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FREEMAN FINANCIAL CORPORATION LIMITED
民豐企業控股有限公司

(formerly known as 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 2010

INTERIM RESULTS

The Board of Directors (the “Board”) of Freeman Financial Corporation Limited (the “Company”) announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2010 together with the comparative figures for 2009.

The Audit Committee has reviewed the Group’s condensed consolidated interim financial statements for six months ended 30 September 2010, including the accounting principles and practices adopted by the Group, in conjunction with the Company’s external auditors.

CONDENSED CONSOLIDATED INCOME STATEMENT*For the six months ended 30 September 2010*

		Six months ended	
		30 September	
	<i>Notes</i>	2010	2009
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	4	42,448	30,339
Cost of sales		<u>(1,103)</u>	<u>(1,635)</u>
Gross profit		41,345	28,704
Other income and gains	4	103,219	7,905
Gains arising from changes in fair value of investment properties, net		–	21,286
Excess over the cost of a business combination		–	169,215
Fair value gains/(losses) on investments at fair value through profit or loss, net		(82,268)	128,614
General and administrative expenses		(57,359)	(11,370)
Other expenses		(16,837)	–
Finance costs	5	<u>(28,781)</u>	<u>(1,205)</u>
PROFIT/(LOSS) BEFORE TAX	6	(40,681)	343,149
Income tax expense	7	<u>(2,149)</u>	<u>(740)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(42,830)</u>	<u>342,409</u>
Attributable to:			
Owners of the Company		(76,296)	342,409
Non-controlling interests		<u>33,466</u>	<u>–</u>
		<u>(42,830)</u>	<u>342,409</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK(14.83) cents</u>	<u>HK\$2.4</u>
Diluted		<u>HK(14.83) cents</u>	<u>HK\$2.4</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>(42,830)</u>	<u>342,409</u>
OTHER COMPREHENSIVE INCOME		
Available-for-sale investment:		
Change in fair value	42,059	–
Gain on property revaluation	6,081	–
Exchange differences on translation of foreign operations	<u>(122)</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>48,018</u>	<u>–</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>5,188</u>	<u>342,409</u>
Attributable to:		
Owners of the Company	(48,622)	342,409
Non-controlling interests	<u>53,810</u>	<u>–</u>
	<u>5,188</u>	<u>342,409</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2010

	<i>Notes</i>	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		75,471	94,863
Investment properties	9	134,324	160,780
Investment in an associate		4,425	–
Available-for-sale investment	10	367,332	325,273
Other non-current investment	11	74,248	74,248
Loans receivable	12	1,114	64,323
Intangible assets		4,243	4,243
		<u>661,157</u>	<u>723,730</u>
CURRENT ASSETS			
Accounts receivable	13	425,155	395,286
Loans receivable	12	417,623	539,325
Prepayments, deposits and other receivables		467,030	20,777
Investments at fair value through profit or loss		706,671	864,913
Cash and bank balances		313,998	170,249
		<u>2,330,477</u>	<u>1,990,550</u>
CURRENT LIABILITIES			
Accounts payable	14	183,619	60,456
Other payables and accruals		22,519	81,642
Interest-bearing bank and other borrowings	15	313,471	213,960
Tax payable		9,202	7,006
		<u>528,811</u>	<u>363,064</u>
NET CURRENT ASSETS		<u>1,801,666</u>	<u>1,627,486</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,462,823</u>	<u>2,351,216</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	82,285	84,193
Convertible notes		241,048	221,118
Deferred tax liabilities		3,996	4,895
		<u>327,329</u>	<u>310,206</u>
Net assets		<u><u>2,135,494</u></u>	<u><u>2,041,010</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*30 September 2010*

	<i>Notes</i>	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	<i>16</i>	59,475	38,135
Reserves		<u>1,508,360</u>	<u>1,490,087</u>
		1,567,835	1,528,222
Non-controlling interests		<u>567,659</u>	<u>512,788</u>
Total equity		<u><u>2,135,494</u></u>	<u><u>2,041,010</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Attributable to owners of the Company												Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Equity component of convertible notes HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Distributable reserve HK\$'000	Special reserve HK\$'000	Land and building revaluation reserve HK\$'000	Available-for-sale investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits/(accumulated losses) HK\$'000	Total HK\$'000		
At 1 April 2009	195,463	347,607	-	4,880	485	895,331	35,131	-	-	-	(398,037)	1,080,860	-	1,080,860
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	342,409	342,409	-	342,409
Issue of a convertible note	-	-	39,271	-	-	-	-	-	-	-	-	39,271	-	39,271
Capital reorganisation	(175,917)	-	-	-	-	-	-	-	-	-	175,917	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	492,456	492,456
At 30 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
At 1 April 2010	38,135	424,859	45,263	-	485	895,331	35,131	-	8,764	8	80,246	1,528,222	512,788	2,041,010
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	6,081	21,715	(122)	(76,296)	(48,622)	53,810	5,188
Issue of share options	-	-	-	1,051	-	-	-	-	-	-	-	1,051	-	1,051
Exercise of share options	3,800	18,911	-	(1,051)	-	-	-	-	-	-	-	21,660	-	21,660
Issue of a convertible note	-	-	3,285	-	-	-	-	-	-	-	-	3,285	3,077	6,362
Redemption of a convertible note	-	-	(3,285)	-	-	-	-	-	-	-	1,132	(2,153)	(2,016)	(4,169)
Placing of new shares	17,540	47,855	-	-	-	-	-	-	-	-	-	65,395	-	65,395
Share issue expenses	-	(1,003)	-	-	-	-	-	-	-	-	-	(1,003)	-	(1,003)
At 30 September 2010	59,475	490,622	45,263	-	485	895,331	35,131	6,081	30,479	(114)	5,082	1,567,835	567,659	2,135,494

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOWS FROM/(USED IN)		
OPERATING ACTIVITIES	(76,456)	13,619
NET CASH FLOWS FROM INVESTING ACTIVITIES	43,666	320,355
NET CASH FLOWS FROM FINANCING ACTIVITIES	176,164	4,928
NET INCREASE IN CASH AND		
CASH EQUIVALENTS	143,374	338,902
Cash and cash equivalents at beginning of period	170,249	34,794
Effect of foreign exchange rate changes, net	375	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	313,998	373,696
ANALYSIS OF BALANCES OF CASH AND		
CASH EQUIVALENTS		
Cash and bank balances	313,998	373,696

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

1. CORPORATE INFORMATION

Freeman Financial Corporation Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at 8th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong. Subsequent to the end of the reporting period, on 8 November 2010 and 16 November 2010, the name of the Company was changed to Freeman Financial Corporation Limited and the principal place of business was changed to Suite 2302, 23rd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong, respectively.

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

2.1 BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial statements do not include all the 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 2010.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2010, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA for the first time for the current period’s condensed consolidated interim financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-Time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>

2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HKAS 39 Amendment	Amendment to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	Amendments to HKFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
Improvements to HKFRSs (2009)	<i>Amendments to a number of HKFRSs</i>

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs 2010* which sets out a collection of amendments to HKFRSs. Unless otherwise specified, the amendments contained in *Improvements to HKFRSs 2010* are effective for annual periods beginning on or after 1 January 2011, although the Group is permitted to adopt them earlier.

Except for an amendment to HKAS 17, the adoption of these new and revised HKFRSs has had no material impact on the Group's results of operation and financial position. The principal effect of adopting the amendment to HKAS 17 is as follows:

Amendment to HKAS 17 Leases

The amendment to HKAS 17 requires the land element of a property lease to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. Before amendment, HKAS 17 stated that the land element of a property lease would normally be classified as an operating lease unless title to the land was expected to pass to the lessee at the end of the lease term. On adoption of the amendment, the Group has assessed its leases in Hong Kong and has reclassified the land element of its principal property leases in Hong Kong from operating leases to finance leases. In addition, the amortisation of the prepaid land premium has been reclassified to depreciation. The effect of the adoption of the amendment on the consolidated statement of financial position at 1 April 2010 is to increase property, plant and equipment by HK\$22,060,000 with a corresponding reduction in prepaid land premium. The depreciation charge for the six months ended 30 September 2010 has increased by HK\$105,000 with a corresponding reduction in the amortisation charge. As the adoption of the amendment applies retrospectively, it has also resulted in an increase in the depreciation charge for the six months ended 30 September 2009 of HK\$249,000 and a corresponding reduction in the amortisation charge for that period. The consolidated statement of financial position at 31 March 2010 has been restated to reflect the reclassifications.

3. OPERATING SEGMENT INFORMATION

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

- (a) 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;
- (b) the provision of finance segment engages in the provision of financing services in Hong Kong;
- (c) the property holding and investment segment engages primarily in the investments in commercial for their rental income potential and/or their appreciation in values;
- (d) 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;
- (e) securities brokerage, placing, underwriting and margin financing in Hong Kong; and
- (f) the investment holding segment engages in holding investments for continuing strategic or long term purposes, primarily for their dividend income and capital appreciation.

Management monitors the results of its 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 from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income, finance costs, fair value gain from the Group's derivative instrument as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 September 2010

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Property holding and investment <i>HK\$'000</i>	Insurance agency and brokerage business <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Securities brokerage, placing, underwriting and margin financing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	(42,064)	17,140	3,844	884	–	62,644	42,448
Intersegment sales	–	2,226	–	–	6,893	–	9,119
	(42,064)	19,366	3,844	884	6,893	62,644	51,567
<i>Reconciliation:</i>							
Elimination of intersegment sales							(9,119)
Total revenue							<u>42,448</u>
Segment results	(90,207)	2,319	8,630	(2,590)	(749)	74,231	(8,366)
<i>Reconciliation:</i>							
Interest income							30
Other interest income							487
Corporate and other unallocated expenses							(4,051)
Finance costs							<u>(28,781)</u>
Loss before tax							<u>(40,681)</u>

3. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 September 2009

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Property holding and investment <i>HK\$'000</i>	Insurance agency and brokerage business <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Securities brokerage, placing, underwriting and margin financing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	26,494	1,285	1,400	1,160	–	–	30,339
Intersegment sales	–	–	–	–	13,240	–	13,240
	26,494	1,285	1,400	1,160	13,240	–	43,579
<i>Reconciliation:</i>							
Elimination of intersegment sales							(13,240)
Total revenue							<u>30,339</u>
Segment results	154,960	1,248	37,663	(4,105)	162,277	–	352,043
<i>Reconciliation:</i>							
Interest income							8
Other interest income							6,729
Corporate and other unallocated expenses							(14,426)
Finance costs							<u>(1,205)</u>
Profit before tax							<u>343,149</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; gross rental income received and receivable from investment properties; insurance agency and brokerage income; commission and brokerage income from securities dealings; commission from underwriting and placing services and interest income on margin financing activities during the period.

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

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

	Six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue		
Interest income from provision of finance	17,140	1,285
Dividend income from investments at fair value through profit or loss	5,951	22,286
Gains/(losses) from the sale of investments at fair value through profit or loss, net	(48,015)	4,208
Gross rental income	3,844	1,400
Insurance agency and brokerage income	884	1,160
Commission and brokerage income from securities dealings	14,753	–
Commission from underwriting and placing services	24,089	–
Interest income on margin financing activities	23,802	–
	<u>42,448</u>	<u>30,339</u>
Other income and gains		
Bank interest income	30	8
Other interest income	487	6,729
Write-back of impairment for loans receivable	100,000	–
Gain on disposal of an investment property	–	647
Others	2,702	521
	<u>103,219</u>	<u>7,905</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Interest on:		
Bank loans not wholly repayable within five years	913	1,102
Overdrafts and other loans wholly repayable within five years	7,629	103
Convertible notes	20,239	–
Total finance costs	<u>28,781</u>	<u>1,205</u>

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	5,176	1,421
Employee benefit expenses (excluding directors' remuneration):		
Wages, salaries and allowances	12,872	3,600
Retirement benefit scheme contributions (defined contribution schemes)	<u>712</u>	<u>76</u>
	<u>13,584</u>	<u>3,676</u>
Loss on redemption of a convertible note*	1,885	–
Impairment of accounts receivable*	12,812	–
Losses on disposal of subsidiaries*	<u>1,680</u>	<u>–</u>

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

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 30 September 2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current–Hong Kong		
Charge for the period	3,048	740
Deferred	<u>(899)</u>	<u>–</u>
Total tax charge for the period	<u>2,149</u>	<u>740</u>

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of HK\$76,296,000 (period ended 30 September 2009: profit of HK\$342,409,000), and the weighted average number of 514,441,000 ordinary shares in issue during the period (period ended 30 September 2009: 142,302,000).

(b) Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the periods ended 30 September 2010 and 2009 in respect of a dilution as the impact of convertible notes outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the periods ended 30 September 2010 and 2009 in respect of a dilution as the exercise price of the share options of the Company outstanding during both periods was higher than the average market price of the Company's ordinary shares and, accordingly, they had no dilutive effect on the basic earnings/(loss) per share amounts presented.

9. INVESTMENT PROPERTIES

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Carrying amount at beginning of period/year	160,780	109,500
Additions	–	5,092
Disposals	–	(6,000)
Disposal of subsidiaries	(42,010)	(770)
Transfer to owner-occupied property	–	(12,100)
Transfer from owner-occupied properties*	15,554	36,386
Change in fair value of investment properties, net	<u>–</u>	<u>28,672</u>
Carrying amount at the end of the period/year	<u>134,324</u>	<u>160,780</u>

The Group's investment properties were revalued on 30 September 2010 based on valuation performed by Asset Appraisal Limited ("AAL"), independent professionally qualified valuers, at HK\$134,324,000 on an open market, existing use basis. The investment properties are currently or expected to be leased to third parties under operating leases, further summary details of which are included in note 20 to the condensed consolidated financial statements.

* During the period, certain leasehold land and buildings of the Group included in property, plant and equipment with a carrying value of HK\$9,473,000 were transferred to investment properties which were revalued at the date of change in use at HK\$15,554,000 on an open market value, existing use basis.

10. AVAILABLE-FOR-SALE INVESTMENT

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Unlisted investment, at fair value	<u>367,332</u>	<u>325,273</u>

Unlisted investment represented the Group's investment in a private equity fund. During the period, the gross gain in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK\$42,059,000 (period ended 30 September 2009: Nil).

11. OTHER NON-CURRENT INVESTMENT

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Artworks	<u>74,248</u>	<u>74,248</u>

Artworks represented paintings acquired through public auctions and were held as long term investments. They are stated at cost less any impairment losses.

12. LOANS RECEIVABLE

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Loans receivable	435,639	620,550
Impairment	<u>(16,902)</u>	<u>(16,902)</u>
	418,737	603,648
Less: Balances due within one year included in current assets	<u>(417,623)</u>	<u>(539,325)</u>
Non-current portion	<u>1,114</u>	<u>64,323</u>

Loans receivable represent receivables arising from the provision of finance business of the Group, and bear interest at rates ranging from 4% per annum to 24% per annum (31 March 2010: 4% per annum to 10% per annum). The grants of these loans were approved and monitored by the Company's executive directors in charge of the Group's provision of finance operation.

12. LOANS RECEIVABLE (CONTINUED)

Certain loans receivable with a carrying amount of HK\$235,430,000 (31 March 2010: HK\$224,070,000) are secured by the pledge of collateral and/or the provision of personal guarantees/corporate undertakings by certain independent third parties.

An aged analysis of the loans receivable (that are not considered to be impaired) as at the end of the reporting period, based on payment due date, is as follows:

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Neither past due nor impaired	<u>418,737</u>	<u>603,648</u>

Loans receivable that were neither past due nor impaired relate to a number of diversified borrowers for whom there was no recent history of default.

13. ACCOUNTS RECEIVABLE

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Clearing houses	161,240	51,227
Cash clients	5,491	1,435
Margin clients	<u>278,344</u>	<u>349,732</u>
	445,075	402,394
Impairment	<u>(19,920)</u>	<u>(7,108)</u>
	<u>425,155</u>	<u>395,286</u>

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two days after trade date. The above balances were all aged within 30 days.

14. ACCOUNTS PAYABLE

Accounts payable are aged within 30 days.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Secured bank mortgage loans	87,978	89,797
Unsecured shareholder loan	150,082	–
Unsecured other loans	<u>157,696</u>	<u>208,356</u>
	395,756	298,153
Less: current portion	<u>(313,471)</u>	<u>(213,960)</u>
Non-current portion	<u><u>82,285</u></u>	<u><u>84,193</u></u>

16. SHARE CAPITAL

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Authorised: 50,000,000,000 (31 March 2010: 50,000,000,000) ordinary shares of HK\$0.10 each	<u><u>5,000,000</u></u>	<u><u>5,000,000</u></u>
Issued and fully paid: 594,751,435 (31 March 2010: 381,356,196) ordinary shares of HK\$0.10 each	<u><u>59,475</u></u>	<u><u>38,135</u></u>

16. SHARE CAPITAL (CONTINUED)

A summary of the movements of the Company's issued capital and share premium account is as follows:

	<i>Notes</i>	Number of shares in issue	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2009		1,954,634,992	195,463	347,607	543,070
Capital reorganisation	<i>(a)</i>	(1,759,171,493)	(175,917)	–	(175,917)
Repurchase of shares	<i>(b)</i>	(2)	–	–	–
Placing of new shares	<i>(c)</i>	185,892,699	18,589	78,602	97,191
Share issue expenses		–	–	(2,700)	(2,700)
At 31 March 2010		<u>381,356,196</u>	<u>38,135</u>	<u>423,509</u>	<u>461,644</u>
At 1 April 2010		381,356,196	38,135	423,509	461,644
Exercise of share options	<i>(d)</i>	38,000,000	3,800	18,911	22,711
Placing of new shares	<i>(e)</i>	175,395,239	17,540	47,855	65,395
Share issue expenses		–	–	(1,003)	(1,003)
At 30 September 2010		<u>594,751,435</u>	<u>59,475</u>	<u>489,272</u>	<u>548,747</u>

- (a) On 3 April 2009, the Company effected a capital reorganisation which involved: (a) a reduction in the nominal value of each issued ordinary share of the Company 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 of the Company; and (c) the consolidation of every ten reduced shares of HK\$0.01 each in the capital of the Company into one adjusted share of the Company of HK\$0.10 each.
- (b) On 6 April 2009, the Company repurchased two ordinary shares of HK\$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at HK\$0.04 per share. The repurchased shares were cancelled and accordingly, the issued share capital of the Company 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 the Company.
- (c) On 10 October 2009, 24 December 2009 and 22 January 2010, the Company allotted and issued 39,000,000, 100,000,000 and 46,892,699 ordinary shares of HK\$0.10 each for cash to independent third parties at prices of HK\$0.60, HK\$0.48 and HK\$0.55 per share, respectively.

16. SHARE CAPITAL (CONTINUED)

- (d) On 9 April 2010, the subscription rights attaching to the 38,000,000 share options that granted by the Company to its employees on the same date were exercised in full at subscription price of HK\$0.57 per share, resulting in issue of 38,000,000 new ordinary shares of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$21,660,000. The related share option premium of HK\$1,051,000 was also credited to the share premium account upon exercise of the shares options
- (e) On 21 April 2010 and 8 August 2010, the Company allotted and issued 76,270,000 and 99,125,239 new ordinary shares at HK\$0.1 each for cash to independent third parties at prices of HK\$0.50 and HK\$0.275, respectively.

17. SHARE OPTION SCHEME

The share option scheme of the Company was approved and adopted by the shareholders of 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 the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

Details of the 2002 Scheme was disclosed in the consolidated financial statements for the year ended 31 March 2010.

The following share options were outstanding under the 2002 Scheme during the period:

2010

Name or category of participant	Number of share options**				Date of grant of share options*	Exercise period of share options	Exercise price of share options HK\$ per share	Price of the Company's shares**		
	At 1 April 2010 '000	Granted during the period '000	Exercised during the period '000	At 30 September 2010				At grant date of share options HK\$ per share	Immediately before the exercise date HK\$ per share	At exercise day of share options HK\$ per share
Employees In aggregate	-	38,000	(38,000)	-	9-4-2010	9-4-2010 to 8-4-2020	0.57	0.57	0.57	0.57

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

** *The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day on which the options were granted.*

18. PLEDGE OF ASSETS

At 30 September 2010, (i) investments held for trading of HK\$706,671,000 (31 March 2010: HK\$864,913,000) were pledged to a financial institution to secure margin financing facilities provided to the Group; (ii) land and buildings of HK\$42,882,000 (31 March 2010 (restated): HK\$60,847,000) were pledged to a bank to secure loan facilities granted to the Group; and (iii) investment properties with a total carrying amount of HK\$134,324,000 (31 March 2010: HK\$118,770,000) were pledged to banks to secure loan facilities granted to the Group.

19. RELATED PARTY TRANSACTIONS

- (a) Apart from the transactions detailed elsewhere in these interim financial information, the Group did not have any other material transactions with related parties during the period.
- (b) Compensation of key management personnel of the Group:

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fees	309	300
Short term employee benefits	2,204	1,871
Post-employment payments	<u>46</u>	<u>23</u>
Total compensation paid to key management personnel	<u><u>2,559</u></u>	<u><u>2,194</u></u>

20. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms of one year to five years.

At 30 September 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within one year	5,667	2,674
In the second to fifth years, inclusive	<u>2,314</u>	<u>1,201</u>
	<u><u>7,980</u></u>	<u><u>3,875</u></u>

20. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) As lessee

The Group leases staff quarters and office premises under operating lease arrangements. The leases for the properties are negotiated for a term of two years.

At 30 September 2010, the Group had total future minimum lease payments under the non-cancellable operating leases falling due as follows:

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within one year	588	9,174
In the second to fifth years, inclusive	—	28
	<u>588</u>	<u>9,202</u>

21. EVENTS AFTER THE REPORTING PERIOD

- (a) On 6 October 2010, a convertible note in a principal amount of HK\$275,000,000 was issued to a shareholder by the Company based on the terms and conditions stipulated on a subscription agreement entered into between the Company and the shareholder on 9 August 2010.
- (b) On 11 October 2010, Hennabun Capital Group Limited (“Hennabun”), a non-wholly owned subsidiary of the Company, repurchased 800,000 ordinary shares from a shareholder at a cash consideration of HK\$4,000,000. Immediate after the repurchase, the Company’s equity interest in Hennabun was increased from 51.63% to 51.93%.
- (c) On 1 November 2010, Hennabun entered into a subscription agreement with an independent third party (the “Investor”), pursuant to which the Investor has agreed to subscribe and Hennabun has agreed to allot and issue 33,333,333 new ordinary shares of Hennabun for a cash consideration of approximately HK\$200,000,000. Upon the completion of this subscription, the Company’s equity interest in Hennabun would be diluted from approximately 51.93% to 41.71%.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 November 2010.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2010 (2009: Nil).

BUSINESS REVIEW

The Group was principally engaged in the trading of securities, provision of finance, property holding and investment, insurance brokerage business, securities brokerage, investment advisory and investment holding.

During the six months ended 30 September 2010, interest income from provision of finance increased as the financial market became more vigorous than last year. No material provision was considered to be impaired at the balance sheet date. However, the Company will continuously monitor its operation closely with the consideration of the performance of financial markets. The portfolio of investment in securities has no material change since last year. Property holding and investment segment, the Group disposed a property with a cash consideration of HK\$52.0 million. The Group did not purchase any investment properties, and there is no material change in the Group's property portfolio compared to last year, except for the mentioned disposal. Insurance brokerage business has maintained its operations as last year.

Other finance services, such as securities brokerage, placing services, underwriting and margin financing services, are attributable to the acquisition of Hennabun. The core operations of Hennabun have no material change since the completed of acquisition in 2009.

FINANCIAL REVIEW

The Group's turnover increased by 39.9% to HK\$42.4 million compared to HK\$30.3 million for the same period in 2009. Income from trading of securities recorded a net loss of HK\$48.0 million, representing a decrease of 12.4 times compared to a net gain of HK\$4.2 million as certain listed securities were sold based on the market sentiment. Dividend income decreased to HK\$6.0 million compared to HK\$22.3 million for the same period in 2009, it was mainly due to a special dividend income which was received by the Group for the same period in 2009. Interest income from provision of finance increased by 12.2 times to HK\$17.1 million compared to HK\$1.3 million in 2009 as a result of increase in financing activities. Furthermore, an impairment for loans receivable of HK\$100.0 million, which was made in 2009 (before the acquisition of Hennabun), was written back as a result of a settlement during the period. Rental income increased to HK\$3.8 million, representing an increase of 1.7 times compared to HK\$1.4 million for the same period in 2009, it was because of an reduction on vacancy during the period. Insurance brokerage income decreased by 25% to HK\$0.9 million compared to HK\$1.2 million for the same period in 2009 mainly due to decrease in number of policies. Income from finance services, such as securities brokerage, placing services, underwriting and margin financing services, was approximately HK\$62.6 million.

The Group's gross profit for the six months ended 30 September 2010 was HK\$41.3 million (2009: HK\$28.7 million), representing an increase of 43.9% as compared to the same period in 2009. It was mainly due to the increase in income from provision of finance and commission income from financial services.

The Group posted a fair value loss on securities held for trading of HK\$82.3 million (2009: a gain of HK\$128.6 million).

General and administrative expenses increased to HK\$57.4 million from HK\$11.4 million, representing an increase of 4.0 times as compared to the same period in 2009, which was mainly due to the consolidation of Hennabun.

Other expenses mainly included impairment for margin loans of HK\$12.8 million, loss on disposal of properties of HK\$1.6 million and loss on redemption of convertible notes of HK\$1.8 million.

Finance costs increased by 23 times to HK\$28.8 million from HK\$1.2 million compared to the same period in 2009. The increase was primarily due to amortization of interest expenses of convertible notes at the subsidiary level and payment of interest on other loans.

The net loss attributable to shareholders of the Company was HK\$76.3 million (2009: a net gain of HK\$342.4 million). It was mainly because the Group recorded fair value gains in investment at fair value through profit and loss (net) and excess over the cost of a business combination for the same period in 2009.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 September 2010, net current assets of the Group amounted to HK\$1,801.7 million (31 March 2010: HK\$1,627.5 million) with cash and bank balances of HK\$314.0 million (31 March 2010: HK\$170.2 million).

The Group had secured bank loans of HK\$88.0 million (31 March 2010: HK\$89.8 million) and had unsecured other borrowings of HK\$307.8 million (31 March 2010: HK\$208.4 million). Gearing ratio calculated on the basis of the Group's total borrowings over shareholders' funds was 40.6% (31 March 2010: 34.0%). The bank loans and other borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate (as quoted by The Bank of East Asia, Limited, Citibank (Hong Kong) Limited, Bank of Communications Co., Ltd or The Hongkong and Shanghai Banking Corporation Limited) and were made in Hong Kong dollar, except for an interest-bearing bank borrowings amounting to HK\$15.7 million which was denominated in Singapore dollars. As amount of borrowings in Singapore dollars is not material to the Group, thus there was no material exposure in exchange rate in relation to the borrowings.

The Group has no material capital commitment as at 30 September 2010 (31 March 2010: 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 2010, the Group had shareholders' funds of approximately HK\$1,567.8 million (31 March 2010: HK\$1,528.2 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

The Company will continue to focus and deepen its core businesses in provision of finance, trading of securities and other financial services.

In the meantime, with the lead of our management team, the Company is actively searching for business opportunities. Whenever, there is attractive investment opportunities existed, the Company will expand its business arms.

EMPLOYEES AND REMUNERATION POLICY

At 30 September 2010, the Group employed about 70 staff members including directors of the Company. Staff costs incurred for the period, including directors' remuneration, was approximately HK\$16.1 million (2009: HK\$5.9 million). The increase was mainly due to the consolidation of Hennabun.

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 2010, 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 the Company under Section 352 of the SFO or as otherwise notified to the Company 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 the Company

Name of Director	Capacity and number of ordinary shares held			Total	Approximate percentage of shareholding
	Beneficial Owner	Interest of controlled Corporation	Interest of spouse		
Mr. Yang Fan Shing, Andrew	40,000	–	26,000	66,000	0.01%
Ms. Au Shuk Yee, Sue	1,229,000	–	–	1,229,000	0.21%

Save as disclosed above, at 30 September 2010, none of the directors nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company 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 the Company 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 2010 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company 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 the Company, or had exercised any such rights during the period.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 30 September 2010, the register of shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, the following shareholder had notified the Company of relevant interests in the issued share capital of the Company:

Long positions in shares of the Company:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding
Mr. Liu Andrew	Beneficial Owner	2,099,125,239	352.94%
Radford Capital Investment Limited (<i>Note 1</i>)	Beneficial Owner	66,135,000	11.12%

Notes:

1. The shares of Radford Capital Investment Limited (stock code: 901) are listed on the main board of the Stock Exchange.

Save as disclosed above, at 30 September 2010, the Company had not been notified by any persons who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

The Company had not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries had purchased or sold any shares during the period.

AUDIT COMMITTEE

The condensed consolidated results of the Company for the six months ended 30 September 2010 have not been audited, but have been reviewed by the Company's external auditor and 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

The Company 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 2010, the Company has complied with the code provisions as set out in the Code and there have 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 30 September 2010, all directors have complied with the required standard set out in the Model Code.

By Order of the Board
Freeman Financial Corporation Limited
Suen Yick Lun Philip
Executive Director

Hong Kong, 23 November 2010

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*)
Mr. Hui Quincy Kwong Hei (*Managing Director*)
Ms. Au Shuk Yee, Sue
Mr. Scott Allen Phillips
Mr. Suen Yick Lun Philip

Independent Non-executive Directors:

Mr. Roger Thomas Best, *JP*
Mr. Gary Drew Douglas
Mr. Peter Temple Whitelam
Dr. Agustin V. Que