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FREEMAN CORPORATION LIMITED

民豐控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

INTERIM RESULTS

The Board of Directors (the “Board”) of Freeman Corporation Limited (the “Freeman”) announces the unaudited condensed consolidated interim financial statements of Freeman and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2009 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

		Six months ended 30 September	
	NOTES	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
REVENUE	4	30,339	(4,765)
Cost of sales		(1,635)	(3,092)
Gross profit/(loss)		28,704	(7,857)
Other income and gains	4	7,905	2,734
Gains/(losses) arising from changes in fair value of investment properties, net		21,286	(9,043)
Excess over the cost of a business combination	20	169,215	-
Fair value gains/(losses) on investments at fair value through profit or loss, net		128,614	(309,188)
General and administrative expenses		(11,370)	(15,636)
Other expenses		-	(10,114)
Finance costs	5	(1,205)	(2,558)
PROFIT/(LOSS) BEFORE TAX	6	343,149	(351,662)
Tax	7	(740)	-
PROFIT/(LOSS) FOR THE PERIOD		342,409	(351,662)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF FREEMAN		342,409	(351,662)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF FREEMAN	9		(Restated)
Basic and Diluted		HK\$2.4	HK\$1.7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	<u>342,409</u>	<u>(351,662)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income for the period (net of tax)	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)		
FOR THE PERIOD	<u>342,409</u>	<u>(351,662)</u>
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF FREEMAN	<u>342,409</u>	<u>(351,662)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 September 2009

	<i>NOTES</i>	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		65,313	28,989
Investment properties	10	163,420	109,500
Intangible assets		2,743	-
Prepaid land premium		21,907	50,031
Loans receivable	11	315,860	3,000
Investments at fair value through profit and loss		-	250,000
Other non-current asset and prepayments		4,345	-
Other non-current investment		74,248	-
Total non-current assets		<u>647,836</u>	<u>441,520</u>
CURRENT ASSETS			
Loans receivable	11	407,634	76,992
Trade receivables	12	174,982	-
Prepayments, deposits and other receivables	13	13,042	7,718
Investments at fair value through profit or loss		796,351	638,166
Other investment		4,966	-
Pledged bank deposits		3,000	-
Cash and bank balances		373,696	34,794
Total current assets		<u>1,773,671</u>	<u>757,670</u>
CURRENT LIABILITIES			
Bank overdraft		22,291	-
Trade payables	14	72,663	-
Other payables and accruals		25,873	5,157
Interest-bearing bank and other borrowings		6,435	24,040
Amount due to a related company	15	122,383	-
Tax payable		3,785	2,447
Total current liabilities		<u>253,430</u>	<u>31,644</u>
NET CURRENT ASSETS		<u>1,520,241</u>	<u>726,026</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,168,077</u>	<u>1,167,546</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		95,985	85,932
Convertible notes		116,342	-
Deferred tax liabilities		754	754
Total non-current liabilities		<u>213,081</u>	<u>86,686</u>
Net assets		<u>1,954,996</u>	<u>1,080,860</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AT 30 September 2009

	<i>NOTES</i>	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 <i>HK\$'000</i> (Audited)
EQUITY			
Equity attributable to equity holders of Freeman			
Issued capital	<i>16</i>	19,546	195,463
Reserves		<u>1,442,994</u>	<u>885,397</u>
		1,462,540	1,080,860
Minority interest		<u>492,456</u>	<u>-</u>
Total equity		<u><u>1,954,996</u></u>	<u><u>1,080,860</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2009

Attributable to equity holders of Freeman

	Issued capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Equity component of convertible notes HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Distributable reserve HK\$'000 (Unaudited)	Special reserve HK\$'000 (Unaudited)	Available- for-sale investment revaluation reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Minority interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1st April, 2008	814,431	273,643	18,994	7,530	485	595,191	35,131	(667)	(801,429)	943,309	-	943,309
Loss for the period	-	-	-	-	-	-	-	-	(351,662)	(351,662)	-	(351,662)
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(351,662)	(351,662)	-	(351,662)
Rights issue of shares	407,216	81,443	-	-	-	-	-	-	-	488,659	-	488,659
Redemption of convertible notes	-	-	(18,994)	-	-	-	-	-	7,315	(11,679)	-	(11,679)
Capital reorganisation	(732,988)	-	-	-	-	-	-	-	732,988	-	-	-
Share issue expenses	-	(13,048)	-	-	-	-	-	-	-	(13,048)	-	(13,048)
At 30th September, 2008	488,659	342,038	-	7,530	485	595,191	35,131	(667)	(412,788)	1,055,579	-	1,055,579
At 1st April, 2009	195,463	347,607	-	4,880	485	895,331	35,131	-	(398,037)	1,080,860	-	1,080,860
Profit for the period	-	-	-	-	-	-	-	-	342,409	342,409	-	342,409
Total comprehensive income for the period	-	-	-	-	-	-	-	-	342,409	342,409	-	342,409
Issuance of convertible notes	-	-	39,271	-	-	-	-	-	-	39,271	-	39,271
Capital reorganisation	(175,917)	-	-	-	-	-	-	-	175,917	-	-	-
Minority interests	-	-	-	-	-	-	-	-	-	-	492,456	492,456
At 30th September, 2009	19,546	347,607	39,271	4,880	485	895,331	35,131	-	120,289	1,462,540	492,456	1,954,996

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2009

	Six months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash inflow/(outflow) from operating activities	13,619	(352,057)
Net cash inflow from investing activities	320,355	2,293
Net cash inflow from financing activities	4,928	421,324
Net increase in cash and cash equivalents	338,902	71,560
Cash and cash equivalents at beginning of period	34,794	278,649
Cash and cash equivalents at end of period	373,696	350,209
Analysis of balances of cash and cash equivalents		
Cash and bank balances	373,696	350,209

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AT 30 September 2009

1. Basis of preparation

The Condensed Consolidated Interim Financial Statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited.

The Condensed Consolidated Interim Financial Statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2009.

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

The accounting policies and basis of preparation adopted in the preparation of Interim Financial Statements are the same as those used in the annual financial statements of the Group for the year ended 31 March 2009, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which are adopted by the Group for the first time for the current period’s financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment - Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instrument: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

Except for HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no impact on the Group's results of operation and financial position. The principal effects of adopting HKFRS 8 and HKAS 1 (Revised) are as follows:

HKFRS 8 Operating Segments

This standard, which replaced HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 *Segment Reporting*.

HKAS 1 (Revised) Presentation of Financial Statements

This revised standard introduces changes in the presentation and disclosures of financial statements, which require owner and non-owner changes in equity to be separately presented. The statement of changes in equity will only include details of transactions with owner and all non-owner changes in equity will be presented in a single line. In addition, this standard also introduces the statement of comprehensive income, with all items of income and expense recognised in income statement, together with all other items of income and expense recognised directly in equity, to be presented either in one single statement, or in two linked statements. The Group has elected to present in two statements.

3. Segment information

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

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

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects is measured differently from operating profit and loss in the consolidated financial statements. Group financing (include finance cost and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

Intersegment sales and transfers are transacted with reference to the prevailing market prices/rates.

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

The following tables present revenue and profit/(loss) information of the Group's operating segments for the six months ended 30 September 2009 and 2008.

For the six months ended 30th September 2009

	Provision of finance HK\$'000 (Unaudited)	Trading of securities HK'000 (Unaudited)	Property holding and investment HK\$'000 (Unaudited)	Insurance agency and brokerage HK\$'000 (Unaudited)	Investment activities HK\$'000 (Unaudited)	Elimination of intersegment transactions HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue:							
Sales to external customers	1,285	26,494	1,400	1,160	-	-	30,339
Intersegment sales	-	-	-	-	13,240	(13,240)	-
Other revenue	-	123	647	26	372	-	1,168
	<u>1,285</u>	<u>26,617</u>	<u>2,047</u>	<u>1,186</u>	<u>13,612</u>	<u>(13,240)</u>	<u>31,507</u>
Segment results	<u>1,248</u>	<u>154,960</u>	<u>37,663</u>	<u>(4,105)</u>	<u>175,517</u>	<u>(13,240)</u>	<u>352,043</u>
Interest and unallocated gains							6,737
Unallocated corporate expenses							(14,426)
Finance costs							(1,205)
Profit before tax							343,149
Tax							(740)
Profit for the period							<u>342,409</u>

For the six months ended 30 September 2008

	Provision of finance HK\$'000 (Unaudited)	Trading of securities HK'000 (Unaudited)	Property holding and investment HK\$'000 (Unaudited)	Insurance agency and brokerage HK\$'000 (Unaudited)	Investment activities HK\$'000 (Unaudited)	Elimination of intersegment transactions HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue:							
Sales to external customers	7,230	(15,907)	1,776	2,136	-	-	(4,765)
Intersegment sales	-	-	-	-	-	-	-
Other revenue	<u>291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>-</u>	<u>319</u>
	<u>7,521</u>	<u>(15,907)</u>	<u>1,776</u>	<u>2,136</u>	<u>28</u>	<u>-</u>	<u>(4,446)</u>
Segment results	<u>2,625</u>	<u>(327,541)</u>	<u>(7,574)</u>	<u>(3,679)</u>	<u>-</u>	<u>-</u>	<u>(336,169)</u>
Interest and unallocated gains							2,415
Unallocated corporate expenses							(15,350)
Finance costs							<u>(2,558)</u>
Loss before tax							(351,662)
Tax							<u>-</u>
Loss for the period							<u>(351,662)</u>

4. Revenue, Other income and Gains

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

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

	For the six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Gains/(losses) from the sale of investments at fair value through profit or loss, net	4,208	(17,177)
Interest income from provision of finance	1,285	7,230
Dividend income from investments at fair value through profit or loss	22,286	1,270
Gross rental income	1,400	1,776
Insurance agency and brokerage income	<u>1,160</u>	<u>2,136</u>
	<u>30,339</u>	<u>(4,765)</u>

Other income and Gains

Bank interest income	8	2,415
Other interest income	6,729	-
Gain from disposal of an investment property	647	-
Others	<u>521</u>	<u>319</u>
	<u><u>7,905</u></u>	<u><u>2,734</u></u>

5. Finance Costs

	For the six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans not wholly repayable within five years	1,102	1,309
Overdrafts and other loans wholly repayable within five years	103	114
Convertible notes	<u>-</u>	<u>1,135</u>
Total finance costs	<u><u>1,205</u></u>	<u><u>2,558</u></u>

6. Profit/(Loss) before tax

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

	For the six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	1,172	1,083
Loss on disposal of items of property, plant and equipment	-	58
Loss on redemption of convertible notes*	-	5,333
Impairment of loans receivable*	<u>-</u>	<u>4,781</u>

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

7. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	For the six months ended 30th September,	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Current – Hong Kong Provision for the period	<u>740</u>	<u>-</u>

8. Dividend

The directors do not recommend the payment of any interim dividend for the period (2008: nil).

9. Profit/(Loss) per share attributable to ordinary equity holders of Freeman

(a) *Basic profit/(loss) per share*

The calculation of basic profit per share for the period is based on the profit for the period attributable to ordinary equity holders of Freeman of HK\$342,409,000 (2008: a loss of HK\$351,662,000) and on the weighted average of 142,194,000 (2008: 202,386,000 (restated)) ordinary shares in issue.

The basic loss per share amount for the six months ended 30 September 2008 has been adjusted to reflect:

- (i) the capital reorganisation effected on 21 November 2008 which involved (1) a reduction of the nominal value of each issued ordinary share of Freeman from HK\$0.10 to HK\$0.02 each by the cancellation of HK\$0.08 of the paid up capital for each issued ordinary share; (2) the cancellation of the credit arising from such reduction towards the accumulated losses of Freeman in the amount of approximately HK\$390,927,000 with the balance to be transferred to the distributable reserve of Freeman; and (3) the consolidation of every five reduced shares of HK\$0.02 each in the capital of Freeman into one adjusted share (“Adjusted Share”) of HK\$0.1 each; and
- (ii) a rights issue of one rights share for every Adjusted Shares was made on 17 March 2009 at an issue price of HK\$0.11 per rights share, resulting in the issue of 977,317,496 new ordinary shares of HK\$0.10 each.

(b) *Diluted profit/(loss) per share*

Diluted profit/(loss) per share amounts for the six months ended 30 September 2009 and 2008 equal to the basis profit/(loss) per share amounts, as the share options outstanding during these periods had no dilutive effect.

10. Investment properties

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Carrying amount at beginning of period/year	109,500	101,579
Additions	2,246	26,635
Transfer from owner-occupied property	36,388	-
Disposal	(6,000)	-
Change in fair value of investment properties	<u>21,286</u>	<u>(18,714)</u>
Carrying amount at end of period/year	<u>163,420</u>	<u>109,500</u>

The fair values of the Group's investment properties at 30 September 2009 have been arrived at on the basis of valuation performed by independent professionally qualified valuers on an open market, existing use basis.

11. Loans receivable

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Loans receivable	752,294	99,992
Impairment	<u>(28,800)</u>	<u>(20,000)</u>
	723,494	79,992
Less: Balances due within one year included in current assets	<u>(407,634)</u>	<u>(76,992)</u>
Non-current portion	<u>315,860</u>	<u>3,000</u>

Loans receivable represent receivables arising from the provision of finance business of the Group, and bear interest at rates ranging from 1 % below the Hong Kong dollar prime lending rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited (the "Prime Rate") per annum to 5% above the Prime Rate per annum (31 March 2009: from 1% below the Prime Rate to 4% per month). The grants of these loans were approved and monitored by Freeman's executive directors in charge of the Group's provision of finance operation.

12. Trade receivables

Trade receivables are aged within 30 days. The carrying amounts of trade receivables approximate to their fair values.

13. Prepayments, deposits and other receivables

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Prepayments and deposits	11,044	5,729
Other receivables	1,546	1,038
Prepaid land premium	304	690
Advances to employees/agents	148	261
	<u>13,042</u>	<u>7,718</u>

14. Trade payables

Trade payables are aged within 30 days. The carrying amounts of trade payables approximate to their fair values.

15. Amount due to a related company

The balance is unsecured, interest-free and has no fixed repayment terms. The carrying amount of the amount due to a related company approximates to its fair value.

16. Share capital

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Authorised:		
50,000,000,000 ordinary shares of HK\$0.1 each	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
195,463,499 (31 March 2009: 1,954,634,992) ordinary shares of HK\$0.1 each	<u>19,546</u>	<u>195,463</u>

A summary of the movements of Freeman's issued capital is as follows:

		Number of shares in issue	Issued Capital HK\$'000
At 1 April 2009	Notes	1,954,634,992	195,463
Capital reorganisation	(a)	(1,759,171,491)	(175,917)
Repurchase of shares	(b)	<u>(2)</u>	<u>-</u>
At 30 September 2009		<u>195,463,499</u>	<u>19,546</u>

Notes:

- (a) On 5 August 2009, Freeman effected a capital reorganisation which involved: (a) a reduction in the nominal value of each issued ordinary share of Freeman from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 of the paid up capital for each issued ordinary share; (b) the application of the credit arising from such reduction of approximately HK\$175,917,000 to cancel towards the accumulated losses; and (c) the consolidation of every ten reduced shares of HK\$0.01 each in the capital of Freeman into one adjusted share of HK\$0.10 each.
- (b) On 7 April 2009, Freeman repurchased two ordinary shares of HK\$0.10 each on the Stock Exchange at HK\$0.081 per share. The repurchased shares were cancelled and, accordingly, the issued capital of Freeman was reduced by the nominal value of these shares. The difference between the issued capital purchased and the value of cash consideration paid was credited to the capital redemption reserve of Freeman.

17. Share Option Scheme

The share option scheme of Freeman was approved and adopted by the shareholders at the extraordinary general meeting held on 23 August 2002 (the "2002 Scheme"). The 2002 Scheme shall be valid and effective for a period of 10 years commencing from 23 August 2002 (the "Adoption Date"). The primary purpose of the 2002 Scheme is to provide participants with the opportunity to acquire proprietary interests in Freeman and to encourage participants to work towards enhancing the value of Freeman and its shares for the benefit of Freeman and its shareholders as a whole. Details of the 2002 Scheme are disclosed in the Freeman's 2008/09 Annual Report.

2009

Name or category	Number of share options**					At 30 September 2009	Date of grant of share options*	Exercise period of share options	Adjusted exercised price of share options** per share (Note 1)
	At 1 April 2009	Granted during the period	Exercised during the period	Cancelled during the period	Adjustments during the period				
Employees					(Note 1)			20-11-2007	
In aggregate	<u>10,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,466)</u>	<u>1,052</u>	20-11-2007	19-11-2012	33.25

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price and the number of the share options are subject to adjustment in the case of rights or bonus issues, or other similar changes in Freeman's share capital.

Note:

- During the period, as a result of the completion of a capital reorganisation of Freeman, an adjustment was made to the exercise price and the number of outstanding share options granted under the 2002 Scheme.

18. Pledge of Assets

At 30 September 2009, (i) investments held for trading of approximately HK\$796.4 million were pledged to a financial institution to secure margin financing facilities provided to the Group; (ii) prepaid land premium and buildings of approximately HK\$22.2 million and HK\$39.8 million, respectively, were pledged to a bank to secure loan facilities granted to the Group; and (iii) investment properties with a total carrying amount of HK\$141.7 million were pledged to banks to secure loan facilities granted to the Group.

19. Operating lease arrangements

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for a term of one year.

At 30 September 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Within one year	<u>755</u>	<u>1,574</u>

(b) As lessee

The Group leases a staff quarter and offices under operating lease arrangements. The leases for the properties are negotiated for terms of one year.

At 30 September 2009, the Group had total future minimum lease payments under the non-cancellable operating leases falling due as follows:

	September 2009 HK\$'000 (Unaudited)	31 March 2009 HK\$'000 (Audited)
Within one year	<u>13,705</u>	<u>326</u>

20. Business combination

The fair values of the identifiable assets and liabilities of Hennabun Capital Group Limited (“Hennabun”) at the date of acquisition and the corresponding carrying amounts at the acquisition were as follows:

	Fair value (Carrying amount) HK\$'000 (Unaudited)
Property, plant and equipment	45,369
Intangible assets	2,743
Other non-current investment and deposits	76,448
Cash and cash equivalents	321,978
Deposits, prepayments and other receivables	7,896
Trade receivables	174,982
Loans receivable	676,060
Investments at fair value through profit and loss	13,403
Other investment	4,966
Bank overdraft	(22,291)
Bank borrowings	(15,376)
Accruals and other payables	(23,976)
Trade payables	(71,750)
Tax payable	(598)
Amount due to a related company	(122,383)
Convertible notes	<u>(50,000)</u>
	1,017,471
Minority interests	(492,456)
Excess over the cost of a business combination recognised in the income statement	<u>(169,215)</u>
	<u>355,800</u>
Satisfied by:	
Issue of Freeman's convertible notes	105,800
Conversion of convertible note investments	<u>250,000</u>
	<u>355,800</u>

An analysis of the net inflow of cash and cash equivalents in respect of acquisition of a subsidiary is as follows:

	HK\$'000 (Unaudited)
Cash and cash equivalents acquired	<u>321,978</u>
Net inflow of cash and cash equivalents in respect of acquisition of a subsidiary	<u>321,978</u>

The acquisition was completed on 30 September 2009, thus no revenue and expenses have been consolidated into the Group during the six months ended 30 September 2009. Freeman has acquired 51.6% of voting right of Hennabun. The fair values of identifiable assets and liabilities of Hennabun approximately equal to the carrying amounts.

21. Post balance sheet events

- a) As disclosed in the announcement of Freeman dated 19 October 2009, Freeman entered into a placing agreement pursuant to which 39,000,000 shares were issued under the General Mandate. The placing was completed on 29 October 2009.
- b) An announcement in respect of i) proposed refreshment of the issue of new shares under general mandate and share option scheme; and ii) proposed issue of new shares under special mandate was announced by Freeman on 26 November 2009. The circular posted on 8 December 2009. The transaction has not been completed at the date of issuance of this interim result.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

BUSINESS REVIEW

During the period, the Group was principally engaged in the trading of securities, provision of finance, property investment, insurance agency and brokerage business and investment holdings.

The financial market became more stable during the period, some securities invested were posted a net gain. Same securities portfolio has been maintained by the Group and no material change during the period.

The operation of our insurance agency and brokerage business has no material change during the period.

During the period, an investment property was realised at a total consideration of approximately HK\$6.6 million and the Group recorded a net disposal gain of approximately HK\$0.6 million. During the period under review, the Group had reviewed the entire list of investment properties. Rental business has no material change throughout the period.

For provision of finance, the Group has realised a charged asset for a sum of approximately HK\$9.6 million. During the period under review, no material provision is considered necessary as loan receivables have been settled on schedule.

As disclosed in 2008/09 annual report, the proposed capital reorganisation has been completed in August 2009, and the proposed acquisition completed on 30 September 2009 that recorded an unaudited excess over the cost of business combination approximately HK\$169.2 million.

FINANCIAL REVIEW

Total turnover increased by 7.3 times to HK\$30.3 million compared to loss of HK\$4.8 million for the same period in 2008. During the period under review, income from sales of trading securities posted a net gain of HK\$4.2 million, representing an increase of 1.2 times compared to a loss of HK\$17.2 million for the same period in 2008; it was mainly due to a continuous improvement in financial market. Besides, the Group recorded a dividend income of HK\$22.3 million (2008: HK\$1.3 million). Interest income from provision of finance decreased by 81.9% to HK\$1.3 million compared to HK\$7.2 million in 2008 as the Group has implemented a tight control over money lending business after the financial market crisis. Gross rental income decreased to HK\$1.4 million, representing a decrease of 22.2% compared to HK\$1.8 million for the period in 2008.

The gross profit for the six months ended 30 September 2009 was HK\$28.7 million (2008: loss of HK\$7.9 million), representing an increase of 4.6 times as compared to the same period in 2008. It was mainly due to an increase in dividend income during the period.

During the period, the Group posted a fair value gain of HK\$21.3 million on investment properties (2008: a loss of HK\$9.0 million). Moreover, the Group recorded a fair value gain on securities held for trading of HK\$128.6 million (2008: a loss of HK\$309.2 million).

The Group has implemented a control policy over daily operation, and thus, the general and administrative expenses decreased to HK\$11.4 million from HK\$15.6 million compared to the same period in 2008.

The net profit attributable to shareholders of Freeman was HK\$342.4 million (2008: net loss of HK\$351.6 million). Profit per share was HK\$2.4 (2008: loss per share of HK1.7 (restated)).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 September 2009, net current assets of the Group amounted to HK\$1,520.2 million (31 March 2009: HK\$726.0 million) with cash and bank balances of HK\$373.7 million (31 March 2009: HK\$34.8 million).

At 30 September 2009, the Group had secured bank loans of HK\$102.4 million (31 March 2009: HK\$91.9 million) and no unsecured other borrowings (31 March 2009: HK\$18.0 million). Gearing ratio calculated on the basis of the Group's total borrowings over shareholders' funds was 7.0% (31 March 2009: 10.2%) at the reporting date. The secured bank loans and other borrowings of the Group were carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and made in Hong Kong dollars. There is no exposure to fluctuations in exchange rates in relation to the borrowings.

The Group has no material capital commitment as at the reporting date (31 March 2009: Nil). In light of the amount of liquid assets in hand and banking facilities available, the Directors are of the view that the Group has adequate financial resources to meet its ongoing operational requirements.

The Group's assets portfolio is mainly financed by its shareholders' funds. At 30 September 2009, the Group had shareholders' funds of approximately HK\$1,462.5 million (31 March 2009: HK\$1,080.9 million).

Foreign Currency Management

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

PROSPECTS

After a number of economic motivation policies implemented, the global economy is gradually stabilised after the global financial and economic crisis. The global financial market has shown a positive sign of improvement recently, and it is expected that the improvement will enhance the confidence of investors' view in global financial market.

Looking ahead, the second half of the year will still be full of present challenges, and Freeman will continue to sustain our steady business operation. Besides, Freeman will also continuously seek for opportunities to enhance its operations.

EMPLOYEES AND REMUNERATION POLICY

At 30 September 2009, the Group employed about 23 staff members including directors of Freeman. Staff costs incurred for the period, including directors' remuneration, was approximately HK\$5.9 million (2008: HK\$7.9 million).

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.

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

At 30 September 2009, the interests of the directors and their associates in the shares, underlying shares and debentures of Freeman or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by Freeman under Section 352 of the SFO or as otherwise notified to Freeman and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Rules Governing the Listing of the Securities on the Stock Exchange (the "Listing Rules") were as follows:

(i) **Long positions in the shares of Freeman**

Capacity and number of ordinary shares held

Name of Director	Beneficial owner	Interest of controlled corporation	Interest of spouse	Total	Approximate percentage of shareholding
Yang Fan Shing, Andrew	40,000	-	26,000	66,000	0.03%
Kwok Wai Ming	3,640,600	-	-	3,640,600	1.86%
Au Shuk Yee, Sue	1,229,000	-	-	1,229,000	0.63%

Save as disclosed above, at 30 September 2009, none of the directors nor their associates had any interests or short positions in the shares, underlying shares and debentures of Freeman or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or which were required to be notified to Freeman and the Stock Exchange pursuant to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above, at no time during the six months ended 30 September 2009 was Freeman or any of its subsidiaries a party to any arrangements to enable the directors of Freeman to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, Freeman or any other body corporate, and none of the directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of Freeman, or had exercised any such rights during the period.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 30 September 2009, the register of shareholders maintained by Freeman pursuant to Section 336 of the SFO showed that, the following shareholder had notified Freeman of relevant interests in the issued share capital of Freeman:

Long positions in shares of Freeman:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding
Mascotte Holdings Limited	Beneficial Owner	17,823,217	9.12%

Note 1

Note:

1. The shares of Mascotte Holdings Limited (stock code: 136) are listed on the main board of the Stock Exchange.

Save as disclosed above, at 30 September 2009, Freeman had not been notified by any persons who had interests or short positions in the shares and underlying shares of Freeman as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF FREEMAN'S LISTED SECURITIES

During the six months ended 30 September 2009, Freeman had repurchased two ordinary shares of HK\$0.1 each on the Stock Exchange of Hong Kong Limited at HK\$0.081 per share. The repurchased shares were cancelled and accordingly the issued share capital of Freeman was reduced by the nominal value of these shares. The difference between the issued capital purchased and the value of cash consideration paid was credited to the capital redemption reserve of Freeman.

Save as disclosed herein, there was no purchase, sale or redemption by Freeman, or any of its subsidiaries of any listed securities of Freeman during the period.

AUDIT COMMITTEE

The condensed consolidated results of Freeman for the six months ended 30 September 2009 have not been audited, but have been reviewed by the Audit Committee which comprises all the four independent non-executive directors of Freeman. 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 consolidated financial statements for the period.

CORPORATE GOVERNANCE

Freeman adopted all the code provisions in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the six months ended 30 September 2009, Freeman has complied with the code provisions as set out in the Code and there has been no material deviations from the Code.

Freeman 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, Freeman confirmed that in respect of the six months ended 30 September 2009, all directors have complied with the required standard set out in the Model Code.

By Order of the Board
Freeman Corporation Limited
Lo Kan Sun
Managing Director

Hong Kong, 11 December 2009

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

Executive Directors:

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

Independent non-executive Directors:

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