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If you have sold or transferred all your shares in Inner Mongolia Development (Holdings) Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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內蒙發展(控股)有限公司

INNER MONGOLIA DEVELOPMENT (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

**PROPOSED CHANGE OF NAME,
PROPOSED CAPITAL REORGANISATION
AND
DISCLOSEABLE TRANSACTION**

A notice convening an extraordinary general meeting of Inner Mongolia Development (Holdings) Limited to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 11 May 2006 at 9:00 a.m. is set out on pages 17 to 18 of this circular. Whether or not you are able to attend the extraordinary general meeting, you should complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof, should you so wish.

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DEFINITIONS

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

“Adjusted Shares”	shares(s) of HK\$0.10 each in the capital of the Company upon completion of the Adjustment Proposal;
“Adjustment Proposal”	the proposal to be put forward to Shareholders for the reduction in nominal value of the Existing Shares by way of a reduction in capital and cancellation of unissued Existing Shares and creation of new shares of HK\$0.10 each as described in paragraph (i) of the section headed “The Proposed Capital Reorganisation” in this circular;
“Adjustment Proposal Effective Date”	the date on which the Court grants an order confirming the Reduction, which date is expected to be in August 2006;
“Agreement”	the conditional sale and purchase agreement dated 24 March 2006 entered into by the Vendor and the Purchaser in relation to sale and purchase of the Sale Share and the Shareholder’s Loan;
“Capital Reorganisation”	the Adjustment Proposal and the proposed cancellation of the share premium account as described in paragraph (iii) of the section headed “The Proposed Capital Reorganisation” in this circular;
“Company”	Inner Mongolia Development (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are traded in the Stock Exchange of Hong Kong Limited;
“Completion”	completion of the Agreement;
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules;
“Court”	the Grand Court of the Cayman Islands;
“Directors”	the directors of the Company;

DEFINITIONS

“EGM” or “Extraordinary General Meeting”	an extraordinary general meeting of the Company to be convened on 11 May 2006 at 9:00 a.m. at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong to consider the Adjustment Proposals and the change of name proposal referred to in this circular;
“Existing Shares”	existing ordinary shares of HK\$0.20 each in the capital of the Company;
“First Exchange Date”	the first trading date after (i) the Adjustment Proposal Effective Date and (ii) the issue of the certificate of incorporation of the Company bearing the new company name by the Registrar of Companies in the Cayman Islands;
“Group”	the Company and its subsidiaries;
“Latest Exchange Date”	a date falling fourteen days after the First Exchange Date;
“Latest Practicable Date”	13 April 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“LCH Loan”	a loan outstanding from Liu Chong Hing Bank Limited to Startech, secured by a mortgage on the Property, the outstanding amount of which as at the Latest Practicable Date is approximately HK\$5,117,000;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	Flat A, 15th Floor and 16th Floor and car parking space no. 1 on Ground Floor, Formwell Garden, 46-48 Blue Pool Road, Hong Kong;
“Purchaser”	Freeman International Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“Reduction”	the proposed adjustment of the nominal value of the Existing Shares by reducing the nominal value of all the issued Existing Shares from HK\$0.20 each to HK\$0.10 each by cancelling HK\$0.10 paid up on each issued Existing Share by way of a reduction of capital;

DEFINITIONS

“Reorganisation Proposal”	proposal for the Capital Reorganisation as set out in more detail in the section headed “The Proposed Capital Reorganisation” in this circular;
“Sale Share”	one (1) share, representing the entire issued share capital of Startech;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of Existing Shares;
“Shareholder’s Loan”	an interest free and repayable on demand shareholder’s loan owed by Startech to the Vendor which as at the date hereof amounts to HK\$5,040,012;
“Startech”	Startech Business Limited, a company incorporated in the British Virgin Islands and wholly-owned by the Vendor;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Fortuna Investment Limited, a company incorporated in the British Virgin Islands; and
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong.

EXPECTED TIMETABLE

The following expected timetable is indicative only and is subject to change due to factors including the availability of the Court and outcome of the Court hearings. Shareholders will be informed of any changes to the expected timetable by press announcement(s).

2006

Latest time for Shareholders to lodge forms of proxy for the Extraordinary General Meeting	9:00 a.m. on 9 May
Extraordinary General Meeting	9:00 a.m. on 11 May
Effective date of the change of name (subject to approval at Extraordinary General Meeting)	11 May
Granting of Court order confirming the Reduction	Adjustment Proposal Effective Date
Last day of trading in the Existing Shares	Adjustment Proposal Effective Date
Effective date of the Adjustment Proposal	Adjustment Proposal Effective Date
Commencement of trading in the Adjusted Shares	the first trading day after the Adjustment Proposal Effective Date
First day of free exchange of certificates for Existing Shares into new certificates with the new company name and/or for Adjusted Shares.	First Exchange Date
Latest time for free exchange of certificates for Existing Shares into new certificates with the new company name and/or for Adjusted Shares	Latest Exchange Date



內蒙發展(控股)有限公司
INNER MONGOLIA DEVELOPMENT (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

Executive Directors:

Ms Yau Shum Tek, Cindy (*Chairman*)
Mr Kwong Wai Tim, William (*Managing Director*)
Mr Lai Ming Wai
Ms Kwok Wai Ming

Registered office:

P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Independent Non-executive Directors:

Mr Lam Ping Cheung
Mr Lo Ming Chi, Charles
Mr Chiu Siu Po
Ms Hui Wai Man, Shirley
Mr Gary Drew Douglas

Principal place of business

in Hong Kong:
31st Floor, China United Centre
28 Marble Road
North Point
Hong Kong

18 April 2006

*To the Shareholders, and for information only,
holders of options under the Share Option Scheme*

Dear Sir/Madam,

**PROPOSED CHANGE OF NAME,
PROPOSED CAPITAL REORGANISATION
AND
DISCLOSEABLE TRANSACTION**

INTRODUCTION

In an announcement dated 28 March 2006, the Directors announced that the Company would put forward to its Shareholders for approval the proposals for the change of name and the Capital Reorganisation.

The Directors also announced on 28 March 2006 that on 24 March 2006, the Vendor entered into the Agreement with the Purchaser pursuant to which the Vendor conditionally agreed to sell and the Purchaser agreed to purchase, inter alia, the entire issued share capital of Startech and a related Shareholder's Loan, at the Sale Price of HK\$3,882,496.15. The Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to give you further information and to give notice to Shareholders of the Extraordinary General Meeting at which resolutions will be proposed to consider and, if thought fit, approve the proposed change of name and the proposed Capital Reorganisation and providing the details in relation to the Agreement.

(1) PROPOSED CHANGE OF NAME

It is proposed that the Company's name be changed from Inner Mongolia Development (Holdings) Limited (內蒙發展(控股)有限公司) to Freeman Corporation Limited (民豐控股有限公司).

As stated in the circular of the Company dated 16 February 2006, the Company is constantly reviewing its existing businesses and possible new business opportunities and has since the end of December 2005 been investigating a new investment opportunity in a financial services group. The Company has decided that it is most likely that the investment in the financial services group will be more promising than the investment opportunities in the manufacturing, travel and trading sectors in the People's Republic of China (especially in the Inner Mongolia region). The proposed change of name is to reflect the dynamic business nature of the Company as well as the management's determination and its genuine wish to enhance the fruitful result for the benefit of the Shareholders.

Subject to approval by Shareholders at the EGM and the approval of the Registrar of Companies in the Cayman Islands, the proposed name change will become effective on the date of the Extraordinary General Meeting.

(2) THE PROPOSED CAPITAL REORGANISATION

It is proposed that:

- (i) the nominal value of all the issued Existing Shares be reduced from HK\$0.20 each to HK\$0.10 each by (a) canceling HK\$0.10 paid up on each issued Existing Shares by way of reduction of capital; (b) canceling the unissued Existing Shares in the authorised share capital of the Company; and (c) increasing the authorised share capital of the Company by creating new shares of HK\$0.10 each equivalent to the same number of the unissued Existing Share cancelled under (b);
- (ii) the credit arising from such reduction will be applied towards canceling the accumulated deficit of the Company in the amount of HK\$485 million as shown in the unaudited financial statements of the Company for the six months ended 30 September 2005; and
- (iii) the sums standing to the credit of the share premium account of the Company in the amount of HK\$327 million as shown in the unaudited financial statements of the Company for the six months ended 30 September 2005 will be cancelled and the credit arising thereupon be applied to cancel the balance of the accumulated deficit

LETTER FROM THE BOARD

of the Company in the amount of HK\$485 million as shown in the unaudited financial statements of the Company for the six months ended 30 September 2005 after applying the credit arising from the reduction of capital referred to in paragraph (ii) above.

The Capital Reorganisation (which will be effected in accordance with the Articles of Association of the Company and the Companies Law of the Cayman Islands) is conditional upon:

- (i) the passing of a special resolution to approve the Capital Reorganisation by Shareholders at the Extraordinary General Meeting;
- (ii) approval of the Adjustment Proposal to the extent required by the Court;
- (iii) compliance with any conditions imposed by the Court; and
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue upon the Capital Reorganisation becoming effective.

Except for options to subscribe for 3,000,000 shares outstanding under the Share Option Scheme adopted by the Company on 23 August 2002, the Company has no outstanding warrants or other securities convertible into or giving rights to subscribe for Shares as at the Latest Practicable Date.

Except for 150 million Shares were issued subsequent to the announcement dated 28 March 2006 and assuming that no further Shares are issued prior to the Extraordinary General Meeting, the issued share capital of the Company will be reduced from HK\$135,411,240 to HK\$67,705,620 by cancelling HK\$0.10 paid up on each issued Existing Share under the Reduction. A credit of approximately HK\$67,705,620 will arise as a result of the Reduction.

The existing authorised share capital is HK\$2,000,000,000 divided into 10,000,000,000 Shares. The existing issued share capital is HK\$135,411,240 divided into 677,056,202 Shares. Subject to the approval by the Shareholders of the Adjustment Proposal, the authorised share capital of the Company upon the Adjustment Proposal becoming effective will be HK\$1,000,000,000 comprising 10,000,000,000 Adjusted Shares, of which 677,056,202 Adjusted Shares representing an issued capital of HK\$0.10 will be in issue and credited as fully paid (not taking into account the Shares that may be issued pursuant to the exercise of the options granted under the Share Options Scheme) and of which 9,322,943,798 Adjusted Shares representing a share capital of HK\$0.10 will be unissued.

LETTER FROM THE BOARD

Effect of the Capital Reorganisation

Implementation of the Capital Reorganisation would not, of itself, alter the underlying assets, liabilities, businesses, management or financial position of the Company and the Group or the rights of the Shareholders, except for payment of the related expenses. The proportionate interests and voting rights of the Shareholders in the Company will not be affected by the Capital Reorganisation.

The Adjusted Shares will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Free exchange of Adjusted Share certificates and trading arrangements

Subject to the Adjustment Proposal and change of name proposal becoming effective, Shareholders may submit existing certificates for Existing Shares to the Registrars in exchange (free of charge) for certificates for Adjusted Shares in respect of the appropriate number of Adjusted Shares, at the expense of the Company, from the First Exchange Date up to and including the Latest Exchange Date. Thereafter certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 for each new certificate issued.

Following the Adjustment Proposal becoming effective, it is expected that new certificates for Adjusted Shares will be available for collection within a period of two weeks from the date of submission of certificates for Existing Shares to the Registrars for exchange.

Existing certificates for the Existing Shares will continue to be effective as documents of title for the same number of the Adjusted Shares and valid for trading, settlement and registration purposes.

A further announcement will be made as and when appropriate in relation to the effective date of the change of name, the arrangements for exchange of share certificates and the arrangements relating to trading and dealings in the Adjusted Shares.

Reasons

With a view to facilitating any capital raising when circumstances arise in the future, the Directors propose the Capital Reorganisation which allow flexibility for the issue of new shares in future if the Directors consider that appropriate. In addition, the Directors believe that in the light of the accumulated losses of the Company as set out in the unaudited financial statements for the six months ended 30 September 2005, it would be in the Company's interests to reduce its capital and cancel its share premium account in order to eliminate so far as possible such accumulated losses, as this would be likely to improve the prospects of raising funds and declaring dividends in the future.

Timing

The Capital Reorganisation will become effective upon Court's approval, which is expected to be around August 2006.

LETTER FROM THE BOARD

(3) THE AGREEMENT

It was also set out in the announcement of the Company dated 28 March 2006 that on 24 March 2006, the Vendor and the Purchaser entered into the Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share representing the entire issued share capital of Startech and to assign the Shareholder's Loan to the Purchaser for a consideration of HK\$3,882,496.15. Details of the Agreement are set out below:

The Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Date

24 March 2006

Parties to the Agreement

Fortuna Investments Limited as Vendor
Freeman International Limited as Purchaser

Both the Vendor and the Purchaser are investment holding companies.

Condition

Completion of the Agreement is conditional upon:

- (i) a due diligence investigation on Startech and the Property having been completed to the satisfaction of the Purchaser in its sole discretion; and
- (ii) consent of Liu Chong Hing Bank Limited, the mortgagee of the Property, to the Agreement and the transaction contemplated thereunder.

If the condition is not satisfied on or before 28 April 2006 or such other date as the parties may agree and the Purchaser gives notice to terminate the Agreement, the Agreement shall terminate and the parties shall not have any further claims against each other, save in respect of antecedent breaches. The Vendor shall forthwith return the deposit received by it under the Agreement to the Purchaser, without interest.

Completion will take place on the third business day and after the satisfaction of the Conditions or such other day as the parties may agree in writing.

LETTER FROM THE BOARD

Consideration

Startech is a special purpose vehicle established solely for the purpose of holding the Property. Apart from the Property, it has no further assets. As such, the consideration was based on the value of the Property. An independent valuer has valued the Property at HK\$9,200,000 as at 23 March 2006 on the basis of the market value which the valuer defined to mean “the estimated amount for which a Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion”.

The consideration payable by the Purchaser under the Agreement was arrived that after arm’s length negotiations between the Vendor and the Purchaser based on the valuation report and the market price of residential properties in similar condition in the same vicinity and taking into account that Startech (which will be wholly owned by the Purchaser after Completion of the Agreement) continues to bear the repayment obligations under the LCH Loan.

The consideration will be funded from the Company’s internal resources.

The consideration payable to the Vendor under the Agreement is HK\$3,882,496.15 and shall be satisfied as follows:

- (i) a deposit of HK\$400,000 was paid upon signing of the Agreement; and
- (ii) the balance of the consideration on Completion.

Startech

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and the Connected Persons of the Company.

Startech was incorporated on 11 August 2004 and is an investment holding vehicle established solely for the purpose of holding the Property which was acquired in early 2005. The Property is currently occupied by the Vendor but vacant possession is to be delivered on Completion. The Property is mortgaged to the Liu Chong Hing Bank Limited as security for the LCH Loan.

After Completion of the Agreement, Startech will be wholly-owned by the Purchaser and its accounts will be consolidated into that of the Group. The Property will continue to be mortgaged to Liu Chong Hing Bank Limited and Startech continues to bear the repayment obligation for the LCH Loan.

LETTER FROM THE BOARD

Based on the unaudited financial statements of Startech from 11 August 2004 (date of incorporation) to 15 March 2006, the net liability and the net loss before and after taxation of the Startech were approximately:

Unaudited Financial Statements of Startech

In Hong Kong Dollars	11 August 2004 (date of incorporation) to 31 December 2004	1 January 2005 to 31 December 2005	1 January 2006 to 15 March 2006
	As at 31 December 2004	As at 31 December 2005	As at 15 March 2006
The net losses before and after taxation	<u>0</u>	<u>115,157</u>	<u>77,657</u>
Net Liabilities	<u>0</u>	<u>115,149</u>	<u>192,806</u>

Reasons for and benefits of the Agreement

As at 15 March 2006, the carrying value of the Property is HK\$8,868,250. The Property has been valued by an independent valuer at HK\$9,200,000. The consideration payable by the Purchaser comprising HK\$3,882,496.15 in cash together with the repayment obligation for the LCH Loan in an amount of HK\$5,117,000 (effectively in aggregate HK\$9,000,000) reflects a discount to the market value of the Property. Hence, the Agreement provides a good opportunity for the Company to invest in the Property. It is intended that the Property will be held by the Company as an investment. Upon the completion of the Agreement, the fixed assets of the Company will be increased by HK\$9,000,000 and the cash of the Company will be decreased by HK\$3,882,496.15. On the contrary, the liabilities of the Company will be increased in the amount of approximately HK\$5,117,000 being the amount of the LCH Loan.

The acquisition of property has yet to be completed at the end of April 2006 and there will be no effect on the earnings of the Company for the financial year ended 31 March 2006.

GENERAL

The Company is engaged in the business of trading of goods, provision of finance, trading of securities, property holding and investment and investment activities.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the proposals for change of name and the capital Reorganisation are in the interests of the Company and the Shareholders, and so recommend Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve such matters.

EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting is set out on pages 17 to 18 of this circular.

A form of proxy for use at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend the Extraordinary General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible but in any event no later than forty-eight hours before the time appointed for the holding of the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof in person if you so wish.

By order of the Board
Yau Shum Tek, Cindy
Chairman

RESPONSIBILITY STATEMENT

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

DISCLOSURE OF INTERESTS**(a) Interests of Directors and Chief Executives**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:—

(i) Long positions in Shares

Name of director	Capacity	Number of Shares	Approximate % of shareholding
Yau Shum Tek, Cindy	Interest of controlled corporation	26,730,000 (Note)	3.94%

Note: As at the Latest Practicable Date, Ms Yau Shum Tek, Cindy, the Chairman of the Company, wholly owns and controls Red China Holdings Limited and Capital Sun Industries Limited. Capital Sun Industries Limited wholly owns Future Star Group Limited. Each of Red China Holdings Limited and Future Star Group Limited holds 50% of the issued share capital of Mainland Talent Developments Limited. Mainland Talent Developments Limited wholly owns Hastings Gold Limited which in turn wholly owns Pacific Rim Investment Management Enterprises Limited.

(ii) *Interests in equity derivatives of the Company*

Name of director	Date of grant	Exercisable period	Subscription price per share HK\$	Number of share options and underlying shares	Percentage of the Company's issued share capital at Latest Practicable Date
Kwong Wai Tim, William	16.1.2004	16.1.2004 to 15.1.2009	1.2	1,500,000	0.68%
Lai Ming Wai	16.1.2004	16.1.2004 to 15.1.2009	1.2	1,500,000	0.68%
				3,000,000	1.36%

Note: These share options were held by the relevant directors as beneficial owners.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

(b) Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following Shareholders (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

Name of Shareholder	Capacity	Number of Shares	Approximate % of shareholding
Heritage International Holdings Limited	Interest of controlled corporation	65,500,000 (Note)	9.67%
Coupeville Limited	Interest of controlled corporation	65,500,000 (Note)	9.67%
Dollar Group Limited	beneficial owner	65,500,000 (Note)	9.67%

Note:

As at the Latest Practicable Date, Heritage International Holdings Limited wholly-owns Coupeville Limited, which in turn wholly-owns Dollar Group Limited. Dollar Group Limited holds 65,500,000 Shares of the Company, representing approximately 9.67% of the issued share capital of the Company.

Save as disclosed above, the Directors and the chief executives of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contracts with any member of the Group which does not expire or is determinable by the employer within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

DIRECTORS' INTEREST IN ASSETS/CONTRACTS

None of the Directors has any direct or indirect interest in any assets which have, since 31 March 2005, being the date of the latest published audited accounts of the Group, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

GENERAL

- (i) The secretary of the Company for the purpose of the Listing Rules is Mr Ken Chan who is a member of The Hong Kong Institute of Chartered Secretaries.
- (ii) The qualified accountant of the Company for the purpose of the Listing Rules is Mr Wong Kwok Tai. He is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (iii) The share registrar of the Company in Hong Kong is Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (iv) The English version of this circular shall prevail over the Chinese text.



內蒙發展(控股)有限公司
INNER MONGOLIA DEVELOPMENT (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Inner Mongolia Development (Holdings) Limited (the “Company”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 11 May 2006 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

1. **“THAT**

- (A) Subject to the approval of the Registrar of Companies in the Cayman Islands, the name of the Company be changed to Freeman Corporation Limited (民豐控股有限公司); and
- (B) Clause 1 of the Memorandum of Association of the Company be and is hereby amended by deletion of the name “Inner Mongolia Development (Holdings) Limited” and replacement with “Freeman Corporation Limited” and that the Articles of Association of the Company be amended by replacing all references to “Inner Mongolia Development (Holdings) Limited” with “Freeman Corporation Limited” to reflect the name change.”

2. **“THAT**, conditional upon (i) approval by the Grand Court of Cayman Islands (the “Court”) and (ii) compliance with any conditions imposed by the Court and with effect from the date on which those conditions are fulfilled:

- (A) the issued share capital of the Company as of the date filing the order of the Court relating to the Capital Reduction (as defined below) at the Registrar of the Companies of the Cayman Islands (“Order Date”) be reduced by cancelling paid up capital to the extent of HK\$0.10 on each of the Shares in issue of the date of this resolution (the “Capital Reduction”) so that each issued share of HK\$0.20 in the capital of the Company shall be treated as one fully paid up share of HK\$0.10 in the capital of the Company (“Adjusted Share”) and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied;
- (B) the unissued shares as at the Order Date of HK\$0.20 in the capital of the Company be cancelled;
- (C) the authorised share capital of the Company be increased by creating a number of new shares of HK\$0.10 each equivalent to the same number of the unissued shares cancelled under paragraph (B) above;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (D) the credit arising from the Capital Reduction be applied towards canceling the accumulated deficit of the Company in the amount of HK\$485 million as shown in the unaudited financial statements of the Company for the six months ended 30 September 2005;
- (E) the sums standing to the credit of the share premium account of the Company in the amount of HK\$327 million as shown in the unaudited financial statements of the Company for the six months ended 30 September 2005 be cancelled and the credit arising thereupon will be applied to cancel the balance of the accumulated deficit of the Company in the amount of HK\$485 million as shown in the unaudited financial statements of the Company for the six months ended 30 September 2005 after applying the credit arising from the Capital Reduction;
- (F) all of the Adjusted Shares resulting from the Capital Reduction shall rank *pari passu* in all respects and have the rights and privileges and be subject to the restrictions contained in the Company's Articles of Association; and
- (G) the directors of the Company be and are hereby authorised generally to do all things they may consider appropriate and desirable to effect and implement any of the foregoing.”

By order of the Board
Yau Shum Tek, Cindy
Chairman

Hong Kong, 18 April 2006.

Notes:

1. To be valid, the instrument appointing a proxy must 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 a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy duly appointed pursuant to the Articles and Association of the Company is entitled to vote on a show of hands at the meeting. 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 must be deposited at the Company's share registrar in Hong Kong, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
5. A form of proxy for use at the extraordinary general meeting is enclosed herewith.