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FREEMAN CORPORATION LIMITED

民豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

1. DISCLOSEABLE TRANSACTION – ACQUISITION OF 100% INTEREST IN CINERGY HOLDINGS LIMITED

2. PLACING OF NEW SHARES UNDER GENERAL MANDATE

3. RESUMPTION OF TRADING

On 18 October 2006, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares and the Loan in Cinergy, representing 100% of the issued share capital of Cinergy at the consideration of 128,402,593 and 71,597,407 Consideration Shares of the Company respectively, which shall be allotted, issued and credited as fully paid to the Vendor's nominee, Parkson. The Consideration Shares represent approximately 15.01% of the entire issued share capital of the Company as at the date of this announcement and approximately 13.05% of the enlarged issued share capital of the Company immediately following Completion.

The Agreement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

A circular containing details of the Agreement will be dispatched to the Shareholders as soon as practicable.

On 18 October, 2006, the Company has entered into the Placing Agreement with the Placing Agent for the Placing of 66,000,000 new Shares to independent investors at the Placing Price of HK\$0.25 per Share.

The Placing is fully underwritten by the Placing Agent.

The 66,000,000 Placing Shares represent approximately 4.95% of the existing issued share capital of the Company of 1,332,636,202 Shares, approximately 4.72% of the Company's issued share capital as enlarged by the Placing and approximately 4.13% of the Company's issued share capital upon completion of the Agreement and Placing.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:35 a.m. on 17 October 2006 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 23 October 2006.

THE AGREEMENT

Date: 18 October 2006

Parties to the Agreement: (i) Andregina Limited as Vendor
(ii) Freeman Agency Limited as Purchaser
(iii) Yang, Fan Shing Andrew (“AY”)
(iv) Parkson Group Limited (“Parkson”)
(v) The Company

Freeman Agency Limited is an indirectly wholly-owned subsidiary of the Company. The Vendor is the beneficial owner of the Sale Shares.

Yang, Fan Shing Andrew is the sole and ultimate beneficial owner of all the issued share capital of the Vendor and Parkson. He is a veteran in the life insurance industry for more than 48 years in Hong Kong. He started his career with American International Assurance (Bermuda) Limited in 1957 and was promoted to Vice President for Hong Kong region in 1981. He joined Sentry Life Insurance (Asia) Limited in 1982 which was renamed to National Mutual (Asia) Limited in 1987. He was named CEO in 1992 and brought the National Mutual (Asia) Limited to list in the Stock Exchange in the same year. In 1994, he joined Pacific Century Insurance Co. Limited as Vice Chairman and President and successfully brought the Pacific Century Insurance Co. Limited to list in the Stock Exchange in 1999. He is currently Director and Chief Executive of Cinergy Insurance Services Limited.

The Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing 100% of the issued share capital of Cinergy, and the Loan in Cinergy at the consideration of 128,402,593 and 71,597,407 Consideration Shares respectively, which shall be allotted, issued and credited as fully paid to the Vendor’s nominee, Parkson. The Purchaser shall procure that the Company issues the Consideration Shares to Parkson. The Consideration Shares when issued will rank pari passu with all other Shares in issue on completion of the Agreement. The issue price of HK\$0.27 per Consideration Share (i) is equal to the last traded price of HK\$0.27 per Share quoted on the Stock Exchange on 16 October 2006 prior to the suspension of trading in the Shares; and (ii) represents a premium of approximately 3.05% to the average closing price of approximately HK\$0.262 per Share as quoted on the Stock Exchange for the last five full trading days immediately before the issue of this announcement.

The 200,000,000 Consideration Shares are to be issued by the Company under the general mandate granted by shareholders at the annual general meeting dated 28 August 2006 (which as at the date of this announcement, allows the Company to issue or deal with up to 266,527,240 new Shares).

During the period of twelve months after the date of completion, Parkson shall not dispose, whether directly or indirectly, of any of the Consideration Shares; and AY and Parkson shall procure that there is no change in the identity of the ultimate beneficial owner of the Consideration Shares.

The Vendor shall sell as beneficial owner and free from all encumbrances and the Purchaser shall purchase the Sales Shares and the Loan and together with all rights of any nature.

AY undertakes that prior to Completion, Andregina Holdings Limited and Cepsa Investments Limited shall not demand repayment of the Loan; or exercise any option or other right to convert the Loan into shares in the capital of Cinergy or to acquire any right in or encumbrance over the share capital of Cinergy. AY is the sole and ultimate beneficial owner of all the issued share capital of Andregina Holdings Limited. Besides, AY is the ultimate beneficial owner of Cepsa Investments Limited.

The Company and AY will, for a period of 12 months following the date of completion, use their respective reasonable endeavours to expand the existing business of Cinergy and subject to the regulatory requirements and approvals to set up a life insurance company authorized to conduct long term business in Hong Kong. At all times, the Company and AY aim at developing a good insurance business. Cinergy's subsidiaries continue to focus on the insurance agency and broker business. The new company will focus on life insurance business. The Company and AY will give the best efforts to develop the new life insurance business.

Parkson shall contribute HK\$15,000,000 cash by way of gift to the capital of Cinergy within a period of fourteen days after the date of completion.

AY will be appointed as chairman of the board of directors of the Company after Completion. There is no intention of the Company to appoint other directors to the board at the date hereof.

Application will be made to the Stock Exchange for listing of and permission to deal in the Consideration Shares.

Conditions:

Completion of the Agreement is subject to, inter alia, the followings:

- (1) The Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and
- (2) All necessary notifications, consents and approvals as may be required in respect of the transactions contemplated under the Agreement having been given or obtained by the Vendor.

Completion shall take place on the third business day after the date on which all the conditions have been satisfied. If the conditions have not been fulfilled on or before 5:00 p.m. on 17 December 2006 or such other date as the parties may agree in writing, the Agreement shall terminate and the parties shall not have any further claims against each other for costs, damages, compensation or otherwise, save for antecedent breaches.

Consideration:

The aggregate consideration payable by the Purchaser under the Agreement is 200,000,000 Consideration Shares which shall be issued and allotted to the Vendor's nominee, Parkson. The consideration in the monetary terms is approximately HK\$54 million. The Consideration Shares represent approximately 15.01% of the entire issued share capital of the Company as at the date of this announcement and approximately 13.05% of the enlarged issued share capital of the Company immediately following Completion. The Board of the Company considers that the Agreement was arrived at after arm's length negotiations between the Vendor and the Purchaser. The Company can gain premium from the Transaction as (i) AY has a track record of insurance experience and is a veteran in the life insurance industry for more than 48 years in Hong Kong; and (ii) the net liabilities of Cinergy, excluding the Loan, was approximately HK\$3.6 million as at 30 June 2006. Parkson shall contribute HK\$15 million cash by way of gift to the capital of Cinergy within fourteen days after Completion. Based on the financial figures of Cinergy as at 30 June 2006, Cinergy's net assets will become approximately HK\$11.4 million whereas the goodwill for Cinergy as well as the value of Cinergy's agency force is at the approximate amount of HK\$42.6 million. Cinergy's subsidiaries have already recruited 91 experienced insurance agents. In average, each agent is worth approximately HK\$468,132 (i.e. HK\$42.6 million divided by 91 agents). Hence, the Board of the Company considers it is worthy to give such consideration for acquiring Cinergy with experienced agents and to utilize the net asset in the approximate amount of HK\$11.4 million cash for the daily operation.

CINERGY HOLDINGS LIMITED

Cinergy is an investment holding company incorporated in Hong Kong on 10 September 2003. Through its wholly-owned subsidiaries, Cinergy has been carrying on general and life insurance business and related investment linked financial products since early 2004.

As at the date of this announcement, Cinergy is beneficially owned by the Vendor and is set up by AY as he is the sole and ultimate beneficial owner of all the issued share capital of the Vendor. Currently, AY's daughters are the directors of Cinergy and have been working for the life insurance business for more than 10 years. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, the Vendor is not Connected Persons of the Company and are independent of the Company and Connected Persons of the Company.

After completion of the Agreement, Cinergy will be held 100% by the Purchaser. Currently, Ms. Yang Wai Shan, Elsa and Ms. Yang Wai Yan, Veronica are the directors of Cinergy. The Purchaser will nominate representatives on board of Cinergy on completion of the Agreement.

As at the date of this announcement, Cinergy's wholly-owned subsidiaries have retained 91 experienced agents engaging in general and life insurance business and related investment linked financial products.

Based on the unaudited consolidated management accounts of Cinergy and its subsidiaries, the net loss was HK\$5,503,724 from the date of incorporation in September 2003 to 31 December 2004 and was HK\$16,151,937 for the year ended 31 December 2005. Besides, the net liabilities, excluding the Loan, was approximately HK\$3.6 million as at 30 June 2006 and the profit was HK\$1,922,495 for the period from 1 January 2006 to 30 June 2006.

REASONS FOR AND BENEFIT OF THE TRANSACTION

The Company is endeavouring to further develop the businesses in financial services industry. To align with this objective and create remarkable values for shareholders, the Company has agreed to purchase the Sale Shares, representing 100% of the issued share capital of Cinergy, and the Loan in Cinergy at the consideration of 128,402,593 and 71,597,407 Consideration Shares respectively, which shall be allotted, issued and credited as fully paid to the Vendor's nominee, Parkson. As the principal activity of Cinergy is carrying on general and life insurance business and related investment linked financial products, this acquisition enables the Company to enlarge its coverage in financial services industry.

The Directors are of the view that the terms of the Transaction are fair and reasonable and in the interests of the Shareholders as a whole. The reasons are as follows:

- (1) AY has a track record of insurance experience and is a veteran in the life insurance industry for more than 48 years in Hong Kong;
- (2) the net liabilities of Cinergy, excluding the Loan, was approximately HK\$3.6 million as at 30 June 2006. Parkson shall contribute HK\$15 million cash by way of gift to the capital of Cinergy within fourteen days after Completion. Based on the financial figure of Cinergy as at 30 June 2006, Cinergy's net assets will become approximately HK\$11.4 million whereas the goodwill for Cinergy as well as the value of Cinergy's agency force is at the approximate amount of HK\$42.6 million. Cinergy's subsidiaries have already recruited 91 experienced insurance agents. In average, each agent is worth approximately HK\$468,132 (i.e. HK\$42.6 million divided by 91 agents). Hence, the Board of the Company considers it is worthy to give such consideration for acquiring Cinergy with experienced agents and to utilize the net asset in the approximate amount of HK\$11.4 million cash for the daily operation.

Compared with the consideration given for the Transaction, the Company gains a premium over the Transaction.

THE PLACING

The Placing Agreement contains the terms summarised below:

- Parties:**
- (i) The Company
 - (ii) The Placing Agent
- Date:** 18 October 2006
- The Placing Agreement:** The Company has conditionally agreed to place, through the Placing Agent, 66,000,000 Placing Shares in the share capital of the Company on a fully underwritten basis to independent investors at a price of HK\$0.25 per Placing Share.
- Placing Agent:** Chung Nam Securities Limited is the placing agent for the Placing. The Placing Agent will receive a placement commission of 2% on the gross proceeds of the Placing.
- Placees:** The Placing Shares are to be placed to not less than six placees (which may be independent individuals, corporate and/or institutional investors) and if applicable, their ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company. The Company expects that no placee will become a substantial shareholder as a result of the Placing.
- Placing Price:** The Placing Price is HK\$0.25 per Placing Share. This price represents (i) a discount of approximately 7.41% to the closing price of HK\$0.27 per Share quoted on the Stock Exchange on 16 October 2006; (ii) a discount of approximately 4.58% to the average closing price of approximately HK\$0.262 per Share as quoted on the Stock Exchange for the last five trading days of the Shares ended on 16 October 2006; and (iii) a premium of approximately 1.75% to the average closing price per Share of approximately HK\$0.2457 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares ended on 16 October 2006. The expenses of the Placing will be borne by the Company.
- The net placing price per Placing Share is approximately HK\$0.245 per Placing Share.
- The Placing is fully underwritten by the Placing Agent and the Placing Price were agreed after arm's length negotiations between the Placing Agent and the Company.
- Rights:** The Placing Shares will on issue rank equally with the other Shares then in issue.
- Number of Placing Shares:** 66,000,000 new ordinary Shares of HK\$0.10 each are to be placed at the Placing Price of HK\$0.25 per Placing Share, representing approximately 4.95% of the existing issued share capital of the Company of 1,332,636,202 Shares and approximately 4.72% of the issued share capital of the Company as enlarged by the Placing Shares and approximately 4.13% as enlarged by the Transaction and the Placing. The issue of Placing Shares is fully underwritten by the Placing Agent.

Conditions Precedent:	<p>The Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares.</p> <p>The Placing Agreement will lapse if the conditions set out above are not satisfied by 15 November 2006 unless the parties agree otherwise in writing.</p>
Force majeure:	<p>The Placing is subject to termination on the occurrence of certain events at any time before 9:00 a.m. on the date of completion of the Placing Agreement, including:</p> <ul style="list-style-type: none"> (a) any change in national, international, financial, exchange control, industrial, legal, regulatory, licensing, political, economic or market conditions in the People's Republic of China and Hong Kong which in reasonable opinion of the Placing Agent would be materially adverse to the business or trading and financial position of the Company and/or its subsidiaries taken as a whole or is or would be materially adverse in the context of the Placing; or (b) any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or (c) any material change (whether or not forming part of a series of changes) in market conditions in Hong Kong which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed. <p>The directors of the Company are not aware of the occurrence of any of such events as at the date of this announcement.</p>
Completion:	<p>The Placing is to be completed on the third business day after satisfaction of the conditions or such other date as the Company and Placing Agent shall agree. The Placing Agreement will lapse if the conditions are not satisfied by 15 November 2006 unless the parties agree otherwise in writing. Accordingly, assuming that the conditions precedent of the Placing are satisfied by 15 November 2006, the Placing is expected to be completed not later than 20 November 2006.</p> <p>Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.</p>
Authority to issue the Placing Shares:	<p>The 66,000,000 Placing Shares are to be issued by the Company under the general mandate granted by shareholders at the annual general meeting dated 28 August 2006 (which allows the Company to issue or deal with up to 266,527,240 new Shares).</p>
Reasons for the Placing and use of proceeds:	<p>The Company is of the view that the Placing, provides the Company an opportunity to raise further working capital for the Company while at the same time broadening the shareholders and capital base. The additional working capital will enable the Company to consider further expansion or investment opportunities.</p>

The estimated net proceeds of the Placing of approximately HK\$16,170,000 will be used for general working capital of the Company.

Fund raising activities in the past 12 months:

Date of Agreement	Transaction	Net proceeds raised/ to be raised	Completed	Intended use of proceeds	Actual use of proceeds
1 December 2005	Placing of 44,000,000 new Shares under the placing agreement dated 1 December 2005	HK\$28.8 million	Yes	HK\$14.4 million – general working capital HK\$14.4 million – investments	HK\$13.8 million – investment in financial assets HK\$15 million – general working capital
30 December 2005	Underwritten placing of 250,000,000 shares pursuant to the placing agreement dated 30 December 2005	HK\$48.3 million	Yes	To be used for investments in a financial services group and other investments	HK\$47.8 million – general working capital HK\$0.5 million – deposit to acquire two investment properties
30 December 2005	Best Effort Placing of 750,000,000 shares pursuant to the placing agreement dated 30 December 2005	HK\$146.4 million	Yes	To be used for investments in a financial services group and other investments	HK\$100 million – acquire HK\$131 million convertible note issued by HMIL at discount HK\$6.3 million – balance payment of acquire two investment properties HK\$7 million – investment in financial assets HK\$33.1 million – general working capital

EFFECT ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after the issue of the Consideration Shares and the Placing Shares are set out below:

Name of Shareholder	No. of shares held at the date of this announcement	Percentage of issued share capital at the date of this announcement	No. of shares held immediately after the completion of Agreement and Placing	Approximate percentage of shareholding immediately after the completion of Agreement and Placing
Unity Investments Holdings Limited	176,122,000	13.22%	176,122,000	11.02%
Heritage International Holdings Limited	130,524,000	9.80%	130,524,000	8.16%
Public	1,025,990,202	76.98%	1,025,990,202	64.18%
Placees of the Placing	–	–	66,000,000	4.13%
Parkson	–	–	200,000,000	12.51%
Total	1,332,636,202	100%	1,598,636,202	100%

GENERAL INFORMATION

The Group is principally engaged in the trading of securities, provision of finance, trading of goods, property holding and investment holding. The acquisition of the entire share capital of Cinergy is to further expand its financial coverage to the insurance service business.

The Agreement constitutes a discloseable transaction under Rule 14.06 of the Listing Rules. A circular containing details of the Agreement will be dispatched to Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:35 a.m. on 17 October 2006 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 23 October 2006.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite then:

“Agreement”	the conditional sale and purchase agreement dated 18 October 2006 entered into between the Vendor, the Purchaser, AY, Parkson and the Company in relation to the Transaction;
“AY”	Yang, Fan Shing Andrew, a beneficial owner of Andregina Holdings Limited;
“Board”	the board of Directors of the Company;
“Cinergy”	Cinergy Holdings Limited, a private company incorporated in Hong Kong;
“Company”	Freeman Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the Transaction under the Agreement;
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules;
“Consideration Shares”	200,000,000 ordinary shares of HK\$0.10 each in the capital of Freeman Corporation Limited to be allotted, issued and credited as fully paid to the Vendor’s nominee, Parkson;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	the legal currency of Hong Kong;
“HMIL”	Hennabun Management International Limited, a company incorporated in the British Virgin Islands;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	interest free on demand loans due from Cinergy to Andregina Holdings Limited and Cepsa Investments Limited, being HK\$19,331,300 as at the date of the Agreement, all of which are to be acquired by the Purchaser;

“Parkson”	Parkson Group Limited, a company incorporated in the British Virgin Islands;
“Placing”	placing of the Placing Shares pursuant to the Placing Agreement;
“Placing Agent”	Chung Nam Securities Limited, a corporation licensed to carry out business type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);
“Placing Agreement”	the placing agreement dated 18 October 2006 between the Company and the Placing Agent to place, on an underwritten basis, the Placing Shares;
“Placing Price”	HK\$0.25 per Placing Share;
“Placing Share(s)”	66,000,000 new Share(s) to be placed under the Placing Agreement;
“Purchaser”	Freeman Agency Limited, a company incorporated in the British Virgin Islands;
“Sale Shares”	10,000 shares of HK\$1.00 each in the issued share capital of Cinergy Holdings Limited, representing 100% of the issued shares of the company;
“Share(s)”	ordinary shares of HK\$0.10 each in the issued share capital of the Company;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the proposed sale of the Sale Shares and the Loan by the Vendor to the Purchaser and the transactions contemplated pursuant to the Agreement; and
“Vendor”	Andregina Limited, a company incorporated in Hong Kong.

As at the date of this announcement, the Board of the Company comprises three executive directors, namely, Mr Kwong Wai Tim, William (Managing Director), Ms Kwok Wai Ming and Ms Au Shuk Yee, Sue and three independent non-executive directors, namely Mr Gary Drew Douglas (Acting Chairman), Mr Chiu Siu Po and Ms Hui Wai Man, Shirley.

By order of the board
Freeman Corporation Limited
Kwok Wai Ming
Executive Director

Hong Kong, 20 October 2006