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FREEMAN FINANCIAL CORPORATION LIMITED

民眾金服控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

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 2015, which have been reviewed by the Audit Committee, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
REVENUE	4	(14,976)	227,678
Cost of sales		<u>(20,195)</u>	<u>(3,453)</u>
Gross profit/(loss)		(35,171)	224,225
Other income and gains	4	7,101	3,197
Fair value gains on investments at fair value through profit or loss, net		551,285	395,954
General and administrative expenses		(46,516)	(35,405)
Other expenses, net		(1,068)	(2,011)
Finance costs	6	(7,705)	(7,685)
Share of profits and losses of an associate and a joint venture		<u>(5,539)</u>	<u>(98,193)</u>

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT BEFORE TAX	5	462,387	480,082
Income tax expense	7	<u>(42,816)</u>	<u>(2,746)</u>
PROFIT FOR THE YEAR		<u>419,571</u>	<u>477,336</u>
Attributable to:			
Owners of the Company		533,025	477,336
Non-controlling interests		<u>(113,454)</u>	<u>–</u>
		<u>419,571</u>	<u>477,336</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK 5.16 cents</u>	<i>(Restated)</i> <u>HK 6.01 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT FOR THE YEAR	419,571	477,336
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair values	5,495	16,521
Share of other comprehensive income of an associate and a joint venture, net	693	2,179
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	6,188	18,700
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	425,759	496,036
Attributable to:		
Owners of the Company	539,360	496,036
Non-controlling interests	(113,601)	–
	425,759	496,036

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,757	2,716
Investment in an associate and a joint venture		1,000,814	1,006,729
Intangible assets		1,736	339
Available-for-sale investments		91,461	18,507
Loans receivable		–	748
Deferred tax assets		152	99
		<hr/>	<hr/>
Total non-current assets		1,095,920	1,029,138
CURRENT ASSETS			
Accounts receivable	9	211,519	193,449
Loans receivable		329,995	301,792
Prepayments, deposits and other receivables		52,289	1,483
Investments at fair value through profit or loss		3,686,317	1,836,599
Tax recoverable		2,666	–
Cash and bank balances		50,659	57,160
		<hr/>	<hr/>
Total current assets		4,333,445	2,390,483
CURRENT LIABILITIES			
Accounts payable	10	1,322	363
Other payables and accruals		4,423	3,539
Interest-bearing other borrowings		320,255	208,731
Tax payable		–	2,771
		<hr/>	<hr/>
Total current liabilities		326,000	215,404
NET CURRENT ASSETS			
		4,007,445	2,175,079
TOTAL ASSETS LESS CURRENT LIABILITIES			
		5,103,365	3,204,217
NON-CURRENT LIABILITY			
Deferred tax liability		42,289	–
		<hr/>	<hr/>
Net assets		5,061,076	3,204,217
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital		10,324	3,441
Reserves		<u>3,444,202</u>	<u>3,200,776</u>
		3,454,526	3,204,217
Non-controlling interests		<u>1,606,550</u>	<u>–</u>
Total equity		<u>5,061,076</u>	<u>3,204,217</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. The financial statements have been prepared under the historical cost convention, except for available-for-sale investments and investments at fair value through profit or loss which have been measured at fair value. The 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 revised standards and new interpretation for the first time for the current year’s financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- (b) The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.
- (d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

- (e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

In addition, the Company has early adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange issued by The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

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 the financial statements.

HKFRS 9	<i>Financial Instruments</i> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisition of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ²

- ¹ Effective for annual periods beginning on or after 1 July 2014
- ² Effective for annual periods beginning on or after 1 January 2016
- ³ Effective for annual periods beginning on or after 1 January 2017
- ⁴ Effective for annual periods beginning on or after 1 January 2018
- ⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

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 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 and futures 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 and margin financing activities), 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 2015/As at 31 March 2015

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Securities and futures 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	(112,067)	27,662	21,585	38,592	-	9,252	(14,976)
Intersegment sales	-	-	-	-	-	-	-
	(112,067)	27,662	21,585	38,592	-	9,252	(14,976)
<i>Reconciliation:</i>							
Elimination of intersegment sales							-
Total revenue							<u>(14,976)</u>
Segment results	426,395	25,471	1,325	35,251	(9,223)	9,130	488,349
<i>Reconciliation:</i>							
Bank interest income							2
Other interest income							2,305
Corporate and other unallocated expenses							(20,564)
Finance costs							<u>(7,705)</u>
Profit before tax							<u>462,387</u>

Year ended 31 March 2015/As at 31 March 2015

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Securities and futures 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 and a joint venture	-	-	-	-	(5,539)	-	(5,539)
Depreciation							
- operating segment	-	-	-	(349)	-	-	(349)
- unallocated							(771)
							<u>(1,120)</u>
Investment in a joint venture	-	-	-	-	1,000,814	-	1,000,814
Capital expenditure							
- operating segment	-	-	-	1,470	-	-	1,470
- unallocated							92
							<u>1,562*</u>

* Capital expenditure represented additions to property, plant and equipment and intangible assets including assets from the acquisition of a subsidiary.

Year ended 31 March 2014/As at 31 March 2014

	Trading of securities HK\$'000	Provision of finance HK\$'000	Insurance brokerage business HK\$'000	Securities brokerage, placing, underwriting and margin financing HK\$'000	Investment holding HK\$'000	Corporate finance advisory HK\$'000	Total HK\$'000
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							–
Total revenue							<u>227,678</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>480,082</u>
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.

Geographical information

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	<u>1,004,307</u>	<u>1,009,784</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 which individually accounted for over 10% of the Group's revenue for the year:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Securities brokerage, placing, underwriting and margin financing		
Customer A	–	13,125
Insurance brokerage business		
Customer B	<u>13,249</u>	<u>–</u>

The Group's dividend income and gains/(losses) 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 represents interest income earned from provision of finance; dividend income from investments at fair value through profit or loss; net gains/(losses) 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Interest income from provision of finance	27,662	9,392
Dividend income from investments at fair value through profit or loss	80,098	56,869
Gains/(losses) from the sale of investments at fair value through profit or loss, net (<i>Note</i>)	(192,165)	107,421
Insurance brokerage income	21,585	4,380
Corporate finance advisory fee	9,252	2,930
Commission and brokerage income from securities dealings	4,976	3,117
Commission from underwriting and placing services	9,536	27,357
Interest income on margin financing activities	24,080	16,212
	(14,976)	227,678
Other income and gains		
Bank interest income	2	11
Other interest income	2,305	1,201
Dividend handling charge and other surcharges	3,873	568
Gain on redemption of a note receivable	–	77
Gain on disposal of subsidiaries	–	57
Others	921	1,283
	7,101	3,197

Note: The gross proceeds from sale of investments at fair value through profit or loss for the year were approximately HK\$592,101,000 (2014: HK\$422,395,000).

5. PROFIT BEFORE TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Depreciation	1,120	1,188
Employee benefit expenses (excluding directors' remuneration):		
Salaries and allowances	7,283	5,297
Retirement benefit scheme contributions (defined contribution scheme)*	266	192
	<u>7,549</u>	<u>5,489</u>
Auditors' remuneration	2,450	2,430
Minimum lease payments under operating leases	7,625	7,411
Equity-settled share option expense	–	547
Write-off of items of property, plant and equipment	4	134
Loss on changes in shareholding interests in an associate, net**	1,068	11
Gain on disposal of subsidiaries	–	(57)
Impairment of a loan receivable**	–	2,000
	<u><u>7,705</u></u>	<u><u>7,685</u></u>

* At 31 March 2015, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2014: Nil).

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interests on other loans wholly repayable within five years or on demand	7,705	7,685
	<u><u>7,705</u></u>	<u><u>7,685</u></u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	964	2,800
Overprovision in prior years	(384)	(2)
Deferred	42,236	(52)
	<hr/>	<hr/>
Total tax charge for the year	42,816	2,746
	<hr/> <hr/>	<hr/> <hr/>

The share of tax attributable to an associate amounting to HK\$6,307,000 (2014: HK\$273,000) is included in “Share of profits and losses of an associate and a joint venture” 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\$533,025,000 (2014: HK\$477,336,000), and the weighted average number of ordinary shares of 10,324,137,300 (2014: 7,938,941,490, as restated) in issue during the year. The basic earnings per share amount for the year ended 31 March 2014 has been adjusted to reflect the issues of bonus shares and share subdivision during the year ended 31 March 2015.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2015 and 2014.

9. ACCOUNTS RECEIVABLE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of:		
– Dealing in securities:		
Clearing houses	10,093	3,838
Cash clients	–	67
Margin clients	195,766	189,191
– Corporate finance business	1,754	350
– Insurance brokerage business	1,454	3
– Futures brokerage business	2,452	–
	<u>211,519</u>	<u>193,449</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 for customers of corporate finance and insurance brokerage businesses is generally 30 days, extending up to 90 days for major customers. The trading terms with customers of futures brokerage business are on a cash basis.

An aged analysis of the accounts receivable as at the end of the reporting period, based on the trade date, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 90 days	211,347	193,449
91 to 180 days	172	–
	<u>211,519</u>	<u>193,449</u>

As at 31 March 2015, except for margin loans receivable of HK\$195,766,000 (2014: HK\$189,191,000), 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 2015 and 2014 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 2015 and 2014.

10. ACCOUNTS PAYABLE

The balances as at 31 March 2015 were all aged within 90 days (31 March 2014: 30 days).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: payment of a final dividend by way of 344,137,910 bonus shares with par value of HK\$0.01 each approved by the Company's shareholders (the "Shareholders") at the Company's annual general meeting held on 28 August 2014).

BUSINESS REVIEW

The Group's consolidated net profit for the year was approximately HK\$419.6 million (2014: HK\$477.3 million). The consolidated net assets of the Group increased from approximately HK\$3,204.2 million as at 31 March 2014 to approximately HK\$5,061.1 million as at 31 March 2015. The consolidated net profit was mainly attributable to (i) net realised losses and net unrealised gains of investments at fair value through profit or loss of approximately HK\$192.2 million and approximately HK\$551.3 million respectively; (ii) an increase in dividend income from investments in securities of approximately HK\$23.2 million; and (iii) share of losses of an associate and a joint venture of approximately HK\$5.5 million.

In May 2014, the Group entered into a subscription agreement (the "Willie Subscription Agreement") with an indirect wholly-owned subsidiary of Willie International Holdings Limited ("Willie", whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 273) ("Subscriber W"), pursuant to which Subscriber W has agreed to subscribe for 300 million new shares of Freeman Corporation Limited ("FCL"), an indirect wholly-owned subsidiary of the Company as at the date of signing the Willie Subscription Agreement, at an aggregate subscription price of HK\$879 million (the "2014 May Subscription"). The 2014 May Subscription was approved by the Shareholders at the Company's extraordinary general meeting held on 5 September 2014. The 2014 May Subscription was completed in September 2014 and the Company's equity interest in FCL was diluted from 100% to approximately 71.7%.

In June 2014, the Group entered into a conditional sale and purchase agreement, pursuant to which the Group agreed to purchase the entire issued share capital of a company which is a licensed corporation carrying out business in Type 2 (dealing in futures contracts) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and incorporated in Hong Kong with limited liability, at a consideration of HK\$10 million (the "Acquisition"). The Acquisition was completed in February 2015.

In June 2014, the Group also entered into a joint venture agreement with a wholly-owned subsidiary of Willie (the “Willie’s subsidiary”) and a joint venture company (the “JV Company”), pursuant to which the Group and the Willie’s subsidiary agreed to contribute or procure the contribution of their respective holding of shares of HEC Capital Limited (“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”). Before completion of the JV Contribution, the Group’s investment in HEC was accounted for as an investment in an associate. The JV Contribution was then completed in June 2014 and the Group’s investment in HEC was accounted for as an investment in a joint venture since then. Upon completion of the JV Contribution, the Group holds approximately 65.3% shareholding interest in the JV Company and there is no change in the Group’s effective interest in HEC.

In July 2014, the Board recommended distribution of a final dividend for the year ended 31 March 2014 by way of bonus issue of shares on the basis of one bonus share for every one then share with par value of HK\$0.01 each of the Company (the “2014 July Bonus Issue”). The 2014 July Bonus Issue was approved by the Shareholders at the Company’s annual general meeting held on 28 August 2014 and total 344,137,910 bonus shares with par value of HK\$0.01 each were allotted and issued on 16 September 2014.

In September 2014, the Group further allotted and issued an aggregate of 106,344,827 new shares of FCL for an aggregate consideration of approximately HK\$304.6 million to certain independent subscribers (the “Other Subscriptions”). After the completion of the Other Subscriptions, the Company’s equity interest in FCL was further diluted from approximately 71.7% to approximately 65.2%.

In October 2014, the Group entered into another subscription agreement with a direct wholly-owned subsidiary of Forefront Group Limited (whose shares are listed on the main board of the Stock Exchange (stock code: 885)) (“Subscriber F”), pursuant to which Subscriber F has agreed to subscribe for 90 million new shares of FCL at an aggregate subscription price of HK\$247.5 million (the “2014 October Subscription”). The 2014 October Subscription was approved by the Shareholders at the Company’s extraordinary general meeting held on 15 December 2014. The 2014 October Subscription was then completed in January 2015, and the Company’s equity interest in FCL is further diluted from approximately 65.2% to approximately 60.5%.

In December 2014, the Company completed share subdivision of each of its issued and unissued shares with par value of HK\$0.01 each into ten subdivided shares with par value of HK\$0.001 each (the “Share Subdivision”). The Share Subdivision was approved by the Shareholders at the extraordinary general meeting of the Company held on 12 December 2014. The Share Subdivision became effective on 15 December 2014 and the authorised share capital of the Company was amounted to HK\$5,000,000,000.00 divided into 5,000,000,000,000 shares with par value of HK\$0.001 each.

In December 2014, the Company also completed a bonus issue of 3,441,379,100 bonus shares with par value of HK\$0.001 each on the basis of one bonus share for every two existing shares (the “2014 December Bonus Issue”). The 2014 December Bonus Issue was approved by the Shareholders at the extraordinary general meeting of the Company held on 12 December 2014. After the completion of the 2014 December Bonus Issue, the issued share capital of the Company has been further enlarged to 10,324,137,300 shares in total.

During the current year, save as disclosed above, there were neither other material acquisitions nor disposals of subsidiaries, associates and joint venture companies.

FINANCIAL REVIEW

The Group resulted a gross loss for the year of HK\$35.2 million (2014: gross profit of HK\$224.2 million), representing a substantial decrease of approximately 115.7% as compared to the last year. It was mainly due to the increase in net realised losses from the sale of investments at fair value through profit and loss of approximately HK\$192.2 million (2014: a net gain of HK\$107.4 million). Dividend income from trading investments increased by approximately 40.8% to HK\$80.1 million as compared to HK\$56.9 million in 2014, which is mainly contributed by more dividends were received by the Group from listed securities. Interest income from provision of finance significantly increased by approximately 2.9 times to HK\$27.7 million as compared to HK\$9.4 million in 2014 as more loans were granted to customers during the year. Insurance brokerage income and corporate finance advisory fee significantly increased by approximately 4.2 times to HK\$30.8 million as compared to HK\$7.3 million in 2014. Both the insurance brokerage and corporate finance advisory segments improved their segment performance as a result of increase in customers’ portfolio. Income from securities brokerage, placing, underwriting and margin financing services, was HK\$38.6 million, representing a decrease of 17.3% as compared to HK\$46.7 million in 2014 as lesser sizable underwriting, sub-underwriting, placing and sub-placing transactions were undertaken during the current year.

Other income and gains increased to HK\$7.1 million for the year (2014: HK\$3.2 million). The Group also recorded significant net unrealised fair value gains on securities held for trading of HK\$551.3 million for the year (2014: HK\$396.0 million). The Group shared losses of HK\$5.5 million from an associate and a joint venture for the year (2014: HK\$98.2 million). Cost saving is a continuous aim in monitoring daily operations by the Group. This year, general and administrative expenses amounted to HK\$46.5 million, representing an increase of approximately 31.4% as compared to HK\$35.4 million in 2014. Income tax expenses amounted to HK\$42.8 million (2014: HK\$2.7 million), mainly represented the provision of deferred taxation of HK\$42.2 million (2014: deferred tax credit of HK\$52,000) for the tax effect of unrealised fair value gain on securities held for trading.

Net profit attributable to Shareholders for the year was HK\$533.0 million (2014: HK\$477.3 million). An earnings per share was HK 5.16 cents (31 March 2014: HK 6.01 cents, as restated).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, net current assets of the Group amounted to HK\$4,007.4 million (31 March 2014: HK\$2,175.1 million) with cash and bank balances of HK\$50.7 million (31 March 2014: HK\$57.2 million) and the current ratio (current assets/current liabilities) was 13.3 (31 March 2014: 11.1). The Group had secured and unsecured other borrowings of HK\$320.3 million (31 March 2014: HK\$208.7 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 9.3% (31 March 2014: 6.5%). The other borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate or lender's costs of funds were made in Hong Kong dollar. The Group's exposure to foreign exchange rate was minimal. The Group did not have any financial instruments used for hedging purpose.

The Group had no material capital commitment as at 31 March 2015 (31 March 2014: Nil). 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. The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2015, the Group had shareholders' funds of HK\$3,454.5 million (31 March 2014: HK\$3,204.2 million). During the year, the Company raised net proceeds from issue of new shares of FCL for approximately HK\$1,431.1 million which has been used as the general working capital and additional funding on further expansion and development of financial services and securities trading businesses.

PLEDGE OF ASSETS

As at 31 March 2015, investments at fair value through profit or loss of HK\$3,318.6 million (31 March 2014: HK\$1,836.6 million) and an available-for-sale investment of HK\$32.2 million (2014: HK\$18.5 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 2015 (31 March 2014: Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2015 (31 March 2014: Nil).

EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2015, the Group employed 28 staff members including directors of the Company (2014: 29 staff). Staff costs incurred for the year, including directors' remuneration, were approximately HK\$12.8 million (2014: HK\$11.2 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 April 2015, the Company entered into the First Placing Agreement with the Placing Agent, pursuant to which the Company agreed to issue and the Placing Agent agreed to procure the First Subscribers to subscribe 1,376,551,640 First Warrants with First Mandatory Exercise Rights, on a fully-underwritten basis, at the First Issue Price of HK\$0.01 per First Warrant with First Mandatory Exercise Rights. The First Subscription Price is HK\$0.43 per First Warrant Share. Upon full exercise of the First Subscription Rights attached to the First Warrants with First Mandatory Exercise Rights, total 1,376,551,640 First Warrant Shares with par value of HK\$0.001 each will be issued under the First Specific Mandate.

In May 2015, the Company entered into the Second Placing Agreement with the Placing Agent, pursuant to which the Company agreed to issue and the Placing Agent agreed to procure the Second Subscribers to subscribe for 688,275,820 Second Warrants with Second Mandatory Exercise Rights, on a fully-underwritten basis, at the Second Issue Price of HK\$0.01 per Second Warrant with Second Mandatory Exercise Rights. The Second Subscription Price is HK\$0.55 per Second Warrant Share. Upon full exercise of the Second Subscription Rights attached to the Second Warrants with Second Mandatory Exercise Rights, total 688,275,820 Second Warrant Shares with par value of HK\$0.001 each will be issued under the Second Specific Mandate.

Both the First Placing and Second Placing were approved by the Shareholders at the SGM held on 24 June 2015. As at the date of this announcement, 1,376,551,640 First Warrants with First Mandatory Exercise Rights and 688,275,820 Second Warrants with Second Mandatory Exercise Rights were issued to the warrant holders but no First Warrant Shares under the First Placing or Second Warrant Shares under the Second Placing were issued.

Details of the above events and the capitalised terms in the above paragraphs were set out and defined in the circular of the Company dated 9 June 2015.

In April 2015, the Company granted share options to certain eligible persons under the share option scheme adopted by the Company on 31 August 2012 to subscribe for a total of 688,275,820 ordinary shares with par value of HK\$0.001 each at an exercise price of HK\$0.49 per share (the “Share Options”). As at the date of this announcement, no Share Options were exercised.

In June 2015, the change of dual foreign name of the Company from “民豐企業控股有限公司” to “民眾金服控股有限公司” (the “Change of Company Name”) was approved by the Shareholders at the extraordinary general meeting held on 15 June 2015. A copy of the certificate of incorporation on change of name dated 16 June 2015 issued by the Registrar for Companies in the Cayman Islands was received by the Company on 24 June 2015. The Company have submitted an application to the Companies Registry in Hong Kong to apply for a certificate of registration of alteration of name of registered non-Hong Kong company.

PROSPECTS

The Group always aims to enhance its service capacity in the financial services industry. The recent bullish sentiment in the financial and stock markets has opened up potentials and created new opportunities for the Company to expand and improve its businesses especially in the insurance brokerage, securities trading and money lending areas. The Company intends to launch an internet business platform to bring the Company to the digital age, to strengthen existing businesses, and to pursue new opportunities in the financial services industry in order to enhance values to the Shareholders.

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, financial reporting and auditing matters of the Group, including the consolidated financial statements of the Group for the year ended 31 March 2015.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the “CG 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 CG Code and there have been no material deviations from the CG Code during the year:

Code Provision A.6.7. – (i) Two Non-executive Directors were unable to attend the annual general meeting of the Company held on 28 August 2014; (ii) one Independent Non-executive Director and two Non-executive Directors were unable to attend the extraordinary general meetings of the Company held on 5 September 2014, 14 November 2014 and 15 December 2014; and (iii) two Independent Non-executive Directors and two Non-executive Directors were unable to attend the extraordinary general meeting of the Company held on 12 December 2014, 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 and available on the above websites in due course.

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

Hong Kong, 29 June 2015

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

Independent Non-executive Directors:

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