



FREEMAN CORPORATION LIMITED
民豐控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 279)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2007

INTERIM RESULTS

The Board of Directors of Freeman Corporation Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2007 and its state of affairs as at 30th September, 2007 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2007

		For the six months ended 30th September,	
		2007	2006
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
REVENUE	3	898,763	96,241
Cost of sales		(819,608)	(97,912)
Gross profit/(loss)		79,155	(1,671)
Other income and gains		21,782	1,165
Gains arising from changes in fair value of investment properties, net		982	559
Gain on disposal of subsidiaries, net		37	52,416
Fair value losses on investment at fair value through profit or loss		(209,829)	(26,128)
Impairment loss on loans receivable		-	(118,752)
Fair value loss on derivative instrument		-	(1,872)
Administrative and other expenses		(15,753)	(11,483)
Finance costs		(1,758)	(1,969)
LOSS BEFORE TAX	5	(125,384)	(107,735)
Tax	6	-	2,384
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(125,384)	(105,351)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		(restated)
Basic		HK(2.32) cents	HK(8.43) cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th September, 2007

	<i>NOTES</i>	30.9.2007 <i>HK\$'000</i> (Unaudited)	31.3.2007 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	19,203	2,145
Investment properties	10	73,680	63,340
Prepaid land premium		22,492	4,100
Goodwill		12,129	12,129
Investment in an associate		–	50,000
Available-for-sale investment		19,810	–
Deposits		5,166	3,036
Total Non-current Assets		152,480	134,750
CURRENT ASSETS			
Prepayments, deposits and other receivables	11	39,232	26,461
Loans receivable	12	165,175	295,230
Investments at fair value through profit or loss		348,564	132,006
Tax recoverable		27	27
Cash and bank balances		380,894	72,626
Total Current Assets		933,892	526,350
CURRENT LIABILITIES			
Other payables and accruals		10,596	8,804
Interest-bearing bank and other borrowings	13	3,600	21,457
Tax payable		40	–
Total Current Liabilities		14,236	30,261
NET CURRENT ASSETS		919,656	496,089
TOTAL ASSETS LESS CURRENT LIABILITIES		1,072,136	630,839
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	13	66,620	41,145
Deferred tax liabilities		82	456
Total Non-current Liabilities		66,702	41,601
Net assets		1,005,434	589,238
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		651,931	247,397
Reserves		353,503	341,841
Total Equity		1,005,434	589,238

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2007

1. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issuance on 21st December, 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006/2007 annual financial statements except for the accounting policy changes that are expected to be reflected in the 2007/2008 annual financial statements. Details of these changes in accounting policies are set out in note 2. This interim financial report should be read in conjunction with the 2006/2007 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006/2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

The financial information relating to the financial year ended 31st March, 2007 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31st March, 2007 are available from the Company’s registered office. The auditors have expressed a qualified opinion on those financial statements in their report dated 27th July, 2007.

2. Summary of the effects of the changes in accounting policies

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31st March, 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions

The adoption of the above new and revised HKFRSs has no material impact on the methods of computation in the Group’s condensed consolidated financial statements.

3. Revenue

Revenue represents the net amounts received and receivable from sales of securities, interest income from provision of finance, dividend and interest income from investments in securities, rental income, insurance agency and brokerage income during the period, and is analysed as follows:

	For the six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of securities	885,892	78,530
Interest income from provision of finance	7,316	14,136
Dividend and interest income from investments in securities	1,263	3,320
Rental income	1,120	255
Insurance agency and brokerage income	3,172	–
	898,763	96,241

4. Segment information

The Group is organised into five (2006: five) main operating segments: provision of finance, trading of securities, property holding and investment, insurance business and investment activities.

These divisions are the bases on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Business Segments

	For the six months ended 30th September, 2007						
	Provision of finance	Trading of securities	Property holding and investment	Insurance agency and brokerage	Investment activities	Elimination of intersegment transactions	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT REVENUE	7,316	887,155	1,450	3,172	8,829	(9,159)	898,763
SEGMENT RESULTS	7,416	(137,245)	1,730	11,703	9,513	(9,159)	(116,042)
Unallocated corporate expenses							(7,584)
Finance costs							(1,758)
Loss before tax							(125,384)
Tax							–
Loss for the period							(125,384)

For the six months ended 30th September, 2006

	Trading of goods <i>HK\$'000</i> (Unaudited)	Provision of finance <i>HK\$'000</i> (Unaudited)	Trading of securities <i>HK\$'000</i> (Unaudited)	Property holding and investment <i>HK\$'000</i> (Unaudited)	Investment activities <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
SEGMENT REVENUE	–	14,136	78,530	255	3,320	96,241
SEGMENT RESULTS	(25)	(104,453)	(45,394)	480	51,853	(97,539)
Unallocated corporate expenses						(8,227)
Finance costs						(1,969)
Loss before tax						(107,735)
Tax						2,384
Loss for the period						<u>(105,351)</u>

5. Loss before tax

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

	For the six months ended 30th September,	
	2007 <i>HK\$'000</i> (Unaudited)	2006 <i>HK\$'000</i> (Unaudited)
Negative goodwill arising from acquisition of a subsidiary	–	(893)
Depreciation	711	353
Equity-settled share option expenses	2,502	2,336
Share-based payment paid to business partners	1,179	766
	<u>4,392</u>	<u>3,262</u>

6. Tax

No provision for tax was made as the Group has not derived any estimated assessable profit for the period (2006: tax credit in the period represents overprovision of Hong Kong Profits Tax in previous years).

7. Dividend

The directors does not recommend the payment of any interim dividend for the period (2006: nil).

8. Loss per share attributable to ordinary equity holders of the Company

(a) Basic loss per share

The calculation of basic loss per share for the period is based on the loss for the period attributable to ordinary equity holders of the Company of HK\$125,384,000 (2006: HK\$105,351,000) and on the weighted average of 5,393,485,816 (2006: 1,250,407,112 as restated) ordinary shares in issue.

(b) Diluted loss per share

Diluted loss per share amounts for the periods ended 30th September, 2007 and 2006 have not been disclosed, as the share options outstanding during these periods had an anti-dilutive effect on the basic loss per share amounts for these periods.

9. Property, plant and equipment

During the period, the Group acquired property, plant and equipment of HK\$7,217,000 (2006: HK\$1,186,000), transferred from investment property to property, plant and equipment of HK\$11,937,000 (2006: Nil) and transfer from property, plant and equipment to investment property of HK\$1,029,000 (2006: Nil).

10. Investment properties

	30.9.2007	31.3.2007
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Carrying amount at 1st April	63,340	3,000
Acquisition of a subsidiary	–	9,033
Additions	50,502	59,550
Transfer from owner-occupied property	5,166	–
Disposal of a subsidiary	(11,500)	(2,200)
Disposal	–	(2,000)
Transfer to owner-occupied property	(34,810)	(5,200)
Change in fair value of investment properties	982	1,157
	<hr/>	<hr/>
Carrying amount at 30th September/31st March	<u>73,680</u>	<u>63,340</u>

The fair values of the Group's investment properties at 30th September, 2007 have been arrived at on the basis of valuation performed by independent professionally qualified valuers on an open market, existing use basis.

11. Prepayments, deposits and other receivables

	30.9.2007 <i>HK\$'000</i> (Unaudited)	31.3.2007 <i>HK\$'000</i> (Audited)
Deposits and prepayments	2,131	839
Other receivables	35,419	23,586
Advances to employees/agents	1,682	2,036
	<u>39,232</u>	<u>26,461</u>

12. Loans receivable

	30.9.2007 <i>HK\$'000</i> (Unaudited)	31.3.2007 <i>HK\$'000</i> (Audited)
Floating rate loans receivable	165,175	362,709
Less: Impairment	–	(67,479)
	<u>165,175</u>	<u>295,230</u>

Loans receivable represent receivables arising from the provision of finance business of the Group, and bear interest at rates ranging from the Hong Kong dollar prime rate quoted by the Hong Kong and Shanghai Banking Corporation Limited (the “Prime Rate”) per annum to Prime Rate plus 3% per month. The grantings of these loans were approved and monitored by the Company’s executive directors in charge of the Group’s provision of finance operation.

13. Interest-bearing bank and other borrowings

	30.9.2007 <i>HK\$'000</i> (Unaudited)	31.3.2007 <i>HK\$'000</i> (Audited)
Current:		
Bank loans – secured	3,560	1,928
Other borrowings – secured	40	–
Other borrowings – unsecured	–	19,529
	<u>3,600</u>	<u>21,457</u>
Non-current:		
Bank loans – secured	66,620	41,145
	<u>70,220</u>	<u>62,602</u>

INTERIM DIVIDEND

The directors of the Company (the “Directors”) have resolved not to declare an interim dividend for the six months ended 30th September, 2007 (2006: Nil).

OPERATIONS REVIEW

For the period under review, the Group was principally engaged in the trading of securities, provision of finance, property holding, insurance business and investment holding.

During the period, the Group had further strengthened its business in securities trading in view of the improvement in the local stock market. Revenue of trading of securities and its related income for the period was HK\$887,155,000 (2006: HK\$78,530,000). The segment had recorded a loss of HK\$137,245,000 after taking into account of the changes in fair values of listed securities held for trading.

Turnover of the provision of finance business for the period was amounted to HK\$7,316,000 (2006: HK\$14,136,000). The business recorded a profit of HK\$7,416,000 in this period (2006: loss of HK\$104,453,000).

In view of the improvement in the local property market, the Group had increased its investment in properties in the period. As at 30th September, 2007, the amount of the investment properties was HK\$73,680,000 compared with the amount of HK\$63,340,000 at 31st March, 2007.

The insurance agency and brokerage business of the Group recorded a turnover and a profit of HK\$3,172,000 and HK\$11,703,000 in the period respectively. Since the acquisition of the insurance brokerage business in November, 2006, the Group has been leveraging on the experiences of our insurance business management team and working on the application for authorisation to conduct long term life insurance business in Hong Kong.

During the period, the Group had disposed of its investment in the financial services group, Hennabun Capital Group Limited (formerly known as Hennabun Management International Limited).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30th September, 2007, net current assets of the Group amounted to HK\$919,656,000 (31.3.2007: HK\$496,089,000) with cash and bank balances of HK\$380,894,000 (31.3.2007: HK\$72,626,000).

As at 30th September, 2007, the Group had secured bank loans of HK\$70,180,000 (31.3.2007: HK\$43,073,000) and margin financing payable of HK\$40,000 (31.3.2007: Nil). Gearing ratio calculated on the basis of the Group's total borrowings over shareholders' funds was 6.98% (31.3.2007: 10.62%) at the balance sheet date. The secured bank loans and margin financing payable of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar. There is no exposure to fluctuations in exchange rates in relation to the borrowings.

The Group had no material capital commitment at the period end date. In light of the amount of liquid assets in hand and banking facility 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. At 30th September, 2007, the Group had shareholders' funds of HK\$1,005,434,000 (31.3.2007: HK\$589,238,000). During the period, the Company had completed placements of a total of 2,234,552,000 new shares and rights issue of 1,563,986,824 shares. The capital base of the Company had been much improved after the said financing exercises.

Foreign Currency Management

Most of the Group's transaction are denominated in Hong Kong Dollars. The Group's foreign currency transactions are mainly denominated in Renminbi. As material fluctuation in exchange rate of Hong Kong dollars to Renminbi is not expected, the Directors are of the view that the Group's exposure to exchange rate risk is not significant.

Pledge of Assets

At 30th September, 2007, (i) investments held for trading of approximately HK\$348,564,000 were pledged to a financial institution to secure margin financing of HK\$40,000 provided to the Group (ii) prepaid land premium and building of approximately HK\$22,492,000 and HK\$11,862,000 respectively were pledged to a bank to secure loan facilities granted to the Group and (iii) investment properties of total carrying amount of HK\$73,680,000 were pledged to banks to secure loan facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities at 30th September, 2007.

BUSINESS PROSPECTS

The Group has been aiming at the establishment of a well managed financial services conglomerate which include insurance and related businesses. In July 2007, the Group had submitted its initial application to the regulatory authority for approval to carry out long term life insurance business in Hong Kong. The application process is now still in progress and the Group is also working on the preparation for the future operation of the life insurance business if authorisation from the regulating authority can be obtained.

Besides long term life insurance business, the Group is also considering and exploring other appropriate investment opportunities which may strengthen our business and revenue base.

EMPLOYEES AND REMUNERATION POLICY

As 30th September, 2007, the Group employed about 39 staff members including directors of the Company. Staff costs incurred for the period, including directors' remuneration, were HK\$5,511,000 (2006: HK\$3,755,000).

It is 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, including the grant of share options, are structured to motivate individual performance and contributions to the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2007.

AUDIT COMMITTEE

The condensed consolidated results of the Company for the six months ended 30th September, 2007 have not been audited, but have been reviewed by the Audit Committee which comprises all the four independent non-executive directors of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the condensed financial statements for the period.

CORPORATE GOVERNANCE

The Company adopted all the code provisions in the Code on Corporate Governance Practices ("Code") contained in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the six months ended 30th September, 2007, the Company has complied with the code provisions as set out in the Code and there has been no material deviations from the Code.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that in respect of the six months ended 30th September, 2007, all directors have complied with the required standard set out in the Model Code.

By Order of the Board
Yang Fan Shing, Andrew
Chairman

Hong Kong, 21st December, 2007

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

Executive Directors:

Dr. Yang Fan Shing, Andrew (*Chairman*)
Mr. Kwong Wai Tim, William (*Managing Director*)
Ms. Kwok Wai Ming
Ms. Au Shuk Yee, Sue

Independent non-executive Directors:

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