

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March 2006.

CHANGE OF NAME

Pursuant to special resolutions passed at extraordinary general meetings held on 4th August 2005 and 11th May 2006, respectively, the name of the Company was changed from Hansom Eastern (Holdings) Limited to Inner Mongolia Development (Holdings) Limited and from Inner Mongolia Development (Holdings) Limited to Freeman Corporation Limited.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and provides corporate management services.

The activities of the Company's principal subsidiaries at 31st March 2006 are set out in note 37 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March 2006 are set out in the consolidated income statement on page 24.

No dividend was paid by the Company during the year. The directors do not recommend the payment of a final dividend for the year.

SHARE CAPITAL

During the year, the Company issued 476,000,000 ordinary shares with aggregate net proceeds of HK\$120,005,000 by share placements and through exercise of certain share options. Details of these and other movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

RESERVES

Details of movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 26 to the consolidated financial statements.

In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves of the Company. The Company's reserves available for distribution to the Company's shareholders comprise share premium, capital redemption reserve, contributed surplus and distributable reserve, less accumulated losses, which in aggregate amounted to HK\$361,299,000 (2005: HK\$462,084,000) at 31st March 2006.

DIRECTORS' REPORT (cont'd)

INVESTMENT PROPERTIES

All investment properties of the Group were fair valued at 31 March 2006. The net decrease in fair value of investment properties, which has been charged to consolidated income statement, amounted to HK\$2,700,000.

Details of movements during the year in the investment properties of the Group are set out in note 17 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Yau Shum Tek, Cindy (*Chairman*)

Kwong Wai Tim, William (*Managing Director*)

Lai Ming Wai

Kwok Wai Ming

(appointed on 22nd December 2005)

Au Shuk Yee, Sue

(appointed on 16th June 2006)

Independent non-executive directors:

Lo Ming Chi, Charles

Chiu Siu Po

(appointed on 4th January 2006)

Hui Wai Man, Shirley

(appointed on 10th February 2006)

Gary Drew Douglas

(appointed on 10th February 2006)

Kwong Kai Sing, Benny

(resigned on 10th February 2006)

Lam Ping Cheung

(resigned on 26th June 2006)

Non-executive directors are appointed for a period up to their retirement by rotation at the annual general meeting of the Company in accordance with the Company's Articles of Association.

In accordance with Articles 95 and 112 of the Company's Articles of Association, Messrs. Kwong Wai Tim, William, Kwok Wai Ming, Au Shuk Yee, Sue, Chiu Siu Po, Hui Wai Man, Shirley and Gary Drew Douglas retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

SHARE OPTION SCHEME

The share option scheme of the Company was approved and adopted by the shareholders at the extraordinary general meeting held on 23rd August 2002 (the "2002 Scheme"). The 2002 Scheme shall be valid and effective for a period of 10 years commencing from 23rd August 2002.

There were 60,000,000 outstanding share options as at 1st April 2005, pursuant to a share consolidation on the basis that every twenty shares of HK\$0.01 each in the issued share capital and unissued share capital of the Company being consolidated into one share of HK\$0.20 which became effective on 5th August 2005, the subscription price per share and the total number of shares which may be issued relating to these share options granted have been respectively adjusted from HK\$0.06 to HK\$1.2 and from a total of 60,000,000 shares to 3,000,000 shares accordingly.

In addition, a total of 12,000,000 share options were granted during the year to certain eligible employees of the Group. Particulars of the 2002 Scheme are set out in note 30 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year:

Name	Date of grant	Exercisable periods	Subscription price per share HK\$	Number of share options and underlying shares				Percentage of the Company's issued share capital at 31.3.2006
				Outstanding at 1.4.2005	Granted during the year	Exercised during the year	Outstanding at 31.3.2006	
Kwong Wai Tim, William (Director)	16.1.2004	16.1.2004 to 15.1.2009	1.200*	1,500,000*	-	-	1,500,000*	0.22%
Lai Ming Wai (Director)	16.1.2004	16.1.2004 to 15.1.2009	1.200*	1,500,000*	-	-	1,500,000*	0.22%
Employees	3.2.2006	3.2.2006 to 2.2.2011	0.244	-	12,000,000	(12,000,000)	-	-
				<u>3,000,000</u>	<u>12,000,000</u>	<u>(12,000,000)</u>	<u>3,000,000</u>	<u>0.44%</u>

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

No share options were cancelled or lapsed under the 2002 Scheme during the year.

The closing price of the Company's shares immediately before 3rd February 2006, the date of grant of the share options during the year, was HK\$0.244.

The weighted average closing price of the Company's shares immediately before exercise date was HK\$0.219.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31st March 2006, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position

Name of director	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital
Yau Shum Tek, Cindy	Interest of controlled corporation	26,730,000 (Note)	3.95%

Note: At 31st March 2006, Ms Yau Shum Tek, Cindy, Chairman of the Company, wholly-owns and controls Red China Holdings Limited and Capital Sun Industries Limited. Capital Sun Industries Limited wholly-owns Future Star Group Limited. Each of Red China Holdings Limited and Future Star Group Limited holds 50% of the issued share capital of Mainland Talent Developments Limited. Mainland Talent Developments Limited wholly-owns Hasting Gold Limited which in turn wholly owns Pacific Rim Investment Management Enterprises Limited. Pacific Rim Investment Management Enterprises Limited holds 26,730,000 ordinary shares of the Company.

The interests stated above represent the directors' interests in the shares of the Company. The directors' interests in the share options of the Company are disclosed in the section headed "Share Option Scheme" above.

Save as disclosed above, at 31st March 2006, none of the directors, chief executives nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of the Company, or had exercised any such rights during the year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 31st March 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests disclosed above in respect of the director, no shareholders had notified the Company of relevant interests in the issued share capital of the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significances to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales during the year attributable to the Group's five largest customers comprised approximately 46% of the Group's total turnover and the turnover attributable to the Group's largest customer was approximately 19% of the Group's total turnover.

The aggregate purchases during the year attributable to the Group's five largest suppliers represent approximately 30% of the Group's total purchases and the purchase attributable to the Group's largest supplier was approximately 22% of the Group's total purchase.

None of the directors, their associates or any shareholders (which, to the knowledge of the directors own more than 5% of the Company's share capital) has any interest in any of the Group's five largest customers or suppliers.

DIRECTORS' REPORT (cont'd)

DISCLOSURE REQUIREMENTS OF RULE 13.13, 13.15 AND 13.20 OF THE LISTING RULES

In accordance with the requirements of Rule 13.13, 13.15 and 13.20 of the Listing Rules, the directors of the Company reported below advances given to the following entities as at 31 March 2006 which represent more than 8% of the assets ratio (as defined in Rule 14.07(1) of the Listing Rules).

As at 31 March 2006, Hansom Finance Limited, a wholly-owned subsidiary of the Company and being a licensed money lender in Hong Kong, had provided loans to the following entities during the course of its businesses. The details of the loans are set out below:

- i) Borrower: Best Decade Holdings Limited
Amount of the loan outstanding as at 31st March 2006: HK\$100,000,000
Interest accrued as at 31 March 2006: HK\$3,203,000
Interest rate: prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited (the "Prime Rate") plus 3% per annum
Date of commencement of the loan: 24th February 2004
Maturity date: 24th February 2007
Security given: a continuing and unconditional third party guarantee

- ii) Borrower: Texson Limited
Amount of the loan outstanding as at 31st March 2006: HK\$105,000,000
Interest accrued as at 31st March 2006: HK\$6,688,000
Interest rate: Prime Rate plus 3% per annum
Date of commencement of the loan: 30th March 2004
Maturity date: 1st April 2007
Security given: two continuing and unconditional third party guarantees

The above-mentioned borrowers are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the board of directors on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the directors, who are authorised by the shareholders in the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 30 to the consolidated financial statements.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 36 to the consolidated financial statements.

AUDITORS

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Yau Shum Tek, Cindy

Chairman

Hong Kong, 27th July 2006