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

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

**If you have sold or transferred** all your shares in Freeman Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

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

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## DEFINITIONS

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

“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;
“Enlarged Group”	the Group as enlarged by the inclusion of the HMIL and its subsidiaries on completion of the conversion of the convertible note issued by HMIL acquired by the Company as referred to in the Company’s circular dated 24 May 2006;
“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;

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“Latest Practicable Date”	3 November 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“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;
“Purchaser”	Freeman Agency Limited, a company incorporated in the British Virgin Islands;
“Sale Shares”	10,000 shares, representing 100% of the issued share capital of Cinergy Holdings Limited;
“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.

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr Yang Fan Shing, Andrew (*Chairman*)  
Mr Kwong Wai Tim, William (*Managing Director*)  
Ms Kwok Wai Ming  
Ms Au Shuk Yee, Sue

*Registered Office:*

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

*Independent Non-executive Directors:*

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

7 November 2006

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION – ACQUISITION OF 100% INTEREST IN CINERGY HOLDINGS LIMITED**

#### **INTRODUCTION**

The Board announced on 20 October 2006 that the Purchaser (a wholly-owned subsidiary of the Company) entered into the Agreement with the Vendor on 18 October 2006, pursuant to which 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.

The Agreement constitutes a disclosure transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further information on the Transaction.

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## LETTER FROM THE BOARD

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### 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 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 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 Shares (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 on 17 October 2006; 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 date of the Agreement.

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 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.

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## LETTER FROM THE BOARD

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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 has been appointed as a Director and chairman of the Board on 24 October 2006. There is no intention of the Company to appoint other directors to the board at the date hereof.

Application has been 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.

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## LETTER FROM THE BOARD

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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 pm 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.

Immediately following the Completion, Cinergy will become a wholly-owned subsidiary of the Company. The investment in Cinergy by the Company will be accounted for in the books of the Company as a subsidiary by using the purchase method of accounting. In addition, the Transaction can broaden the asset base of the Group.

### **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 14.03% of the entire issued share capital of the Company as at the Latest Practicable Date and approximately 12.30% of the enlarged issued share capital of the Company immediately following Completion. The Board of the Company considers that the Agreement was arrived 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; (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 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 had already recruited 91 experienced insurance agents as at the date of the Agreement. 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 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 the Agreement, 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.



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## LETTER FROM THE BOARD

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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 the Agreement, Cinergy's wholly-owned subsidiaries have retained 91 experienced agents in selling general and life insurance business and related investment linked financial products. At the Latest Practicable Date, the number of insurance agents recruited by Cinergy's subsidiaries has been changed to 90.

Based on the unaudited consolidated management accounts of Cinergy and its subsidiaries, the net losses were HK\$5,503,724 from the date of incorporation in September 2003 to 31 December 2004 and 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 net 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 Loans, 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 had already recruited 91 experienced insurance agents as at the date of the Agreement. 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 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.

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## LETTER FROM THE BOARD

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### EFFECT ON SHAREHOLDING STRUCTURE

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

Name of Shareholder	No. of shares held at the Latest Practicable Date	Percentage of issued share capital at the Latest Practicable Date	No. of shares held immediately after the completion of the Agreement	Approximate percentage of shareholding immediately after the completion of the Agreement
Unity Investments Holdings Limited	160,122,000	11.23%	160,122,000	9.85%
Heritage International Holdings Limited	130,524,000	9.16%	130,524,000	8.03%
Galaxy China Opportunities Limited	72,000,000	5.05%	72,000,000	4.43%
Public	1,062,990,202	74.56%	1,062,990,202	65.39%
Parkson	—	—	200,000,000	12.30%
Total	<u>1,425,636,202</u>	<u>100%</u>	<u>1,625,636,202</u>	<u>100%</u>

### 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.

### ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the Appendix to this circular.

By order of the board  
**Kwok Wai Ming**  
*Executive Director*

**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**

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*

<b>Name of director</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate % of shareholding</b>
Au Shuk Yee, Sue	Beneficial owner	16,500,000	1.24%
Kwok Wai Ming	Beneficial owner	15,000,000	1.13%
Yang Fan Shing, Andrew	Interest of controlled corporation (Note)	200,000,000	12.51%

*Note:* Yang Fan Shing, Andrew is the beneficial owner of Parkson Group Limited which has an interest in the 200,000,000 Consideration Shares.

*(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	0.11%

*Note:* These share options were held by the relevant director as beneficial owner.

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).

**(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, Shareholders (other than a Director or chief executive of the Company) who 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 5 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 Enlarged Group were as follows:

*(i) the Group*

Name of Shareholder	Capacity	Number of Shares	Approximate % of shareholding
Unity Investments Holdings Limited	Beneficial owner	160,122,000	12.02%
Heritage International Holdings Limited	Interest of controlled corporation	130,524,000	9.80%
Galaxy China Opportunities Fund	Beneficial owner	72,000,000	5.40%
Parkson Group Limited	Beneficial owner	200,000,000	12.51%

*(ii) HMIL and its subsidiaries*

(a)	<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>Approximate % of shareholding</b>
	Grand Wishes Limited	309,633,334	35.55%
	Bloom Glory Limited	150,000,000	17.22%
	Chow Kam Wah	100,000,000	11.48%
(b)	Chung Nam Nominees Limited, an indirect wholly-owned subsidiary of HMIL, holds 40% of Chung Nam Commodities Limited (an indirect 60% held subsidiary of HMIL).		

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 any 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 are, directly or indirectly interested in 5 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 Enlarged Group.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had 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).

**DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors nor their respective associates was considered to have an interest in business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors and their respective associates were appointed to represent the interests of the Company and/or the Group.

**LITIGATION**

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

**CORPORATE INFORMATION**

- (i) The secretary of the Company is Mr Ngai Wai Kin, who is a member of the Hong Kong Institute of Certified Public Accountants.

- (ii) The qualified accountant of the Company is Mr Ngai Wai Kin, who is a member of the Hong Kong Institute of Certified Public Accountants.
  
- (iii) The share registrar and transfer office of the Company in Hong Kong is Secretaries Limited, of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
  
- (iv) The English version of this circular shall prevail over the Chinese text.