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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 2014

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 2014 together with the unaudited comparative figures for 2013.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2014

		For the six months ended	
		30 September	
	<i>Notes</i>	2014	2013
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	3	33,189	48,448
Cost of sales		(4,998)	(1,097)
Gross profit		28,191	47,351
Other income and gains	3	1,872	978
Fair value gains on investments at fair value through profit or loss, net		746,013	42,378
General and administrative expenses		(19,931)	(15,635)

		For the six months ended	
		30 September	
	<i>Notes</i>	2014	2013
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Other expenses		(1,068)	(2,011)
Finance costs	4	(2,889)	(3,646)
Share of profits and losses of an associate and a joint venture		114,395	(9,597)
		<u>114,395</u>	<u>(9,597)</u>
PROFIT BEFORE TAX	5	866,583	59,818
Income tax expense	6	(400)	(1,492)
		<u>(400)</u>	<u>(1,492)</u>
PROFIT FOR THE PERIOD		866,183	58,326
		<u>866,183</u>	<u>58,326</u>
Attributable to:			
Owners of the Company		873,652	58,326
Non-controlling interests		(7,469)	–
		<u>(7,469)</u>	<u>–</u>
		866,183	58,326
		<u>866,183</u>	<u>58,326</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
			(Restated)
Basic and diluted		HK\$1.27	HK\$0.15
		<u>HK\$1.27</u>	<u>HK\$0.15</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	For the six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	<u>866,183</u>	<u>58,326</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	2,942	123
Share of other comprehensive income/(loss) of an associate and a joint venture	<u>(9,848)</u>	<u>1,347</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>(6,906)</u>	<u>1,470</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>859,277</u></u>	<u><u>59,796</u></u>
Attributable to:		
Owners of the Company	867,279	59,796
Non-controlling interests	<u>(8,002)</u>	<u>–</u>
	<u><u>859,277</u></u>	<u><u>59,796</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*30 September 2014*

	<i>Notes</i>	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,207	2,716
Investment in an associate and a joint venture		1,110,208	1,006,729
Intangible asset		339	339
Available-for-sale investment		21,449	18,507
Deposit paid		10,000	–
Loans receivable		385	748
Deferred tax assets		99	99
		<hr/>	<hr/>
Total non-current assets		1,144,687	1,029,138
CURRENT ASSETS			
Accounts receivable	9	190,607	193,449
Loans receivable		571,811	301,792
Prepayments, deposits and other receivables	10	89,663	1,483
Investments at fair value through profit or loss		3,316,520	1,836,599
Cash and bank balances		292,757	57,160
		<hr/>	<hr/>
Total current assets		4,461,358	2,390,483
CURRENT LIABILITIES			
Accounts payable	11	4,229	363
Other payables and accruals		2,860	3,539
Interest-bearing other borrowings		348,705	208,731
Tax payable		3,157	2,771
		<hr/>	<hr/>
Total current liabilities		358,951	215,404
NET CURRENT ASSETS		<hr/> 4,102,407	<hr/> 2,175,079
NET ASSETS		<hr/> 5,247,094	<hr/> 3,204,217

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Issued capital	6,882	3,441
Reserves	<u>3,797,416</u>	<u>3,200,776</u>
	3,804,298	3,204,217
Non-controlling interests	<u>1,442,796</u>	<u>–</u>
Total equity	<u><u>5,247,094</u></u>	<u><u>3,204,217</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2014

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 2014.

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 2014, 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 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments:</i> <i>Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments:</i> <i>Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on the 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.

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 2014

	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	(8,264)	15,287	5,488	17,901	-	2,777	33,189
Intersegment sales	-	-	-	-	-	-	-
	(8,264)	15,287	5,488	17,901	-	2,777	33,189
<i>Reconciliation:</i>							
Elimination of intersegment sales							-
Total revenue							<u>33,189</u>
Segment results	732,922	15,850	486	15,536	111,420	2,725	878,939
<i>Reconciliation:</i>							
Bank interest income							1
Other interest income							534
Corporate and other unallocated expenses							(10,002)
Finance costs							<u>(2,889)</u>
Profit before tax							<u>866,583</u>

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	–	–	–	–	–	–	–
	17,102	2,268	1,402	26,521	–	1,155	48,448
<i>Reconciliation:</i>							
Elimination of intersegment sales							–
Total revenue							<u>48,448</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>59,818</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 investments at fair value through profit or loss; net 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.

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

	For the six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Interest income from provision of finance	15,287	2,268
Dividend income from investments at fair value through profit or loss	55,941	18,297
Losses from the sale of investments at fair value through profit or loss, net (<i>note</i>)	(64,205)	(1,195)
Insurance brokerage income	5,488	1,402
Corporate finance advisory fee	2,777	1,155
Commission and brokerage income from securities dealings	1,316	693
Commission from underwriting and placing services	4,654	18,634
Interest income on margin financing activities	11,931	7,194
	<u>33,189</u>	<u>48,448</u>
Other income and gains		
Bank interest income	1	9
Other interest income	534	258
Gain on redemption of a note receivable	–	77
Others	1,337	634
	<u>1,872</u>	<u>978</u>

Note: The gross proceeds from sale of investments at fair value through profit or loss for the period were approximately HK\$249,569,000 (2013: HK\$87,896,000).

4. FINANCE COSTS

An analysis of finance costs is as follows:

**For the six months ended
30 September**

2014	2013
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Interest on other borrowings wholly repayable
within one year or on demand

2,889	3,646
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5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

**For the six months ended
30 September**

2014	2013
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Employee benefit expenses (excluding directors' remuneration):

Wages, salaries and allowances

3,121	2,588
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Retirement benefit scheme contributions
(defined contribution schemes)

122	97
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3,243	2,685
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Depreciation

557	611
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Equity-settled share option expense

–	547
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Loss on change in shareholding interests in an associate

1,068	11
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Impairment of a loan receivable

–	2,000
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6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 30 September 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2014.

	For the six months ended	
	30 September	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the period	400	1,492

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$873,652,000 (period ended 30 September 2013: HK\$58,326,000) and the weighted average number of 688,275,820 ordinary shares in issue during the period (period ended 30 September 2013: 379,841,118, as restated). The basic earnings per share amount for the period ended 30 September 2013 has been adjusted to reflect the bonus issue during the current period.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 September 2014 and 2013.

8. INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2014 (period ended 30 September 2013: Nil).

9. ACCOUNTS RECEIVABLE

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Accounts receivable arising from the ordinary course of business of:		
– Dealing in securities		
Clearing houses	6,757	3,838
Cash clients	–	67
Margin clients	183,445	189,191
– Corporate finance business	402	350
– Insurance brokerage business	3	3
	<u>190,607</u>	<u>193,449</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 and cash clients which are repayable on demand. The trading terms with customers of corporate finance and insurance brokerage businesses are mainly on credit, except for new customers where payment in advance is normally required. The credit period of corporate finance and insurance brokerage businesses 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 2014, except for margin loans receivable of HK\$183,445,000 (31 March 2014: HK\$189,191,000) which were secured by underlying equity securities, the Group did not hold any collateral or other credit enhancements over these balances.

Accounts receivable as at 30 September 2014 and 31 March 2014 related to a number of independent clients that have a good track record with the Group and were not impaired. Based on past experience, the Directors of the Company were of the opinion that no provision for impairment was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable as at 30 September 2014 and 31 March 2014.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the other receivables as at 30 September 2014 was a note receivable of HK\$88,000,000, which was an unsecured promissory note, bearing interest at a fixed rate of 2.5% per annum with maturity due within one year from the end of the reporting period.

Other receivables balances were neither past due nor impaired and the Directors of the Company were of the opinion that these balances were fully recoverable as at 30 September 2014 and 31 March 2014.

11. ACCOUNTS PAYABLE

The balances as at 30 September 2014 were all aged within 30 days (31 March 2014: 30 days).

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months period ended 30 September 2014 (2013: Nil).

BUSINESS REVIEW

The Group's consolidated net profit for the period was approximately HK\$866.2 million (30 September 2013: HK\$58.3 million). The consolidated net assets of the Group increased from HK\$3,204.2 million as at 31 March 2014 to approximately HK\$5,247.1 million as at 30 September 2014. The consolidated net profit was mainly attributable to (i) unrealised gains on investments at fair value through profit and loss of approximately HK\$746.0 million; (ii) realised losses from the sale of investments at fair value through profit and loss of approximately HK\$64.2 million; and (iii) share of profits of an associate and a joint venture of approximately HK\$114.4 million.

In May 2014, the Group entered into a subscription agreement (the "Subscription Agreement") with an indirect wholly-owned subsidiary of Willie International Holdings Limited ("Willie", whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited, stock code: 273) (the "Subscriber W"), pursuant to which the Subscriber W has agreed to subscribe for 300 million new shares of Freeman Corporation Limited ("FCL"), an indirect wholly-owned subsidiary of the Company as at the date of signing the Subscription Agreement, at an aggregate subscription price of HK\$879 million (the "2014 May Subscription"). The 2014 May Subscription was approved by the shareholders of the Company at the extraordinary general meeting held on 5 September 2014. The 2014 May Subscription was completed in September 2014 and the Company's equity interest in FCL was diluted from 100% to approximately 71.7%.

In June 2014, the Group entered into a conditional sale and purchase agreement, pursuant to which the Group agreed to purchase the entire share capital of a company which is a licensed corporation carrying out business in Type 2 (dealing in futures contracts) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and incorporated in Hong Kong with limited liability, at a consideration of HK\$10 million (the "Acquisition"). Up to the date of this announcement, the Acquisition was not yet completed.

In June 2014, the Group also entered into a joint venture agreement with a wholly-owned subsidiary of Willie (the “Willie’s subsidiary”) and a joint venture company (the “JV Company”), pursuant to which the Group and the Willie’s subsidiary agreed to contribute or procure the contribution of their respective holding of shares of HEC Capital Limited (“HEC”) to the JV Company in exchange for the same amount of new shares to be allotted and issued by the JV Company (the “JV Contribution”). Before completion of the JV Contribution, the Group’s investment in HEC was accounted for as an investment in an associate. The JV Contribution was then completed in June 2014 and the Group’s investment in HEC was accounted for as an investment in a joint venture as at 30 September 2014. Upon completion of the JV Contribution, the Group holds approximately 65.3% in the JV Company and there is no change in the Group’s effective interest in HEC.

In July 2014, the Board resolved to recommend distribution of a final dividend for the year ended 31 March 2014 of HK\$0.01 per share of the Company (the “Share(s)”) by way of bonus issue of Shares on the basis of one bonus share for every one existing Share (the “Bonus Issue”). The Bonus Issue was approved by the shareholders of the Company at the annual general meeting held on 28 August 2014 and total 344,137,910 bonus shares were allotted and issued on 16 September 2014. The issued share capital of the Company has been enlarged to 688,275,820 Shares in total.

In September 2014, the Group further allotted and issued an aggregate of 106,344,827 shares of FCL for an aggregate consideration of approximately HK\$304.6 million to certain independent subscribers (the “Other Subscriptions”). Upon completion of the Other Subscriptions, the Group’s equity interest in FCL was further diluted from approximately 71.7% to approximately 65.2% as at 30 September 2014.

During the current period, save as disclosed above, there were neither other material acquisitions nor disposals of subsidiaries, associate and joint venture companies.

FINANCIAL REVIEW

The Group’s turnover for the six months ended 30 September 2014 decreased by approximately 31.4% to HK\$33.2 million when compared to HK\$48.4 million for the same period in 2013. Income from sale of securities included in trading of securities segment recorded a loss of HK\$64.2 million (30 September 2013: HK\$1.2 million). Dividend income from investments included in trading of securities segment significantly increased by approximately 205.5% to HK\$55.9 million when compared to HK\$18.3 million for the same period in 2013, which was mainly due to more dividends were received by the Group from listed securities. Interest income from provision of finance significantly increased by approximately 565.2% to HK\$15.3 million when compared to HK\$2.3 million for the same period in 2013 as more loans were granted to customers during the current period. Insurance brokerage income and corporate finance advisory fee significantly increased by approximately 219.2% to HK\$8.3 million when compared to HK\$2.6 million in the same period in 2013. Both the insurance brokerage and corporate finance advisory segments improved their segment performance as a result of increase in customers’ portfolio. Income from securities brokerage, placing, underwriting and margin financing service, was HK\$17.9 million, representing a decrease of approximately 32.5% when compared to HK\$26.5 million for the same period in 2013 as lesser sizeable underwriting, sub-underwriting, placing and sub-placing transactions were undertaken during the current period.

The Group's gross profit for the six months ended 30 September 2014 was HK\$28.2 million (30 September 2013: HK\$47.4 million), representing a decrease of approximately 40.5% as compared to the same period in 2013. It was mainly due to the increase in realised losses from the sale of investments at fair value through profit and loss during the period.

The Group recorded a very significant increase in unrealised gains on investments at fair value through profit and loss to HK\$746.0 million (30 September 2013: HK\$42.4 million) as a result of turnaround in share prices of some listed securities during the period. General and administrative expenses increased by 27.6% to HK\$19.9 million when compared to HK\$15.6 million in the same period in 2013.

Other income and gains increased to HK\$1.9 million for the period from HK\$1.0 million in the same period in 2013. During the period, the Group shared profits of HK\$114.4 million from an associate and a joint venture (30 September 2013: share of losses of an associate of HK\$9.6 million). Finance costs decreased by approximately 19.4% to HK\$2.9 million from HK\$3.6 million in the same period in 2013. The net profit attributable to shareholders of the Company was HK\$873.7 million (30 September 2013: HK\$58.3 million). An earnings per share attributable to shareholders of the Company was HK\$1.27 (30 September 2013: HK\$0.15).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2014, net current assets of the Group amounted to HK\$4,102.4 million (31 March 2014: HK\$2,175.1 million) with cash and bank balances of HK\$292.8 million (31 March 2014: HK\$57.2 million). The Group had secured other borrowings of HK\$348.7 million (31 March 2014: HK\$208.7 million). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowings divided by equity attributable to owners of the Company was 9.2% (31 March 2014: 6.5%). 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 was 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 as at 30 September 2014 (31 March 2014: 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 period, the Company raised net proceeds from issue of new shares of FCL for approximately HK\$1,095.6 million which were used as general working capital and additional funding on further expansion and development of financial services and securities trading businesses. As at 30 September 2014, the Group had shareholders' funds of approximately HK\$3,804.3 million (31 March 2014: HK\$3,204.2 million).

PLEDGE OF ASSETS

As at 30 September 2014, investments at fair value through profit or loss of HK\$3,316.5 million (31 March 2014: HK\$1,836.6 million) and an available-for-sale investment of HK\$21.4 million (31 March 2014: HK\$18.5 million) were pledged to certain financial institutions to secure certain margin financing facilities provided to the Group.

EVENTS AFTER THE REPORTING PERIOD

In October 2014, the Group entered into a subscription agreement with a direct wholly-owned subsidiary of Forefront Group Limited, whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 885) (the “Subscriber F”), pursuant to which the Subscriber F has agreed to subscribe for 90 million new shares of FCL at an aggregate subscription price of HK\$247.5 million (the “2014 October Subscription”). Upon completion of the 2014 October Subscription, the Company’s equity interest in FCL will be further diluted from approximately 65.2% to approximately 60.5%. As the 2014 October Subscription is subject to the approval by the shareholders of the Company, the 2014 October Subscription is not yet completed as at the date of this announcement.

In November 2014, the Company announced the proposed Share Subdivision, Bonus Issue and Change of Board Lot Size. Upon the Share Subdivision becoming effective, the authorised share capital of the Company will be HK\$5,000,000,000.00 divided into 5,000,000,000,000 shares of HK\$0.001 each. Upon completion of the Share Subdivision and the Bonus Issue, there will be a total of 10,324,137,300 Subdivided Shares in issue. As the Share Subdivision and the Bonus Issue are subject to the approval by the shareholders of the Company, the aforesaid proposals are not yet completed as at the date of this announcement. Details of the aforesaid proposals and the capitalised terms in this paragraph were set out and defined in the circular of the Company dated 24 November 2014.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2014, the Group employed 32 staff members including directors of the Company. Staff costs incurred for the period, including Directors’ remuneration, was approximately HK\$6.1 million (2013: HK\$5.6 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 Company believes the financial market is enriched with opportunities. The Company will continue to look for opportunities of potential investments for capital appreciations as well as strengthen its financial services business in order to enhance values to the shareholders of the Company.

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

During the six months ended 30 September 2014, 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 2014 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 "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code and there have been no material deviations from the CG Code during the six months ended 30 September 2014:

Code Provision A.6.7 – One executive Director and two non-executive Directors were unable to attend the annual general meeting of the Company held on 28 August 2014 and one independent non-executive Director and two non-executive Directors were unable to attend the extraordinary general meeting of the Company held on 5 September 2014 as they had other engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 September 2014, all Directors have complied with the required standard set out in the Model Code.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.freeman279.com). The Group's Interim Financial Report for 2014 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, 28 November 2014

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