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## **FREEMAN FINANCIAL CORPORATION LIMITED**

**民眾金服控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 279)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

#### **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 2015 together with the unaudited comparative figures for 2014.

#### **CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 September 2015*

		<b>For the six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2015</b>	<b>2014</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	3	<b>(240,978)</b>	33,189
Cost of sales		<b>(21,009)</b>	(4,998)
<b>Gross profit/(loss)</b>		<b>(261,987)</b>	28,191
Other income and gains	3	<b>82,822</b>	1,872
Fair value gains on investments at fair value through profit or loss, net		<b>425,374</b>	746,013
General and administrative expenses		<b>(68,264)</b>	(19,931)

		<b>For the six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2015</b>	2014
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
Other expenses, net		<b>(91,714)</b>	(1,068)
Finance costs	4	<b>(4,653)</b>	(2,889)
Share of profits and losses of associates and a joint venture		<b>10,165</b>	114,395
		<hr/>	<hr/>
<b>PROFIT BEFORE TAX</b>	5	<b>91,743</b>	866,583
Income tax credit/(expense)	6	<b>69</b>	(400)
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD</b>		<b>91,812</b>	866,183
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		<b>(152,178)</b>	873,652
Non-controlling interests		<b>243,990</b>	(7,469)
		<hr/>	<hr/>
		<b>91,812</b>	866,183
		<hr/> <hr/>	<hr/> <hr/>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	7		
			<i>(Restated)</i>
Basic and diluted		<b>(HK1.47 cents)</b>	HK8.46 cents
		<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<u>91,812</u>	<u>866,183</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair values	58,584	2,942
Reclassification of cumulative gains to the condensed consolidated income statements upon disposal	(80,601)	–
Share of other comprehensive loss of associates and a joint venture, net	<u>(4,846)</u>	<u>(9,848)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<u>(26,863)</u>	<u>(6,906)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>64,949</b></u>	<u><b>859,277</b></u>
Attributable to:		
Owners of the Company	(170,348)	867,279
Non-controlling interests	<u>235,297</u>	<u>(8,002)</u>
	<u><b>64,949</b></u>	<u><b>859,277</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***30 September 2015*

	<i>Notes</i>	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>84,651</b>	1,757
Investment in an associate and a joint venture		<b>914,420</b>	1,000,814
Intangible assets		<b>1,736</b>	1,736
Available-for-sale investments		–	91,461
Loans receivable		<b>1,875</b>	–
Deferred tax assets		<b>152</b>	152
		<hr/>	<hr/>
Total non-current assets		<b>1,002,834</b>	1,095,920
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Accounts receivable	9	<b>201,922</b>	211,519
Loans receivable		<b>1,110,096</b>	329,995
Prepayments, deposits and other receivables		<b>3,382</b>	52,289
Investments at fair value through profit or loss		<b>1,109,948</b>	3,686,317
Tax recoverable		<b>2,734</b>	2,666
Cash and bank balances		<b>296,393</b>	50,659
		<hr/>	<hr/>
Total current assets		<b>2,724,475</b>	4,333,445
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Accounts payable	10	<b>13,425</b>	1,322
Other payables and accruals		<b>3,185</b>	4,423
Interest-bearing other borrowings		<b>194,700</b>	320,255
		<hr/>	<hr/>
Total current liabilities		<b>211,310</b>	326,000
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>2,513,165</b>	4,007,445
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,515,999</b>	5,103,365
		<hr/>	<hr/>

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing other borrowing	<b>10,000</b>	–
Deferred tax liability	<b>42,289</b>	42,289
	<hr/>	<hr/>
Total non-current liabilities	<b>52,289</b>	42,289
	<hr/>	<hr/>
Net assets	<b>3,463,710</b>	5,061,076
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	<b>10,324</b>	10,324
Reserves	<b>3,283,563</b>	3,444,202
	<hr/>	<hr/>
	<b>3,293,887</b>	3,454,526
<b>Non-controlling interests</b>	<b>169,823</b>	1,606,550
	<hr/>	<hr/>
Total equity	<b>3,463,710</b>	5,061,076
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# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

## 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 “Stock Exchange”).

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 2015.

## 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 2015, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, which are effective for the first time for the Group’s annual periods beginning on or after 1 April 2015.

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on these 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 and futures segment engages in the purchase and sale of securities and futures investments;
- (b) the provision of finance segment engages in the provision of financing services in Hong Kong;
- (c) the insurance brokerage business segment engages in the insurance brokerage business and the provision of financial planning and related services;
- (d) securities and futures 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 the provision of 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 before tax except that bank and other interest income (excluding interest income from provision of finance and margin financing activities), 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 2015**

	Trading of securities and futures <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Securities and futures 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>
<b>Segment revenue:</b>							
Sales to external customers	(325,490)	31,960	7,252	42,550	-	2,750	(240,978)
Intersegment sales	-	-	-	-	-	-	-
	(325,490)	31,960	7,252	42,550	-	2,750	(240,978)
<i>Reconciliation:</i>							
Elimination of intersegment sales							-
Total revenue							<u>(240,978)</u>
<b>Segment results</b>	<b>80,217</b>	<b>29,313</b>	<b>581</b>	<b>22,064</b>	<b>(28,719)</b>	<b>2,749</b>	<b>106,205</b>
<i>Reconciliation:</i>							
Bank interest income							1
Corporate and other unallocated expenses							(9,810)
Finance costs							(4,653)
Profit before tax							<u>91,743</u>

**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>
<b>Segment revenue:</b>							
Sales to external customers	(8,264)	15,287	5,488	17,901	–	2,777	33,189
Intersegment sales	–	–	–	–	–	–	–
	<u>(8,264)</u>	<u>15,287</u>	<u>5,488</u>	<u>17,901</u>	<u>–</u>	<u>2,777</u>	<u>33,189</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales							<u>–</u>
Total revenue							<u><u>33,189</u></u>
<b>Segment results</b>	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><u>866,583</u></u>



### 3. REVENUE, OTHER INCOME AND GAINS

Revenue 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 and futures 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:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Interest income from provision of finance	<b>31,960</b>	15,287
Dividend income from investments at fair value through profit or loss	<b>27,827</b>	55,941
Losses from the sale of investments at fair value through profit or loss, net ( <i>note</i> )	<b>(353,317)</b>	(64,205)
Insurance brokerage income	<b>7,252</b>	5,488
Corporate finance advisory fee	<b>2,750</b>	2,777
Commission and brokerage income from securities and futures dealings	<b>3,810</b>	1,316
Commission from underwriting and placing services	<b>24,217</b>	4,654
Interest income on margin financing activities	<b>14,523</b>	11,931
	<b>(240,978)</b>	33,189
<b>Other income and gains</b>		
Bank interest income	<b>1</b>	1
Other interest income	<b>–</b>	534
Gain on disposal of available-for-sale investments, net	<b>80,601</b>	–
Others	<b>2,220</b>	1,337
	<b>82,822</b>	1,872

*Note:* The gross proceeds from sale of investments at fair value through profit or loss for the period were approximately HK\$3,089,950,000 (period ended 30 September 2014: HK\$249,569,000).

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

For the six months ended 30 September	
2015	2014
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Interests on other borrowings	<u>4,653</u>	<u>2,889</u>
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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	
2015	2014
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Employee benefit expenses (excluding directors' remuneration):		
Salaries and allowances	3,911	3,121
Retirement benefit scheme contributions (defined contribution schemes)	<u>150</u>	<u>122</u>
	<u>4,061</u>	<u>3,243</u>
Depreciation	2,057	557
Equity-settled share option expenses	23,082	–
Deemed losses on changes in shareholding interests in an associate, net*	<u>91,714</u>	<u>1,068</u>

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

## 6. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 30 September 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2015.

	For the six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the period	–	400
Overprovision in prior years	(69)	–
	<u>          </u>	<u>          </u>
Total tax charge/(credit) for the period	<u>          (69)</u>	<u>          400</u>

## 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 loss for the period attributable to ordinary equity holders of the Company of HK\$152,178,000 (period ended 30 September 2014: profit of HK\$873,652,000), and the weighted average number of ordinary shares of 10,324,137,300 (period ended 30 September 2014: 10,324,137,300, as restated) in issue during the period. The basic earnings per share amount for the period ended 30 September 2014 has been adjusted to reflect the share subdivision and the issue of bonus shares subsequent to that period.

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

No adjustment has been made to the basic loss per share amount presented for the period ended 30 September 2015 in respect of a dilution as the impact of the warrants and share options outstanding had an anti-dilutive effect on the basic loss per share amount presented, or the exercise price of outstanding warrants was higher than the average market price of the ordinary shares of the Company during the period and the warrants had no dilutive effect on the basic loss per share amount presented.

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

## 8. INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2015 (period ended 30 September 2014: Nil).

## 9. ACCOUNTS RECEIVABLE

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Accounts receivable arising from the ordinary course of business of:		
– Dealing in securities		
Clearing houses	–	10,093
Margin clients	<b>186,737</b>	195,766
– Corporate finance business	<b>206</b>	1,754
– Insurance brokerage business	<b>4,370</b>	1,454
– Futures brokerage business	<b>10,609</b>	2,452
	<hr/> <b>201,922</b> <hr/>	<hr/> 211,519 <hr/>

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two days after the 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 for customers of corporate finance and insurance brokerage businesses is generally 30 days, extending up to 90 days for major customers. The trading terms with customers of futures brokerage business are on a cash basis.

An aged analysis of the accounts receivable as at the end of the reporting period, based on the trade date, is as follows:

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Within 90 days	<b>201,918</b>	211,347
91 to 180 days	<b>4</b>	172
	<hr/> <b>201,922</b> <hr/>	<hr/> 211,519 <hr/>

As at 30 September 2015, except for margin loans receivable of HK\$186,737,000 (31 March 2015: HK\$195,766,000) 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 2015 and 31 March 2015 related to a number of independent clients that have a good track record with the group.

## **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 2015 (30 September 2014: Nil).

### **BUSINESS REVIEW**

The Group's consolidated net profit for the current period was approximately HK\$91.8 million (30 September 2014: HK\$866.2 million). The consolidated net assets of the Group decreased from

Details of the above events and the capitalised terms in the above paragraphs were set out and defined in the circular of the Company dated 9 June 2015.

In April 2015, the Company granted share options to certain eligible persons under the share option scheme adopted by the Company on 31 August 2012 to subscribe for a total of 688,275,820 ordinary shares with par value of HK\$0.001 each at an exercise price of HK\$0.49 per share (the “Share Options”). As at the date of this announcement, no Share Options were exercised.

In June 2015, the change of dual foreign name of the Company from “民豐企業控股有限公司” to “民眾金服控股有限公司” (the “Change of Company Name”) was approved by the shareholders of the Company (the “Shareholders”) at the extraordinary general meeting held on 15 June 2015. A copy of the certificate of incorporation on change of name dated 16 June 2015 issued by the Registrar of Companies in the Cayman Islands was received by the Company on 24 June 2015. The Company completed the necessary filing with the Companies Registry in Hong Kong and the registration of the new dual foreign name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) was confirmed by the Registrar of Companies in Hong Kong. The Chinese stock short name of the Company was changed from “民豐企業” to “民眾金服” for the purpose of the trading of shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 20 July 2015.

In July 2015, the Group entered into two subscription agreements (collectively referred to as the “Subscription Agreements”) with a wholly-owned subsidiary of Enerchina Holdings Limited (whose shares are listed on the main board of the Stock Exchange, stock code: 622) (“Subscriber E”) and a wholly-owned subsidiary of Skyway Securities Group Limited (formerly known as Mission Capital Holdings Limited, whose shares are listed on the main board of the Stock Exchange, stock code: 1141) (“Subscriber U”), pursuant to which Subscriber E has agreed to subscribe for 38 million new shares of Freewill Holdings Limited (“Freewill”, a joint venture of the Group prior to signing the Subscription Agreements) at an aggregate subscription price of HK\$209 million and Subscriber U has agreed to subscribe for 80 million new shares of Freewill at an aggregate subscription price of HK\$440 million (collectively referred to as “Freewill Subscriptions”). After the completion of Freewill Subscriptions, the Group’s equity interest in Freewill was diluted from approximately 65.3% to approximately 45.3%. The joint venture arrangement between the Group and a wholly-owned subsidiary of Mason Financial Holdings Limited (formerly known as Willie International Holdings Limited, whose shares are listed on the main board of the Stock Exchange, stock code: 273) pursuant to the joint venture agreements dated 20 June 2014 in relation to, among other things, the operations, management and business in Freewill was terminated. Freewill is no longer accounted for as a joint venture of the Group and became an associate of the Group.

Subsequent to Freewill Subscriptions, Freewill further underwent certain share transactions before 30 September 2015, and the Group’s equity interest in Freewill was further diluted to approximately 32.4% as at 30 September 2015.

In July 2015, the Group acquired 100% equity interest of a yacht holding company from certain independent third parties at an aggregate consideration of HK\$85 million.

In August 2015, Freeman Corporation Limited (“FCL”, a non-wholly owned subsidiary of the Company before the Second Buy-Back (as defined below)), distributed its entire issued share capital of Smart Jump Corporation (“Smart Jump”, a non-wholly owned subsidiary of the Company before the Dividend Take-Up (as defined below)) (“Dividend Shares”) as dividend to its shareholders, including Freeman Financial Investment Corporation (“FFIC”, a direct wholly-owned subsidiary of the Company) and other shareholders of FCL on pro-rata basis. As the other shareholders of FCL elected to receive cash in lieu of Dividend Shares from FCL with an aggregate sum of approximately HK\$511.9 million, the Company took up their respective entitlements to the Dividend Shares (representing an aggregate of approximately 39.5% equity interest in Smart Jump) (“Dividend Take-Up”). After the completion of the Dividend Take-Up, Smart Jump is 100% held by FFIC and became an indirect wholly-owned subsidiary of the Company.

In August 2015, FCL bought back approximately 6.5% equity interest in FCL at HK\$1.23 per share of FCL at a consideration of approximately HK\$100.5 million (the “First Buy-Back”). After the completion of First Buy-Back, the Group holds approximately 67.0% equity interest in FCL as at 30 September 2015.

During the current period, save as disclosed above, there were no other material acquisitions or disposals of subsidiaries, associate and joint venture companies.

## **FINANCIAL REVIEW**

In view of the recent turmoil in the Hong Kong and global stock markets during the current period, the Group realised listed securities held since April 2015. Under the bearish market sentiment, the Group resulted a gross loss for the current period of HK\$262.0 million (30 September 2014: a gross profit of HK\$28.2 million). It is mainly due to the net realised losses from the sales of investments at fair value through profit or loss of HK\$353.3 million (30 September 2014: HK\$64.2 million). Dividend income from investments at fair value through profit or loss decreased by approximately 50.3% to HK\$27.8 million as compared to HK\$55.9 million for the same period in 2014, which was mainly due to less dividends were received by the Group from listed securities. Interest income from provision of finance significantly increased by approximately 109.2% to HK\$32.0 million as compared to HK\$15.3 million for the same period in 2014 as more loans were granted to customers during the current period. Insurance brokerage income and corporate finance advisory fee increased by approximately 20.5% to HK\$10.0 million as compared to HK\$8.3 million in the same period in 2014 as the performance of both the insurance brokerage and corporate finance advisory segments improved their segment performance as a result of increase in customers’ portfolio. Income from securities and futures brokerage, placing, underwriting and margin financing service was HK\$42.6 million, representing an increase of approximately 138.0% as compared to HK\$17.9 million for the same period in 2014 as more securities brokerage transactions were undertaken during the current period.



Other income and gains substantially increased to HK\$82.8 million for the current period (30 September 2014: HK\$1.9 million) which was mainly due to the significant net gain from disposal of the available-for-sale investments of approximately HK\$80.6 million (30 September 2014: Nil). Other expenses substantially increased to HK\$91.7 million for the current period (30 September 2014: HK\$1.1 million) which was mainly due to the recognition of net deemed losses on changes in shareholding interests in an associate. The Group also recorded a significant net unrealised gains on investments at fair value through profit or loss to HK\$425.4 million for the current period (30 September 2014: HK\$746.0 million). The Group shared profit of HK\$10.2 million from associates and a joint venture for the current period (30 September 2014: HK\$114.4 million). Cost saving is a continuous aim in monitoring daily operations by the Group. During the current period, general and administrative expenses amounted to HK\$68.3 million, representing an increase of approximately 243.2% as compared to HK\$19.9 million for the same period in 2014 which was mainly due to recognition of equity-settled share option expenses and increase in securities trading expenses.

Net loss attributable to shareholders of the Company for the current period was HK\$152.2 million (30 September 2014: profit of HK\$873.7 million). Loss per share was HK 1.47 cents (30 September 2014: earnings per share of HK 8.46 cents, as restated).

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

As at 30 September 2015, net current assets of the Group amounted to HK\$2,513.2 million (31 March 2015: HK\$4,007.4 million) with cash and bank balances of HK\$296.4 million (31 March 2015: HK\$50.7 million) and the current ratio (current assets/current liabilities) was 12.9 (31 March 2015: 13.3). The Group had secured and unsecured other borrowings of HK\$204.7 million (31 March 2015: HK\$320.3 million). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowings divided by equity attributable to owners of the Company was 6.2% (31 March 2015: 9.3%). 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 as at 30 September 2015 (31 March 2015: 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 sufficient 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 Group had shareholders' funds of HK\$3,293.9 million (31 March 2015: HK\$3,454.5 million). During the current period, the Company raised net proceeds from issue of unlisted warrants with mandatory exercise rights for approximately HK\$20.6 million which were used as general working capital for the Group.

## **PLEDGE OF ASSETS**

As at 30 September 2015, investments at fair value through profit or loss of HK\$1,109.9 million and bank balances of HK\$108.6 million (31 March 2015: investments at fair value through profit or loss of HK\$3,318.6 million and available-for-sale investment of HK\$32.2 million) were pledged to certain financial institutions to secure certain margin financing facilities provided to the Group.

## **UNSECURED NOTE**

In June 2015, the Company issued an unsecured note with a principal amount of HK\$10 million to an independent third party named Ms. Huang Shuyun with interest bearing at 5% per annum payable annually in arrears for the Group's general working capital. The note is repayable in June 2022.

## **EVENTS AFTER THE REPORTING PERIOD**

In October 2015, FCL bought back approximately 33.0% equity interest in FCL at HK\$1.23 per share of FCL at a consideration of approximately HK\$510.0 million (the "Second Buy-Back") which was approved by the Shareholders at the extraordinary general meeting held on 15 October 2015. After the First Buy-Back and Second Buy-Back, FCL is now 100% owned by FFIC and became an indirect wholly-owned subsidiary of the Company.

In November 2015, Freeman Securities Limited ("FSL", which is an indirect wholly-owned subsidiary of the Company) entered into the promoters' agreement with 14 co-promoters pursuant to which the parties thereto conditionally agreed to cooperate to set-up a full-licensed joint venture securities company in Shanghai Pilot Free Trade Zone (the "JV Securities Company") under the framework of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong (CEPA); and FSL conditionally agreed to invest RMB350 million in the JV Securities Company by way of subscription of 350,000,000 shares of the JV Securities Company, representing 10% share capital thereof for an aggregate subscription price of RMB350 million (the "JV Investment"). As the formation of the JV Securities Company is subject to, among other things, the approval by relevant regulatory authorities in the People's Republic of China, the JV Investment is not yet completed as at the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2015, the Group employed 26 staff members including directors of the Company. Staff costs incurred for the current period, including Directors' remuneration, was approximately HK\$13.5 million (30 September 2014: HK\$6.1 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**

Following the change of Company's dual foreign name in Chinese to “民眾金服控股有限公司” which became effective in June 2015, the Company has a new corporate identity to better reflect and align with the business growth objectives of the management and strengthen customer focus. Through buying back the shares of FCL from other shareholders, the Company streamlines the principal business and expects to result more sources of income and funding available for future growth and development of the Group under new banner “民眾金服”.

The Group has always aimed to enhance its service capacity in the financial services industry and to pursue new opportunities in the financial services industry in order to enhance values to the Shareholders. The JV Investment could offer a golden opportunity for the Company to embark on a new milestone in its business development in financial services industry. It, when materialised, would offer a first-starter advantage to the Group to access to the huge and fast-growing financial markets in China and would enable the Group to engage in a full spectrum of securities and financial business in China.

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

During the six months ended 30 September 2015, 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 2015 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. 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 2015:

Code Provision A.6.7 – (i) One Independent Non-executive Director was unable to attend the extraordinary general meeting held on 15 June 2015 and annual general meeting held on 15 September 2015; (ii) one Executive Director and one Independent Non-executive Director were unable to attend the special general meeting held on 24 June 2015; and (iii) two Independent Non-executive Directors were unable to attend the extraordinary general meeting held on 9 July 2015, 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 2015, 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](http://www.hkex.com.hk)) and the Company ([www.freeman279.com](http://www.freeman279.com)). The Group's Interim Financial Report for 2015 will be despatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 30 November 2015

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

### *Independent Non-executive Directors*

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