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**If you have sold or transferred** all your shares in **Freeman Corporation Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, 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**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 279)

**(I) REFRESHMENT OF GENERAL MANDATES TO ISSUE AND ALLOT SHARES AND REPURCHASE SHARES; AND  
(II) REFRESHMENT OF SCHEME MANDATE LIMIT OF SHARE OPTION SCHEME**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



**Menlo Capital Limited**

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A letter from the Independent Board Committee is set out on page 11 of this circular and a letter from Menlo to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of this circular.

A notice convening the extraordinary general meeting of Freeman Corporation Limited to be held at 9:00 a.m. on Friday, 22 June 2007 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong is set out on pages 22 to 25 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion of a 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.

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## DEFINITIONS

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

“Announcement”	the announcement dated 21 May 2007 issued by the Company in relation to the Placing, refreshment of general mandates to issue and allot Shares and repurchase Shares, and refreshment of scheme mandate limit of the Share Option Scheme
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Company”	Freeman Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held at 9:00 a.m. on Friday, 22 June 2007 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, the New General Mandates and new scheme mandate limit of the Share Option Scheme
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the extraordinary general meeting of the Company on 2 April 2007, among other things, to allot, issue and deal with up to 494,794,729 Shares, representing 20% of the then issued share capital of the Company and to repurchase up to 247,397,364 Shares, representing 10% of the then issued share capital of the Company
“Extension Mandate”	the proposed extension of the Issue Mandate to be sought at the EGM to authorise the Directors to issue further Shares equal to the Shares repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board comprising Mr. Chiu Siu Po, Ms. Hui Wai Man, Shirley, Mr. Gary Drew Douglas, and Mr. Peter Temple Whitelam established by the Board to advise the Independent Shareholders in respect of the Issue Mandate and the Extension Mandate
“Independent Financial Adviser” or “Menlo”	Menlo Capital Limited, a licensed corporation to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	Shareholders other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates, who are Mr. Yang Fan Shing, Andrew and his associates (including his wife and Parkson Group Limited), Mr. Kwong Wai Tim, William, Ms. Kwok Wai Ming and Ms. Au Shuk Yee, Sue and their respective associates
“Issue Mandate”	the mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“Latest Practicable Date”	4 June 2007, being the latest practicable date prior to the printing of this circular for ascertaining information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandates”	the Issue Mandate, Repurchase Mandate and Extension Mandate
“Option Share(s)”	the new Share(s) to be issued pursuant to the exercise of share options to be granted under the refreshed scheme mandate limit of the Share Option Scheme
“Placing”	placing of 494,000,000 new Shares pursuant to the placing agreement entered into between the Company and a placing agent dated 21 May 2007, details of which was set out in the Announcement

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## DEFINITIONS

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“Repurchase Mandate”	the mandate proposed to be sought at the EGM to authorize the Directors to exercise powers of the Company to repurchase Shares on the Stock Exchange not exceeding 10% of the issued share capital of the Company as at the date of the EGM
“SFO”	the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Share Option Scheme”	the share option scheme adopted and approved by the Company on 23 August 2002
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



**FREEMAN CORPORATION LIMITED**

*(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  
Mr. Peter Temple Whitlam

*Principal Place of Business  
in Hong Kong:*

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

6 June 2007

*To Shareholders of the Company*

Dear Sir or Madam,

**(I) REFRESHMENT OF GENERAL MANDATES TO ISSUE AND  
ALLOT SHARES AND REPURCHASE SHARES; AND  
(II) REFRESHMENT OF SCHEME MANDATE LIMIT  
OF SHARE OPTION SCHEME**

**INTRODUCTION**

As announced by the Company on 21 May, 2007, the Board proposed, inter alia, to (i) refresh the general mandates for the Directors to issue and allot and repurchase Shares not exceeding 20% and 10% respectively of the issued share capital of the Company as at the date of the EGM, and to extend the Issue Mandate so that the Directors be given a general mandate to issue further Shares equal to the number of Shares repurchased under the Repurchase Mandate; and (ii) refresh the 10% scheme mandate limit of the Share Option Scheme.

The purpose of this circular is to provide you with further information regarding, among other things, (i) the New General Mandates; (ii) the refreshment of the scheme mandate limit of the Share Option Scheme; (iii) the recommendation from the Independent Board Committee on the refreshment of

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## LETTER FROM THE BOARD

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the Issue Mandate and the Extension Mandate; (iv) the recommendation from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders on the refreshment of the Issue Mandate and the Extension Mandate; and (v) the notice convening the EGM.

### NEW GENERAL MANDATES

At the extraordinary general meeting of the Company held on 2 April 2007, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to (i) allot up to 494,794,729 Shares, which is equivalent to 20% of the then issued share capital of the Company; and (ii) to repurchase up to 247,397,364 Shares on the Stock Exchange, representing 10% of the then issued share capital of the Company.

During the period from the date of grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilized as to 494,000,000 Shares (being approximately 99.84% of the 494,794,729 Shares that are allowed to be allotted and issued under the Existing General Mandate) pursuant to the completion of the Placing on 31 May 2007. Following the completion of the Placing, the Company has 5,432,760,473 Shares in issue as at the Latest Practicable Date.

In order to provide a flexible means for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new Shares for its future business development, the Board proposed to refresh the general mandates for the Directors to (i) issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM; (ii) repurchase Shares on the Stock Exchange not exceeding 10% of the issued share capital of the Company as at the date of the EGM; and (iii) by a separate ordinary resolution, extend the Issue Mandate so that the Directors be given a general mandate to issue further Shares equal to the number of Shares repurchased under the Repurchase Mandate.

Each of the Issue Mandate and the Extension Mandate is proposed to the Shareholders prior to the Company's next annual general meeting, and therefore, pursuant to Rule 13.36(4) of the Listing Rules, the Issue Mandate and the Extension Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM, and the Directors, Mr. Yang Fan Shing, Andrew and his associates (including, his wife and Parkson Group Limited), Mr. Kwong Wai Tim, William, Ms. Kwok Wai Ming and Ms. Au Shuk Yee, Sue and their respective associates, are required to abstain from voting in favour thereon.

Based on the 5,432,760,473 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased and issued prior to the EGM, subject to the passing of the relevant ordinary resolutions to approve the New General Mandates at the EGM, the Directors will be authorized to allot and issue up to a limit of 1,086,552,094 Shares under the Issue Mandate; and to repurchase up to 543,276,047 Shares under the Repurchase Mandate. The Directors consider that the New General Mandates will enhance the flexibility for the Company to manage its business and therefore the New General Mandates are fair and reasonable and the granting of the New General Mandates are in the interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, the Company has no present intention to exercise the Issue Mandate to allot and issue any new Shares.

## LETTER FROM THE BOARD

Shareholders should note that the Existing General Mandate (subject to the extent that such authority has not been exercised) will be revoked upon approval at the EGM of the New General Mandates which will be and continue to be in force until the earliest of (i) the conclusion of the Company's next general meeting; and (ii) the revocation or variation of the authority given under the relevant resolution to be proposed by ordinary resolution of the Shareholders in general meeting of the Company.

### SHAREHOLDING STRUCTURE

Set out below is a table showing (i) the shareholding structure of the Company as at the date of the Announcement and as at the Latest Practicable Date; and (ii) for illustrative purpose, the shareholding structure of the Company upon full utilization of the Issue Mandate (assuming that the Issue Mandate will be approved at the EGM and that no new Shares will be issued or no Shares will be repurchased by the Company between the Latest Practicable Date and the date of the EGM):

Shareholders	As at the date of the Announcement		As at the Latest Practicable Date		Immediately upon full utilization of the Issue Mandate	
	Shares	%	Shares	%	Shares	%
Directors and their associates (Note 1)	55,500,000	1.12	55,500,000	1.02	55,500,000	0.85
Parkson Group Limited (Note 2)	300,000,000	6.08	300,000,000	5.52	300,000,000	4.60
Willie International Holdings Limited (Notes 3 and 4)	322,518,000	6.53	469,618,000	8.65	469,618,000	7.20
Unity Investments Holdings Limited (Notes 3 and 4)	-	-	396,532,000	7.30	396,532,000	6.08
Shares to be issued under the Issue Mandate	-	-	-	-	1,086,552,094	16.67
Public (Note 4)	<u>4,260,742,473</u>	<u>86.27</u>	<u>4,211,110,473</u>	<u>77.51</u>	<u>4,211,110,473</u>	<u>64.60</u>
<b>Total</b>	<b><u><u>4,938,760,473</u></u></b>	<b><u><u>100.00</u></u></b>	<b><u><u>5,432,760,473</u></u></b>	<b><u><u>100.00</u></u></b>	<b><u><u>6,519,312,567</u></u></b>	<b><u><u>100.00</u></u></b>

Notes:

- Mr. Yang Fan Shing, Andrew, being a Director, and his wife have personal interests in 30,000,000 Shares and 3,000,000 Shares respectively; Ms. Kwok Wai Ming, being another Director, has a personal interest in 22,500,000 Shares.



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## LETTER FROM THE BOARD

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2. Mr. Yang Fan Shing, Andrew, being a Director, beneficially owns the entire issued share capital of Parkson Group Limited.
3. The shares of Willie International Holdings Limited (stock code: 0273) and Unity Investments Holdings Limited (stock code: 0913) are both listed on the main board of the Stock Exchange.
4. The number of issued Shares held by the public has decreased by 49,632,000 from 4,260,742,473 as at the date of the Announcement to 4,211,110,473 as at the Latest Practicable Date as a result of (i) an increase in 494,000,000 Shares pursuant to the completion of the Placing on 31 May 2007 under which 494,000,000 Shares were issued to the respective places; (ii) the decrease in 147,100,000 Shares that have been re-classified from the public to Willie International Holdings Limited; and (iii) the decrease in 396,532,000 Shares that have been re-classified from the public to Unity Investments Holdings Limited.

### **REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME**

The Board also proposed to seek the approval of the Shareholders to refresh the 10% scheme mandate limit of the Share Option Scheme. Under the current limit of the Share Option Scheme, the Directors were authorized to grant options to subscribe for up to 247,397,364 Shares, representing 10% of the issued share capital of the Company as at the date of the extraordinary general meeting of the Company held on 2 April 2007 at which the existing scheme mandate limit was refreshed. Since the approval of the refreshed scheme mandate limit on 2 April 2007 and up to the Latest Practicable Date, the Company has granted and the grantees have exercised in full options to subscribe for a total of 246,800,000 Shares under the Share Option Scheme. As at the Latest Practicable Date, no option to subscribe for Shares was outstanding.

In order to provide the Company with greater flexibility in granting share options to eligible persons (including employees and directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders at the EGM to refresh the scheme mandate limit of the Share Option Scheme at the EGM. The Directors consider that such refreshment of the scheme mandate limit of the Share Option Scheme is in the interest of the Company and the Shareholders as a whole.

Based on the 5,432,760,473 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased and issued and no share options are being granted prior to the EGM, upon the approval of the refreshment of the scheme mandate limit of the Share Option Scheme, the Directors will be authorized to issue options to subscribe for a total of 543,276,047 Shares, representing 10% of the total number of Shares in issue as at the Latest Practicable Date. However, the 597,364 share options not previously granted under the Share Option Scheme will not be counted for the purpose of refreshing the scheme mandate limit of the Share Option Scheme.

No outstanding share options of the Company will lapse as a result of the refreshment of the scheme mandate limit of the Share Option Scheme and the aggregate number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date. Save for the Share Option Scheme, the Company has no other share option schemes as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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The refreshment of the scheme mandate limit of the Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the EGM to approve the refreshment of the scheme mandate limit of the Share Option Scheme by the Shareholders; and
- (ii) the Listing Committee of the Stock Exchange granted the listing of, and permission to deal in, the Option Shares.

Application has been made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Option Shares.

### GENERAL

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

The Independent Board Committee comprising Mr. Chiu Siu Po, Ms. Hui Wai Man, Shirley, Mr. Gary Drew Douglas and Mr. Peter Temple Whitelam, all being independent non-executive Directors, has been formed to advise the Independent Shareholders on the Issue Mandate and the Extension Mandate. Menlo has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the Issue Mandate and the Extension Mandate.

The text of the letter from the Independent Board Committee is set out on page 11 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages 12 to 18 of this circular.

### EGM

A notice convening the EGM is set out on pages 22 to 25 of this circular. The EGM will be convened for the purpose of considering and, if thought fit, passing the ordinary resolutions to approve the refreshment of the New General Mandates and the refreshment of the scheme mandate limit of the Share Option Scheme.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, each of the Issue Mandate and the Extension Mandate requires the approval of the Independent Shareholders by poll at the EGM. Since there is no controlling Shareholder of the Company, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates, who are Mr. Yang Fan Shing, Andrew and his associates (including his wife and Parkson Group Limited), Mr. Kwong Wai Tim, William, Ms. Kwok Wai Ming and Ms. Au Shuk Yee, Sue and their respective associates, shall abstain from voting in favour thereon.

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## LETTER FROM THE BOARD

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A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

### **PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

Article 76 of the articles of association of the Company sets out the following procedure by which Shareholders may demand a poll.

At any general meeting a resolution put to the vote at the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (i) by the Chairman; or
- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### **RECOMMENDATION**

The Board is of the opinion that the terms of the New General Mandates and the refreshment of the scheme mandate limit of the Share Option Scheme are fair and reasonable and in the interests of the Company and Shareholders as a whole, and recommends you to vote in favour of the resolutions to be proposed at the EGM to approve the New General Mandates and the refreshment of the scheme mandate limit of the Share Option Scheme.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility of the accuracy of the information contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge, information and belief, there are no other facts the omission of which would make any statement herein misleading.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

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

Yours faithfully,  
By Order of the Board  
**Freeman Corporation Limited**  
**Kwong Wai Tim, William**  
*Managing Director*



**FREEMAN CORPORATION LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 279)

6 June 2007

*To the Independent Shareholders*

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATES TO ISSUE AND ALLOT SHARES**

We refer to the circular of the Company to the Shareholders dated 6 June 2007 (the “Circular”), of which this letter forms part. Terms defined herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Menlo has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice, together with the principal factors and reasons taken into account in arriving at such advice, are set out in their letter of advice on pages 12 to 18 of the Circular.

Having considered the advice of Menlo, we consider that the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Issue Mandate and the Extension Mandate.

Yours faithfully,

The Independent Board Committee

**Mr. Chiu Siu Po**

**Ms. Hui Wai Man, Shirley**

**Mr. Gary Drew Douglas**

**Mr. Peter Temple Whitelam**

*Independent non-executive Directors*

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter from Menlo Capital Limited for the purpose of incorporation in this circular, in connection with its advice in relation to the Issue Mandate and Extension Mandate:*



**Menlo Capital Limited**  
**Room 06, 1st Floor, Beautiful Group Tower**  
**77 Connaught Road Central**  
**Hong Kong**

6 June 2007

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

Dear Sirs,

## **REFRESHMENT OF GENERAL MANDATES TO ISSUE AND ALLOT SHARES**

### **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 Issue Mandate and the Extension Mandate, details of which are set out in the “Letter from the Board” (the “Board Letter”) contained in the circular (the “Circular”) issued by the Company to the Shareholders dated 6 June 2007 of which this letter forms a part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

As at the Latest Practicable Date, the Existing General Mandate had been utilized as to 494,000,000 Shares (being approximately 99.84% of the 494,794,729 Shares that are allowed to be allotted and issued under the Existing General Mandate). In order to provide a flexible mean for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new Shares for its future business development, the Board proposes to refresh (i) the Issue Mandate; (ii) the Repurchase Mandate; and (iii) the Extension Mandate.

The Independent Board Committee, comprising Mr. Chiu Siu Po, Ms. Hui Wai Man, Shirley, Mr. Gary Drew Douglas and Mr. Peter Temple Whitlam, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and whether the Issue Mandate and the Extension Mandate are in the interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In formulating our recommendation, we have relied on the statements, information, opinions and representations contained in the Circular and the information, facts and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors or management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular. We are also not aware that any statements of belief, opinion and intention made by the Directors in the Circular were not reasonably made after due and careful enquiry and not based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and we have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred in the Circular.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company or any of its respective subsidiaries or associates.

### **PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT**

In arriving at our advice to the Independent Board Committee and the Independent Shareholders in respect of the Issue Mandate and the Extension Mandate, we have taken the following principal factors and reasons into consideration:

#### **I. Background**

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

At the extraordinary general meeting of the Company held on 2 April 2007, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot up to 494,794,729 Shares, which is equivalent to 20% of the then issued share capital of the Company and (ii) to repurchase up to 247,397,364 Shares on the Stock Exchange, representing 10% of the then issued share capital of the Company.

During the period from the date of grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilized as to 494,000,000 Shares (being approximately 99.84% of the 494,794,729 Shares that are allowed to be allotted and issued under the Existing General Mandate) pursuant to the completion of the Placing on 31 May 2007. Following the completion of the Placing, the Company has 5,432,760,473 Shares in issue as at the Latest Practicable Date.

### II. Current resources and financial flexibility

In order to provide a flexible mean for the Company to raise further funds and/or to procure potential merger and acquisition opportunities through the issue of new Shares for its future business development, the Board proposes to refresh the general mandates for the Directors to (i) issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM; (ii) repurchase Shares on the Stock Exchange not exceeding 10% of the issued share capital of the Company as at the date of the EGM; and (iii) by a separate ordinary resolution, extend the Issue Mandate so that the Directors be given a general mandate to issue further Shares equal to the number of Shares repurchased under the Repurchase Mandate.

Based on the 5,432,760,473 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are repurchased and issued prior to the EGM, subject to the passing of the relevant ordinary resolutions to approve the New General Mandates at the EGM, the Directors will be authorized to allot and issue up to a limit of 1,086,552,094 Shares under the Issue Mandate; and to repurchase up to 543,276,047 Shares under the Repurchase Mandate. The Directors consider that the Issue Mandate and the Repurchase Mandate will enhance the flexibility for the Company to manage its business and therefore the New General Mandates are fair and reasonable and the granting of the New General Mandates are in the interests of the Company and the Shareholders as a whole. As at the Latest Practicable Date, the Company has no present intention to exercise the Issue Mandate issue any new Shares.

In the event that the Group identifies a suitable investment opportunity but does not have sufficient cash resources on hand, and if it fails to obtain debt financing on terms which the Directors consider acceptable to the Group or raise funds from the equity capital market, or it cannot find other alternatives to finance the acquisition of such investment opportunities in a timely manner, the Group may lose its bid for an otherwise favourable investment. The Group will be in a disadvantageous position if it is unable to obtain sufficient funds in a timely manner to finance a potential investment. Therefore, the Directors consider that the Issue Mandate and the Extension Mandate will enhance the flexibility for the Company to manage its business and therefore the Issue Mandate and the Extension Mandate are fair and reasonable and the granting of the Issue Mandate and the Extension Mandate are in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In view of the above, we consider that the granting of the Issue Mandate and the Extension Mandate could enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, through placing of Shares for further development of the Group. In addition, the Directors consider that if investment or acquisition opportunities arise, a decision may have to be made within a short period of time. The Issue Mandate and the Extension Mandate could provide the Group with the maximum flexibility as allowed under the Listing Rules to allot and issue new Shares to raise capital through placement of Shares as consideration for funding such potential investments and/or acquisitions in the future as and when such opportunities arise. The increase in the amount of capital which may be raised under the Issue Mandate and the Extension Mandate would improve the overall financial position of the Group which in turn could provide more options for financing to the Group when assessing and negotiating potential investments and/or acquisitions in a timely manner. Accordingly, we are of the opinion that the refreshment of the Issue Mandate and the Extension Mandate are in the best interests of the Company and the Shareholders as a whole

### **III. Other financing alternatives**

In appropriate circumstances, other than raising funds by way of issuing equity capital, the Directors will also consider other financing methods such as debt financing or internal cash resources to fund its future business development, depending on the then financial position of the Group.

Subject to the then market condition, the Directors will consider and conducting an equity fund raising exercise by issuing Shares, which may or may not result in the exercise of the Issue Mandate and the Extension Mandate, to prepare for future business development of the Group. As at the Latest Practicable Date, the Company has no intention to exercise the Issue Mandate and the Extension Mandate to allot and issue any new Shares.

As advised by the Directors, the Issue Mandate and the Extension Mandate provides another alternative to the Directors to raise financing for the Group's businesses and the Directors will use such method of financing which serves the best interest of the Group. We consider that it is sensible and reasonable for the Directors to make reference to the then financial position of the Group in order to decide on the financing method for the future development of the Group.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## IV. Potential dilution to shareholding of the Independent Shareholders

Set out below is a table showing (i) the shareholding structure of the Company as at the date of the Announcement and as at the Latest Practicable Date; and (ii) for illustrative purpose, the shareholding structure of the Company upon full utilization of the Issue Mandate (assuming that the Issue Mandate will be approved at the EGM and that no new Shares will be issued or no Shares will be repurchased by the Company between the Latest Practicable Date and the date of the EGM):

Shareholders	As at the date of the Announcement		As at the Latest Practicable Date		Immediately upon full utilization of the Issue Mandate	
	Shares	%	Shares	%	Shares	%
	Directors and their associates ( <i>Note 1</i> )	55,500,000	1.12	55,500,000	1.02	55,500,000
Parkson Group Limited ( <i>Note 2</i> )	300,000,000	6.08	300,000,000	5.52	300,000,000	4.60
Willie International Holdings Limited ( <i>Notes 3 and 4</i> )	322,518,000	6.53	469,618,000	8.65	469,618,000	7.20
Unity Investments Holdings Limited ( <i>Notes 3 and 4</i> )			396,532,000	7.30	396,532,000	6.08
Shares to be issued under the Issue Mandate	-	-	-	-	1,086,552,094	16.67
Public ( <i>Note 4</i> )	<u>4,260,742,473</u>	<u>86.27</u>	<u>4,211,110,473</u>	<u>77.51</u>	<u>4,211,110,473</u>	<u>64.60</u>
<b>Total</b>	<b><u>4,938,760,473</u></b>	<b><u>100.00</u></b>	<b><u>5,432,760,473</u></b>	<b><u>100.00</u></b>	<b><u>6,519,312,567</u></b>	<b><u>100.00</u></b>

*Notes:*

- Mr. Yang Fan Shing, Andrew, being a Director, and his wife have personal interests in 30,000,000 Shares and 3,000,000 Shares respectively; Ms. Kwok Wai Ming, being another Director, has a personal interest in 22,500,000 Shares.
- Mr. Yang Fan Shing, Andrew, being a Director, beneficially owns the entire issued share capital of Parkson Group Limited.
- The shares of Willie International Holdings Limited (stock code: 0273) and Unity Investments Holdings Limited (stock code: 0913) are both listed on the main board of the Stock Exchange.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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4. The number of issued Shares held by the public has decreased by 49,632,000 from 4,260,742,473 as at the date of the Announcement to 4,211,110,473 as at the Latest Practicable Date as a result of (i) an increase in 494,000,000 Shares pursuant to the completion of the Placing on 31 May 2007 under which 494,000,000 Shares were issued to the respective placees; (ii) the decrease in 147,100,000 Shares that have been re-classified from the public to Willie International Holdings Limited; and (iii) the decrease in 396,532,000 Shares that have been re-classified from the public to Unity Investments Holdings Limited.

As can be seen from the above table, the aggregate shareholding of the existing public Shareholders will be decreased from approximately 77.51% as at the Latest Practicable Date to approximately 64.60% upon full utilization of the Issue Mandate.

Taken into account that (i) the Issue Mandate and the Extension Mandate provides a financial flexibility to the Group for further development of its business as well as in other potential investments and/or acquisitions as and when such opportunities arises in the future; and (ii) the Issue Mandate and the Extension Mandate provides an alternative to raise new equity capital for the Company; and (iii) the shareholding of all the Shareholders will be diluted in proportion to their respective shareholdings upon any utilization of the Issue Mandate, we consider that the above potential dilution to the shareholding of the Independent Shareholders to be justifiable.

### **V. Terms of the Issue Mandate**

Pursuant to Rule 13.36(4) of the Listing Rules, the Company will be convening the EGM at which an ordinary resolution will be proposed to the Independent Shareholders that:

- (i) the Directors be granted the Issue Mandate to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the ordinary resolution; and
- (ii) the Director be granted the Extension Mandate that the Issue Mandate be extended to issue Shares equal to the number of Shares repurchased by the Company pursuant to the general mandate granted to the Directors at the EGM.

Shareholders should note that the Existing General Mandate (subject to the extent that such authority has not been exercised) will be revoked upon approval at the EGM of the Issue Mandate and the Issue Mandate will be in force until the earliest of (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of the period within which the next annual general meeting is required by the articles of association of the Company or the applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the authority given under the relevant resolution to approve the Issue Mandate by ordinary resolution of the Shareholders in general meeting of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having taken into consideration of the above principal factors and reasons, we are of the view that the Issue Mandate and the Extension Mandate are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Issue Mandate and the Extension Mandate.

Yours faithfully,  
For and on behalf of  
**Menlo Capital Limited**  
**Michael Leung**  
*Director*

*The following is an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase Mandate.*

## **1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES**

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution, either by way of a general mandate or, by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up.

## **2. REASONS FOR REPURCHASES**

While it is not possible to anticipate in advance any specific circumstances in which the Directors might think it is appropriate to repurchase securities, the Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities on the market. The repurchases may, depending on market conditions and funding arrangements of the Company at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company.

## **3. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprises 5,432,760,473 Shares.

Subject to the passing of the relevant ordinary resolution to approve the Repurchase Mandate to repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the EGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 543,276,047 Shares.

## **4. FUNDING OF REPURCHASE**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the laws of the Cayman Islands.

**5. IMPACT OF REPURCHASE**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2006) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**6. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the Directors or, to the best of the knowledge and belief, having made all reasonable enquiries, any of their respective associates has any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons (as defined under the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any of the Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders. In accordance with the Listing Rules, the Company shall not knowingly purchase Shares from a connected person on the Stock Exchange and a connected person shall not knowingly sell his Shares to the Company.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchase of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Cayman Islands and in accordance with the memorandum and articles of association of the Company.

**7. SHARE REPURCHASE MADE BY THE COMPANY**

No repurchase of Shares has been made by the Company in the six months (whether on the Stock Exchange or otherwise) ended on the Latest Practicable Date.

**8. THE CODE ON TAKEOVERS AND MERGERS (“TAKEOVERS CODE”)**

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Mr. Yang Fan Shing, Andrew and his associates, Unity Investments Holdings Limited and Willie International Holdings Limited, being the Shareholders who are interested in 5% or more of the issued share capital of the Company, were interested in 333,000,000, 396,532,000 and 469,618,000 Shares respectively (representing approximately 6.13%, 7.30% and 8.65% of the total issued share capital of the Company respectively). On the basis that the issued share capital of the Company remains unchanged up to the date of the EGM, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the EGM, the interest of each of Mr. Yang Fan Shing, Andrew and his associates, Unity Investments Holdings Limited and Willie International Holdings Limited in the issued Shares would be increased to approximately 6.81%, 8.11% and 9.60% of the total issued share capital of the Company respectively. Such an increase of shareholding would not give rise to an obligation for such Shareholders to make a mandatory offer under the Takeovers Code. The Directors do not have any present intention to exercise the Repurchase Mandate to such an extent as would give rise to such an obligation.

Save as aforesaid and as at the Latest Practicable Date, the Directors were not aware of any consequence which the exercise in full of the Repurchase Mandate would have under the Takeovers Code.

## 9. MARKET PRICES OF SHARES

During the 12 months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest HK\$	Lowest HK\$
<b>2006</b>		
May	0.201	0.180
June	0.196	0.132
July	0.136	0.121
August	0.146	0.129
September	0.181	0.140
October	0.243	0.177
November	0.233	0.188
December	0.210	0.150
<b>2007</b>		
January	0.157	0.126
February	0.141	0.117
March	0.204	0.114
April	0.158	0.124
May	0.222	0.127
June (up to the Latest Practicable Date)	0.224	0.199

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## NOTICE OF EGM

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### **FREEMAN CORPORATION LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 279)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Freeman Corporation Limited (the “Company”) will be held at 9:00 a.m. on Friday, 22 June 2007 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong for the following purposes of considering and, if thought fit, passing, with or without modification, the following resolutions:

#### **ORDINARY RESOLUTIONS**

**1. “THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or, otherwise) by the Directors pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the time of passing this resolution; and



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## NOTICE OF EGM

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(d) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting,

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

### 2. “THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of share capital of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing this resolution; and

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## NOTICE OF EGM

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(d) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

3. **“THAT** conditional upon the passing of the ordinary resolutions numbered 1 and 2 in the notice convening the meeting of the Company dated 6 June 2007, the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to and in accordance with the said resolution numbered 2 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the resolution numbered 1 set out in the notice of the meeting of the Company dated 6 June 2007.”
4. **“THAT** the existing scheme mandate limit in respect of the granting of options to subscribe for shares in the Company (“Shares”) under the share option scheme adopted by the Company on 23 August 2002 (the “Share Option Scheme”) be refreshed and renewed provided that the total number of Shares which may be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10% of the Shares of the Company in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the directors of the Company be and are hereby authorized, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

By Order of the Board  
**Freeman Corporation Limited**  
**Kwong Wai Tim, William**  
*Managing Director*

Hong Kong, 6 June 2007

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## NOTICE OF EGM

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*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 the meeting 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 of 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 the adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.