Holdings the number of shares held by the First Seller and the Second Sellers;
- (c) Obtained a representation and warranty from the First Seller and the Second Sellers in the Share Purchase Agreement that: (i) the First Seller is the legal and beneficial owner of 149,091 shares in Liu's Holdings, and (ii) the Second Sellers are the legal and beneficial owner of 26,623 shares in Liu's Holdings; and
- (d) Under the Share Purchase Agreement, the First Seller and the Second Sellers have also agreed to deliver to the Purchaser original share certificates in respect of the Sale Shares at Completion.

LETTER FROM THE BOARD

Consideration

The Consideration for the Share Purchase is HK\$502,542,037.50 (as to HK\$426,400,262.50 for the acquisition of First Seller's Shares and HK\$76,141,775 for the acquisition of the Second Sellers' Shares). As far as the Directors are aware, the First Seller and the Second Sellers paid a nominal amount of no more than the par value of HK\$1.00 per share when they originally acquired the Sale Shares.

Pursuant to the Share Purchase Agreement, the Consideration shall be settled in the following manner:

- (i) On the fifth working day after signing the Share Purchase Agreement, HK\$50,000,000 shall be paid as deposit to a reputable firm of solicitors nominated by the First Seller and the Second Sellers who shall hold the deposit as escrow agent;
- (ii) Provided that the Shareholders have passed a resolution approving the entering of the Share Purchase Agreement and the transactions contemplated therein, the deposit shall be released to the First Seller and the Second Sellers (in pro-rata share) as non-refundable deposit and in the event if other Conditions are not fulfilled resulting in the termination of the Share Purchase Agreement, the deposit shall be forfeited in favour of the First Seller and the Second Sellers; and
- (iii) Balance of the Consideration, after deduction of the deposit, shall be paid by the Purchaser to the First Seller and the Second Sellers (in pro-rata share) upon Completion.

As at the Latest Practicable Date, the Company had already paid the deposit to a reputable firm of solicitors nominated by the First Seller and the Second Sellers in accordance with (i) mentioned herein this section and the Company intends to finance the outstanding balance of the Consideration from internal resources.

Basis of the Consideration

The Consideration was agreed between the Purchaser and the First Seller and the Second Sellers after arm's length negotiations by reference to (1) the audited net asset value of Liu's Holdings as at 31 December 2009, (2) the audited net asset value of LCH Investment as at 31 December 2009, (3) the latest market values of LCH Investment, and (4) the future prospects of the banking industry in Hong Kong.

LETTER FROM THE BOARD

The audited net asset value (excluding minority interests) of LCH Investment as at 31 December 2009 was approximately HK\$6.47 billion, representing approximately HK\$17.10 per share on the basis of 378,583,440 total issued ordinary shares of LCH Investment as at the Latest Practicable Date.

The Consideration is reached upon arm's length negotiation between the Company and the First Seller and the Second Sellers, and the Directors are of the view that the Consideration is fair and reasonable.

Conditions Precedent

Completion of the sale and purchase of the First Seller's Shares and the Second Sellers' Shares shall be conditional on the following:

- (i) The passing by the Shareholders at a duly convened Shareholders' meeting a resolution to approve the transactions contemplated in the Share Purchase Agreement;
- (ii) All required consents or approval of and filings with any relevant governmental authorities, regulatory bodies and/or other relevant third parties (if any), having been received or made; and
- (iii) The due diligence investigation to the satisfaction of the Purchaser that prior to the Share Purchase Agreement, neither the First Seller nor any of the Second Sellers has given any testamentary instrument, divesting and bequeathing any of their interests in the First Seller's Shares and the Second Sellers' Shares, or has done any act that have depleted their respective rights, interests and entitlements in the First Seller's Shares and the Second Sellers' Shares.

In the event that the Conditions are not, or are unable, to be fulfilled within 3 calendar months from the date of the Share Purchase Agreement, any of the parties thereto shall have the right to terminate the Share Purchase Agreement without cause and in such event, the deposit paid by the Purchaser shall be absolutely released without deduction to the Purchaser and each party shall be absolutely discharged from all obligations under the Share Purchase Agreement. However, if the Condition mentioned in (i) above is satisfied but any of the other conditions are not, the deposit will be forfeited in favour of the First Seller and the Second Sellers.

Completion

Completion shall take place within 5 working days after the fulfilment of the Conditions (or any other date as the parties to the Share Purchase Agreement may agree) before 5 p.m. in Hong Kong.

LETTER FROM THE BOARD

Guarantee and Indemnity Provided by the Guarantor

The Guarantor, as primary obligor, has agreed to grant an unconditional, continuing and irrevocable guarantee and a full indemnity for all losses and damages in favour of the Purchaser in respect of all the obligations to be observed and complied with by the First Seller and the Second Sellers under the Share Purchase Agreement, but excluding (i) consequential, punitive or other indirect losses and damages and (ii) any losses or damages resulting from fraud, negligence or willful misconduct of any indemnified party.

Undertakings by the First Seller, the Second Sellers and the Guarantor

The Directors understand that 40,000,000 shares in LCH Investment held by Liu's Holdings have been provided as security for a loan made to the First Seller. The First Seller has undertaken at his own cost to procure the release and discharge within 1 month after Completion of (i) the secured shares mentioned above from all charges, pledges, liens and other security interests, and (ii) Liu's Holdings from all its present and future liabilities and obligations (whether contingent or otherwise) owing to any party in respect of the loan and the secured shares mentioned above.

Separately, the Directors understand that Liu's Holdings and the shareholders of Liu's Holdings executed a deed in 1972. The deed and the M&A set out certain limitations and procedures in relation to the transfer of shares in Liu's Holdings. Under the deed, if a shareholder (the "proposed transferor") of Liu's Holdings proposes to transfer his shareholding, the proposed transferor needs to offer to sell such shares to the other shareholders (on a pro rata basis according to percentage shareholding) at a price which equals 95% of the "value" of the shares being offered. The "value" is to be worked out by reference to the simple average of the closing share price of LCH Investment for the last 30 trading days. If a shareholder refuses the offer, the offer from the proposed transferor will become an offer (again, on a pro rata basis) to all the remaining shareholders of Liu's Holdings. This whole process will be repeated until either (i) the offer has been accepted in full, or (ii) each and every shareholder has decided not to take up the offer. In the case of (ii), then in exchange for giving up his shareholding in Liu's Holdings, the proposed transferor will receive shares in LCH Investment which equal to 95% of his entitlement on a distribution of the properties of Liu's Holdings among its shareholders in specie if Liu's Holdings were in the course of winding-up. In addition, the M&A provides that (a) save ordered by a court or by ordinances, Liu's Holdings shall not be bound by or recognise any trust or any other right in respect of a share other than an absolute right thereto in the registered holder, and (b) before the name of a transferee of shares is entered into the register of members, the transferor shall be deemed to remain a holder of the shares.

LETTER FROM THE BOARD

The above procedure under the deed will apply if there is a transfer of shareholding where the transferee is being registered as a shareholder in the register of members of Liu's Holdings. In light of the unfavourable provisions under the deed as described above, the parties to the Share Purchase Agreement agreed that rather than transferring their shares in Liu's Holdings to the Company, the First Seller and the Second Sellers will transfer the beneficial interest in the Sale Shares to the Purchaser upon Completion. In addition, the Share Purchase Agreement specifically provides that the First Seller and the Second Sellers will hold on trust the legal titles of the First Seller's Shares and the Second Sellers' Shares for the Purchaser pending resolution of transferability issues in the deed and the ultimate registration of the Purchaser or its nominee as shareholder of the First Seller's Shares and the Second Sellers' Shares in the register of members of Liu's Holdings.

In this regard, the Guarantor has undertaken to take all measures and efforts within his control and power to prevent the First Seller and either of the Second Sellers to divest and bequeath any of their interests in the First Seller's Shares and the Second Sellers' Shares after Completion. The First Seller and the Second Sellers have also agreed to provide certain reasonable assistance, in order to effect the terms of the Share Purchase Agreement and the full and complete transfer of legal title in the Sale Shares to the Purchaser after Completion.

As the Purchaser will only have beneficial interest but not legal title upon Completion, the Purchaser will not be able to exercise its rights with respect to the Sale Shares on its own. Instead, the Purchaser will be exercising such rights through the First Seller and the Second Sellers. In particular:–

- (i) Dividends declared by Liu's Holdings will be received by the First Seller and the Second Sellers, who will need to deliver and pay to the Purchaser such dividends without deduction forthwith after receipt.
- (ii) The Purchaser will not have immediate right to vote on the Sale Shares. However, given the beneficial interests of the Sale Shares will have been transferred to the Purchaser upon Completion, in respect of matters put forward for a vote by Liu's Holdings' shareholders (including the appointment of directors), the First Seller and the Second Sellers will be seeking voting instructions from the Purchaser, and the Purchaser (having become beneficial owner of the Sale Shares) will not be precluded from compelling the First Seller and the Second Sellers to exercise their voting rights in accordance with the Purchaser's instructions.

LETTER FROM THE BOARD

- (iii) The current directors of Liu's Holdings are Liu Lit Man, Liu Lit Mo, Liu Lit Chung and Liu Lit Chi. The Purchaser will not have right to nominate directors to Liu's Holdings on its own. However, given the beneficial interests of the Sales Shares will have been transferred to the Purchaser upon Completion, the Purchaser (having become beneficial owner of the Sale Shares) will not be precluded from procuring the First Seller and the Second Sellers to nominate persons to sit on the board of Liu's Holdings. The deed provides that only persons with the surname "Liu" can become a director of Liu's Holdings. Consequently, if the Purchaser decides to procure the First Seller and the Second Sellers to nominate a director to Liu's Holdings, the nomination must be someone with the surname "Liu". In addition, the deed provides that a male director of Liu's Holdings may, by will or other valid testamentary disposition, appoint his wife, son or daughter to be a director of Liu's Holdings.
- (iv) Given the transferability issues outlined above, should the Purchaser decide to sell the Sale Shares, it may not be able to find a buyer. The price that any potential buyer is willing to pay may also be negatively impacted upon.
- (v) In the case of winding up of Liu's Holdings, the First Seller and the Second Sellers will have to deliver and pay to the Purchaser any distributions of Liu's Holdings' assets that they receive.

The Company is of the view that acquisition of beneficial interests in the Sale Shares only at this point in time does not have any material impact on the rights and obligations of the Company's investment in Liu's Holdings. The Company's view is further supported by the legal opinion mentioned hereinafter as well as the guarantee and full indemnity provided by the Guarantor. The Company has obtained a legal opinion to the effect that:

- (i) The transaction contemplated in the Share Purchase Agreement is legally binding on the parties thereto;
- (ii) There are no restrictions for the parties to enter into the Share Purchase Agreement, and the transaction contemplated in the Share Purchase Agreement is legal and enforceable;
- (iii) Upon fulfillment of the Conditions, the Purchaser is entitled to have acquired the beneficial interests in the Sale Shares;
- (iv) The Purchaser can enforce the Share Purchase Agreement and its rights thereunder against the First Seller, the Second Sellers and the Guarantor;

LETTER FROM THE BOARD

- (v) As beneficial owner of the Sale Shares, the Purchaser does not have immediate right to vote on the Sale Shares, or to appoint itself or its nominee as director of Liu's Holdings. In addition, the Purchaser does not have a right to compel Liu's Holdings to declare dividends or to enforce its rights in the Sale Shares against Liu's Holdings on its own. Nonetheless, nothing precludes the Purchaser from compelling the First Seller and the Second Sellers to exercise their voting rights in respect of the Sale Shares;
- (vi) However, the Purchaser has no legal right to compel Liu's Holdings to register its name as legal holder of the Sale Shares.

If the Purchaser so wishes, it can seek to take various courses of actions (including, without limitation, discussions with Liu's Holdings' other shareholders) in order to have its name registered in Liu's Holdings' register of members. The Directors expect this process to take a very long time, and currently it is not practicable to provide any meaningful and/or definitive expectations on the amount of time it would require for the Purchaser to obtain legal title to the Sale Shares. There is also no guarantee that the Purchaser will eventually be registered as the legal owner of the Sale Shares.

Risk factors associated with the Share Purchase Agreement

There are certain risks involved in acquiring only the beneficial interests in the Sale Shares upon Completion and having the legal title thereto held on trust by the First Seller and the Second Sellers for the Purchaser. These risks include:

- Impact on any subsequent sale of the Sale Shares mentioned above;
- Potential breach of their obligations contained in the Share Purchase Agreement by the First Seller, the Second Sellers and/or the Guarantor; and
- The Company not having received any form of security in relation to the guarantee and full indemnity provided by the Guarantor.

The Company intends to hold the Sale Shares as a long-term investment. The Share Purchase Agreement specifically provides that the obligations of the First Seller and the Second Sellers shall bind their respective estates, assigns or successors. The Guarantor is a substantial shareholder of the Company. He is also the managing partner and CEO of a private equity fund (Unitas Capital Pte. Ltd.) which currently manages approximately US\$4 billion of capital. The Directors are therefore satisfied with the credibility of the Guarantor in satisfying the guarantee and full indemnity provided by him under the Share Purchase Agreement. The obligations of the First Seller, the Second Sellers and the Guarantor in the Share Purchase

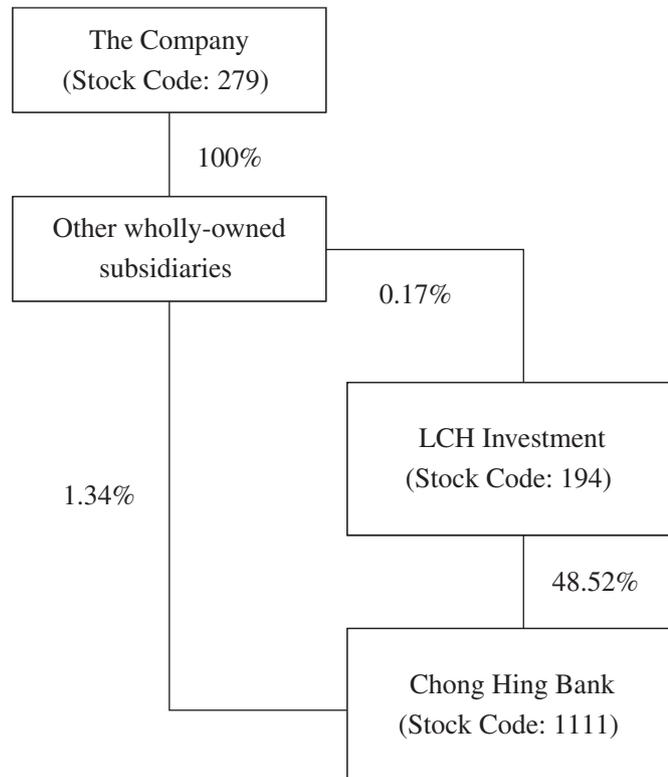
LETTER FROM THE BOARD

Agreement are enforceable by the Purchaser in a court of law. Furthermore, nothing precludes the Purchaser from seeking an injunctive relief for specific performance in the event of any breach by the First Seller, the Second Sellers and/or the Guarantor. Based on the above, despite the risks outlined in the foregoing paragraph, the Directors are of the view that the Company's interests and Shareholders' interests are adequately protected.

Corporate Structure

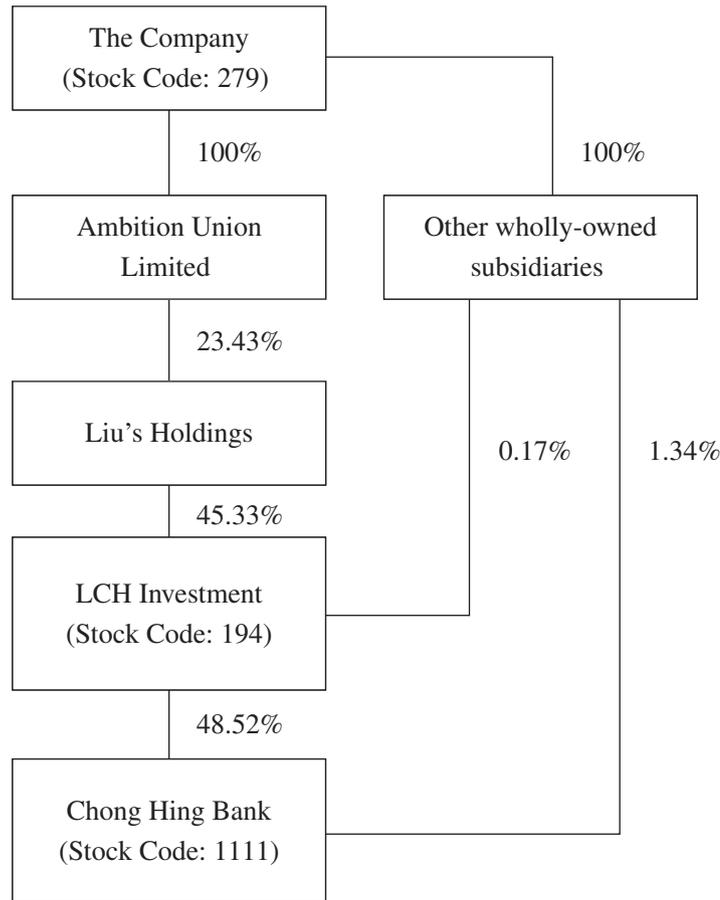
The following diagrams provide an illustration of the simplified corporate structure of the Company as at the Latest Practicable Date and immediately after Completion.

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



LETTER FROM THE BOARD

Simplified corporate structure of the Company after Completion:



INFORMATION ON THE GROUP AND REASONS FOR AND BENEFITS OF THE SHARE PURCHASE

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

The Board considers that the purchase of shares in a bank holding company will further expand and strengthen the financial services business of the Group. In view of the future prospects of the banking industry in Hong Kong as well as the Consideration being at a discount to the attributable interests of Liu's Holdings in the latest published audited net asset value of LCH Investment, the Directors consider that the terms of the Share Purchase Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Company is open to further increasing its direct and/or indirect ownership in Liu's Holdings, LCH Investment and/or Chong Hing Bank as and when opportunity arises. However, as at the Latest Practicable Date, there are no discussions with any other party concerning the purchase of shares in Liu's Holdings, LCH Investment and/or Chong Hing Bank apart from those shares that are the subject of the Share Purchase Agreement.

INFORMATION ON THE FIRST SELLER

The First Seller is the legal and beneficial owner of 149,091 shares in Liu's Holdings. He is also Honorary Chairman of both LCH Investment and Chong Hing Bank. The First Seller is also the father of the Guarantor.

INFORMATION ON THE SECOND SELLERS

The Second Sellers are the legal and beneficial owner of 26,623 shares in Liu's Holdings. The Directors understand that the shares are being held by the First Seller and his spouse Mrs. Liu Heu Seu Chu Pearl as joint tenant. Mrs. Liu Heu Seu Chu Pearl is the mother of the Guarantor.

INFORMATION ON GUARANTOR

The Guarantor is the lawful son of the Second Sellers. He is a non-executive Director and substantial Shareholder of the Company. As at the Latest Practicable Date, the Guarantor held 614,845,453 Shares (approximately 24.29 % of total issued share capital). The Guarantor is also interested in 181,818,182 Shares (approximately 7.18 % of total issued share capital) which represent Shares underlying optional bonds which the Guarantor can subscribe for under the terms of the convertible bond subscription agreement between the Company and the Guarantor dated 9 August 2010. Consequently, as at the Latest Practicable Date, according to the register of interests in shares and short position maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance, the Guarantor was interested in 796,663,635 Shares and underlying Shares of the Company, representing approximately 31.47% of the total issued share capital of the Company.

INFORMATION ON LIU'S HOLDINGS

Liu's Holdings is an investment holding company and is mandated to hold the shares, stocks and securities in LCH Investment and to receive and distribute dividends from time to time declared by LCH Investment. As at the Latest Practicable Date, Liu's Holdings holds an approximate 45.33% interest in LCH Investment, and LCH Investment in turn holds an approximate 48.52% interest in Chong Hing Bank through its wholly-owned subsidiary Liu Chong Hing Estate Company, Limited. LCH Investment is engaged in property investment, property development, property management, banking and finance, trading and manufacturing and hotel operation. Chong Hing Bank's principal business is banking, and holds a banking licence issued by the Hong Kong Monetary Authority and is subject to its regulations.

LETTER FROM THE BOARD

According to the M&A, at least 80% of Liu's Holdings' net profit shall be distributed among its shareholders as dividends.

Based on the latest audited accounts of Liu's Holdings as at and for the period ended 31 December 2009, the value of the total assets and net assets of Liu's Holdings as at 31 December 2009 were HK\$3.53 million and HK\$3.51 million, respectively. The Directors understand that Liu's Holdings has been accounting for its interest in LCH Investment as an investment at cost, and has not been adopting the equity method of accounting.

The First Seller and the Second Sellers have represented and warranted to the Purchaser that there have not been material changes of Liu's Holdings' financial position since 31 December 2009.

Based on the latest published audited accounts of LCH Investment as at and for the year ended 31 December 2009, the value of the total assets and net assets (excluding minority interests) of LCH Investment as at 31 December 2009 were approximately HK\$10.81 billion and HK\$6.47 billion, respectively.

Based on the latest published audited accounts of Chong Hing Bank as at and for the year ended 31 December 2009, the value of the total assets and net assets of Chong Hing Bank as at 31 December 2009 were approximately HK\$70.01 billion and HK\$6.17 billion, respectively.

Further financial information of Liu's Holdings, LCH Investment and Chong Hing Bank is set out as below:

Liu's Holdings

	For the year ended	
	31 December	
	2008	2009
	HK\$'000	HK\$'000
	(audited)	(audited)
Turnover	44,616	22,308
Net profit before and after taxation	44,078	21,785

LETTER FROM THE BOARD

LCH Investment

	For the year ended 31 December		For the 6 months ended 30 June
	2008 <i>HK\$'000</i> (audited)	2009 <i>HK\$'000</i> (audited)	2010 <i>HK\$'000</i> (unaudited)
Turnover	277,849	293,602	165,347
Net profit before taxation	292,455	407,861	264,851
Net profit after taxation	205,883	350,566	232,354

Chong Hing Bank

	For the year ended 31 December		For the 6 months ended 30 June
	2008 <i>HK\$'000</i> (audited)	2009 <i>HK\$'000</i> (audited)	2010 <i>HK\$'000</i> (unaudited)
Net interest income	864,326	823,331	411,468
Net fee and commission income	216,801	263,629	109,733
Net profit before taxation	89,295	264,383	228,337
Net profit after taxation	60,620	231,748	193,392

Your attention is also drawn to Appendix I which sets out additional financial information of Liu's Holdings.

FINANCIAL EFFECT OF THE SHARE PURCHASE

The Sale Shares, representing approximately 23.43% interest in Liu's Holdings to be acquired pursuant to the Share Purchase Agreement, will be classified and accounted for by the Company as available for sale investments upon Completion.

As shown in Appendix III "Unaudited pro forma financial information of the Enlarged Group" which illustrates the effect of the Completion on the assets and liabilities of the Enlarged Group, there will not be any significant impact on the net assets of the Enlarged Group following the Completion as an increase in available-for-sale investment will be offset by a decrease in cash and cash equivalents of the Enlarged Group. And there will also be no material impact on earnings on the income statement of the Enlarged Group.

LETTER FROM THE BOARD

Your attention is also drawn to Appendix III which sets out the additional unaudited pro forma consolidated financial statements of the Enlarged Group for illustration purposes.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined under the Listing Rules) for the Share Purchase are more than 25% but less than 100%, the Share Purchase constitutes a major acquisition of the Company under Chapter 14 of the Listing Rules. The First Seller and the Second Sellers are parents of the Guarantor. As Mr. Andrew Liu is the Guarantor, being a non-executive director and a substantial Shareholder of the Company, the Guarantor is a connected person of the Company and the Share Purchase constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Share Purchase is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements. Accordingly, the Company will seek Independent Shareholders' approval at the EGM by way of poll for the Share Purchase Agreement and the transactions therein.

EGM

The EGM will be held by the Company on Tuesday, 18 January 2011 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong for the Independent Shareholders to consider, and if thought fit, passing the resolutions to approve the Share Purchase Agreement and the transactions contemplated thereunder.

The Guarantor, the First Seller and the Second Sellers being the parties to the Share Purchase Agreement and their respective associates shall abstain from voting at the EGM on the resolution regarding the Share Purchase Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Mr. Andrew Liu and his associates who held 614,845,453 Shares, representing approximately 24.29% of the total issued share capital of the Company shall abstain from voting at the EGM. Further, save that Mr. Andrew Liu has material interests in the transactions contemplated under the Share Purchase Agreement, none of the Directors has any material interests in the transaction and is required to abstain from voting on the relevant board resolution.

A proxy form for use at the EGM is enclosed herewith. Whether or not you intend 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, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish but the authority of your proxy will be invalidated forthwith.

LETTER FROM THE BOARD

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 Directors (excluding the independent non-executive Directors whose views are expressed in the section under “Letter from the Independent Board Committee”) considered the Share Purchase Agreement has been entered into on normal commercial terms after arm’s length negotiation and the terms of the Share Purchase Agreement are fair and reasonable and the entering into of the Share Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder. Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects. Your attention is drawn to (i) the letter from the Independent Board Committee; and (ii) the letter of advice from Vinco Capital, which are set out in this circular.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of the proposed ordinary resolution to approve the Share Purchase 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
Hui Quincy Kwong Hei
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in 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)

30 December 2010

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF SALE SHARES IN LIU'S HOLDINGS LIMITED

We refer to the circular from the Company to the Shareholders dated 30 December 2010 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee comprising all independent non-executive Directors has been formed in order to make a recommendation to the Independent Shareholders in respect of the proposed acquisition of Sale Shares in Liu's Holdings Limited, details of which are set out in the "Letter from Vinco Capital" set out on pages 22 to 38 of the Circular, which contains Vinco Capital's advice regarding the proposed acquisition of Sale Shares in Liu's Holdings.

Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders. Details of its advice and its principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from Vinco Capital" set out on pages 22 to 38 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of Vinco Capital, we consider the terms of the Share Purchase Agreement are fair and reasonable and the proposed acquisition of Sale Shares in Liu's Holdings is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Share Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the
Independent Board Committee

**Mr. Roger
Thomas Best, JP**
*Independent non-
executive Director*

**Mr. Gary
Drew Douglas**
*Independent non-
executive Director*

**Mr. Peter
Temple Whitelam**
*Independent non-
executive Director*

**Dr. Agustin
V. Que**
*Independent non-
executive Director*

**Mr. Yau
Chung Hong**
*Independent non-
executive Director*

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the major and connected transaction which has been prepared for the purpose of incorporation in this circular:



Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

30 December 2010

*To the Independent Board Committee and
the Independent Shareholders of
Freeman Financial Corporation Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF SALE SHARES IN LIU'S HOLDINGS LIMITED

A. INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the major and connected transaction regarding the proposed acquisition of 23.43% interest in Liu's Holdings, details of which are set out in the section headed "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 30 December 2010 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

The Company on 10 December 2010 announced that the Purchaser, which is a wholly owned subsidiary of the Company, entered into the Share Purchase Agreement with (1) Mr. Liu Lit Man, *GBS, JP, FIBA*, being the First Seller and (2) Mr. Liu Lit Man and Mrs. Liu Heu Seu Chu Pearl, being the Second Sellers, pursuant to which the First Seller and the Second Sellers agreed to sell the Sale Shares to the Purchaser at the aggregate consideration of approximately HK\$502.54 million.

LETTER FROM VINCO CAPITAL

As the applicable percentage ratios (as defined under the Listing Rules) for the Share Purchase are more than 25% but less than 100%, the Share Purchase constitutes a major acquisition of the Company under Chapter 14 of the Listing Rules. The First Seller and the Second Sellers are parents of the Guarantor. As Mr. Andrew Liu is the Guarantor, being a non-executive director and a substantial Shareholder of the Company, the Guarantor is a connected person of the Company and the Share Purchase constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Share Purchase is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements. Accordingly, the Company will seek Independent Shareholders' approval at the EGM by way of poll for the Share Purchase and the transactions therein.

The Guarantor, the First Seller and the Second Sellers being the parties to the Share Purchase and their respective associates shall abstain from voting at the EGM on the resolution regarding the Share Purchase and the transactions contemplated thereunder. As at the Latest Practicable Date, Mr. Andrew Liu holds 614,845,453 Shares, representing approximately 24.29% of the total issued share capital of the Company shall abstain from voting at the EGM. Further, save that Mr. Andrew Liu has material interests in the transactions contemplated under the Share Purchase Agreement, none of the Directors has any material interests in the transaction and is required to abstain from voting on the relevant board resolution.

The Independent Board Committee, comprising Mr. Roger Thomas Best, *J.P.*, Mr. Gary Drew Douglas, Mr. Peter Temple Whitlam, Dr. Agustin V. Que and Mr. Yau Chung Hong, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Share Purchase and the transactions contemplated thereunder. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase and the transactions contemplated thereunder. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Share Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

B. BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information,

LETTER FROM VINCO CAPITAL

facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Share Purchase, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Shareholders solely in connection with their consideration of the Share Purchase and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Share Purchase and the transactions contemplated thereunder, we have considered the principal factors and reasons set out below:

1. Information of the Group

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

As stated in 2009 annual report, the Group is optimistic about the prospect of the financial market and will continue to explore any new business opportunities or investments. As stated in the Letter from the Board in the Circular, the Board considers that the purchase of shares in a bank holding company will further expand and strengthen the financial services business of the Group. As Liu's Holdings has approximately 45.33% interest in LCH

LETTER FROM VINCO CAPITAL

Investment and LCH Investment in turn holds an approximate 48.52% interest in Chong Hing Bank, we are of the view that the Share Purchase is line with the business objective of the Group as it will further enhance the Group's interest in the financial sector and enable the Company to receive additional stream of income arised from the robust banking industry in Hong Kong.

2. Background to and reasons for the Share Purchase

i. Information of Liu's Holdings

Liu's Holdings is an investment holding company and is mandated to hold the shares, stocks and securities in LCH Investment and to receive and distribute dividends from time to time declared by LCH Investment. Liu's Holdings holds an approximate 45.33% interest in LCH Investment, and LCH Investment in turn holds an approximate 48.52% interest in Chong Hing Bank through its wholly-owned subsidiary Liu Chong Hing Estate Company, Limited.

Based on the latest audited accounts of Liu's Holdings as at and for the year ended 31 December 2009, the value of the total assets and net assets of Liu's Holdings as at 31 December 2009 were HK\$3.53 million and HK\$3.51 million respectively. The Directors understand that Liu's Holdings has been accounting for its interest in LCH Investment as an investment at cost, and has not been adopting the equity method of accounting.

ii. Information of LCH Investment

LCH Investment is engaged in property investment, property development, property management, banking and finance, trading and manufacturing and hotel operation.

Based on the latest published audited accounts of LCH Investment as at and for the year ended 31 December 2009, the value of the total assets and net assets (excluding minority interests) of LCH Investment as at 31 December 2009 were approximately HK\$10.81 billion and HK\$6.47 billion respectively.

iii. Information of Chong Hing Bank

Chong Hing Bank's principle business is banking, and holds a banking licence issued by the Hong Kong Monetary Authority and is subject to its regulations.

LETTER FROM VINCO CAPITAL

Based on the latest published audited accounts of Chong Hing Bank as at and for the year ended 31 December 2009, the value of the total assets and net assets of Chong Hing Bank as at 31 December 2009 were approximately HK\$70.01 billion and HK\$6.17 billion respectively.

As at the Latest Practicable Date, the Group holds 654,000 shares in LCH Investment, representing approximately 0.17% of its issued capital and the Group also holds 5,840,000 shares in Chong Hing Bank, representing approximately 1.34% of its issued capital.

Set out below is a table of the financial summary of Liu's Holdings, LCH Investment and Chong Hing Bank as set out in the Letter from the Board to this Circular:

Liu's Holdings

	Year ended 31 December 2008	Year ended 31 December 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Turnover	44,616	22,308
Net profit before and after taxation	44,078	21,785

LCH investment

	Year ended 31 December 2008	Year ended 31 December 2009	Six months ended 30 June 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Turnover	277,849	293,602	165,347
Net profit before taxation	292,455	407,861	264,851
Net profit after taxation	205,883	350,566	232,354

LETTER FROM VINCO CAPITAL

Chong Hing Bank

	Year ended 31 December 2008 HK\$'000 (audited)	Year ended 31 December 2009 HK\$'000 (audited)	Six months ended 30 June 2010 HK\$'000 (unaudited)
Net interest income	864,326	823,331	411,468
Net fee and commission income	216,801	263,629	109,733
Net profit before taxation	89,295	264,383	228,337
Net profit after taxation	60,620	231,748	193,392

iv. *Prospect of banking industry of Hong Kong*

According to the third quarter of economic report 2010 conducted by Hong Kong government (the “Economic Report 2010”), the broad money supply and the seasonally adjusted narrow money supply each rebounded by 8.9% during the third quarter, to HK\$3,932 billion and HK\$746 billion respectively at end-September on the back of renewed fund inflows amid active Initial Public Offerings (the “IPOs”). Over the same period, total deposits with authorised institutions (the “AIs”) expanded by 6.0% to HK\$6,736 billion, of which Hong Kong dollars deposits surged by 9.2% to HK\$3,680 billion while foreign currency deposits grew by 2.5% to HK\$3,056 billion.

On the other hand, due to the global economic recovery and vibrant activities in the asset market, the demand for loans stayed strong in the third quarter of 2010. During the third quarter, the Hong Kong government recorded a sharp increase by 9.4% to HK\$4,126 billion, which follows a distinct rise of 8.8% during the preceding quarter. The loans increase was attributable to the loans for use in Hong Kong of HK\$3,308 billion and loans for use in outside of Hong Kong of HK\$818 billion. The strong demand for funds related to IPO activities which led to a 316.5% increase in loans to stockbrokers. Supported by the strong momentum in external trade, lending to wholesale and retail trade, and trade finance also showed notable gained of 17.6% and 9.1% respectively. Amid the buoyant property market, loans for building, construction, property development and investment expanded by 6.1% and those for purchase of flats by 5.2%.

LETTER FROM VINCO CAPITAL

Regarding to the offshore renminbi business, we noted that, in July 2010, the Settlement Agreement on the Clearing of Renminbi Business (the “Clearing Agreement”) was revised to no restriction on banks in Hong Kong in establishing renminbi accounts for and providing related services to financial institutions, and individuals and corporations and enable to conduct renminbi payments and transfers through the banks. These could strengthen Hong Kong’s capacity in the provision of renminbi financial intermediation activities.

v. *Reasons for the Share Purchase*

As stated in the Letter from the Board in the Circular, the Board considers that the purchase of shares in a bank holding company will further expand and strengthen the financial services business of the Group. In assessing whether the terms of the Share Purchase are fair and reasonable and in the best interests of the Company and Shareholders as a whole, we have taken into account the following considerations:

1. The global economy has been recovering since 2009, PRC has become one of the growth engine leading the world economy to recover. Hong Kong, acting as a gateway for doing business in PRC for foreign investors, has been economically benefitted from the increase in foreign;
2. adoption of lenient monetary policies by various nations has resulted tremendous money influx to Hong Kong, boosting the local stock market and the performance of the financial sector;
3. although the government has implemented several policies to prevent the property market from overheating, the property market has remained as one of the most active property market in the world. The continuing sustainable development of Hong Kong’s property market will also enhance the loan and mortgage market in the banking sector;
4. in early 2009, the National Development and Reform Commission published the “Outline of the Plan for the Reform and Development of the Pearl River Delta”, which facilitates Guangdong-Hong Kong cooperation to the level of national development, reinforces the leading position of Hong Kong as an international finance centre and further opens up the Pearl River Delta to boost industry development;

LETTER FROM VINCO CAPITAL

5. after reviewing the businesses and annual report 2009 of Chong Hing Bank, we noted that approximately 48.86% of the total operating income is generated from its corporate and retail banking segment and approximately 32.24% of the total operating income is generated from its treasury activities segment. As mentioned above, the residential and business loan sector and the corporate banking sector will continue to be benefitted from the recovering economy and the sustainable development of the property market;
6. the Group will utilise its then available internal resources, including but not limited to, cash, loans receivable and realisation of investment securities to satisfy the Share Purchase, creating no immediate financial burden to fund the Share Purchase; and
7. the Share Purchase is expected to further strengthen the business scope of the Group as a financial service provider and to widen its revenue stream by receiving dividends from Liu's Holdings.

Based on the foregoing and the prospect of the banking industry, we are of the opinion that the Share Purchase is in line with the Group's strategy to strength its financial services business and is of the interest of the Company and Independent Shareholders as a whole.

3. Principal terms of the Share Purchase Agreement

i. Consideration and payment terms

The Consideration for the Share Purchase is HK\$502,542,037.50 (as to HK\$426,400,262.50 for the acquisition of First Seller's Shares and HK\$76,141,775 for the acquisition of the Second Sellers' Shares).

Pursuant to the Share Purchase Agreement, the Consideration shall be settled in the following manner:

- (i) On the fifth working day after signing the Share Purchase Agreement, HK\$50,000,000 shall be paid as deposit to a reputable firm of solicitors nominated by the First Seller and the Second Sellers who shall hold the deposit as escrow agent;

LETTER FROM VINCO CAPITAL

- (ii) provided that the Shareholders have passed a resolution approving the entering of the Share Purchase Agreement and the transactions contemplated therein, the deposit shall be released to the First Seller and the Second Sellers (in pro-rata share) as non-refundable deposit and in the event if other Conditions are not fulfilled resulting in the termination of the Share Purchase Agreement, the deposit shall be forfeited in favour of the First Seller and the Second Sellers; and
- (iii) balance of the Consideration, after deduction of the deposit, shall be paid by the Purchaser to the First Seller and the Second Sellers (in pro-rata share) upon Completion.

As at the Latest Practicable Date, the Company had already paid the deposit to a reputable firm of solicitors nominated by the First Seller and the Second Sellers in accordance with (i), and the Company intends to finance the outstanding balance of the Consideration from internal resources.

In view that the principal business of Liu's Holdings is investment holding in LCH Investment which has subsidiaries and associates mainly engage in properties and banking sectors and the income of LCH Investment is mainly contributed by the profit generated from its properties arms and Chong Hing Bank, an associate of the Company, we, therefore, have attempted to assess the fairness and reasonableness of the Consideration by conducting market comparison in both sectors for our analysis and applying the price-to-earnings ratio ("PER") and the price-to-book ratio ("PBR") for comparison of the Consideration, which are the commonly used valuation methodologies for evaluating company's value taken into consideration of the overall market situation and sentiments. As discussed with the Directors, we note that the Consideration was agreed between the Purchaser and the First Seller and the Second Sellers after arm's length negotiations by reference to (1) the audited net asset value of Liu's Holdings as at 31 December 2009, (2) the audited net asset value of LCH Investment as at 31 December 2009, (3) the latest market values of LCH Investment, and (4) the future prospects of the banking industry in Hong Kong. We consider that due to the nature of its business operations, particularly in banking and properties sectors, which has a major representation in the economy of Hong Kong, PER and PBR can better represent the objective market value of the Liu's Holdings by comparing with comparables principally engaged in business similar with that of Liu's Holdings rather than just evaluate the market capitalisation of a single company. Therefore, we consider it is more appropriate to use the PER and PBR analysis. Shareholders should note that the business, operation and prospect of the Company are not the same as the comparables and we have not conducted any in-depth investigation into business and operations of the comparables. Thus, the comparables are provided for general reference only.

LETTER FROM VINCO CAPITAL

In connection with the banking sector, reference is made to companies listed on Main Board of the Stock Exchange, we have identified six companies, which is considered as an exhaustive list, are principally engaged in banking sector similar to that of Chong Hing Bank, an associate of LCH Investments, and with market capitalisation of not more than HK\$40 billion (the “Banking Comparables”). Our relevant finding is summarised in table below.

Companies	Stock code	Market Capitalisation HK\$ (in billion)	Closing price as at 8 December 2010 HK\$	PER (Note 1)	PBR (Note 2)
Wing Hang Bank, Ltd.	302	31.00	104.80	21.30	2.32
Industrial and Commercial Bank of China (Asia) Ltd.	349	39.75	29.40	13.67	2.06
Dah Sing Financial Holdings Ltd.	440	15.46	52.80	17.29	1.20
Public Financial Holdings Ltd.	626	6.36	5.79	16.93	1.06
Fubon Bank (Hong Kong) Ltd.	636	4.40	3.75	129.31	0.87
Dah Sing Banking Group Ltd.	2356	16.66	13.32	19.12	1.37
			Maximum	129.31	2.32
			Minimum	13.67	0.87
			Mean	36.27	1.48
Liu’s Holdings				13.50	0.71

Soucre: the Bloomberg

Notes:

1. The PER is calculated as the market capitalisation as at 8 December 2010, being the date of Share Purchase Agreement, divided the respective profit for the year stated at the latest published annual report of the Banking Comparables.
2. The PBR is calculated as the market capitalisation as at 8 December 2010, being the date of Share Purchase Agreement, divided the respective book value as at the latest publish financial statement of the Banking Comparables.

The PER and PBR of the Banking Comparables range from approximately 13.67 times to approximately 129.31 times and approximately 0.87 times to approximately 2.32 times, with average of approximately 36.27 times and 1.48 times respectively.

LETTER FROM VINCO CAPITAL

On the other hand, in connection with the properties sector, reference is made to companies listed on Main Board of the Stock Exchange, we have identified ten companies, which is considered as an exhaustive list, are principally engaged in properties sector similar to that of LCH Investment (i.e. engaged in property investment and property development in Hong Kong and in the PRC) and with similar size of market capitalisation to LCH Investment (i.e. approximately HK\$3.58 billion as of 8 December 2010) of not more than HK\$5 billion (the “Properties Comparables”). Our finding is summarised in the table below.

Companies	Stock code	Market Capitalisation HK\$ (in billion)	Closing price as at 8 December 2010 HK\$	PER (Note 1)	PBR (Note 2)
Winsor Properties Holdings Limited	1036	3.67	14.12	2.56	0.51
China Motor Bus Company Limited	26	3.35	73.50	6.80	0.68
Shanghai Zendai Property Ltd.	755	3.56	0.28	6.29	0.77
Tai Cheung Holdings Ltd.	88	3.69	5.97	7.50	0.82
Far East Consortium International Ltd.	35	3.97	2.08	12.32	0.63
Interchina Holdings Co. Ltd.	202	4.01	1.13	62.78	1.24
S E A Holdings Ltd.	251	3.33	5.00	3.95	0.44
Sunlight Real Estate Investment Trust	435	3.61	2.29	3.05	0.67
Nan Hai Corporation Ltd.	680	3.91	0.06	8.91	1.01
Sinolink Worldwide Holdings Ltd.	1168	4.14	1.17	3.30	0.64
			Maximum	62.78	1.24
			Minimum	2.56	0.44
			Mean	11.75	0.74
Liu’s Holdings				13.50	0.71

Source: the Bloomberg

Notes:

1. The PER is calculated as the market capitalisation as at 8 December 2010, being the date of Share Purchase Agreement, divided the respective profit for the year stated at the latest published annual report of the Properties Comparables.
2. The PBR is calculated as the market capitalisation as at 8 December 2010, being the date of Share Purchase Agreement, divided the respective book value as at the latest published financial statement of the Properties Comparables.

LETTER FROM VINCO CAPITAL

The PER and PBR of the Properties Comparables range from approximately 2.56 times to approximately 62.78 times and approximately 0.44 times to approximately 1.24 times, with average of approximately 11.75 times and approximately 0.74 times respectively.

With reference to the aggregate consideration of HK\$502,542,037.50 for the acquisition of 23.43% interest in Liu's Holdings and the audited annual report of LCH Investments for the year ended 31 December 2009, the earnings attributable to 23.43% interest in Liu's Holdings is HK\$37,232,980.34 which is calculated based on the effective interest of approximately 10.62% held by the Company on LCH Investments upon Completion. Therefore, the implied PER of Liu's Holdings is 13.50 times. In addition, according to the LCH Investment's unaudited interim report for the six months ended 30 June 2010, the net assets value attributable to 23.43% interest in Liu's Holdings is HK\$711,324,042.12 which is calculated based on the effective interest of approximately 10.62% held by the Company on LCH Investments upon Completion. The implied PBR of Liu's Holdings is 0.71 times. The respective implied PER and PBR of Liu's Holdings of approximately 13.50 times and 0.71 times fall below the range and the mean of the PER and PBR of the Banking Comparables. While for the properties sector, the implied PER and PBR of Liu's Holdings fall within the range of the PER and PBR of the Properties Comparables but the implied PER of Liu's Holdings lies above the mean of PER of the Properties Comparables and the implied PBR of Liu's Holdings falls below the mean of the PBR of the Properties Comparables.

We noted that Liu's Holdings and its associates are mainly engaged in the banking and properties sectors which is similar to that of the market comparables, therefore we considered that there is an apparent correlation between the PER and PBR of Liu's Holdings and the Banking Comparables and the Properties Comparables. Thus, we consider it is appropriate to use the Banking Comparables and Properties Comparables in the PER and PBR analysis above.

As a conclusion, (i) in view of the future prospects of the banking industry in Hong Kong; (ii) the Consideration being at a discount to the attributable interests of Liu's Holdings in the latest published audited net asset value of LCH Investment; (iii) the Consideration is reasonable comparing with the Banking and Properties Comparables; and (iv) the Group is able to strengthen its income sources in financial service sector, we therefore concur with the Directors' view that the terms of the Share Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM VINCO CAPITAL

4. Limitations to the Company in investment of Liu's Holdings

As set out in the Letter from the Board, we noted that there are certain limitations and procedures under the deed and M&A concerning Liu's Holdings. Under the deed, if a proposed transferor of Liu's Holdings proposes to transfer his shareholding, the proposed transferor needs to offer to sell such shares to the other shareholders (on the pro rata basis according to the percentage shareholding) at a price which equals 95% of the "value" of the shares being offered. The "value" is to be worked out by reference to the simple average of the closing share price of LCH Investment for the last 30 trading days. If a shareholder refuses the offer, the offer from the proposed transferor will become an offer (again, on a pro rata basis) to all the remaining shareholders of Liu's Holdings. This whole process will be repeated until either (i) the offer has been accepted in full; or (ii) each and every shareholder has decided not to take up the offer. In case of (ii), then in exchange for giving up his shareholding in Liu's Holdings, the proposed transferor will receive shares in LCH Investment which equal to 95% of his entitlement on a distribution of the properties of Liu's Holdings among its shareholders in specie if Liu's Holdings were in the course of winding-up. In addition, the M&A provides that (a) save ordered by a court or by ordinances, Liu's Holdings shall not be bound by or recognise any trust or any other right in respect of a share other than an absolute right thereto in the registered holder, and (b) before the name of a transferee of shares is entered into the register of members, the transferor shall be deemed to remain a holder of the shares.

On the other hand, the Guarantor has undertaken to take all measures and efforts within his control and power to prevent the First Seller and either of the Second Sellers to divest and bequeath any of their interests in the First Seller's Shares and the Second Seller's Shares after Completion. The First Seller and the Second Sellers have also agreed to provide certain reasonable assistance, in order to effect the terms of the Share Purchase Agreement and the full and complete transfer of legal title in the Sale Shares to the Purchaser after Completion.

As stated in the Letter from the Board, the Purchaser only have beneficial interest but not legal title upon Completion, the Purchaser will not be able to exercise its rights with respect to the Sale Shares on its own. Instead, the Purchaser will be exercising such rights through the First Seller and the Second Sellers. In particular:–

- (i) dividends declared by Liu's Holdings will be received by the First Seller and the Second Sellers, who will need to deliver and pay to the Purchaser such dividends without deduction forthwith after receipt;

LETTER FROM VINCO CAPITAL

- (ii) the Purchaser will not have immediate right to vote on the Sale Shares. However, given the beneficial interests of the Sale Shares will have been transferred to the Purchaser upon Completion, in respect of matters put forward for a vote by Liu's Holdings' shareholders (including the appointment of directors), the First Seller and the Second Sellers will be seeking voting instructions from the Purchaser, and the Purchaser will not be precluded from compelling the First Seller and the Second Sellers to exercise their voting rights in accordance with the Purchaser's instructions;
- (iii) the current directors of Liu's Holdings are Mr. Liu Lit Man, Dr. Liu Lit Mo, Dr. Liu Lit Chung and Mr. Liu Lit Chi. The Purchaser will not have right to nominate directors to Liu's Holdings on its own. However, given the beneficial interests of the Sales Shares will have been transferred to the Purchaser upon Completion, the Purchaser will not be precluded from procuring the First Seller and the Second Sellers to nominate persons to sit on the board of Liu's Holdings. The deed provides that only persons with the surname "Liu" can become a director of Liu's Holdings. Consequently, if the Purchaser decides to procure the First Seller and the Second Sellers to nominate a director to Liu's Holdings, the nomination must be someone with the surname "Liu". In addition, the deed provides that a male director of Liu's Holdings may, by will or other valid testamentary disposition, appoint his wife, son or daughter to be a director of Liu's Holdings;
- (iv) given the transferability issues outlined above, should the Purchaser decide to sell the Sale Shares, it may not be able to find a buyer. The price that any potential buyer is willing to pay may also be negatively impacted upon; and
- (v) in the case of winding up of Liu's Holdings, the First Seller and the Second Sellers will have to deliver and pay to the Purchaser any distributions of Liu's Holdings assets that they receive.

Other than the foregoing, we also noted from the Letter from the Board that there are certain risks involved in acquiring only the beneficial interests in the Sale Shares upon Completion and having the legal title thereto held on trust by the First Seller and the Second Sellers for the Purchaser. These risks include:

- (i) impact on any subsequent sale of the Sale Shares mentioned above;
- (ii) potential breach of their obligations contained in the Share Purchase Agreement by the First Seller, the Second Seller and/or the Guarantor; and
- (iii) the Company not having received any form of security in relation to the guarantee and full indemnity provided by the Guarantor.

LETTER FROM VINCO CAPITAL

As confirmed by the Director, the Company intends to hold the Sale Shares as a long-term investment. The Share Purchase Agreement specifically provides that the obligations of the First Seller and the Second Sellers shall bind their respective estates, assigns or successors. The Guarantor is a substantial shareholder of the Company. He is also the managing partner and CEO of a private equity fund (Unitas Capital Pte. Ltd.) which currently manages approximately US\$4 billion of capital. As such, we noted that the Directors are therefore satisfied with the credibility of the Guarantor in satisfying the guarantee and full indemnity provided by him under the Share Purchase Agreement. The obligations of the First Seller, the Second Sellers and the Guarantor in the Share Purchase Agreement are enforceable by the Purchaser in a court of law. Furthermore, nothing precludes the Purchaser from seeking an injunctive relief for specific performance in the event of any breach by the First Seller, the Second Sellers and/or the Guarantor.

As stated in the risk factor above, should the Purchaser decide to sell the Sale Shares, it may not be able to find a buyer. The price that any potential buyer is willing to pay may also be negatively impacted upon. After reviewing the benefits obtained from the acquisition as discussed in above against the risk factor, we are of the view that the risk factor is acceptable given that it may not have material effect on the Company as the Company intends to hold the Sale Shares as a long-term investment.

Based on the foregoing and after reviewing the legal opinion, we are of the view that there is no material impact on the rights and obligations of the Company's investment in Liu's Holdings and we concur with the Directors' view that the Company's interests and the Shareholders' interests are adequately protected.

5. Waiver of Listing Rule 14.67(6)(a)(i)

We note that from Appendix IV of the Circular, a waiver was granted by the Stock Exchange on exemption to include an accountants' report of Liu's Holdings (the "accountants' report") under the requirements of Listing Rule 14.67(6)(a)(i). We have reviewed the financial information stated in Appendix I of the Circular, and we are of the view that the omission of the accountants' report does not have any effects on our analysis since our analysis are mainly based on the financials of LCH Investment which are publicly accessible and the financial information disclosed in Appendix I of the Circular. We have also reviewed the audited financial statements of Liu's Holdings for the three years ended 31 December 2009 and compared the financial disclosures with that in Appendix I of the Circular, we are of the view that all material financial information have been included in Appendix I of the Circular.

LETTER FROM VINCO CAPITAL

6. Financial effects of the Share Purchase

i. Earnings

Upon Completion, as stated in the Letter from the Board in the Circular, the Sale Shares representing approximately 23.43% interest in Liu's Holdings will be classified and accounted for by the Company as available for sale investments under non-current assets. As Liu's Holdings is an investment holding company that is mandated to hold the shares, stocks and securities in LCH Investment and to receive and distribute dividends from time to time declared by LCH Investment, it may bring future dividend income as investment income to the Group. According to the audited accounts of Liu's Holdings for the year ended 31 December 2009, the amount of dividends paid for the year ended 31 December 2008 and 31 December 2009 were HK\$43,875,000 and HK\$21,150,000 respectively. As such, the Company will be able to enhance its income base with its increase in shareholding in Liu's Holdings.

ii. Net tangible assets

As at the Latest Practicable Date, the Company had paid the deposit for the Share Purchase, the remaining Consideration will be settled by internal resources of the Company. Upon Completion, with reference to the Unaudited Pro Forma Financial Information of the Enlarged Group as set out in Appendix III to the Circular, the net asset of the Group would remain as approximately HK\$1,515,346,000 as at 31 March 2010.

iii. Working capital and gearing ratio (total liabilities over total assets)

Upon Completion, with reference to the Unaudited Pro Forma Financial Information of the Enlarged Group as set out in Appendix III to the Circular, the working capital of the Group would decrease by approximately 63.81% as at 31 March 2010. The Group will utilise its then available internal resources, including but not limited to, cash, loans receivable and realisation of investment securities to satisfy the Share Purchase, creating no immediate financial burden to fund the Share Purchase. The gearing ratio of the Group would not change since there is no debts incurred in settling the Consideration.

In a nutshell, the financial effect upon the Completion should be an improvement in earnings, no effect in net tangible assets and gearing ratio but with a decrease in working capital. We are of the view that the Share Purchase is fair and reasonable and in the interests of the Independent Shareholders and the Company as a whole.

LETTER FROM VINCO CAPITAL

D. CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the Share Purchase, including:

- a) the information of Liu's Holdings and the prospect of banking industry in Hong Kong;
- b) the Consideration and payment terms of the Share Purchase are on normal commercial terms and are fair and reasonable; and
- c) the financial effects of the Share Purchase,

we are of the view that the Share Purchase is on normal commercial terms, fair and reasonable, so far as the Shareholders are concerned and that the Share Purchase is in the interests of the Shareholders and the Company as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote and the Independent Shareholders to vote in favour of the Share Purchase at the EGM.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

The following is a summary of the financial information of Liu's Holdings extracted from the audited financial statements (for each of the three years ended 31 December 2009) or unaudited management accounts (for the nine months ended 30 September 2010):

(I) RESULTS

	For the nine months ended		Year ended 31 December	
	30 September			
	2010	2009	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend received	34,320	22,308	44,616	46,332
Administrative expenses	<u>(506)</u>	<u>(523)</u>	<u>(538)</u>	<u>(539)</u>
	<u>33,814</u>	<u>21,785</u>	<u>44,078</u>	<u>45,793</u>

(II) FINANCIAL POSITION

	At		At 31 December	
	30 September			
	2010	2009	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment in LCH Investment, at cost	<u>2,234</u>	<u>2,234</u>	<u>2,234</u>	<u>2,234</u>
Cash at banks	1,711	1,292	657	454
Accrued charges	<u>–</u>	<u>20</u>	<u>20</u>	<u>20</u>
	<u>1,711</u>	<u>1,272</u>	<u>637</u>	<u>434</u>
	<u>3,945</u>	<u>3,506</u>	<u>2,871</u>	<u>2,668</u>
Share capital	750	750	750	750
Retained earnings	<u>3,195</u>	<u>2,756</u>	<u>2,121</u>	<u>1,918</u>
	<u>3,945</u>	<u>3,506</u>	<u>2,871</u>	<u>2,668</u>

(III) CHANGES IN CASH FLOWS

	For the nine months ended 30 September		Year ended 31 December	
	2010	2009	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities	33,794	21,785	44,078	45,793
Dividend paid	<u>(33,375)</u>	<u>(21,150)</u>	<u>(43,875)</u>	<u>(45,525)</u>
Net increase in cash and cash equivalents	419	635	203	268
Cash and cash equivalents at beginning of the year	<u>1,292</u>	<u>657</u>	<u>454</u>	<u>186</u>
Cash and cash equivalents at end of the year, represented by cash at banks	<u><u>1,711</u></u>	<u><u>1,292</u></u>	<u><u>657</u></u>	<u><u>454</u></u>

Note: Investment in Liu's Holdings will be accounted for by the Company as an available-for-sale investment upon the Completion as the Company will not have significant influence over the financial and operating policies of Liu's Holdings. Upon the Completion, majority ownership of Liu's Holdings will still be concentrated among a small group of closely related shareholders, representing approximately 77%, who are all under the same surname and they are all family members. Due to the concentration of shareholdings in a few family members under the same surname and the operations of Liu's Holdings have been dominated by the shareholders other than the First Seller and the Second Sellers, this would preclude the Company from participating in the affairs of Liu's Holdings.

No qualified opinion was noted for the audited financial statements of Liu's Holdings for each of the three years ended 31 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial period ended 30 September 2010

Liu's Holdings received dividend income of approximately HK\$34.3 million, representing dividends received from LCH Investment. The dividends received in 2010 increased compared to the dividends received in whole year of 2009 of approximately HK\$22.3 million as a result of the increase in dividends declared by LCH Investment. During this period, Liu's Holdings incurred administrative expenses of approximately HK\$0.5 million, which basically remained at a similar level to that in whole year of 2009.

Cash at banks were in HK\$, and increased from approximately HK\$1.3 million in 2009 to approximately HK\$1.7 million in 2010. The increase reflected the portion of dividends received from LCH Investment which was not distributed to shareholders during the period. Retained earnings also increased by approximately HK\$0.4 million, again reflecting dividends received but not distributed. During the period, Liu's Holdings paid approximately HK\$33.4 million of dividends to its shareholders.

Liu's Holdings did not have any borrowings, charges or derivative financial instruments during the period. As Liu's Holdings' mandate is to hold the shares, stocks and securities in LCH Investment, it also did not have any funding requirements for capital expenditures. There were no (and no plans for) material acquisitions or disposals, and no fees or salaries were paid to directors. As mentioned in "Letter from the Board", 40,000,000 shares in LCH Investment had been provided as security for a loan made to the First Seller.

LCH Investment was a significant investment held by Liu's Holdings during the period. LCH Investment had an approximate 48.52% shareholding interest in Chong Hing Bank. Chong Hing Bank had announced that its unaudited consolidated profit attributable to shareholders for the six months ended 30 June 2010 amounted to approximately HK\$193.4 million, an increase of approximately 20.4% over that for the same period in 2009. Shareholders' funds of Chong Hing Bank at 30 June 2010 amounted to approximately HK\$6.3 billion which remained at a similar level to that at 31 December 2009. Share of results of associates for the six months ended 30 June 2010 amounted to approximately HK\$93.4 million, as compared to approximately HK\$76.7 million for the same period in 2009. LCH Investment had 5 investment properties/property development projects in Hong Kong. In addition, it had 4 investment properties/property development projects in the PRC. Gross rental income amounted to approximately HK\$123.1 million. Property management fees remained generally flat whilst hotel operation income for the six months ended 30 June 2010 increased to approximately HK\$20.4 million as compared to that of approximately HK\$10.1 million for the same period in 2009.

LCH Investment recorded a fair value gain of investment properties of approximately HK\$133.9 million. LCH Investment's profit for the period was approximately HK\$232.3 million, an increase of approximately 20.3% from approximately HK\$193.0 million for the same period in 2009. With respect to LCH Investment's investments in Chong Hing Bank, Chong Hing Bank recorded a growth in its profit for the six months ended 30 June 2010. LCH Investment will continue to look for good investment opportunities in the year ahead and acting with prudence and diversity.

Financial year ended 31 December 2009

Liu's Holdings received dividend income of approximately HK\$22.3 million, representing dividends received from LCH Investment. The dividends received in 2009 decreased compared to the dividends received in 2008 of approximately HK\$44.6 million as a result of the reduction in dividends declared by LCH Investment. During this period, Liu's Holdings incurred administrative expenses of approximately HK\$0.5 million, which basically remained at a similar level to that in 2008.

Cash at banks were in HK\$, and increased from approximately HK\$0.7 million in 2008 to approximately HK\$1.3 million in 2009. This increase reflected the portion of dividends received from LCH Investment which was not distributed to shareholders during the period. Retained earnings also increased by approximately HK\$0.6 million, again reflecting dividends received but not distributed. During the year, Liu's Holdings paid approximately HK\$21.2 million of dividends to its shareholders.

Liu's Holdings did not have any borrowings, charges or derivative financial instruments during the period. As Liu's Holdings' mandate is to hold the shares, stocks and securities in LCH Investment, it also did not have any funding requirements for capital expenditures. There were no (and no plans for) material acquisitions or disposals, and no fees or salaries were paid to directors. As mentioned in "Letter from the Board", 40,000,000 shares in LCH Investment had been provided as security for a loan made to the First Seller.

LCH Investment was a significant investment held by Liu's Holdings during the period. LCH Investment held an approximate 47.82% shareholding interest in Chong Hing Bank. Chong Hing Bank had announced that its audited consolidated profit attributable to shareholders for the year ended 31 December 2009 amounted to approximately HK\$232 million, an increase of approximately 282% over that for the year before. Shareholders' funds (before final dividend) of Chong Hing Bank compared with the shareholders' funds for the previous year, increased approximately 3.7% to approximately HK\$6.2 billion. Share of results of associates amounted to approximately HK\$110.9 million, as compared to approximately HK\$45.3 million in 2008. LCH Investment had 5 investment properties/property development projects in Hong Kong. In addition, it had 4 investment properties/property development projects in the PRC. Gross rental income amounted to approximately HK\$228.7 million, representing an increase of approximately 13.7% as compared to 2008. Property management fees remained generally flat whilst hotel operation income increased to

approximately HK\$22.5 million. LCH Investment recorded a fair value gain of investment properties of approximately HK\$240.9 million. LCH Investment's profit for the period was approximately HK\$350.6 million, an increase of approximately 70.3% from approximately HK\$205.9 million in 2008. With respect to LCH Investment's investments in Chong Hing Bank, with the concerted efforts of governments around the world to introduce vast economic stimulus packages to rescue the global economy, the year 2009 was in general a period of recovery. While most western economies had stabilized and rebounded gradually, China and parts of Asia had recovered much more sharply. In the year ahead, LCH Investment was cautiously optimistic that growth would continue, while at the same time maintaining a high state of awareness that any rapid recovery was also prone to experience volatility and corrections. The year 2009 had been an active year for Hong Kong's property market, in particular many new price records were set in the residential sector of the market. LCH Investment was cautiously optimistic that the property market would continue a healthy trend in 2010.

Financial year ended 31 December 2008

Liu's Holdings received dividend income of approximately HK\$44.6 million, representing dividends received from LCH Investment. The dividends received in 2008 decreased compared to the dividends received in 2007 of approximately HK\$46.3 million as a result of the reduction in dividends declared by LCH Investment. During this period, Liu's Holdings incurred administrative expenses of approximately HK\$0.5 million, which basically remained at a similar level to that in 2007.

Cash at banks were in HK\$, and increased from approximately HK\$0.5 million in 2007 to approximately HK\$0.7 million in 2008. This increase reflected the portion of dividends received from LCH Investment which was not distributed to shareholders during the period. Retained earnings also increased by approximately HK\$0.2 million, again reflecting dividends received but not distributed. During the year, Liu's Holdings paid approximately HK\$43.9 million of dividends to its shareholders (as compared to approximately HK\$45.5 million in 2007).

Liu's Holdings did not have any borrowings, charges or derivative financial instruments during the period. As Liu's Holdings' mandate is to hold the shares, stocks and securities in LCH Investment, it also did not have any funding requirements for capital expenditures. There were no (and no plans for) material acquisitions or disposals, and no fees or salaries were paid to directors. As mentioned in "Letter from the Board", 40,000,000 shares in LCH Investment had been provided as security for a loan made to the First Seller.

LCH Investment was a significant investment held by Liu's Holdings during the period. LCH Investment held a significant interest in Chong Hing Bank, and Chong Hing Bank had announced that its audited consolidated profit attributable to shareholders for the year ended 31 December 2008 amounted to approximately HK\$61 million, a decrease of approximately 88% over that for the year before. Shareholders' funds (before final dividend) of Chong Hing Bank were approximately

HK\$6 billion. Share of results of associates amounted to approximately HK\$45.3 million, as compared to approximately HK\$246.5 million in 2007. LCH Investment had 5 investment properties/property development projects in Hong Kong. In addition, it had 4 investment properties/property development projects in the PRC. Gross rental income amounted to approximately HK\$201.1 million, representing an increase of approximately 66.6% as compared to 2007. Property management fees remained generally flat whilst hotel service reported a revenue of approximately HK\$7.2 million. LCH Investment recorded a net fair value gain on investment properties of approximately HK\$380.1 million. LCH Investment's profit for the period was approximately HK\$205.9 million, a decrease of approximately 20.7% from approximately HK\$259.8 million in 2007. With respect to LCH Investment's investments in Chong Hing Bank, during the year 2008, the world experienced the biggest global financial meltdown in history. Although the root of the problem came from the US, what started out as a fallout in the financial sector quickly spread over to real economies. Countries around the world began to experience a massive deleveraging of debt which led to a self-reinforcing cycle of reduced output, higher unemployment, and lower demand. With wise governance and prudent state policies, China was the least affected of the world's major economies but inevitably felt the negative effects of reduced demand for its goods and services. Therefore, LCH Investment believed 2009 would be a year of consolidation for China, and likewise for Hong Kong too, and looked forward to recovery in due course. The year 2008 had been a mixed year for Hong Kong's property market. While the first half of the year had seen healthy turnover and strong price levels, the second half of 2008 had seen gradual softening in prices and lower turnover in line with a slowing economy.

Financial year ended 31 December 2007

Liu's Holdings received dividend income of approximately HK\$46.3 million, representing dividends received from LCH Investment. During this period, Liu's Holdings incurred administrative expenses of approximately HK\$0.5 million.

Cash at banks were in HK\$, and were approximately HK\$0.5 million as at 31 December 2007. Retained earnings were approximately HK\$2.7 million. During the year, Liu's Holdings paid approximately HK\$45.5 million of dividends to its shareholders.

Liu's Holdings did not have any borrowings, charges or derivative financial instruments during the period. As Liu's Holdings' mandate is to hold the shares, stocks and securities in LCH Investment, it also did not have any funding requirements for capital expenditures. There were no (and no plans for) material acquisitions or disposals, and no fees or salaries were paid to directors. As mentioned in "Letter from the Board", 40,000,000 shares in LCH Investment had been provided as security for a loan made to the First Seller.

LCH Investment was a significant investment held by Liu's Holdings during the period. In turn, LCH Investment held a significant interest in Chong Hing Bank, and Chong Hing Bank had announced that its audited consolidated profit attributable to shareholders for the year ended 31 December 2007 amounted to approximately HK\$505 million. Shareholders' funds (before final dividend) of Chong Hing Bank increased to approximately HK\$6 billion. Share of results of associates amounted to approximately HK\$246.5 million. LCH Investment had 6 investment properties/property development projects in Hong Kong. In addition, it had 5 investment properties/property development projects in the PRC. Gross rental income amounted to approximately HK\$120.7 million, and proceeds from disposal of properties held for sale amounted to approximately HK\$94.0 million. Property management fees were approximately HK\$14.0 million. LCH Investment recorded a fair value gain on investment properties of approximately HK\$52.0 million. LCH Investment's profit for the period was approximately HK\$259.8 million. With respect to LCH Investment's investments in Chong Hing Bank, during the year 2007, economies around the world continued to enjoy decent growth. China and Hong Kong showed strong economic performance again. However, the emergence of a slowing economy towards year end together with fall-out from sub-prime loans in America caused much concern in financial markets around the world. This prompted a series of equity market corrections around the world and the U.S. reacted with a string of interest rates cuts to forestall trouble in the U.S. economy. While the U.S. faced the likelihood of a recession, China further tightened its monetary policy to rein in its inflation. Therefore, LCH Investment believed 2008 would be a more cautious year ahead where there could be lower interest rates favouring Hong Kong's domestic economy and yet would be overshadowed by China's tightening economic policy and the U.S.'s slower growth. The year 2007 had been a strong year for Hong Kong's property market, particularly with turnover and transacted prices recording remarkable increase in both residential and commercial sectors. LCH Investment believed this trend would continue into 2008.

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 March 2010 has been set out in the Annual Report 2010 of the Company which was posted on 29 July 2010 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the Annual Report 2010:

<http://www.hkexnews.hk/listedco/listconews/sehk/20100729/LTN20100729490.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2009 has been set out in the Annual Report 2009 of the Company which was posted on 30 July 2009 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the Annual Report 2009:

<http://www.hkexnews.hk/listedco/listconews/sehk/20090730/LTN20090730435.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2008 has also been set out in the comparative column of the Annual Report 2009 of the Company. Please refer to quick link to the Annual Report 2009 as above for more details.

2. UNAUDITED INTERIM FINANCIAL INFORMATION OF THE GROUP

The unaudited interim consolidated financial statements of the Group for the six months ended 30 September 2010 has been set out in the Interim Report 2010 of the Company posted on 3 December 2010 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the Interim Report 2010:

<http://www.hkexnews.hk/listedco/listconews/sehk/20101203/LTN20101203788.pdf>

3. 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.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements in the next twelve months from the date of this circular.

5. 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.

6. FINANCIAL AND TRADING PROSPECTS

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

In year 2010, the global economy continues to recover whilst the financial market conditions in Hong Kong have improved substantially since last year. As mentioned herein this circular the “Letter From the Board”, the Directors consider that the purchase of shares in a bank holding company will further expand and strengthen the financial services business of the Group. With a well position in the market, the Group is confident that it can capitalize on these growing business opportunities.

The Group’s turnover increased by 39.9% to HK\$42.4 million for the six months ended 30 September 2010 as compared to the corresponding period in 2009. Following the deemed disposal of Hennabun Capital Group Limited (“Hennabun”) which was approved by the Shareholders at the extraordinary general meeting of the Company held on 20 December 2010, Hennabun has ceased to be a subsidiary of the Company. Accordingly, the financial statements of Hennabun are no longer consolidated into the Group.

The Company is open to other investment targets in the financial sectors and will continue to identify possible investment opportunities. 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.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in connection with the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix III to this circular.

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



Ernst & Young
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

30 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 (the “Company”) and its subsidiaries (the “Group”) excluding Hennabun Capital Group Limited (“Hennabun”), formerly an indirect non-wholly owned subsidiary of the Company and Hennabun’s subsidiaries, collectively referred to as the “Remaining Group”, set out on pages 4 to 7 in Appendix III to the circular of the Company dated 30 December 2010 (the “Circular”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed acquisition of 23.43% interest in Liu’s Holdings Limited by Ambition Union Limited, a wholly owned subsidiary of the Company, under the Share Purchase Agreement (as defined in the Circular) (the “Share Purchase”) might have affected the relevant financial information presented in respect of the Group immediately after the completion of the Share Purchase. The basis of preparation of the unaudited pro forma financial information is set out on pages 4 to 7 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 the financial position of the Group as at 31 March 2010 or any future date.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

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

The following is an illustrative and unaudited pro forma financial information of the Company and its subsidiaries (the “Group”) excluding Hennabun Capital Group Limited (“Hennabun”), formerly an indirect non-wholly owned subsidiary of the Company and Hennabun’s subsidiaries, collectively referred to as the “Remaining Group”, which has been prepared on the basis of the notes set out in Part C of this appendix below for the purpose of illustrating the effect of the proposed acquisition of 23.43% interest in Liu’s Holdings Limited by Ambition Union Limited, a wholly owned subsidiary of the Company, under the Share Purchase Agreement (the “Share Purchase”) on the financial position of the Group immediately after the completion of the Share Purchase (the “Enlarged Group”) as if the Share Purchase had taken place on 31 March 2010.

The unaudited pro forma financial information of the Enlarged Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Share Purchase been completed as at 31 March 2010 or at any future date.

**C. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED
GROUP****1. Unaudited pro forma consolidated statement of financial position**

	Unaudited pro forma of the Remaining Group at 31 March 2010 <i>HK\$’000</i> <i>Note 1</i>	Pro forma adjustment <i>HK\$’000</i> <i>Note 2</i>	Pro forma adjustment <i>HK\$’000</i> <i>Note 3</i>	Unaudited pro forma of the Enlarged Group <i>HK\$’000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	31,107			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	–	502,542		502,542
Loans receivable	<u>2,000</u>			<u>2,000</u>
Total non-current assets	<u>732,630</u>			<u>1,235,172</u>

APPENDIX III

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	Unaudited pro forma of the Remaining Group at 31 March 2010 <i>HK\$'000</i> <i>Note 1</i>	Pro forma adjustment <i>HK\$'000</i> <i>Note 2</i>	Pro forma adjustment <i>HK\$'000</i> <i>Note 3</i>	Unaudited pro forma of the Enlarged Group <i>HK\$'000</i>
CURRENT ASSETS				
Loans receivable	1,010			1,010
Prepayments, deposits and other receivables	17,530			17,530
Investments at fair value through profit or loss	841,718			841,718
Cash and bank balances (<i>Note 4</i>)	20,913		(502,542)	(481,629)
Total current assets	<u>881,171</u>			<u>378,629</u>
CURRENT LIABILITIES				
Other payables and accruals	8,020			8,020
Interest-bearing bank and other borrowings	83,093			83,093
Tax payable	2,447			2,447
Total current liabilities	<u>93,560</u>			<u>93,560</u>
NET CURRENT ASSETS	<u>787,611</u>			<u>285,069</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,520,241</u>			<u>1,520,241</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities	4,895			4,895
Net assets	<u><u>1,515,346</u></u>			<u><u>1,515,246</u></u>
EQUITY				
Equity attributable to owners of the Company				
Issued capital	38,135			38,135
Reserves	1,477,211			1,477,211
	<u><u>1,515,346</u></u>			<u><u>1,515,346</u></u>

2. Notes to the unaudited pro forma financial information of the Enlarged Group

- (1) The unaudited pro forma consolidated statement of financial position of the Remaining Group at 31 March 2010 was extracted from the unaudited pro forma financial information of the Remaining Group recently published in Appendix III to the Company's circular dated 3 December 2010.
- (2) The adjustment represents the initial recognition of the Remaining Group's 23.43% interest in Liu's Holdings Limited as an available-for-sale investment at the cash consideration of approximately HK\$502,542,000, assuming the Share Purchase had completed on 31 March 2010. In the opinion of the directors, the Enlarged Group would not be in a position to exercise significant influence on the financial and operating policies of Liu's Holdings Limited and its investment in Liu's Holdings Limited is not held for trading.
- (3) The adjustment represents the total consideration for the Share Purchase of approximately HK\$502,542,000 which will be satisfied by cash.
- (4) Since the unaudited pro forma cash and bank balances of the Remaining Group as at 31 March 2010 were HK\$20,913,000 and the cash consideration payable under the Share Purchase Agreement is approximately HK\$502,542,000, the adjustment results in a negative cash and bank balances position for the Enlarged Group.

It should be noted that this is merely a pro forma statement and does not represent the actual financial position of the Enlarged Group after the completion of the Share Purchase. The consideration for the Share Purchase will be settled by the Remaining Group upon completion using the then available internal resources, including but not limited to, cash, loans receivable and realisation of investment securities.

- (5) The following are the fund-raising activities subsequent to 31 March 2010:

Date of announcement	Fund raising activities	Net proceeds (approx.)	Intended use of proceeds	Actual use of proceeds
21 October 2010	Placing of 2,000,000,000 new ordinary share(s) of HK\$0.10 each in the share capital of the Company ("Share(s)") on a best effort basis (the "Placing"), which has not yet completed	HK\$535.80 million	The net proceeds from the Placing will be used as general working capital and substantially for expanding the Group's financial services business, including (i) enlarging the Group's equity investment portfolio in financial services, (ii) pursuing investment opportunities of a significant size in entities in the financial services sector, and (iii) expanding the Group's money lending business	Not yet completed

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

Date of announcement	Fund raising activities	Net proceeds (approx.)	Intended use of proceeds	Actual use of proceeds
29 September 2010	Placing of 118,950,000 new Shares on a fully underwritten basis, which was completed on 8 October 2010	HK\$36.90 million	For general working capital	Used in the provision of finance
9 August 2010	Placing of 99,125,239 new Shares on a fully underwritten basis, which was completed on 13 August 2010	HK\$27.20 million	For general working capital and expanding the financial services business of the Group	Used in trading of securities and provision of finance
9 August 2010	Issue of convertible bonds in the principal amount of up to HK\$550.00 million	HK\$549.3 million	For general working capital and expanding the financial services business of the Group	The net proceeds of approximately HK\$500 million received were used in trading of securities and substantially used in the provision of finance.
9 April 2010	Placing of 76,270,000 new Shares on a fully underwritten basis, which was completed on 21 April 2010	HK\$37.09 million	For general working capital	Used as in the provision of finance

The above fund-raising activities have not been included in the pro forma financial information.

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
Mr. Andrew Liu (<i>Note 1</i>)	Beneficial owner	796,663,635	31.47%
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. Hui Quincy Kwong Hei	Beneficial owner	10,000,000	0.39%

Note 1:

As at the Latest Practicable Date, Mr. Andrew Liu is a non-executive Director and held 614,845,453 Shares representing approximately 24.29% of the total issued share capital of the Company, and Mr. Andrew Liu is also interested in 181,818,182 Shares representing approximately 7.18% of the total issued share capital of the Company by virtue of the underlying optional bonds which Mr. Andrew Liu can subscribe for under the terms of the convertible bond subscription agreement between the Company and Mr. Andrew Liu dated 9 August 2010.

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.

(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 shareholders	Capacity	Number of shares/underlying shares held	Percentage of the issued share capital
PMA Capital Management Limited (<i>Note 1</i>)	Investment Manager	500,000,000	19.75%
Chong Tin Lung Benny (<i>Note 2</i>)	Interest of controlled corporation	250,000,000	9.87%

Name of substantial shareholders	Capacity	Number of shares/underlying shares held	Percentage of the issued share capital
Mak Siu Hang Viola (Note 3)	Interest of controlled corporation	250,000,000	9.87%
Radford Capital Investment Limited (Note 4)	Interest of controlled corporation	138,181,818	5.46%

Note 1: These shares of which 370,000,000 shares are held by PMA Emerging Opportunities Fund SPC and 130,000,000 shares are held by PMA Strategy Investments Fund. Both parties are wholly owned by PMA Capital Management Limited.

Note 2: These shares are held by VMS Capital Limited, a company wholly owned by Chong Tin Lung Benny.

Note 3: These shares are held by VMS Investment Group Limited, a company wholly owned by Mak Siu Hang Viola.

Note 4: These shares are held by Winning Horsee Limited, a company wholly owned by Radford Capital Investment Limited.

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 Company or are proposed to be acquired or disposed of, by or leased to any member of the Company.

As at the Latest Practicable Date, apart from the Share Purchase Agreement and document (f) under “5. Material Contracts” below, 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 Company.

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 Share Purchase Agreement, the total consideration is HK\$502.54 million;
- (b) the subscription agreement dated 1 November 2010 between Hennabun (a former non-wholly owned subsidiary of the Company) and Ideal Principles Limited, in relation to the subscription of Hennabun’s shares by Ideal Principles Limited, the total consideration was HK\$200 million;
- (c) the loan agreement dated 1 November 2010 between Hansom Finance Limited (“Hansom”), a wholly-owned subsidiary of the Company and Hennabun which combined all the previous loan facilities provided to Hennabun by Hansom into a single revolving loan facility, the total amount involved was approximately HK\$513.88 in which HK\$500 million was the total loan principal and the balance of approximately HK\$13.88 million represented the estimated interest in which HK\$3.81 million has been received at the Latest Practicable Date;
- (d) the placing agreement dated 21 October 2010 entered into between Radland International Limited, the placing agent, and the Company in relation to the placing of 2,000,000,000 new shares at the placing price of HK\$0.275 per share to not fewer than six places, the maximum gross proceeds in HK\$550 million;
- (e) the placing agreement dated 29 September 2010 entered into between Kingston Securities Limited, the placing agent, and the Company in relation to the placing of 118,950,000 new shares at the placing price of HK\$0.32 per share to not fewer than six places, the gross proceeds was approximately HK\$38.06 million;
- (f) the bond subscription agreement dated 9 August 2010 entered into between the Company and Mr. Andrew Liu, pursuant to which Mr. Andrew Liu has agreed to subscribe for or procure subscription of the convertible bonds in aggregate principal amount of up to HK\$550 million issued by the Company and the Company has agreed to issue convertible bonds to Mr. Andrew Liu and/or his nominees;

- (g) the subscription agreement dated 9 August 2010 entered into between the Company and Mr. Andrew Liu, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Andrew Liu has conditionally agreed to subscribe for 99,125,239 new shares of the Company, at HK\$0.275 per share, the gross proceeds was approximately HK\$27.26 million;
- (h) 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\$0.50 per share to not fewer than six places, the gross proceeds was approximately HK\$38.14 million;
- (i) 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 places, the gross proceeds was approximately HK\$25.79 million;
- (j) 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, the gross proceeds was HK\$48 million;
- (k) 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\$0.60 per share to not fewer than six places, the gross proceeds was HK\$23.40 million; and
- (l) the underwriting agreement dated 8 January 2009 entered into between the Company and Get Nice Securities Limited in relation to the underwriting arrangement in respect of the rights issue, the gross proceeds was approximately HK\$107.50 million.

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
Vinco Capital	a licensed corporation for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	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 Enlarged 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 Enlarged 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 Enlarged Group.

The above experts have given and have not withdrawn its 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 bye-laws 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 2010;
- (iv) the interim report of the Company for the six months ended 30 September 2010;
- (v) the letter from Ernst & Young regarding the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;
- (vi) the written consents from Ernst & Young and Vinco Capital as referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (vii) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since 31 March 2010, being the date to which the latest published audited consolidated financial statements of the Company were made up, namely:
 - (a) this circular, and
 - (b) circular dated 3 December 2010 in respect of (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 and (2) major transaction in relation to the provision of financial assistance under the loan facility.

11. WAIVER OF LISTING RULE 14.67(6)(a)(i)

A waiver was granted by the Stock Exchange on exemption to include an accountants' report of Liu's Holdings (the "accountants' report") under the requirements of Listing Rule 14.67(6)(a)(i). The Company has endeavored to obtain the necessary information and assistance from Liu's Holdings for preparation of the accountants' report through (i) seeking written financial information from Liu's Holdings, and (ii) seeking meetings with responsible personnel at Liu's Holdings to explain and discuss the financial information and assistance required. In view of limited financial information and assistance were received by the Company, the Company does not have sufficient financial information and assistance to prepare the accountants' report for the inclusion in this circular. Accordingly, a summary of the financial information of Liu's Holdings extracted from the audited financial statements (for each of the three years ended 31 December 2009) or unaudited management accounts (for the nine months ended 30 September 2010) was presented.

In the opinion of the Directors, the accountants' report of Liu's Holdings has no real value to the Shareholders because (i) Liu's Holdings will not become a subsidiary of the Company upon the Completion; (ii) investment in Liu's Holdings will be accounted for as an available-for-sale investment in the Company's consolidated financial statements; (iii) Liu's Holdings is a private company with limited liability whose financial statements are not required to be disclosed publicly; (iv) the only material assets held by Liu's Holdings are its shareholding in LCH Investment (representing the bulk of its assets) and cash, of which LCH Investment is a publicly listed company in Hong Kong and its financial statements are readily accessible by the public.

The audited consolidated financial statements of LCH Investment for the year ended 31 December 2009 has been set out in the Annual Report 2009 of LCH Investment which was posted on 23 March 2010 ("Annual Report 2009") on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the Annual Report 2009:

<http://www.hkexnews.hk/listedco/listconews/sehk/20100323/LTN20100323409.pdf>

The audited consolidated financial statements of LCH Investment for the year ended 31 December 2008 has been set out in the Annual Report 2008 of LCH Investment which was posted on 26 March 2009 ("Annual Report 2008") on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the Annual Report 2008:

<http://www.hkexnews.hk/listedco/listconews/sehk/20090326/LTN20090326431.pdf>

The audited consolidated financial statements of LCH Investment for the year ended 31 December 2007 has also been set out in the comparative column of the Annual Report 2008 of LCH Investment. Please refer to the quick link to the Annual Report 2008 as above for more details.

The unaudited consolidated financial statements of LCH Investment for the six months ended 30 June 2010 has been set out in the Interim Report 2010 of LCH Investment which was posted on 26 August 2010 (“Interim Report 2010”) on the Stock Exchange’s website (<http://www.hkexnews.hk>). Please also see below quick link to the Interim Report 2010:

<http://www.hkexnews.hk/listedco/listconews/sehk/20100826/LTN20100826347.pdf>

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 Tuesday, 18 January 2011 at 9:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. **“THAT:–**

- a) the conditional sale and purchase agreement (the “Share Purchase Agreement”) dated 8 December 2010 entered into between Ambition Union Limited (the “Purchaser”), a wholly owned subsidiary of the Company, Mr. Liu Lit Man (the “First Seller”), Mr. Liu Lit Man and Mrs. Liu Heu Seu Chu Pearl (the “Second Sellers”), and Mr. Andrew Liu (the “Guarantor”) pursuant to which, amongst other things, (i) the Purchaser agreed to purchase, and the First Seller and the Second Sellers agreed to sell and transfer all their respective legal and beneficial rights, interests, entitlements, claims and undeclared dividends in an aggregate of 175,714 shares in Liu’s Holdings Limited (“LHL”) (apportioned as to 149,091 shares owned by the First Seller and 26,623 shares owned by the Second Sellers), representing a total of 23.43% of the issued share capital of LHL at an aggregate consideration of HK\$502,542,037.50; and (ii) the Guarantor agreed to guarantee and provide a full indemnity to the Purchaser in respect of all the obligations to be observed and complied with by the First Seller and the Second Sellers under the Share Purchase Agreement (excluding consequential, punitive or other indirect losses and damages and any losses or damages resulting from fraud, negligence or willful misconduct of any indemnified party) (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), and all the transactions contemplated thereunder and in connection therewith and any other ancillary documents and all transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- 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 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 Share Purchase Agreement (and the transactions contemplated thereunder and completion thereof) 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
Hui Quincy Kwong Hei
Managing Director

Hong Kong, 30 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:
Room 2302, 23rd Floor
China United Centre
28 Marble Road
North Point, Hong Kong

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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