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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)**

**FINAL RESULTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**FINAL RESULTS**

The Board of Directors of Freeman Corporation Limited (“Freeman”) announces the consolidated results of Freeman and its subsidiaries (the “Group”) for the year ended 31 March 2010 together with the comparative figures for the corresponding period in 2009, which have been reviewed by the Audit Committee, as follows:

**CONSOLIDATED INCOME STATEMENT**

*Year ended 31 March 2010*

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
<b>REVENUE</b>	4	<b>169,570</b>	9,605
Cost of sales		<u>(2,814)</u>	<u>(5,598)</u>
<b>Gross profit</b>		<b>166,756</b>	4,007
Other income and gains	4	<b>27,333</b>	4,605
Gains/(losses) arising from changes in fair value of investment properties, net		<b>28,672</b>	(18,714)
Fair value gains/(losses) on investments at fair value through profit or loss, net		<b>98,709</b>	(356,680)
Excess over the cost of a business combination		<b>138,954</b>	–
General and administrative expenses		<b>(80,630)</b>	(34,596)
Other expenses, net		<b>(57,197)</b>	(27,042)
Finance costs	6	<u><b>(14,550)</b></u>	<u>(3,790)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>308,047</b>	(432,210)
Income tax expense	7	<u><b>(4,187)</b></u>	<u>1,862</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u><b>303,860</b></u>	<u>(430,348)</u>

	<i>Notes</i>	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Attributable to:			
Owners of Freeman		<b>297,486</b>	(430,348)
Minority interests		<b>6,374</b>	—
		<u><b>303,860</b></u>	<u>(430,348)</u>

**EARNINGS/(LOSS) PER SHARE  
ATTRIBUTABLE TO ORDINARY  
EQUITY HOLDERS OF FREEMAN**

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			Restated
Basic		<u><b>HK\$1.16</b></u>	<u>HK\$(4.58)</u>
Diluted		<u><b>HK\$1.16</b></u>	<u>HK\$(4.58)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*Year ended 31 March 2010*

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b><u>303,860</u></b>	<b><u>(430,348)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Available-for-sale assets:		
Change in fair value	<b>16,974</b>	–
Reclassification adjustment for loss included in the consolidated income statement on disposal	–	667
Exchange differences on translation of foreign operations	<b><u>8</u></b>	<u>–</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>16,982</u></b>	<u>667</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<b><u>320,842</u></b>	<b><u>(429,681)</u></b>
Attributable to:		
Owners of Freeman	<b>306,258</b>	(429,681)
Minority interests	<b><u>14,584</u></b>	<u>–</u>
	<b><u>320,842</u></b>	<b><u>(429,681)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2010

	<i>Notes</i>	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		72,803	28,989
Investment properties		160,780	109,500
Prepaid land premium		21,755	50,031
Available-for-sale investment		325,273	–
Other non-current investment		74,248	–
Loans receivable		64,323	3,000
Investments at fair value through profit or loss		–	250,000
Intangible assets		4,243	–
Total non-current assets		<u>723,425</u>	<u>441,520</u>
<b>CURRENT ASSETS</b>			
Accounts receivable	9	395,286	–
Loans receivable		539,325	76,992
Prepayments, deposits and other receivables		21,082	7,718
Investments at fair value through profit or loss		864,913	638,166
Cash and bank balances		170,249	34,794
Total current assets		<u>1,990,855</u>	<u>757,670</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	10	60,456	–
Other payables and accruals		81,642	5,157
Interest-bearing bank and other borrowings		213,960	24,040
Tax payable		7,006	2,447
Total current liabilities		<u>363,064</u>	<u>31,644</u>
<b>NET CURRENT ASSETS</b>		<u>1,627,791</u>	<u>726,026</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,351,216</u>	<u>1,167,546</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		84,193	85,932
Convertible notes		221,118	–
Deferred tax liabilities		4,895	754
Total non-current liabilities		<u>310,206</u>	<u>86,686</u>
Net assets		<u>2,041,010</u>	<u>1,080,860</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of Freeman</b>			
Issued capital		38,135	195,463
Reserves		1,490,087	885,397
		<u>1,528,222</u>	<u>1,080,860</u>
<b>Minority interests</b>		<u>512,788</u>	–
Total equity		<u>2,041,010</u>	<u>1,080,860</u>

## NOTES

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, an available-for-sale investment and investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The basis of preparation and accounting policies adopted in the financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 March 2009 except for the new adoption of the new and revised HKFRSs as disclosed in note 2 below.

### 2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs and HKAS 27 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>
HKFRS 8 Amendment*	Amendment to HKFRS 8 <i>Operating Segments – Disclosure of information about segment assets</i> (early adopted)
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</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 Instruments: 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>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

\* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

\*\* The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKAS 1 (Revised), HKFRS 7 Amendments, HKFRS 8 and HKFRS 8 Amendment, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

(a) **HKAS 1 (Revised) *Presentation of Financial Statements***

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(b) **Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments***

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(c) **HKFRS 8 *Operating Segments***

HKFRS 8, which replaces 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 Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3.

The Group has early adopted in these financial statements the Amendment to HKFRS 8 issued in *Improvements to HKFRS 2009* which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

### 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 and residential properties 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.

**Year ended 31 March 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>
<b>Segment revenue:</b>							
Sales to external customers	79,928	23,925	3,997	1,980	–	59,740	169,570
Intersegment sales	–	–	2,669	–	31,069	3,005	36,743
	<u>79,928</u>	<u>23,925</u>	<u>6,666</u>	<u>1,980</u>	<u>31,069</u>	<u>62,745</u>	<u>206,313</u>
<b>Reconciliation:</b>							
Elimination of intersegment sales							(36,743)
Total revenue							<u>169,570</u>
<b>Segment results</b>	<b>163,901</b>	<b>20,409</b>	<b>17,897</b>	<b>(7,665)</b>	<b>119,693</b>	<b>(14,188)</b>	<b>300,047</b>
<b>Reconciliation:</b>							
Interest income							34
Other interest income							6,732
Corporate and other unallocated expenses							(246)
Fair value gain on a derivative instrument							16,030
Finance costs							(14,550)
Profit before tax							<u>308,047</u>
<b>Other segment information:</b>							
Impairment of accounts receivable	–	–	–	–	–	7,108	7,108
Reversal of impairment of loans receivable	–	(3,098)	–	–	–	–	(3,098)
Recognition of prepaid land premium	–	–	401	–	–	–	401
Loss on redemption of convertible notes	–	–	–	–	51,247	–	51,247
Depreciation							
– segment	–	–	391	68	132	3,919	4,510
– unallocated							1,856
							<u>6,366</u>
Capital expenditure							
– segment	–	–	5,569	–	104,839	19,587	129,995
– unallocated							52
							<u>130,047*</u>

\* *Capital expenditure consists of additions to property, plant and equipment, and investment properties including intangible assets and other non-current investment from the acquisition of subsidiaries.*

Year ended 31 March 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>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>						
Sales to external customers	(9,138)	11,372	3,631	3,740	–	9,605
Intersegment sales	–	–	–	–	19,241	19,241
	(9,138)	11,372	3,631	3,740	19,241	28,846
<b>Reconciliation:</b>						
Elimination of intersegment sales						(19,241)
Total revenue						<u>9,605</u>
<b>Segment results</b>						
	(366,006)	(8,803)	(18,397)	(7,205)	(16,774)	(417,185)
<b>Reconciliation:</b>						
Interest income and unallocated gains						4,338
Unallocated expenses						(15,573)
Finance costs						(3,790)
Loss before tax						<u>(432,210)</u>
<b>Other segment information:</b>						
Impairment of loans receivable	–	20,000	–	–	–	20,000
Recognition of prepaid land premium	–	–	781	–	–	781
Loss on redemption of convertible notes	–	–	–	–	5,333	5,333
Depreciation						
– segment	–	–	351	102	–	453
– unallocated						1,884
						<u>2,337</u>
Capital expenditure						
– segment	–	–	26,635	–	–	26,635
– unallocated						121
						<u>26,756*</u>

\* *Capital expenditure consisted of additions to property, plant and equipment, and investment properties.*



## Geographical information

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong	306,163	187,750
Mainland China	–	770
Singapore	27,666	–
	<u>333,829</u>	<u>188,520</u>

The non-current asset information above is based on the location of assets and excludes financial instruments.

## Information about a major customer

No customer accounted for 10% or more of the Group's total revenue for the years ended 31 March 2009 and 2010.

## 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 year.

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

	Group 2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>Revenue</b>		
Interest income from provision of finance	23,925	11,372
Dividend income from investments		
at fair value through profit or loss	23,101	2,364
Gains/(losses) from the sale of investments		
at fair value through profit or loss, net	56,827	(11,502)
Gross rental income	3,997	3,631
Insurance agency and brokerage income	1,980	3,740
Commission and brokerage income from securities dealings	30,451	–
Commission from underwriting and placing services	16,550	–
Interest income on margin financing activities	12,739	–
	<u>169,570</u>	<u>9,605</u>
<b>Other income and gains</b>		
Bank interest income	34	2,887
Other interest income	6,732	1,449
Gain on disposal of a subsidiary	2,500	–
Gain on disposal of investment properties	647	–
Reversal of impairment of other receivables	–	65
Fair value gain on a derivative instrument	16,030	–
Others	1,390	204
	<u>27,333</u>	<u>4,605</u>

## 5. PROFIT/(LOSS) BEFORE TAX

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

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	6,366	2,337
Recognition of prepaid land premium	401	781
Employee benefit expenses (excluding directors' remuneration):		
Wages, salaries and allowances	18,563	11,280
Retirement benefit scheme contributions (defined contribution schemes)*	1,007	242
	<u>19,570</u>	<u>11,522</u>
Auditors' remuneration	3,220	2,525
Foreign exchange differences, net	189	117
Minimum lease payments under operating leases in respect of land and buildings	8,810	–
Direct operating expenses arising on rental-earning investment properties	2,125	1,047
Rental income on investment properties less direct operating expenses of HK\$2,125,000 (2009: HK\$1,047,000)	1,872	2,584
Loss on disposal/write-off of items of property, plant and equipment	84	59
Loss on disposal of an available-for-sale investment**	1,940	1,709
Loss on redemption of convertible notes**	51,247	5,333
Impairment/(reversal of impairment) of loans receivable, net**	(3,098)	20,000
Impairment of accounts receivable**	7,108	–
	<u><u>7,108</u></u>	<u><u>–</u></u>

\* At 31 March 2010, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2009: Nil).

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

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans not wholly repayable within five years	2,228	2,499
Overdrafts and other loans wholly repayable within five years	3,429	156
Convertible notes	8,893	1,135
	<u>14,550</u>	<u>3,790</u>

## 7. INCOME TAX EXPENSE

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Group:		
Current – Hong Kong		
Charge for the year	46	–
Underprovision in prior years	–	125
Deferred	<u>4,141</u>	<u>(1,987)</u>
Total tax charge/(credit) for the year	<u><u>4,187</u></u>	<u><u>(1,862)</u></u>

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF FREEMAN

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of Freeman of HK\$297,486,000 (2009: loss of HK\$430,348,000), and the weighted average number of 256,537,000 (2009: 93,951,000, as restated) ordinary shares in issue during the year. The basic loss per share amount for the year ended 31 March 2009 has been adjusted to reflect the share consolidation during the year.

### (b) Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 March 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 year ended 31 March 2010 and 2009 in respect of a dilution as the exercise price of the share options of Freeman outstanding during both years is higher than the average market price of Freeman's ordinary shares and, accordingly, they have no dilutive effect on the basic earnings/(loss) per share amounts presented.

## 9. ACCOUNTS RECEIVABLE

	Group	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Clearing houses	51,227	–
Cash clients	1,435	–
Margin clients	<u>349,732</u>	<u>–</u>
	402,394	–
Impairment	<u>(7,108)</u>	<u>–</u>
	<u><u>395,286</u></u>	<u><u>–</u></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.

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise the credit risk. Overdue balances are regularly monitored by management. Accounts receivable that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. Based on past experience, the directors of Freeman are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 10. ACCOUNTS PAYABLE

The balances were all aged within 30 days.

## **FINAL DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: Nil).

## **BUSINESS REVIEW**

This year, the performance of the Group was improved as a result of a continuously improvement of the world economy. Also, the result of the newly acquired non-wholly owned group of subsidiaries for the six months period ended 31 March 2010 had been consolidated into our annual results.

The volume of trading securities of the Group was increased compared to last year. The investment portfolio of the Group has no material change during the year. Although the performance of the financial market has improved compared to last year, the financial market was still sensitive to market information. The operation of our insurance agency and brokerage business remained the same compared to last year. The application of insurance license was putting on hold since 2009.

Property market in Hong Kong has also been improved because of the change in economic conditions. There was no material change in property portfolio of the Group during the year.

The operation of provision of financial services has no material change compared to last year. An industrial property, which was pledged to the Group as a security to a loan granted to a borrower in previous years, was realized at approximately HK\$9.8 million during the year. As the financial markets was improving throughout the year, the provision of financial services activities have increased.

Last year, a subsidiary of Freeman entered into a sale and purchase agreement with Equity Spin Investments Limited (“Equity Spin”), pursuant to which the subsidiary agreed to purchase and Equity Spin agreed to sell approximately 3,937,133,000 fully paid ordinary shares of US\$0.01 each of Hennabun Capital Group Limited (“Hennabun”) for a consideration of HK\$105.8 million. The subsidiary of Freeman also entered into a convertible note subscription agreement with Hennabun for the subscription of convertible notes in the principal amount of HK\$250 million issued by Hennabun at a cash consideration of HK\$250 million. The transaction has been completed on 30 September 2009. Hennabun and its subsidiaries (the “Acquired Group”) have similar operation compared to Freeman. The Acquired Group was mainly engaged in brokerage business, securities brokerage, margin financing, investment advisory and investment holding. During the period under review, the operations of the Acquired Group has benefited from the improvement of financial conditions of markets.

A share consolidation, which was announced by Freeman on 3 April 2009, was completed on 6 August 2009. Freeman had also carried out three placing activities during the year. The total net proceeds was approximately HK\$95.8 million and has been used as the general working capital of Freeman.

## **FINANCIAL REVIEW**

Turnover increased by 16.7 times to HK\$169.6 million compared to HK\$9.6 million in 2009. During the year under review, the financial market has been stabilized and thus the performance of the Group has improved. Income from trading of securities included income from sales of trading securities and dividend income from trading investments. Income from sales of trading securities recorded a profit of HK\$56.8 million, representing an increase of 5.9 times compared to a loss of HK\$11.5 million; it was mainly due to a rebound in financial markets. Dividend income from trading investments increased by 8.6 times to HK\$23.1 million compared to HK\$2.4 million in 2009 mainly due to a special dividend from an investment. Interest income from provision of finance increased by 1.1 times to HK\$23.9 million compared to HK\$11.4 million in 2009 as a result of increase in financing activities. Gross rental income increased to HK\$4.0 million, representing an increase of 11.1% compared to HK\$3.6 million in 2009, it was mainly because the rental income from certain properties were fully recognised in 2010. Revenue from securities brokerage, placing, underwriting and margin financing, which were also attributable to the acquisition of Acquired Group, was approximately HK\$59.7 million. Income from insurance agency and brokerage business decreased by 45.9% to HK\$2.0 million compared to HK\$3.7 million mainly due to decrease in number of policies.

The gross profit was HK\$166.8 million (2009: HK\$4.0 million), representing an increase of 40.7 times as compared to last year. It was mainly due to increase in gain from the sale of trading securities; and positive returns on investments, brokerage business and provision of financial services.

During the year, certain provisions were made in accordance with the financial reporting standards.

Investment properties were valued at fair value at each reporting date, the fair value of investment properties were adjusted by an increment of HK\$28.7 million (2009: a decrement of HK\$18.7 million), it was because the value of properties has changed positively since the global financial crisis in 2008. Moreover, the Group recorded a fair value gain on securities held for trading of HK\$98.7 million (2009: a fair value loss of HK\$356.7 million) as a result of rebound in financial market.

The Group has continuously monitoring the daily operation with an aim at cost saving. This year, the general and administrative expenses were HK\$80.6 million, representing an increase of 1.3 times compared to HK\$34.6 million in 2009, it was mainly due to the consolidation of Acquired Group. During the year, all of the direct expenses related to issuance of new shares were set off against Freeman's reserve.

The net profit attributable to shareholders of Freeman was HK\$297.5 million (2009: loss of HK\$430.3 million). Earnings per share was HK\$1.16 (2009: loss per share HK\$4.58, as restated).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 March 2010, the net current assets of the Group amounted to HK\$1,627.8 million (2009: HK\$726.0 million) and the current ratio (current assets/current liabilities) was 5.5 (2009: 23.9). The cash and bank balances were HK\$170.2 million (2009: HK\$34.8 million).

As at 31 March 2010, the Group had secured bank loans of HK\$89.8 million (2009: HK\$91.9 million) and had unsecured other borrowings of HK\$208.4 million (2009: HK\$18.0 million). Gearing ratio calculated on the basis of the Group's interest-bearing bank and other borrowings and convertible notes divided by the equity attributable to equity holders of the Freeman, was 34.0% (2009: 10.2%) at the end of the reporting period date. 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\$15.1 million which was denominated in Singapore dollars. As Singapore dollars has no material fluctuations during the year, thus there was no material exposure to fluctuations in exchange rates in relation to the borrowings.

The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2010, the Group had shareholders' funds of HK\$1,528.2 million (2009: HK\$1,080.9 million). During the year, the total net proceeds arisen from placing activities was approximately HK\$95.8 million and has been used as the general working capital of Freeman.

## **PLEDGE OF ASSETS**

As at 31 March 2010, leasehold land and buildings with total carrying amount of approximately HK\$38.8 million (2009: HK\$19.6 million) and investment properties situated in Hong Kong and Singapore with an aggregate carrying value of approximately HK\$118.8 million (2009: HK\$90.9 million) were pledged to secure general banking facilities granted to the Group. Investments held for trading of approximately HK\$864.9 million (2009: HK\$638.2 million) were pledged to a financial institution to secure margin-financing facilities provided to the Group.

## **FOREIGN CURRENCY MANAGEMENT**

During the year, 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.

## **MATERIAL ACQUISITION / DISPOSAL**

Last year, a subsidiary of Freeman entered into a sale and purchase agreement with Equity Spin Investments Limited ("Equity Spin"), pursuant to which the subsidiary agreed to purchase and Equity Spin agreed to sell approximately 3,937,133,000 fully paid ordinary shares of US\$0.01 each of Hennabun Capital Group Limited ("Hennabun") for a consideration of HK\$105.8 million. The subsidiary of Freeman also entered into a convertible note subscription agreement with Hennabun for the subscription of convertible notes in the principal amount of HK\$250 million issued by Hennabun at a cash consideration of HK\$250 million. The transaction has been completed on 30 September 2009. Hennabun and its subsidiaries (the "Acquired Group") have similar operation compared to Freeman. The Acquired Group was mainly engaged in brokerage business, securities brokerage, margin financing investment advisory and investment holding. During the period under review, the operations of the Acquired Group has benefited from the improvement of financial conditions of markets.

## **CAPITAL COMMITMENTS**

The Group had no material capital commitment at the year end date (2009: Nil). In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities at the year end date (2009: Nil).

## **EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME**

As at 31 March 2010, the Group employed about 68 staff members including directors of Freeman (2009: 23 staff). Staff costs incurred for the year, including directors' remuneration, was approximately HK\$24.0 million (2009: HK\$15.5 million). It was the remuneration policy of the Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, include granting of share options, were structured to motivate individual performance and contributions to the Group. Freeman has adopted a share option scheme on 23 August 2002 for the Directors and the employees. The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

## **EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, on 9 April 2010, Freeman offered to grant an aggregate of 38,000,000 share options to certain employees to subscribe for the ordinary shares of Freeman at an exercise price of HK\$0.57 each. These new share options are exercisable in whole or in part by the respective grantees at any time during the period between 9 April 2010 and 8 April 2020. All new share options had been exercised, allotted and issued on 9 April 2010. Freeman has no other material event after the reporting period.

## **PROSPECTS**

Freeman will continue to focus on its principal activities and strengthen our financial position. Although the global economy is recovering since last year, the financial market believed the global economy will moderate in the coming year as fiscal stimulus is evaporation. Looking forward, Freeman is optimistic about the prospect of the financial market and will continue to explore any new business opportunities or investments.

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

During the year, Freeman purchased certain of its shares on the Stock Exchange and these shares were subsequently cancelled by Freeman:

Date of Repurchase	No. of shares Repurchased	Price per share		Total Consideration HK\$
		Highest HK\$	Lowest HK\$	
7 April 2009	2	0.08	0.08	0.16

Except as disclosed above, neither Freeman, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of Freeman during the year.

## CORPORATE GOVERNANCE

Freeman is committed to ensuring high standards of corporate governance practices. The Board of Directors (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders' expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance.

To the best knowledge and belief of the Board, the Board considers that Freeman has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 March 2010.

## AUDIT COMMITTEE

Freeman has established an Audit Committee (the "Committee"). The existing members of the Committee comprise four independent non-executive Directors, namely Mr. Chiu Siu Po, Ms. Hui Wai Man, Shirley, Mr. Gary Drew Douglas and Mr. Peter Temple Whitlam. The Committee has reviewed with the management of Freeman the accounting principles and practices adopted by the Group and financial reporting matters including the review of the audited consolidated financial statements of Freeman for the year ended 31 March 2010.

By Order of the Board  
**Freeman Corporation Limited**  
**Yang Fan Shing, Andrew**  
*Chairman*

Hong Kong, 23 July, 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*)  
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 Whitlam