**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

CLERK OF COURT
MAR 05 2008
CAYMAN ISLANDS GOVERNMENT

G0132

**CAUSE NO. OF 2008**

**IN THE MATTER** of **Freeman Corporation Limited (民豐控股有限公司)**

**AND** in the matter of the Companies Law (2007 Revision)

**AND** Grand Court Rules 1995 Order 102

**PETITION**

GRAND COURT CAYMAN ISLANDS

TO: The Grand Court of the Cayman Islands

**THE PETITION** of **Freeman Corporation Limited (民豐控股有限公司)** shows as follows:

1. The object of this Petition is to seek an Order of the Court pursuant to section 15 of the Companies Law (2007 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner **Freeman Corporation Limited (民豐控股有限公司)** (the "Company").

2. The Company was incorporated under the Companies Law on 14 August 1992 with the name "Tung Fong Hung (Holdings) Limited" and registered in the Cayman Islands as an exempted company with registration number CR-43978. On 27 February 2001, the name of the Company was changed from "**Tung Fong Hung (Holdings) Limited**" to "**Hansom Eastern (Holdings) Limited (**恒盛東方控股有限公司**)**". On 4 August 2005, the name of the Company was changed from "**Hansom Eastern (Holdings) Limited**" to "**Inner Mongolia Development (Holdings) Limited (**內蒙發展 **(**控股**)**有限公司**)**". By a special resolution of the shareholders of the Company passed on 11 May 2006, the name of the Company was further changed from "**Inner Mongolia Development (Holdings) Limited (**內蒙發展 **(**控股**)**有限公司**)**" to "**Freeman Corporation Limited** （民豐控股有限公司）".

3. The registered office of the Company is situated at P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.

4. As at the date of incorporation of the Company on 14 August 1992, its authorised share capital was HK$200,000,000 divided into 2,000,000,000 ordinary shares of HK$0.10 each. Since the incorporation of the Company, the Company has undergone various reorganization of its authorised and issued share capital through increase of authorised share capital, share subdivision, share consolidation and reduction of issued share capital. As part of a capital reorganisation and pursuant to the sanction granted by the Grand Court on 18 August 2006 and filed with the Companies Registry on 21 August 2006, the issued share capital of the Company was reduced from HK$255,411,240.40 divided into 1,277,056,200 shares of HK$0.20 each to HK$127,705,620.20 divided into 1,277,056,200 shares of HK$0.10 each and the authorised share capital became HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.10 each ("Existing Shares"). The authorised share capital of the Company was subsequently increased to its present amount of HK$5,000,000,000 on 6 July, 2007 by the creation of 40,000,000,000 Existing Shares.

5. The Company made an on-market repurchase of 3 Existing Shares which shares were cancelled on 3 March, 2008.

6. The Existing Shares are listed on The Stock Exchange of Hong Kong Limited since October 1992. Over the years, the Company has allotted and issued various tranches of ordinary shares, being the only class of shares of the Company. As at the date of this petition, the authorised share capital of the Company is HK$5,000,000,000 divided into 50,000,000,000 Existing Shares and its issued share capital is HK$814,431,247 divided into 8,144,312,470 Existing Shares.

7. The objects for which the Company was formed are unrestricted and the Company has full power and authority to exercise all the functions of a natural person of full capacity in respective of any question of corporate benefit, as provided by section 27(2) of the Companies Law.

8. The Articles of Association of the Company provide, *inter alia*, as follows:

Article 59(a) "The Company may from time to time by ordinary resolution:

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares, on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sales) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(ii) cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by person, and diminish the amount of its share capital by the amount of the shares so cancelled; and

(iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares."

Article 59(b) "The Company may by special resolution, reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Law."

9. By a special resolution of the Company (the "Special Resolution") duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 1 February 2007 (the "Extraordinary General Meeting"), it was resolved:

THAT, conditional upon (i) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Adjusted Shares (as defined below); (ii) approval by the Grand Court of Cayman Islands (the "Court") and (iii) compliance with any conditions imposed by the Court and with effect from the date on which those conditions are fulfilled:

(A) the issued share capital of the Company as at the date of filing of the order of the Court relating to the Capital Reduction (as defined below) at the Registrar of Companies in the Cayman Islands ("Order Date") be reduced by cancelling paid up capital to the extent of HK$0.09 on each of the Shares in issue as of the date of this resolution (the "Capital Reduction") so that each issued share of HK$0.10 in the capital of the Company shall be treated as one fully paid up share of HK$0.01 in the capital of the Company ("Reduced Share") and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied;

(B) every 10 issued Reduced Shares of HK$0.01 each be consolidated into one Consolidated Share of HK$0.10 ("Adjusted Share") and any fraction of Adjusted Shares arising from the share consolidation shall not be allocated to the holders of the Reduced Shares otherwise entitled thereto but such fractions shall be aggregated and be sold for the benefit of the Company ("Share Consolidation");

(C) the credit arising from the Capital Reduction be applied towards cancelling the accumulated deficit of the Company with the balance to be transferred to the distributable capital reduction reserve account of the Company;

(D) all of the Adjusted Shares resulting from the Capital Reduction shall rank pari passu in all respects and have the rights and privileges and be subject to the restrictions contained in the Company's articles of association; and

(E) the directors of the Company be and are hereby authorised generally to do all things they may consider appropriate and desirable to effect and implement the Capital Reduction, Share Consolidation and application of credit arising from the Capital Reduction (together with "Capital Reorganisation")."

Each of the capitalised terms referred to in the Special Resolution above are defined in the information circular exhibited to the affirmation of Kwok Wai Ming ("KWM-6").

10. The number of members of the Company present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting is as set out in the table below:-

| | Present & Voting | For | Against |
|---|---|---|---|
| How Present | No. | No. | No. |
| In person/by corporate representatives/by proxy | 13 members | 13 members | 0 member |
| Total | 13 members | 13 members | 0 member |

The Extraordinary General Meeting was attended in person or by corporate representatives or by proxy by 15 members but only 13 members voted. All of the 13 voting members voted in favour of the resolution and none voted against the resolution. No poll was demanded or taken at the Extraordinary General Meeting for the Special Resolution. The resolution was voted on by way of a show of hands and the members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting represents more than three-fourths of the votes cast for the resolution approved the Capital Reorganisation and therefore the chairman of the Extraordinary General Meeting declared the resolution passed in accordance with the Articles of Association of the Company.

11. The shares of the Company have until recently been trading on The Stock Exchange of Hong Kong Limited at prices below their existing par value. Under the Companies Law, the Company may not issue shares at a discount to the par value of such shares without the consent of the Court. The Company is proposing a rights issue to its shareholders on the basis of one share of HK$0.10 (the "Rights Issue") for each Adjusted Share held at a subscription price of HK$0.12 per Rights Share. The proposed change in the nominal value of each ordinary share will permit the Rights Issue and greater flexibility in pricing future capital raising exercises, when such circumstances arise, without the need to be concerned about the relationship between the issue price of such shares and their nominal value. The purpose of the proposed Capital Reorganisation is to facilitate the Rights Issue and enable the Company to apply the credit arising from the Capital Reorganisation towards canceling the accumulated deficit of the Company.

12. The proposed Capital Reorganisation does not involve either the diminution of any liability in respect of unpaid capital and the Company does not have any intention to make payment to any shareholder of any paid-up capital. Furthermore, the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company and thus will have no direct impact on creditors nor will it affect the proportionate interests of the shareholders.

13. The form of Minute proposed to be registered is as follows:

"The issued share capital of Freeman Corporation Limited（民豐控股有限公司）(the "Company") was by virtue of a Special Resolution passed on 1 February 2007 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [ ], 2008, reduced from HK$814,431,247 divided into 8,144,312,470 ordinary shares of HK$0.10 each to HK$81,443,124.70 divided into 814,431,247 ordinary shares of

HK$0.10 each (the "Capital Reorganisation"). Upon the Capital Reorganisation becoming effective, all of the authorised but unissued share capital of the Company (including the authorised but unissued share capital of the Company arising from the Capital Reorganisation) was cancelled and forthwith upon such cancellation, the authorised share capital of the Company was immediately increased to HK$5,000,000,000 by the creation of the requisite number of new shares of HK$0.10 each. As at the date of the registration of this Minute, the authorised share capital of the Company is HK$5,000,000,000 divided into shares of HK$0.10 each, of which 814,431,247.30 ordinary shares of HK$0.10 each have been issued and are fully paid or credited as fully paid."

Your Petitioner, the Company, therefore prays as follows:

(1) That the Capital Reorganisation of the Company proposed to be effected by the Special Resolution set forth in paragraph 8 of this Petition may be confirmed and that the above-mentioned Minute may be approved by the Court.

(2) That to this end, all necessary inquiries and directions may be made and given.

(3) Such further and other order as this Honourable Court shall think fit.

NOTE: It is intended to serve this Petition on Freeman Corporation Limited（民豐控股有限公司）, at its registered office located at P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.

DATED THIS 4th DAY OF March, 2008.

Conyers Dill & Pearman

**CONYERS DILL & PEARMAN**
Attorneys-at-Law for the Petitioner herein

This Petition having been presented to the Court on the 4th day of March 2008 will be heard at the Law Courts, George Town, Grand Cayman on the 9th day of May 2008 at _______ am/pm or as soon thereafter as the Petition can be heard.

**This Petition was filed by Conyers Dill & Pearman, Attorneys-at-Law for and on behalf of the Applicant herein whose address for service is that of its Attorneys, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.**

**This Petition was filed by Conyers Dill & Pearman, Attorneys-at-Law for and on behalf of the Applicant herein whose address for service is that of its Attorneys, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.**