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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)

**FINAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**FINAL RESULTS**

The Board of Directors of Freeman Corporation Limited (“Freeman”) announces the consolidated results of Freeman and its subsidiaries (the “Group”) for the year ended 31 March 2009 together with the comparative figures for the corresponding period in 2008, which have been reviewed by the Audit Committee, as follows:

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 March 2009*

	Notes	2009 HK\$'000	2008 HK\$'000
<b>REVENUE</b>	4	9,605	85,340
Cost of sales		( 5,598)	( 7,802)
<b>Gross profit</b>		4,007	77,538
Other income and gains	4	4,605	27,294
Gains/(losses) arising from changes in fair value of investment properties, net		( 18,714)	16,130
Fair value losses on investments at fair value through profit or loss, net		( 356,680)	( 456,450)
General and administrative expenses		( 34,596)	( 40,829)
Other expenses		( 27,042)	( 13,981)
Finance costs	6	( 3,790)	( 6,059)
<b>LOSS BEFORE TAX</b>	5	( 432,210)	( 396,357)
Tax	7	1,862	( 7,351)
<b>LOSS FOR THE YEAR</b>		( 430,348)	( 403,708)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF FREEMAN</b>	8		(Restated)
Basic		<u>HK\$(45.81) cents</u>	<u>HK\$(198.58) cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	2009 HK\$'000	2008 HK\$'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	28,989	31,271
Investment properties	109,500	101,579
Prepaid land premium	50,031	51,047
Available-for-sale investment	-	18,793
Loans receivable	3,000	-
Investments at fair value through profit or loss	250,000	-
Total non-current assets	<u>441,520</u>	<u>202,690</u>
<b>CURRENT ASSETS</b>		
Loans receivable	76,992	254,152
Prepayments, deposits and other receivables	7,718	5,042
Investments at fair value through profit or loss	638,166	345,791
Cash and bank balances	34,794	278,649
Total current assets	<u>757,670</u>	<u>883,634</u>
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	5,157	5,934
Interest-bearing bank and other borrowings	24,040	5,240
Tax payable	2,447	4,706
Total current liabilities	<u>31,644</u>	<u>15,880</u>
<b>NET CURRENT ASSETS</b>	<u>726,026</u>	<u>867,754</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>1,167,546</u>	<u>1,070,444</u>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	85,932	92,541
Convertible notes	-	31,853
Deferred tax liabilities	754	2,741
Total non-current liabilities	<u>86,686</u>	<u>127,135</u>
Net assets	<u>1,080,860</u>	<u>943,309</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of Freeman</b>		
Issued capital	195,463	814,431
Reserves	885,397	128,878
<b>Total equity</b>	<u>1,080,860</u>	<u>943,309</u>

## NOTES

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, an available-for-sale investment and investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The basis of preparation and accounting policies adopted in the financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2008 except for the new adoption of the new and revised HKFRSs as disclosed in note 2 below.

### 2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	HKAS 19 – <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	<i>First-time adoption of Hong Kong Financial Reporting Standards</i> <sup>2</sup>
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> <sup>1</sup>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i> <sup>1</sup>
HKFRS 3 (Revised)	<i>Business Combinations</i> <sup>2</sup>

HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments</i> <sup>1</sup>
HKFRS 8	<i>Operating Segments</i> <sup>1</sup>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> <sup>1</sup>
HKAS 23 (Revised)	<i>Borrowing Costs</i> <sup>1</sup>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> <sup>2</sup>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i> <sup>1</sup>
HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> <sup>2</sup>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement - Embedded Derivatives</i> <sup>5</sup>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> <sup>3</sup>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i> <sup>1</sup>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i> <sup>4</sup>
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners</i> <sup>2</sup>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> <sup>6</sup>

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs\** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

In addition, *Improvements to HKFRSs 2009* were issued in May 2009 by the HKICPA which contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, Appendix to HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9, HK(IFRIC)-Int 16. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for annual periods beginning on or after 1 July 2009 and no transitional provisions for amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010, as appropriate, except for amendment to Appendix to HKAS 18 in which no effective date has been specified, although there are separate transitional provisions for certain standards.

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>5</sup> Effective for annual periods ending on or after 30 June 2009

<sup>6</sup> Effective for transfers of assets from customers received on or after 1 July 2009

\* *Improvements to HKFRSs* contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

### **3. SEGMENT INFORMATION**

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (i) the trading of securities segment engages in the purchase and sale of securities and the holding of investments primarily for interest income, dividend income and capital appreciation;
- (ii) the provision of finance segment engages in the provision of financing services in Hong Kong;
- (iii) the property holding and investment segment engages primarily in the investments in commercial and residential properties for their rental income potential and/or their appreciation in values;
- (iv) the insurance agency and brokerage business segment engages in general and life insurance brokerage business and the provision of related investment linked financial products in Hong Kong; and
- (v) the investment holding segment engages in holding investments for continuing strategic or long term purposes, primarily for their dividend income and capital appreciation.

### 3. SEGMENT INFORMATION (continued)

#### Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

Group	Trading of securities		Provision of finance		Property holding and investment		Insurance agency and brokerage business		Investment holding		Eliminations		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
<b>Segment revenue:</b>														
Revenue from external customers	( 9,138)	59,070	11,372	17,464	3,631	2,590	3,740	6,216	-	-	-	-	9,605	85,340
Intersegment sales	-	-	-	-	-	-	-	-	19,241	10,634	( 19,241)	( 10,634)	-	-
Other revenue	10	645	191	110	-	16,155	66	14,673	-	-	-	-	267	31,583
<b>Total</b>	<u>( 9,128)</u>	<u>59,715</u>	<u>11,563</u>	<u>17,574</u>	<u>3,631</u>	<u>18,745</u>	<u>3,806</u>	<u>20,889</u>	<u>19,241</u>	<u>10,634</u>	<u>( 19,241)</u>	<u>( 10,634)</u>	<u>9,872</u>	<u>116,923</u>
<b>Segment results</b>	<u>(366,006)</u>	<u>(396,922)</u>	<u>( 8,803)</u>	<u>17,361</u>	<u>(18,397)</u>	<u>7,683</u>	<u>( 7,205)</u>	<u>( 5,948)</u>	<u>2,467</u>	<u>( 9,289)</u>	<u>( 19,241)</u>	<u>( 10,634)</u>	<u>( 417,185)</u>	<u>(397,749)</u>
Interest and unallocated gains													4,338	11,642
Unallocated expenses													( 15,573)	( 4,191)
Finance costs													( 3,790)	( 6,059)
Loss before tax													( 432,210)	(396,357)
Tax													1,862	( 7,351)
Loss for the year													<u>( 430,348)</u>	<u>(403,708)</u>
<b>Assets and liabilities</b>														
Segment assets	640,982	347,126	356,430	254,228	184,631	204,423	1,581	2,559	2,293,558	1,500,526	(2,285,837)	(1,234,126)	1,191,345	1,074,736
Unallocated assets													7,845	11,588
<b>Total assets</b>													<u>1,199,190</u>	<u>1,086,324</u>
Segment liabilities	1,446,219	786,279	440,780	315,761	199,229	199,609	46,882	40,674	270,872	34,419	(2,285,837)	(1,234,126)	118,145	142,616
Unallocated liabilities													185	399
<b>Total liabilities</b>													<u>118,330</u>	<u>143,015</u>

### 3. SEGMENT INFORMATION (continued)

#### Business segments (continued)

Group	Trading of securities		Provision of finance		Property holding and investment		Insurance agency and brokerage business		Investment holding		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information:</b>														
Depreciation - allocated	-	-	-	-	351	499	102	150	-	-	-	-	453	649
Depreciation - unallocated													1,884	1,223
													<u>2,337</u>	<u>1,872</u>
Recognition of prepaid land premium	-	-	-	-	781	247	-	-	-	-	-	-	781	247
Gains/(losses) arising from changes in fair value of investment properties, net	-	-	-	-	(18,714)	16,130	-	-	-	-	-	-	(18,714)	16,130
Impairment of loans receivable	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000	-
Fair value losses on investments at fair value through profit or loss, net	356,680	456,450	-	-	-	-	-	-	-	-	-	-	356,680	456,450
Loss on redemption of convertible notes	-	-	-	-	-	-	-	-	5,333	287	-	-	5,333	287
Capital expenditure - allocated	-	-	-	-	26,635	100,674	-	181	-	11,882	-	-	26,635	112,737
Capital expenditure - unallocated													121	-
													<u>26,756</u>	<u>112,737</u>

#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents interest income earned from provision of finance; dividend income from equity investments; gains/(losses) from the sale of investments at fair value through profit or loss; insurance agency and brokerage income; and gross rental income received and receivable from investment properties during the year.

An analysis of revenue, other income and gains is as follows:

	2009 HK\$'000	Group 2008 HK\$'000
<u>Revenue</u>		
Interest income from provision of finance	11,372	17,464
Dividend income from investments at fair value through profit or loss	2,364	1,263
Gains/(losses) from the sale of investments at fair value through profit or loss, net	( 11,502)	57,807
Gross rental income	3,631	2,590
Insurance agency and brokerage income	3,740	6,216
	<u>9,605</u>	<u>85,340</u>
<u>Other income and gains</u>		
Bank interest income	2,887	11,634
Other interest income	1,449	471
Gain on settlement of other borrowings	-	14,545
Reversal of impairment of other receivables	65	-
Others	204	644
	<u>4,605</u>	<u>27,294</u>



## 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Group	
	2009	2008
	HK\$'000	HK\$'000
Depreciation	2,337	1,872
Recognition of prepaid land premium	781	247
Employee benefit expenses (excluding directors' remuneration):		
Wages, salaries and allowances	11,280	9,959
Equity-settled share option expenses	-	10,032
Retirement benefit scheme contributions (defined contribution scheme)*	242	260
	<u>11,522</u>	<u>20,251</u>
Share-based payment paid to investment advisors for the provision of investment advisory services	-	1,178
Auditors' remuneration	2,525	2,400
Foreign exchange difference arising from an available-for-sale investment	-	126
Foreign exchange differences, net	117	-
Minimum lease payments under operating leases in respect of land and buildings	-	442
Direct operating expenses arising on rental-earning investment properties	1,047	766
Loss on disposal/write-off of items of property, plant and equipment	59	30
Loss on revaluation upon reclassification of an owner-occupied property to an investment property**	-	43
Loss on disposal of an available-for-sale investment**	1,709	-
Loss on disposal of a subsidiary**	-	212
Loss on redemption of convertible notes**	5,333	287
Impairment of goodwill**	-	12,129
Impairment of loans receivable**	20,000	-
Impairment of other receivables**	-	1,310
	<u><u>11,522</u></u>	<u><u>20,251</u></u>

\* At 31 March 2009, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2008: Nil).

\*\* These balances are included in "Other expenses" on the face of the consolidated income statement.

## 6. FINANCE COSTS

	Group	
	2009	2008
	HK\$'000	HK\$'000
Interest on:		
Bank loans, overdrafts and other loans wholly repayable within five years	2,655	3,257
Convertible notes	<u>1,135</u>	<u>2,802</u>
Total finance costs	<u>3,790</u>	<u>6,059</u>

## 7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009.

	2009	2008
	HK\$'000	HK\$'000
Group:		
Current - Hong Kong		
Charge for the year	-	2,475
Underprovision in prior years	125	2,258
Deferred	<u>(1,987)</u>	<u>2,618</u>
Total tax charge/(credit) for the year	<u>(1,862)</u>	<u>7,351</u>

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF FREEMAN

### (a) Basic loss per share

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of Freeman of HK\$430,348,000 (2008: HK\$403,708,000), and the weighted average number of 939,514,000 (2008: 203,300,000, as restated) ordinary shares in issue during the year. The basic loss per share amount for the year ended 31 March 2008 has been adjusted to reflect the rights issues and share consolidations during the year.

(b) Diluted loss per share

Diluted loss per share amounts for the years ended 31 March 2009 and 2008 have not been disclosed as the share options and convertible notes outstanding during these years had an anti-dilutive effect on the basic loss per share amounts for these years.

**FINAL DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: Nil).

**BUSINESS REVIEW**

During the year under review, the volume of trading securities decreased significantly due to the financial tsunami, and the performance was affected by the market expectation as well as fund raising activities in local market. However, Freeman was able to maintain its securities portfolio, and the performance in the second-half of the year was slowly improved compared to first-half in 2009.

The operation of our insurance agency and brokerage business remained the same and the performance was affected by the status of the application of insurance license. Although Freeman considered putting on hold temporarily regarding the application, Freeman was continuously provided financial and management support for its operation.

Besides, property market in Hong Kong also affected by adversely change in market conditions, however, the changes were not so extreme compared to the changes in the financial market. During the year, Freeman purchased two commercial units at a total consideration of approximately HK\$24.9 million, and Freeman believed its investment properties portfolio in quality commercial premises will be enhanced.

Furthermore, provision of finance was constricted due to the market conditions. During the year, certain borrowers failed to repay the outstanding loan principal of approximately HK\$26.5 million. The loans were secured by an industrial property, shares charged and personal guarantee. Freeman has taken a legal action to secure the industrial property and made provision of HK\$20.0 million. However, Freeman is in consideration of taking further action to recover the provision.

During the year, on 25 November 2008, Freeman Financial Services Ltd. (“FFSL”), a wholly-owned subsidiary of Freeman, as the purchaser entered into a sale and purchase agreement (the “S&P Agreement”) with Equity Spin Investments Limited (“Equity Spin”) as the vendor, pursuant to which FFSL agreed to purchase and Equity Spin agreed to sell approximately 3,937,133,000 fully paid ordinary shares of US\$0.01 each of Hennabun Capital Group Limited (“Hennabun”) for a consideration of HK\$105.8 million. The transaction has not been completed at the date of this report. In addition, on the same date,

FFSL entered into a convertible note subscription agreement with Hennabun for the subscription of convertible notes in the principal amount of HK\$250m issued by Hennabun at a cash consideration of HK\$250m. The subscription has been completed on 19 February 2009.

During the financial year, Freeman had carried out two rights issues, the total proceeds (before expenses) was HK\$596.2 million. The working capital of Freeman had been enhanced.

## **FINANCIAL REVIEW**

Turnover decreased by 88.7% to HK\$9.6 million compared to HK\$85.3 million in 2008. During the year under review, the financial tsunami affected the overall performance of the Group. Loss from sales of trading securities amounted to HK\$11.5 million, representing a decrease of 1.2 times compared to a gain of HK\$57.8 million in 2008; it was mainly due to a significant adversely change in financial market. Interest income from provision of finance decreased by 34.9% to HK\$11.4 million compared to HK\$17.5 million in 2008. Gross rental income increased to HK\$3.6 million, representing an increase of 38.5% compared to HK\$2.6 million in 2008, it was because the number of tenants slightly increased and the rental income from certain properties were proportionately fully recognized in 2009. Insurance agency and brokerage income dropped by 40.3% to HK\$3.7 million compared to HK\$6.2 million in 2008.

The gross profit was HK\$4.0 million (2008: HK\$77.5 million), representing a decrease of 94.8% as compared to last year's figure. It was mainly due to loss from the sale of trading securities.

During the year, certain fair value adjustments have been made in accordance with the Hong Kong Financial Reporting Standards. Investment properties were valued at fair value at each reporting date, the fair value of investment properties were adjusted down by HK\$18.7 million in 2009 (2008: gain of HK\$16.1 million); it was mainly due to a chain effect of the global financial crisis. Moreover, the Group recorded a fair value losses on securities held for trading of HK\$356.7 million, decreased by 21.9% as compared to HK\$456.5 million in 2008.

The Group has implemented a control policy over daily operation, and thus, the general and administrative expenses decreased to HK\$34.6 million from HK\$40.8 million in 2008. Although there were some corporate exercises completed during the year, most of the related expenses were set off against the proceeds.

The net loss attributable to shareholders of Freeman was HK\$430.3 million (2008: HK\$403.7 million). Loss per share was HK\$45.81 cents (2008: HK\$198.58 cents (restated)).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 March 2009, the net current assets of the Group amounted to HK\$726.0 million (2008: HK\$867.8 million) and the current ratio (current assets/current liabilities) was 23.9 (2008: 55.6). The cash and bank balances were HK\$34.8 million (2008: HK\$278.6 million).

As at 31 March 2009, the Group had secured bank loans of HK\$91.9 million (2008: HK\$97.8 million) and had unsecured other borrowings of HK\$18.0 million (2008: Nil). Gearing ratio calculated on the basis of the Group's interest-bearing bank and other borrowings divided by the adjusted capital, being the liability component of the convertible notes and equity attributable to equity holders of Freeman, was 10% (2008 10%) at the balance sheet date. The bank loans and other borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar. Thus there was no exposure to fluctuations in exchange rates in relation to the borrowings.

The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2009, the Group had shareholders' funds of HK\$1,080.9 million (2008: HK\$943.3 million). During the financial year, Freeman had carried out two rights issues, the total net proceeds (before expense) was HK\$596.2 million. The working capital of Freeman had been enhanced.

### **PLEDGE OF ASSETS**

As at 31 March 2009, leasehold land and buildings with total carrying amount of approximately HK\$70.3 million (2008: HK\$71.5 million) and investment properties situated in Hong Kong with an aggregate carrying value of approximately HK\$90.9 million (2008: HK\$100.8 million) were pledged to secure general banking facilities granted to the Group. Investments held for trading of approximately HK\$638.2 million (2008: HK\$345.8 million) were pledged to a financial institution to secure margin-financing facilities provided to the Group.

### **FOREIGN CURRENCY MANAGEMENT**

During the year, since the amount of the Group's foreign currency transactions is not material, the Directors are of the view that the Group's exposure to exchange rate risk is not material.

### **MATERIAL ACQUISITION / DISPOSAL**

Save as aforesaid, the Group did not make any material acquisition or disposal of subsidiary or associate during the year.

## CAPITAL COMMITMENTS

The Group had no material capital commitment at the year end date (2008: Nil). In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

## CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		Freeman	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given to banks in connection with facilities granted to subsidiaries	<u>-</u>	<u>-</u>	<u>101,248</u>	<u>101,248</u>

As at 31 March 2009, the banking facilities granted to certain subsidiaries subject to guarantees given to the banks by Freeman were utilised to the extent of approximately HK\$92.0 million (2008: HK\$97.8 million).

## EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2009, the Group employed about 23 staff members including directors of Freeman (2008: 36 staff). Staff costs incurred for the year, including directors' remuneration, was approximately HK\$15.5 million (2008: HK\$23.1 million). It was the remuneration policy of the Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, include granting of share options, were structured to motivate individual performance and contributions to the Group. Freeman has adopted a share option scheme on 23 August 2002 for the Directors and the employees. The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

## POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, on 24 April 2009, Freeman announced its proposed capital reorganisation which would involve: (i) a reduction in the nominal value of each issued ordinary share of Freeman from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 of the paid up capital for each issued ordinary share; (ii) the cancellation of the credit arising

from such reduction towards the accumulated losses of Freeman; and (iii) the consolidation of every ten reduced shares of HK\$0.01 each in the capital of Freeman into one adjusted share of HK\$0.10. The proposed capital reorganisation is expected to be completed by 6 August 2009.

## **PROSPECTS**

In view of the current global economic conditions, the global economy and financial markets are stabilizing as the global market believed the worst of the global financial and economic crisis is over and the global economy will begin to recover soon or later. Despite the sign of recovery, Freeman will continue to adopt measures to strengthen our financial position and is optimistic about its businesses given the improvement in local market recently. Furthermore, Freeman will continue to focus on its core businesses. Leveraging all of its advantages that Freeman has, Freeman will seek for any further development.

Furthermore, Freeman will continuously seek strategic investors and partners for its operations and also explore new opportunities and business models in order to foster growth and expansion when the timing is right.

## **PURCHASE, SALE OR REDEMPTION OF FREEMAN'S LISTED SECURITIES**

During the year, Freeman purchased certain of its shares on the Stock Exchange and these shares were subsequently cancelled by Freeman:

Date of repurchase	No. of shares repurchased	Price per share		Total consideration HK\$
		Highest HK\$	Lowest HK\$	
8 September 2008	2	0.04	0.04	0.08

Except as disclosed above, neither Freeman, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of Freeman during the year.

## **CORPORATE GOVERNANCE**

Freeman is committed to ensuring high standards of corporate governance practices. The Board of Directors (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders' expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance.

To the best knowledge and belief of the Directors, the Directors consider that Freeman has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 March 2009.

#### **AUDIT COMMITTEE**

Freeman has established an audit committee (the “Committee”). The existing members of the Committee comprise four independent non-executive Directors, namely Mr. Chiu Siu Po, Ms. Hui Wai Man, Shirley, Mr. Gary Drew Douglas and Mr. Peter Temple Whitelam. The Committee has reviewed with the management of Freeman the accounting principles and practices adopted by the Group and financial reporting matters including the review of the audited consolidated financial statements of Freeman for the year ended 31 March 2009.

By Order of the Board  
**Freeman Corporation Limited**  
**Yang Fan Shing, Andrew**  
*Chairman*

Hong Kong, 23 July, 2009

As at the date of this announcement, the Board comprises the following Directors:

*Executive Directors:*

Dr. Yang Fan Shing, Andrew (*Chairman*)  
Mr. Lo Kan Sun (*Managing Director*)  
Ms. Kwok Wai Ming  
Ms. Au Shuk Yee, Sue  
Mr. Scott Allen Phillips

*Independent non-executive Directors:*

Mr. Chiu Siu Po  
Ms. Hui Wai Man, Shirley  
Mr. Gary Drew Douglas  
Mr. Peter Temple Whitelam

*Alternate Director to Ms. Kwok Wai Ming:*

Ms. Chong Wing Sze