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FREEMAN FINANCIAL CORPORATION LIMITED

民豐企業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

INTERIM RESULTS

The Board of Directors (the “Board”) of Freeman Financial Corporation Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2013 together with the unaudited comparative figures for 2012.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2013

		For the six months ended 30 September	
	<i>Notes</i>	2013	2012
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	3	48,448	29,223
Cost of sales		(1,097)	(11)
Gross profit		47,351	29,212
Other income and gains	3	978	52,579
Fair value gains/(losses) on investments at fair value through profit or loss, net		42,378	(79,353)
General and administrative expenses		(15,635)	(15,157)

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)*For the six months ended 30 September 2013*

		For the six months ended	
		30 September	
	<i>Notes</i>	2013	2012
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Other expenses		(2,011)	–
Finance costs	4	(3,646)	(4,336)
Share of profits and losses of associates		(9,597)	(22,629)
		<hr/>	<hr/>
PROFIT/(LOSS) BEFORE TAX	5	59,818	(39,684)
Income tax expense	6	(1,492)	–
		<hr/>	<hr/>
PROFIT/(LOSS) FOR THE PERIOD		58,326	(39,684)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		58,326	(39,847)
Non-controlling interest		–	163
		<hr/>	<hr/>
		58,326	(39,684)
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
			<i>(Restated)</i>
Basic and diluted		30.71 HK cents	(46.57 HK cents)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>58,326</u>	<u>(39,684)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
An available-for-sale investment:		
Change in fair value	123	18,676
Reclassification of cumulative gains to the condensed consolidated income statement upon disposal	<u>–</u>	<u>(17,423)</u>
	123	1,253
Share of other comprehensive income/(loss) of associates	<u>1,347</u>	<u>(9,193)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>1,470</u>	<u>(7,940)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>59,796</u>	<u>(47,624)</u>
Attributable to:		
Owners of the Company	59,796	(47,787)
Non-controlling interest	<u>–</u>	<u>163</u>
	<u>59,796</u>	<u>(47,624)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2013

	<i>Notes</i>	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,349	3,885
Investment in an associate		1,094,493	1,102,754
Intangible asset		339	339
Available-for-sale investment		2,109	1,986
Loans receivable		1,090	1,411
Note receivable		–	7,711
Deferred tax assets		55	47
		<hr/>	<hr/>
Total non-current assets		1,101,435	1,118,133
		<hr/>	<hr/>
CURRENT ASSETS			
Accounts receivable	9	123,587	136,886
Loans receivable		149,298	4,623
Prepayments, deposits and other receivables		5,419	2,026
Investments at fair value through profit or loss		1,548,378	1,380,032
Cash and bank balances		38,282	180,594
		<hr/>	<hr/>
Total current assets		1,864,964	1,704,161
		<hr/>	<hr/>
CURRENT LIABILITIES			
Accounts payable	10	351	11,853
Other payables and accruals		2,047	4,161
Interest-bearing other borrowings		230,005	303,506
Tax payable		4,352	2,852
		<hr/>	<hr/>
Total current liabilities		236,755	322,372
		<hr/>	<hr/>
NET CURRENT ASSETS		1,628,209	1,381,789
		<hr/>	<hr/>
NET ASSETS		<u>2,729,644</u>	<u>2,499,922</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*30 September 2013*

	30 September 2013 (Unaudited) <i>HK\$'000</i>	31 March 2013 (Audited) <i>HK\$'000</i>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	2,868	42,017
Reserves	<u>2,726,776</u>	<u>2,457,905</u>
 Total equity	 <u><u>2,729,644</u></u>	 <u><u>2,499,922</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2013

1.1 BASIS OF PREPARATION

The condensed consolidated 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 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 2013.

1.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2013, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for the first time for the Group’s annual periods beginning on or after 1 April 2013.

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

Other than as further explained below, the adoption of these new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements.

1.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to HKAS 1 Presentation of Financial Statements- Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 13 – Fair Value Measurement

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in the condensed consolidated financial statements for financial instruments. Accordingly, the Group provides these disclosures in the interim condensed consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

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

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

2. OPERATING SEGMENT INFORMATION (CONTINUED)

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

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

For the six months ended 30 September 2013

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Securities brokerage, placing, underwriting and margin financing <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Corporate finance advisory <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	17,102	2,268	1,402	26,521	-	1,155	48,448
Intersegment sales	-	-	-	-	-	-	-
	<u>17,102</u>	<u>2,268</u>	<u>1,402</u>	<u>26,521</u>	<u>-</u>	<u>1,155</u>	<u>48,448</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales							-
Total revenue							<u><u>48,448</u></u>
Segment results	59,431	(255)	297	24,133	(11,229)	1,153	73,530
<i>Reconciliation:</i>							
Bank interest income							9
Other interest income							258
Corporate and other unallocated expenses							(10,333)
Finance costs							<u>(3,646)</u>
Profit before tax							<u><u>59,818</u></u>

2. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 September 2012

	Trading of securities HK\$'000	Provision of finance HK\$'000	Insurance brokerage business HK\$'000	Securities brokerage, placing, underwriting and margin financing HK\$'000	Investment holding HK\$'000	Corporate finance advisory HK\$'000	Total HK\$'000
Segment revenue:							
Sales to external customers	14,301	4,209	9	10,454	-	250	29,223
Intersegment sales	-	-	-	-	-	-	-
	14,301	4,209	9	10,454	-	250	29,223
<i>Reconciliation:</i>							
Elimination of intersegment sales							-
Total revenue							<u>29,223</u>
Segment results	(65,075)	4,167	(1,415)	7,601	27,375	(217)	(27,564)
<i>Reconciliation:</i>							
Bank interest income							48
Other interest income							258
Corporate and other unallocated expenses							(8,090)
Finance costs							<u>(4,336)</u>
Loss before tax							<u>(39,684)</u>

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

3. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

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

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Interest income from provision of finance	2,268	4,209
Dividend income from investments at fair value through profit or loss	18,297	13,546
Gains/(losses) from the sale of investments at fair value through profit or loss, net (<i>note</i>)	(1,195)	755
Insurance brokerage income	1,402	9
Commission and brokerage income from securities dealings	693	495
Commission from underwriting and placing services	18,634	5,721
Interest income on margin financing activities	7,194	4,238
Corporate finance advisory fee	1,155	250
	<u>48,448</u>	<u>29,223</u>
Other income and gains		
Bank interest income	9	48
Other interest income	258	258
Gain on disposal of an available-for-sale investment	–	17,423
Gain on changes in shareholding interests in associates, net	–	34,590
Gain on redemption of a note receivable	77	–
Others	634	260
	<u>978</u>	<u>52,579</u>

Note: The gross proceeds from sale of investments at fair value through profit or loss for the period are approximately HK\$87,896,000 (2012: HK\$28,691,000).

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on other borrowings wholly repayable within one year or on demand	3,646	4,336

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Employee benefit expenses (excluding directors' remuneration):		
Wages, salaries and allowances	2,588	3,161
Retirement benefit scheme contributions (defined contribution schemes)	97	114
	2,685	3,275
Depreciation	611	616
Equity-settled share option expenses	547	–
Loss/(gain) on changes in shareholding interests in associates, net	11	(34,590)
Impairment of loans receivable	2,000	–

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2013. No provision for Hong Kong profits tax had been made for the six months ended 30 September 2012 as the Group did not generate any assessable profits arising in Hong Kong during that period.

6. INCOME TAX EXPENSE (CONTINUED)

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the period	<u>1,492</u>	<u>–</u>

The share of tax attributable to associates amounting to HK\$597,000 (period ended 30 September 2012: HK\$860,000) is included in “Share of profits and losses of associates” in the condensed consolidated income statement.

7. 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 earnings/(loss) for the period attributable to ordinary equity holders of the Company of HK\$58,326,000 (period ended 30 September 2012: loss of HK\$39,847,000) and the weighted average number of 189,920,559 (period ended 30 September 2012: 85,568,427, as restated) ordinary shares in issue during the period. The basic loss per share amount for the period ended 30 September 2012 has been adjusted to reflect the share consolidation and the rights issue during the current period.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 September 2013 and 2012.

8. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (period ended 30 September 2012: Nil).

9. ACCOUNTS RECEIVABLE

	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Accounts receivable arising from the ordinary course of business of:		
- Dealing in securities		
Clearing houses	731	88
Cash clients	39	–
Margin clients	122,814	136,763
- Insurance brokerage business	<u>3</u>	<u>35</u>
	<u>123,587</u>	<u>136,886</u>

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

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

As at 30 September 2013, except for margin loans receivable of HK\$122,814,000 (31 March 2013: HK\$136,763,000) which were secured by underlying equity securities, the Group did not hold any collateral or other credit enhancements over these balances.

10. ACCOUNTS PAYABLE

The balances as at 30 September 2013 were all aged within 30 days (31 March 2013: 30 days).

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

BUSINESS REVIEW

The Group's consolidated net profit for the period was approximately HK\$58.3 million (2012: loss of HK\$39.7 million). The consolidated net assets of the Group increased from HK\$2,499.9 million as at 31 March 2013 to approximately HK\$2,729.6 million as at 30 September 2013. The consolidated net profit was mainly attributed to the significant unrealised gain from securities trading business, an increase in commission income from underwriting and placing activities and a reduction in share of losses of associates.

In April 2013, the Company issued new shares upon exercise of share options by the grantees and raised net proceeds of approximately HK\$8.4 million.

In May 2013, the Company completed a placing of new shares and raised net proceeds of approximately HK\$4.0 million and completed a share consolidation. Upon completion of the share consolidation, the authorised share capital of the Company was HK\$5,000,000,000 divided into 500,000,000,000 shares of HK\$0.01 each and the issued share capital of the Company was HK\$955,938.64 divided into 95,593,864 shares of HK\$0.01 each.

In July 2013, the Company completed a rights issue and issued 191,187,728 new shares with par value of HK\$0.01 each at a subscription price of HK\$0.85 each. The total net proceeds from the rights issue was approximately HK\$157.0 million. As at 30 September 2013, the issued share capital of the Company was HK\$2,867,815.92 divided into 286,781,592 shares of HK\$0.01 each.

During the current period, further share allotment was underwent by HEC Capital Limited ("HEC") and the Group's shareholding interest in HEC was diluted from 19.57% as at 31 March 2013 to 19.54% as at 30 September 2013. Save as disclosed above, there were no other material acquisitions nor disposals of subsidiaries and associates during the current period.

The Company is not aware of any important events significantly affecting the Group which have occurred from 28 June 2013 (being the publication date of the annual report of the Company for the year ended 31 March 2013) to the date of this announcement.

FINANCIAL REVIEW

The Group's turnover for the six months ended 30 September 2013 increased by approximately 65.8% to HK\$48.4 million compared to HK\$29.2 million for the same period in 2012. Income from sale of securities included in trading of securities segment recorded a loss of HK\$1.2 million (2012: profit of HK\$0.8 million). Dividend income from trading investments included in trading of securities segment increased by approximately 35.6% to HK\$18.3 million compared to HK\$13.5 million for the same period in 2012, it was mainly due to more dividends were received by the Group from listed securities. Interest income from provision of finance decreased by approximately 45.2% to HK\$2.3 million compared to HK\$4.2 million for the same period in 2012 as interest rate charged to customer remained at competitive range during the current period. Insurance brokerage income and corporate finance advisory fee were improved during the current period but the subsidiaries for insurance brokerage segment and corporate finance advisory segment are still in developing phases. Income from securities brokerage, placing, underwriting and margin financing services, was HK\$26.5 million, representing an increase of approximately 152.4% when compared to HK\$10.5 million for the same period in 2012 as the Group has undertaken a number of sizeable underwriting, sub-underwriting, placing and sub-placing transactions during the current period.

The Group's gross profit for the six months ended 30 September 2013 was HK\$47.4 million (2012: HK\$29.2 million), representing an increase of approximately 62.3% as compared to the same period in 2012. It was mainly due to the increase in income from financial services including dividend income from listed securities.

The Group recorded unrealised fair value gains on securities held for trading of HK\$42.4 million (2012: loss of HK\$79.4 million) as a result of turnaround in share prices of some listed securities during the current period. General and administrative expenses slightly increased by 2.6% to HK\$15.6 million compared to HK\$15.2 million for the same period in 2012.

Other income and gains decreased from HK\$52.6 million in 2012 to HK\$1.0 million for the current period. During the six months ended 30 September 2012, there were a net gain on changes in shareholding interests in associates of approximately HK\$34.6 million and a gain on disposal of an available-for-sale investment of approximately HK\$17.4 million recorded in the profit or loss, no such income was recorded during the current period. Share of losses of associates of HK\$9.6 million (2012: HK\$22.6 million) was resulted for the current period, representing approximately 57.5% reduction. Finance costs decreased by approximately 16.3% to HK\$3.6 million from HK\$4.3 million as compared to the same period in 2012. The net profit attributable to shareholders of the Company was HK\$58.3 million (2012: loss of HK\$39.8 million). During the current period, all direct expenses related to issuance of new shares were set off against the Company's reserve.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2013, net current assets of the Group amounted to HK\$1,628.2 million (31 March 2013: HK\$1,381.8 million) with cash and bank balances of HK\$38.3 million (31 March 2013: HK\$180.6 million). The Group had secured other borrowings of HK\$230.0 million (31 March 2013: HK\$303.5 million). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowings divided by equity attributable to owners of the Company was 8.4% (31 March 2013: 12.1%). The other borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate or lender's cost of funds were made in Hong Kong dollar. The Group's exposure to foreign exchange rate was minimal. The Group did not have any financial instruments used for hedging purpose.

The Group had no material capital commitment nor contingent liabilities at 30 September 2013 (31 March 2013: Nil). In light of the amount of liquid assets on hand and banking facilities available, the Directors are of the view that the Group has adequate financial resources to meet its ongoing operational requirements. The Group's assets portfolio is mainly financed by its shareholders' funds. During the current period, the Company raised net proceeds from issue of new shares of approximately HK\$169.4 million which were used as general working capital, as well as funding for the Group's securities brokerage business, strategic investments and investments in marketable securities. As at 30 September 2013, the Group had shareholders' funds of approximately HK\$2,729.6 million (31 March 2013: HK\$2,499.9 million).

PLEDGE OF ASSETS

As at 30 September 2013, investments at fair value through profit or loss of HK\$1,548.4 million (31 March 2013: HK\$1,380.0 million) and an available-for-sale investment of HK\$2.1 million (31 March 2013: HK\$2.0 million) were pledged to certain financial institutions to secure certain margin financing facilities provided to the Group.

EVENTS AFTER THE REPORTING PERIOD

In November 2013, the Company announced its intention to conduct a placing of 57,356,318 new shares under general mandate granted to the Directors at the Company's annual general meeting held on 5 September 2013 at a price of HK\$0.70 per placing share. Total net proceeds of approximately HK\$38.3 million are expected to be raised from the placing. The placing of new shares has not yet completed up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2013, the Group employed 21 staff members including directors of the Company. Staff costs incurred for the period, including directors' remuneration, was approximately HK\$5.6 million (2012: HK\$6.4 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. The Company has adopted a share option scheme and the Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

The general global and Hong Kong stock market indexes have shown gradual rebounds during the period. The Group will continue to grow its existing businesses as well as explore investment opportunities to capture potential upside and enhance shareholders' returns.

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

During the six months ended 30 September 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

AUDIT COMMITTEE

The condensed consolidated results of the Company for the six months ended 30 September 2013 have not been audited, but have been reviewed by the Company's external auditors and the Audit Committee. The Audit Committee comprises the four independent non-executive directors of the Company. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and to review the accounting principles and practices, internal control, interim and annual results of the Group.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as its own code on corporate governance practices. The Board adopted a board diversity policy during the current period. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the Code and there have been no material deviations from the Code during the six months ended 30 September 2013:

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

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the web sites of the Stock Exchange (www.hkex.com.hk) and the Company (www.freeman279.com). The Group’s Interim Financial Report for 2013 will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 27 November 2013

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

Executive Directors:

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

Non-executive Directors:

Mr. Andrew Liu
Mr. Liu Kam Fai, Winston

Independent Non-executive Directors:

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