

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FREEMAN FINANCIAL CORPORATION LIMITED

民豐企業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

FINAL RESULTS

The Board of Directors (the “Board”) of Freeman Financial Corporation Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2014, which have been reviewed by the Audit Committee, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2014

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
REVENUE	4	227,678	75,701
Cost of sales		<u>(3,453)</u>	<u>(502)</u>
Gross profit		224,225	75,199
Other income and gains	4	3,197	59,416
Fair value gains on investments at fair value through profit or loss, net		395,954	186,340
General and administrative expenses		(35,405)	(32,792)
Other expenses		(2,011)	(1,398)
Finance costs	6	(7,685)	(9,251)
Share of profits and losses of associates		<u>(98,193)</u>	<u>51,700</u>

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
PROFIT BEFORE TAX	5	480,082	329,214
Income tax expense	7	<u>(2,746)</u>	<u>(1,792)</u>
PROFIT FOR THE YEAR		<u>477,336</u>	<u>327,422</u>
Attributable to:			
Owners of the Company		477,336	327,502
Non-controlling interest		<u>–</u>	<u>(80)</u>
		<u>477,336</u>	<u>327,422</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK\$1.80</u>	<u>HK\$3.56</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>477,336</u>	<u>327,422</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
An available-for-sale investment:		
Change in fair value	16,521	17,068
Impairment loss reclassified to the consolidated income statement	–	1,398
Reclassification of cumulative gains to the consolidated income statement upon disposal	–	(18,466)
Share of other comprehensive income/(loss) of associates, net	<u>2,179</u>	<u>(12,927)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>18,700</u>	<u>(12,927)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>496,036</u>	<u>314,495</u>
Attributable to:		
Owners of the Company	496,036	314,575
Non-controlling interest	<u>–</u>	<u>(80)</u>
	<u>496,036</u>	<u>314,495</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,716	3,885
Investment in an associate		1,006,729	1,102,754
Intangible asset		339	339
Available-for-sale investment		18,507	1,986
Loans receivable		748	1,411
Note receivable		–	7,711
Deferred tax assets		99	47
		<hr/>	<hr/>
Total non-current assets		1,029,138	1,118,133
CURRENT ASSETS			
Accounts receivable	9	193,449	136,886
Loans receivable		301,792	4,623
Prepayments, deposits and other receivables		1,483	2,026
Investments at fair value through profit or loss		1,836,599	1,380,032
Cash and bank balances		57,160	180,594
		<hr/>	<hr/>
Total current assets		2,390,483	1,704,161
CURRENT LIABILITIES			
Accounts payable	10	363	11,853
Other payables and accruals		3,539	4,161
Interest-bearing other borrowings		208,731	303,506
Tax payable		2,771	2,852
		<hr/>	<hr/>
Total current liabilities		215,404	322,372
NET CURRENT ASSETS		<hr/> 2,175,079	<hr/> 1,381,789
NET ASSETS		<hr/> 3,204,217	<hr/> 2,499,922

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	3,441	42,017
Reserves	<u>3,200,776</u>	<u>2,457,905</u>
 Total equity	 <u><u>3,204,217</u></u>	 <u><u>2,499,922</u></u>

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 (“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 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.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> (early adopted)
HK(IFRIC)-Int 20 <i>Annual Improvements 2009-2011 Cycle</i>	<i>Stripping Costs in the Production Phase of a Surface Mine</i> Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 12, HKFRS 13 and HKAS 1 Amendments, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

- (a) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for subsidiaries and an associate are included in notes to the financial statements.
- (b) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in notes to the financial statements.
- (c) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	<i>Financial Instruments</i> ⁵
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ⁵
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ¹
HKFRS 11 Amendments	<i>Accounting for Acquisition of Interests in Joint Operations</i> ⁵
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKAS 16 and HKAS 18 Amendments	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ⁵
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits – Defined Benefit Plans: Employee Contributions</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> ¹

HK(IFRIC)-Int 21 <i>Annual Improvements 2010-2012 Cycle</i>	<i>Levies</i> ¹ Amendments to a number of HKFRSs issued in January 2014 ⁴
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014 ⁴

- ¹ Effective for annual periods beginning on or after 1 January 2014
- ² Effective for annual periods beginning on or after 1 July 2014
- ³ Effective for first annual HKFRS financial statements for a period beginning on or after 1 January 2016 and not applicable to the Group
- ⁴ Generally effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
- ⁵ No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has reportable operating segments as follows:

- (a) the trading of securities segment engages in the purchase and sale of securities and the securities investment;
- (b) the provision of finance segment engages in the provision of financing services in Hong Kong;
- (c) the insurance brokerage business segment engages in insurance brokerage business and the provision of financial planning and related services;
- (d) securities brokerage, placing, underwriting and margin financing in Hong Kong;
- (e) the investment holding segment engages in holding investments for continuing strategic or long term purposes, primarily for their dividend income and capital appreciation; and
- (f) the corporate finance advisory segment engages in the provision of corporate finance advisory services and related activities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that bank and other interest income (excluding interest income from provision of finance), finance costs as well as head office and corporate expenses are excluded from such measurement.

Intersegment transactions are made with reference to the prices used for services made to third parties at the then prevailing market prices.

Year ended 31 March 2014/As at 31 March 2014

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Securities brokerage, placing, underwriting and margin financing <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Corporate finance advisory <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	164,290	9,392	4,380	46,686	-	2,930	227,678
Intersegment sales	-	-	-	-	-	-	-
	<u>164,290</u>	<u>9,392</u>	<u>4,380</u>	<u>46,686</u>	<u>-</u>	<u>2,930</u>	<u>227,678</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales							<u>-</u>
Total revenue							<u><u>227,678</u></u>
Segment results	560,071	2,726	875	41,613	(102,257)	2,897	505,925
<i>Reconciliation:</i>							
Bank interest income							11
Other interest income							1,201
Corporate and other unallocated expenses							(19,370)
Finance costs							<u>(7,685)</u>
Profit before tax							<u><u>480,082</u></u>

Year ended 31 March 2014/As at 31 March 2014

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Securities brokerage, placing, underwriting and margin financing <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Corporate finance advisory <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment information:							
Share of profits and losses of an associate	-	-	-	-	(98,193)	-	(98,193)
Depreciation							
– operating segment	-	-	-	(366)	-	-	(366)
– unallocated							<u>(822)</u>
							<u>(1,188)</u>
Investment in an associate	-	-	-	-	1,006,729	-	1,006,729
Capital expenditure							
– operating segment	-	-	-	65	-	-	65
– unallocated							<u>88</u>
							<u>153*</u>

* Capital expenditure represented additions to property, plant and equipment.

Year ended 31 March 2013/As at 31 March 2013

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Securities brokerage, placing, underwriting and margin financing <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Corporate finance advisory <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	44,739	4,559	626	23,842	–	1,935	75,701
Intersegment sales	–	–	–	–	–	–	–
	<u>44,739</u>	<u>4,559</u>	<u>626</u>	<u>23,842</u>	<u>–</u>	<u>1,935</u>	<u>75,701</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales							<u>–</u>
Total revenue							<u><u>75,701</u></u>
Segment results	231,161	4,402	38	17,048	103,043	934	356,626
<i>Reconciliation:</i>							
Bank interest income							59
Other interest income							931
Corporate and other unallocated expenses							(19,151)
Finance costs							<u>(9,251)</u>
Profit before tax							<u><u>329,214</u></u>
Other segment information:							
Share of profits and losses of associates	–	–	–	–	51,700	–	51,700
Impairment of an available-for-sale investment	–	–	–	–	(1,398)	–	(1,398)
Depreciation							
– operating segment	–	–	–	(410)	–	–	(410)
– unallocated							<u>(848)</u>
							<u><u>(1,258)</u></u>
Investment in an associate	–	–	–	–	1,102,754	–	1,102,754
Capital expenditure							
– operating segment	–	–	–	940	–	–	940
– unallocated							<u>232</u>
							<u><u>1,172*</u></u>

* Capital expenditure represented additions to property, plant and equipment.

Geographical information

- (a) The Group's revenue is derived from its external customers in Hong Kong.
- (b) Non-current assets

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	<u>1,009,784</u>	<u>1,106,978</u>

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about major customers

Included in revenue arising from major customers individually accounted for over 10% of the Group's revenue for the year:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Securities brokerage, placing, underwriting and margin financing		
Customer A	–	3,279
Customer B	<u>13,125</u>	<u>–</u>
	<u>13,125</u>	<u>3,279</u>

The Group's dividend income and gains from the sale of investments at fair value through profit or loss are excluded from total revenue for the purpose of identifying major customers of the Group who accounted for over 10% of the Group's revenue.

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 investments at fair value through profit or loss; net gains from the sale of investments at fair value through profit or loss; insurance brokerage income; corporate finance advisory fee; commission and brokerage income from securities dealings; commission from underwriting and placing services; and interest income on margin financing activities during the year.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Interest income from provision of finance	9,392	4,559
Dividend income from investments at fair value through profit or loss	56,869	19,115
Gains from the sale of investments at fair value through profit or loss, net (<i>Note</i>)	107,421	25,624
Insurance brokerage income	4,380	626
Corporate finance advisory fee	2,930	1,935
Commission and brokerage income from securities dealings	3,117	1,045
Commission from underwriting and placing services	27,357	10,621
Interest income on margin financing activities	16,212	12,176
	<u>227,678</u>	<u>75,701</u>
Other income and gains		
Bank interest income	11	59
Other interest income	1,201	931
Gain on changes in shareholding interests in associates	–	39,243
Gain on disposal of an available-for-sale investment	–	18,466
Gain on redemption of a note receivable	77	–
Gain on disposal of subsidiaries	57	–
Others	1,851	717
	<u>3,197</u>	<u>59,416</u>

Note: The gross proceeds from sale of investments at fair value through profit or loss for the year were approximately HK\$422,395,000 (2013: HK\$209,498,000).

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Depreciation	1,188	1,258
Employee benefit expenses (excluding directors' remuneration):		
Salaries and allowances	5,297	6,178
Retirement benefit scheme contributions (defined contribution scheme)*	<u>192</u>	<u>230</u>
	<u>5,489</u>	<u>6,408</u>
Auditors' remuneration	2,430	2,608
Minimum lease payments under operating leases in respect of land and buildings	7,411	7,737
Equity-settled share option expense	547	–
Loss on disposal/write-off of items of property, plant and equipment	134	19
Loss/(gain) on changes in shareholding interests in associates**	11	(39,243)
Gain on disposal of subsidiaries	(57)	–
Impairment of an available-for-sale investment**	–	1,398
Impairment of a loan receivable**	<u>2,000</u>	<u>–</u>

* At 31 March 2014, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2013: Nil).

** These balances are included in "Other expenses" in the consolidated income statement.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interests on other loans wholly repayable within five years or on demand	<u>7,685</u>	<u>9,251</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Group:		
Current – Hong Kong		
Charge for the year	2,800	1,792
Overprovision in prior year	(2)	–
Deferred	<u>(52)</u>	<u>–</u>
Total tax charge for the year	<u>2,746</u>	<u>1,792</u>

The share of tax attributable to associates amounting to HK\$273,000 (2013: HK\$1,271,000) is included in “Share of profits and losses of associates” in the consolidated income statement.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) *Basic earnings per share*

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$477,336,000 (2013: HK\$327,502,000), and the weighted average number of 264,631,383 (2013: 91,912,471) ordinary shares in issue during the year. The basic earnings per share amounts for the years ended 31 March 2014 and 2013 have been adjusted to reflect the share consolidation and rights issues during the respective reporting periods.

(b) *Diluted earnings per share*

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2014 and 2013 as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2014 and 2013.

9. ACCOUNTS RECEIVABLE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of:		
– Dealing in securities:		
Clearing houses	3,838	88
Cash clients	67	–
Margin clients	189,191	136,763
– Corporate finance business	350	–
– Insurance brokerage business	3	35
	<u>193,449</u>	<u>136,886</u>

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two days after the trade date except for the balances with margin clients and cash clients which are repayable on demand. The trading terms with customers of corporate finance and insurance brokerage businesses are mainly on credit, except for new customers where payment in advance is normally required. The credit period of corporate finance and insurance brokerage businesses is generally 30 days, extending up to 90 days for major customers.

The above balances are all aged within 60 days, based on the trade date.

As at 31 March 2014, except for margin loans receivable of HK\$189,191,000 (2013: HK\$136,763,000), which were secured by underlying equity securities, the Group did not hold any collateral or other credit enhancements over these balances.

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise the credit risk. Overdue balances are regularly monitored by management.

Accounts receivable as at 31 March 2014 and 2013 relate to a number of independent clients that have a good track record with the Group and were not impaired. Based on past experience, the directors of the Company were of the opinion that no provision for impairment was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable as at 31 March 2014 and 2013.

10. ACCOUNTS PAYABLE

The balances as at 31 March 2014 and 2013 were all aged within 30 days.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

BUSINESS REVIEW

The Group's consolidated net profit for the year was approximately HK\$477.3 million (2013: HK\$327.4 million). The consolidated net assets of the Group increased from approximately HK\$2,499.9 million as at 31 March 2013 to approximately HK\$3,204.2 million as at 31 March 2014. The consolidated net profit was mainly attributable to (i) realised and unrealised gains from securities trading business; (ii) an increase in dividend income from investments in securities; and (iii) share of results of an associate.

During the year, the Company completed certain share issue transactions in respect of share options exercised, placing and rights issue and raised net proceeds of approximately HK\$207.7 million from these share transactions. The Company also completed a share consolidation in May 2013. As at 31 March 2014, the authorised share capital of the Company was HK\$5,000,000,000 divided into 500,000,000,000 shares of HK\$0.01 each and the issued share capital of the Company was HK\$3,441,379.10 divided into 344,137,910 shares of HK\$0.01 each.

The Group accounted for investment in HEC Capital Limited ("HEC") as an associate of the Group for the year ended 31 March 2014. HEC underwent a share allotment during the year and the Group's shareholding interest in HEC has been slightly diluted from 19.57% as at 31 March 2013 to 19.54% as at 31 March 2014. Subsequent to 31 March 2014, HEC has issued and allotted new shares to investors resulting the Group's shareholding interest in HEC being further diluted from 19.54% as at 31 March 2014 to approximately 18.00% after such share allotments.

FINANCIAL REVIEW

The Group's turnover significantly increased by approximately 200.8% to HK\$227.7 million from HK\$75.7 million in 2013. Income from sale of securities included in trading of securities segment recorded a net profit of HK\$107.4 million (2013: HK\$25.6 million) as securities were sold at better market sentiment. Dividend income from trading investments increased by approximately 197.9% to HK\$56.9 million as compared to HK\$19.1 million in 2013, mainly contributed by more dividends were received by the Group from listed securities. Interest income from provision of finance increased by approximately 104.3% to HK\$9.4 million as compared to HK\$4.6 million in 2013. With increased loan portfolio of the provision of finance segment, higher interest income was resulted for the year. Income from securities brokerage, placing, underwriting and margin financing services amounted to HK\$46.7 million, representing an increase of 96.2% when compared to HK\$23.8 million in 2013 as the Group continued undertaking a number of sizeable underwriting and other capital markets transactions for its clients during the current year.

The Group's gross profit for the year was HK\$224.2 million (2013: HK\$75.2 million), representing a substantial increase of approximately 198.1% as compared to last year. It was mainly due to increase in income from financial services and net gains from sale of trading securities.

Other income and gains decreased to HK\$3.2 million for the year (2013: HK\$59.4 million). During 2013, there was a gain on changes in shareholding interests in associates of HK\$39.2 million and net gain on disposal of an available-for-sale investment of HK\$18.5 million recorded in the profit or loss, no such other income was recorded for the year. The Group also recorded a significant unrealised fair value gain on securities held for trading of HK\$396.0 million for the year (2013: HK\$186.3 million). The Group shared losses of HK\$98.2 million from an associate for the year (2013: profits of HK\$51.7 million) to the Group. Cost saving is a continuous aim in monitoring daily operations by the Group. This year, general and administrative expenses amounted to HK\$35.4 million, representing an increase of approximately 7.9% as compared to HK\$32.8 million in 2013. During the year, all direct expenses related to issuance of new shares were set off against the Company's reserve.

Net profit attributable to shareholders of the Company for the year was HK\$477.3 million (2013: HK\$327.5 million). An earnings per share was HK\$1.80 (2013: HK\$3.56).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2014, net current assets of the Group amounted to HK\$2,175.1 million (2013: HK\$1,381.8 million) and the current ratio (current assets/current liabilities) was 11.1 (2013: 5.3). The cash and bank balances were HK\$57.2 million (2013: HK\$180.6 million). As at 31 March 2014, the Group had secured other borrowings of HK\$208.7 million (2013: HK\$303.5 million). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowings divided by the equity attributable to owners of the Company, was 6.5% (2013: 12.1%) at the end of the reporting period. The other borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate or lender's cost of funds were made in Hong Kong dollar and the Group's exposure to foreign exchange rate was minimal. The Group did not have any financial instruments used for hedging purpose.

The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2014, the Group had shareholders' funds of HK\$3,204.2 million (2013: HK\$2,499.9 million). During the year, the Company raised net proceeds from issue of new shares of approximately HK\$207.7 million which has been used as the general working capital of the Company, as well as funding for the Group's securities brokerage business, strategic investments and investments in marketable securities. In light of the amount of liquid assets on hand and banking facilities available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

PLEDGE OF ASSETS

As at 31 March 2014, investments held for trading of HK\$1,836.6 million (2013: HK\$1,380.0 million) and an available-for-sale investment of HK\$18.5 million (2013: HK\$2.0 million) were pledged to financial institutions to secure margin-financing facilities provided to the Group.

MATERIAL ACQUISITIONS/DISPOSALS

Details of material acquisitions/disposals during the year are set out in the section “Business Review”.

CAPITAL COMMITMENTS

The Group had no material capital commitment as at 31 March 2014 (2013: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2014 (2013: Nil).

EMPLOYEES’ REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2014, the Group employed 29 staff members including directors of the Company (2013: 24 staff). Staff costs incurred for the year, including directors’ remuneration, were approximately HK\$11.2 million (2013: HK\$12.5 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 market benchmarks. Remuneration packages, include granting of share options, were structured to motivate individual performance and contributions to the Group. The Company has adopted a share option scheme and the Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

EVENTS AFTER THE REPORTING PERIOD

In May 2014, the Group entered into a subscription agreement with a wholly-owned subsidiary of Willie International Holdings Limited (“Willie”, whose shares are listed on the mainboard of The Stock Exchange of Hong Kong Limited, stock code: 273) (the “Subscriber”), pursuant to which the Subscriber has agreed to subscribe for 300 million new shares of Freeman Corporation Limited, a wholly-owned subsidiary of the Company at an aggregate subscription price of HK\$879 million (subject to adjustment) (the “Subscription”). Upon completion of the Subscription, the Company’s equity interest in Freeman Corporation Limited will be diluted from 100% to approximately 71.7%. Up to the date of this announcement, the Subscription was not yet completed.

In June 2014, the Group entered into a conditional sale and purchase agreement with a wholly-owned subsidiary of HEC, pursuant to which the Group agreed to purchase the entire share capital of another wholly-owned subsidiary of HEC, which is incorporated in Hong Kong with limited liability and a licensed corporation carrying out business in Type 2 (dealing in futures contracts) regulated activity as defined under the Securities and Futures Ordinance at a consideration of HK\$10 million (the “Acquisition”). Up to the date of this announcement, the Acquisition was not yet completed.

In June 2014, the Group also entered into a joint venture agreement with a wholly-owned subsidiary of Willie (“Willie’s subsidiary”) and a joint venture company (the “JV Company”), pursuant to which the Group and Willie’s subsidiary agreed to contribute or procure the contribution of their respective holding of issued shares of HEC to the JV Company in exchange for the same amount of new shares to be allotted and issued by the JV Company (the “JV Contribution”). Following the completion of JV Contribution, there will be no change in the Group’s effective interest in HEC. Up to the date of this announcement, the conditions precedent to the joint venture agreement were fulfilled and the JV Contribution was completed.

PROSPECTS

The Group always aims to enhance its service capacity in the financial services industry. Looking ahead, the Group will continue to look for additional opportunities to further enhance its service offering repertoire and create a one-stop financial conglomerate with comprehensive range of financial services in order to enhance values to the shareholders of the Company.

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

During the year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

AUDIT COMMITTEE

The Company has an Audit Committee which comprises four Independent Non-executive Directors. The Audit Committee has reviewed with the management of the Company the internal control and financial reporting matters of the Group, including the consolidated financial statements of the Group for the year ended 31 March 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the Code and there have been no material deviations from the Code during the year:

Code Provision A.6.7 – Two Non-executive Directors were unable to attend the annual general meeting of the Company held on 5 September 2013 as they had other engagements.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry with all Directors, the Company confirmed that throughout the year, all Directors have complied with the required standards set out in the Model Code.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.freeman279.com). The annual report will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Freeman Financial Corporation Limited
Lo Kan Sun
Chairman

Hong Kong, 30 June 2014

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

Executive Directors:

Mr. Lo Kan Sun (*Chairman*)
Mr. Hui Quincy Kwong Hei (*Managing Director*)
Ms. Au Shuk Yee, Sue
Ms. Chow Mun Yee

Non-executive Directors:

Mr. Andrew Liu
Mr. Liu Kam Fai, Winston

Independent Non-executive Directors:

Mr. Cheung Wing Ping
Mr. Chung Yuk Lun
Mr. Hung Cho Sing
Dr. Agustin V. Que