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

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Freeman Corporation Limited, you should at once hand this circular 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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**FREEMAN CORPORATION LIMITED**

**民豐控股有限公司**

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

**(stock code: 279)**

**DISCLOSEABLE TRANSACTION  
HEADS OF AGREEMENT IN RELATION TO THE SALE AND  
PURCHASE OF 120,000,000 SHARES IN THE SHARE CAPITAL OF  
FREEMAN FINANCIAL SERVICES LIMITED**

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## DEFINITIONS

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

|                                |  |
|--------------------------------|--|
| “associate”                    | has the meaning ascribed to it under the Listing Rules   |
| “Board”                        | the board of Directors   |
| “Capital Expansion”            | The future increases of the authorised share capital of FFSL to not less than HK\$600,000,000 and issued share capital of FFSL to HK\$600,000,000 comprising 600,000,000 ordinary shares of HK\$1.00 each after the issue of provisional approval from the Hong Kong Insurance Authority to FFSL in respect of granting the authorisation to carry on long term life insurance business in or from Hong Kong |
| “Company”                      | Freeman Corporation Limited (民豐控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange  |
| “Convertible Notes”            | a series of convertible notes of up to an aggregate principal amount of HK\$1,500,000,000 issued and to be issued by the Company pursuant to a placing agreement dated 11 July 2007, as amended by a supplemental agreement dated 20 August 2007, entered into between the Company and Chung Nam Securities Limited  |
| “Directors”                    | the directors of the Company   |
| “FFSL”                         | Freeman Financial Services Limited, a company incorporated in Hong Kong and wholly owned by Freeman Financial Corporation  |
| “Heads of Agreement”           | the heads of agreement dated 22 October 2007 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares for a cash consideration of HK\$120,000,000   |
| “Group”                        | the Company and its subsidiaries   |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Third Party(ies)” | third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company  |

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## DEFINITIONS

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|---------------------------|--|
| “Latest Practicable Date” | 5 November 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Sale Shares”             | 120,000,000 ordinary shares of HK\$1.00 each in the issued share capital of FFSL as enlarged by the Capital Expansion  |
| “Share(s)”                | fully paid ordinary share(s) of HK\$0.10 each in the issued share capital of the Company   |
| “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  |

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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:*

Dr. 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 Whitelam

*Principal office of business*

*in Hong Kong:*  
8th Floor  
China United Centre  
28 Marble Road  
North Point, Hong Kong

8 November 2007

*To the Shareholders*

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION HEADS OF AGREEMENT IN RELATION TO THE SALE AND PURCHASE OF 120,000,000 SHARES IN THE SHARE CAPITAL OF FREEMAN FINANCIAL SERVICES LIMITED**

#### **INTRODUCTION**

On 22 October 2007, Freeman Financial Corporation, a wholly owned subsidiary of the Company, entered into the legally binding Heads of Agreement with Evolution Master Fund Ltd. SPC, Segregated Portfolio M in relation to the sale and purchase of 120,000,000 shares of HK\$1.00 each in the issued share capital of Freeman Financial Services Limited.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with detail information regarding the entering into the Heads of Agreement.

### THE HEADS OF AGREEMENT

Date : 22 October 2007

Parties : (a) Freeman Financial Corporation (the “Vendor”), a company incorporated in the Cayman Islands with limited liability and being a wholly owned subsidiary of the Company, as vendor; and

(b) Evolution Master Fund Ltd. SPC, Segregated Portfolio M (the “Purchaser”) a segregated portfolio company incorporated in the Cayman Islands, as purchaser.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the latest Practicable Date, the Purchaser holds (i) 50,448,000 Shares which represents 0.62% of the issued share capital of the Company and (ii) Convertible Notes of principal amount of HK\$50,400,000. Upon the conversion of such Conversion Notes of HK\$50,400,000 and assume no other conversion of the Conversion Notes, the Purchaser will hold 5.49% of the enlarged issued share capital of the Company. Save as the interests so disclosed, the Directors consider the Purchaser and its ultimate beneficial owners are Independent Third Parties and not connected person (as defined under the Listing Rules) of the Company.

### Assets to be disposed of and Consideration

Conditional on the issue of provisional approval from the Hong Kong Insurance Authority in respect of granting the authorization to carry on long term life insurance business in or from Hong Kong, FFSL will undergo the Capital Expansion whereby the authorized share capital will increase to not less than HK\$600,000,000 and the issued share capital will increase to HK\$600,000,000 comprising 600,000,000 ordinary shares of HK\$1.00 each by allotting the new shares to the Vendor. And the Vendor will remain as the sole shareholder of FFSL immediately after the Capital Expansion.

Pursuant to the terms of the Heads of Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase 120,000,000 ordinary shares of HK\$1.00 each (the “Sales Shares”) in the issued share capital of FFSL as enlarged by the Capital Expansion for a cash consideration of HK\$120 million.

The Sale Shares represent 20% of the issued share capital of FFSL as enlarged by the Capital Expansion.

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## LETTER FROM THE BOARD

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The consideration is arrived at after arm's length negotiations between the parties to the Heads of Agreement and is equal to the nominal value of the Sale Shares. Since FFSL will not be in substantial level of operation at completion of the Heads of Agreement and the Sale Shares are to be disposed at their par value, the Board does not expect any material gain or loss on the disposal of the Sale Shares or any major impact on the assets and liabilities of the Company due to the transaction. The consideration receivable will be payable upon completion of the Heads of Agreement and applied to the general working capital of the Group. At the Latest Practicable Date, the Group has not identified any specific usage or possible investment opportunity for applying the proceeds from the disposal of the Sale Shares. The Board considers the transaction to be fair and reasonable.

### **Conditions precedent**

Completion of the above-mentioned sale and purchase of the Sale Shares is conditional on the satisfaction or waiver, on or before 60 days (or such later date as may be agreed mutually by the parties to the agreement) from the issue of provisional approval from the Hong Kong Insurance Authority to FFSL in respect of granting the authorisation to carry on long term life insurance business in or from Hong Kong, of, inter alia, the following:–

- (a) the issue of provisional approval from the Hong Kong Insurance Authority to FFSL in respect of granting the authorisation to carry on long term life insurance business in or from Hong Kong;
- (b) all necessary approvals by the shareholders of the Company, government and regulatory authorities (including the Stock Exchange), corporate approvals and consents for the transactions contemplated under the Heads of Agreement (which include the Capital Expansion and the disposal of the Sale Shares) be obtained;
- (c) all necessary internal approvals of the Purchaser be obtained;
- (d) satisfactory result of due diligence to be conducted by the Purchaser on FFSL;
- (e) all relevant regulatory requirements, including but not limited to those under the Listing Rules and the Insurance Companies Ordinance (Cap. 41) of Hong Kong, have been complied with and satisfied; and
- (f) the Purchaser, the Vendor and FFSL have executed a shareholders' agreement in respect of the future management and governance of FFSL.

None of the above-mentioned conditions precedent has been fulfilled at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### **Completion**

Completion shall take place within 7 days after the satisfaction or waiver of the conditions precedent.

Upon completion, the Purchaser will hold 20% of the issued share capital of FFSL and FFSL will become an indirect 80% owned subsidiary of the Company. The Group's total consolidated assets will increase by HK\$120,000,000 upon completion and the minority interest of the Group will also increase by approximately HK\$120,000,000 afterwards.

### **INFORMATION ON FFSL**

FFSL is a company incorporated in Hong Kong with limited liabilities, a direct wholly owned subsidiary of the Vendor and an indirect wholly-owned subsidiary of the Company. The existing authorised and issued share capital of FFSL comprise 10,000,000 ordinary share of HK\$1.00 each.

The present principal activities of FFSL is in the course of setting up long term life insurance business in Hong Kong. In July 2007, FFSL submitted its initial application for license to conduct long term life insurance business in Hong Kong. In order to finance its future operation, FFSL intends to increase its authorised share capital to not less than HK\$600,000,000 and its issued share capital to HK\$600,000,000 by allotting additional shares at par value to the Vendor after the issue of provisional approval from the Hong Kong Insurance Authority in respect of granting the authorisation to conduct long term life insurance business in or from Hong Kong.

According to the audited financial statements of FFSL for the period from its incorporation to 31 March 2007, it did not incur any profit or loss for the period and its net asset value at 31 March 2007 was HK\$100.

### **REASONS FOR ENTERING INTO THE HEADS OF AGREEMENT**

The Group is principally engaged in the trading of securities, provision of finance, property holding, insurance business and investment holding. The Purchaser is a segregated portfolio company incorporated in the Cayman Islands and currently managed by Evolution Capital Management, LLC.



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## LETTER FROM THE BOARD

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The entering into the Heads of Agreement will provide a mean of strengthening the financial base of the Group's insurance business so as to enable FFSL to obtain the initial capital once it start its long term life insurance business. The introduction of a reputable shareholder with extensive international experiences and vision will also have a positive effect on the future management and business potential of FFSL.

The Directors consider that the Heads of Agreement are entered into upon normal commercial terms and that the terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Yours faithfully  
For and on behalf of the Board  
**FREEMAN CORPORATION LIMITED**  
**Kwong Wai Tim, William**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

The 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 the circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the directors, the chief executive of the Company or any of their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### (i) Long positions in the Shares

| Name of Director       | Beneficial owner | Interest of controlled corporation | Interest of spouse | Total       | Approximate percentage of shareholding |
|------------------------|------------------|------------------------------------|--------------------|-------------|--|
| Yang Fan Shing, Andrew | 30,000,000       | 396,000,000<br><i>Note 1</i>       | 2,000,000          | 428,000,000 | 5.26%                                  |
| Kwok Wai Ming          | 22,500,000       | –                                  | –                  | 22,500,000  | 0.28%                                  |

## (ii) Short positions in the Shares

| Name of Director          | Capacity                           | Number of Shares | Approximate percentage of shareholding |
|---------------------------|------------------------------------|------------------|--|
| Yang Fan Shing,<br>Andrew | Interest of controlled corporation | 200,000,000      | 0.25%                                  |

*Notes:*

1. These Shares represent Shares held by Parkson Group Limited in which Dr. Yang Fan Shing, Andrew, beneficially owns the entire issued share capital.
2. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 8,144,312,473 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

## (i) Long positions in the Shares

| Name of Shareholders                              | Capacity                                | Number of Shares        | Approximate percentage of shareholding |
|---|---|-------------------------|--|
| Willie International Holdings Limited<br>(Note 1) | Interest of controlled corporation      | 520,618,000             | 6.39%                                  |
| The Purchaser<br>(Note 2)                         | Beneficial owner                        | 470,448,000             | 5.78%                                  |
| Evolution Capital Management, LLC<br>(Note 2)     | Investment manager                      | 470,448,000             | 5.78%                                  |
| Parkson Group Limited<br>(Note 3)                 | Beneficial owner                        | 396,000,000             | 4.86%                                  |
| Liu Lai Shim, Regina                              | Beneficial owner and interest of spouse | 428,000,000<br>(Note 4) | 5.26%                                  |

## Notes:

1. The shares of Willie International Holdings Limited (stock code: 273) are listed on the main board of the Stock Exchange.
2. The Purchaser is a segregated portfolio company incorporated in the Cayman Islands and currently managed by Evolution Capital Management, LLC.
3. Parkson Group Limited, the entire issued share capital of which is beneficially owned by Dr. Yang Fan Shing, Andrew, is interested in 396,000,000 Shares.
4. These Shares represent 2,000,000 Shares currently held by Ms. Liu Lai Shim, Regina, the wife of Dr. Yang Fan Shing, Andrew, an executive Director and chairman of the Company, 30,000,000 Shares currently held by Dr. Yang Fan Shing, Andrew and 396,000,000 Shares currently held by Parkson Group Limited which entire issued share capital is held by Dr. Yang Fan Shing and therefore Ms. Liu Lai Shim, Regina is deemed to have such interest in the Shares.
5. For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 8,144,312,473 Shares in issue as at the Latest Practicable Date.

## (ii) Short positions in the Shares

| Name of Shareholder   | Capacity           | Number of Shares | Approximate percentage of shareholding |
|-----------------------|--------------------|------------------|--|
| Parkson Group Limited | Beneficial owner   | 200,000,000      | 2.46%                                  |
| Liu Lai Shim, Regina  | Interest of Spouse | 200,000,000      | 2.46%                                  |

*Notes:* For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 8,144,312,473 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

#### 4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates (as defined under the Listing Rules) was interested in any business which competes, or is likely to compete, either directly or indirectly, with the business of the Group.

#### 5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any other member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

**6. LITIGATION**

On 22 November 2004, Cinergy Holdings Limited (“CHL”) and Cinergy Financial Services Limited (“CFSL”), both of which were subsequently acquired by the Group in November 2006 and now being indirectly owned subsidiaries of the Company, entered into a cooperation agreement (“Co-operation Agreement”) with an authorized life insurer and investment adviser (the “Insurer”). CHL agreed to, inter alia, provide agency services to the Insurer and to distribute and sell life and investment linked financial products of the Insurer. On 7 January 2005, CFSL entered into a general agency agreement with the Insurer as a general agent of the Insurer.

Under the terms and conditions of the Co-operation Agreement, the Insurer has provided certain special and general loans to CHL which amounted to approximately HK\$9.48 million and HK\$10.20 million respectively as at 28 February 2007.

A dispute over the Co-operation Agreement between CHL and CFSL with the Insurer has arisen whereby CHL and CFSL claimed, inter alia, the Insurer for the material breach of the terms of the said agreements and the Insurer counterclaimed CHL and CFSL, inter alia, for repayment of the loans mentioned above. On 30 May 2006, the parties therein agreed to take the matter to the Hong Kong International Arbitration Centre for final adjudication and arbitration. On 29 October 2007, the parties to the arbitration entered into a deed of settlement pursuant to which the parties agreed to terminate all legal actions and claims in relation to the dispute on condition that CHL and CFSL shall pay a sum of HK\$6.30 million to the Insurer for full and final settlement of the matter.

Save as disclosed above, as at Latest Practicable Date, neither the Company nor other members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

**7. MISCELLANEOUS**

- (i) The share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- (ii) The secretary and qualified accountant of the Company is Mr. Ngai Wai Kin who is a member of the Hong Kong Institute of Certified Public Accountants.