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FREEMAN FINTECH CORPORATION LIMITED

(Provisional Liquidators Appointed)

民眾金融科技控股有限公司

(已委任臨時清盤人)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

ANNOUNCEMENT IN RELATION TO TERM SHEET REGARDING RESTRUCTURING AND CONTINUAL SUSPENSION OF TRADING OF SHARES

THE PROPOSED RESTRUCTURING

On 13 August 2020, the Company, the Provisional Liquidators and the Investor entered into the Term Sheet, setting out the key commercial terms of the proposed Restructuring of the Company, which shall include, among others, (i) the provision of the First Loan and the Second Loan by the Investor; (ii) the Subscription; (iii) the Acquisition (if the Resumption is not approved by the Stock Exchange); (iv) the Schemes; (v) the Capital Reorganisation; and (vi) the Resumption.

The Term Sheet shall take effect immediately after the Provisional Liquidators have obtained the sanction of the Court to implement the Restructuring contemplated in the Term Sheet without varying or conditioning its terms unless with the prior written consent of the Investor.

The Term Sheet may or may not lead to the entering into of the Restructuring Agreement and the Restructuring may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

References are made to the announcements of the Company dated 28 February 2020, 19 March 2020, 6 April 2020, 27 May 2020 and 2 July 2020.

THE PROPOSED RESTRUCTURING

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Sheet, setting out the key commercial terms of the proposed Restructuring of the Company, which shall include, among others:

- (a) the provision of the First Loan and the Second Loan by the Investor;
- (b) the Subscription;
- (c) the Acquisition (if the Resumption is not approved by the Stock Exchange);
- (d) the Schemes;
- (e) the Capital Reorganisation; and
- (f) the Resumption.

The principal terms of the Term Sheet are as follows:

Initial Deposit

The Investor shall pay the Initial Deposit to the Provisional Liquidators within four weeks upon signing of the Term Sheet.

Effective Date of the Term Sheet

The Term Sheet shall take effect immediately after the Provisional Liquidators have obtained the sanction of the Court to implement the Restructuring contemplated in the Term Sheet without varying or conditioning its terms unless with the prior written consent of the Investor.

Conditions Precedent of the Restructuring

Completion of the Restructuring shall be conditional upon, inter alia, the fulfilment of the conditions precedent to be set out in the Restructuring Agreement, including but not limited to:

- (a) all court approvals and procedures in connection with such approvals having been obtained and completed and having taken final binding effect;
- (b) the Schemes becoming effective and being implemented in accordance with their respective terms;
- (c) all approvals and procedures required in connection with the Restructuring having been obtained and completed by the Company, including, where necessary and applicable, the requisite approval of (i) the Company's creditors in creditors' meeting; and (ii) the independent shareholders of the Company at an EGM to be held by the Company approving, among others, the transactions contemplated under the Restructuring Agreement;
- (d) the discharge of the winding-up petition of the Company and the discharge of the Provisional Liquidators;
- (e) the Listing Committee approving (i) the existing Shares to remain listed on the Stock Exchange; and (ii) the listing of, and granting of permission to deal in, the New Shares in issue upon completion of the Restructuring and to be issued pursuant to the Restructuring Agreement, and such approval not having been subsequently revoked or withdrawn;
- (f) the completion of the Capital Reorganisation;

- (g) the completion of the Resumption; and
- (h) the completion of the Subscription.

The Provision of the First Loan and the Second Loan by the Investor

The First Loan

The Investor shall provide the Company with the First Loan. The proceeds of the First Loan shall be earmarked for settling the outstanding liabilities due to the Secured Lender by the Company or such other purpose as agreed in the Term Sheet and shall not be used for any other purpose whatsoever without the prior written consent of the Investor.

The Initial Deposit shall constitute as part of the First Loan at the drawdown of the First Loan. The drawdown of the remaining balance of the First Loan shall be subject to the fulfilment of the following conditions:

- (a) the Investor (or such other entities held by the Investor) having obtained the approval to become a substantial shareholder of the Licensed Corporations from the SFC;
- (b) the Restructuring Agreement having been executed by the parties thereto;
- (c) the First Loan Agreement having been executed by the parties thereto; and
- (d) two responsible officers of FSL having provided letters of undertaking to the Investor, confirming and undertaking that each of them shall remain as a responsible officer of FSL, and shall continue to work at FSL for an agreed period after Resumption.

In the event that the conditions specified above have not been fully fulfilled by the Final Long Stop Date (unless the same is caused by the Investor's failure to duly comply with and perform clauses under the Term Sheet), the Initial Deposit shall, without prejudice to other rights and remedies available to the Investor under the Term Sheet, become forthwith repayable to the Investor.

Upon the drawdown of the First Loan, the proceeds of the First Loan shall be deposited into the Designated Account.

The proceeds of the First Loan shall be released from the Designated Account to the Company for payment to the Secured Lender on the condition that:

- (a) the Secured Lender having agreed to release all encumbrances affecting the shares of the Licensed Corporations upon receiving the agreed consideration of all the Licensed Corporations; and
- (b) the following conditions having been fulfilled:
 - (i) the sanction of the Grand Court having been obtained in the form of a sealed order with respect to the Cayman Islands Scheme and a copy of the sealed order sanctioning the Cayman Islands Scheme is registered by the Registrar of Companies in the Cayman Islands; or the sanction of the Court having been obtained in the form of a sealed order with respect to the Hong Kong Schemes and a copy of the sealed order sanctioning the

Hong Kong Schemes is registered by the Registrar of Companies in Hong Kong (whichever is the earlier);

- (ii) the Secured Lender having provided a comfort letter stating that they, in principle, support the Hong Kong Schemes to be considered in the creditors' meeting;
- (iii) the Provisional Liquidators having confirmed that save for those previously disclosed to the Investor in writing, since the date of their appointment and until the date of the confirmation, they are not aware of, or made aware of, any outstanding liabilities (whether existing or contingent) owed by the Company and the Licensed Corporations to any other party; and
- (iv) two responsible officers of FSL having confirmed to the Investor in writing that as at the date the confirmation, they are not aware of, or made aware of, any outstanding liabilities (whether existing or contingent) owed by the Licensed Corporations to any other party.

Subject to the approval of the Company's creditors having been obtained, the repayment obligations of the Company owed to the Investor under the First Loan shall rank senior to the claims of all other unsecured and unsubordinated creditors of the Company, except for the obligations mandatorily preferred by law applying to the Company generally.

Without prejudice and in addition to the transaction contemplated under the Subscription, subject to the Resumption having been approved by the Stock Exchange (whether conditionally or unconditionally) and the Investor having expressed its interest in subscribing additional Shares, the Company shall discuss with the Investor in good faith in relation to offsetting the outstanding liabilities under the First Loan against consideration payable for subscribing such additional Shares.

The Second Loan

The Investor shall grant the Second Loan to the Company either by itself or through a Licensed Corporation. The Second Loan shall be payable by the Investor in accordance with the following schedule:

- (a) HK\$5 million is payable within 5 Business Days upon signing of the Term Sheet;
- (b) HK\$5 million is payable within 10 Business Days upon signing of the Restructuring Agreement;
- (c) HK\$5 million is payable within 10 Business Days upon submission of the Resumption Proposal to the Stock Exchange;
- (d) HK\$5 million is payable within 10 Business Days upon notice of creditors' meeting for the Cayman Islands Scheme to be held by the Company having been dispatched;
- (e) HK\$5 million is payable within 10 Business Days upon obtaining conditional approval or approval from the Stock Exchange on the Resumption; and
- (f) HK\$15 million is payable within 10 Business Days upon the Resumption.

The Second Loan shall remain due and payable to the Investor (and/or the relevant Licensed Corporations through which the Second Loan has been made, as the case may be) by the Company

after completion of the Restructuring and Resumption and until the date on which it has been fully settled by the Company. The Investor (and/or the relevant Licensed Corporations through which the Second Loan has been made, as the case may be) shall be entitled to exercise all its rights as an unsecured creditor against the Company in relation to the Second Loan upon Resumption.

The Subscription

In the event that Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor shall inject into the Company the Subscription Proceeds by way of Subscription, subscribing such numbers of Shares, representing such percentage of the total issued Shares after the Capital Reorganisation and the Resumption to be agreed between the Investor and the Company. The Subscription Proceeds shall be used for debt restructuring purposes under the Listco Scheme and shall be payable in cash upon completion of the Subscription. Immediately after the Subscription, the Licensed Corporations shall remain in the Retained Group as subsidiaries of the Company.

The Acquisition

In the event that Resumption is not approved by the Stock Exchange by the Final Long Stop Date, the Company shall procure the transfer of all shareholding interests in the Licensed Corporations to the Investor or its nominee which shall take place in accordance with the terms of the Acquisition SPAs. The consideration for the Acquisition shall be HK\$1.00. Upon completion of the Acquisition, the repayment obligation of the Company to repay the First Loan to the Investor shall be deemed discharged.

The Schemes

The purpose of the Schemes is to rescue the Company and provide additional protections to the Retained Subsidiaries (if applicable) by way of debt restructuring. The validity and effect of the Scheme is not conditional upon completion of the Resumption. The Provisional Liquidators shall be nominated as the scheme administrators under the Schemes, and set up a special purpose vehicle to hold, among others, all of the Subscription Proceeds to discharge the liabilities of the Company under the Listco Scheme and pay the costs and expenses for the implementation of the Listco Scheme.

Exclusivity Period

Commencing from the date of the Term Sheet to the Final Long Stop Date, the Provisional Liquidators agree that they shall not initiate or continue negotiations or discussions with or furnish any information with respect to the Restructuring to any person or entity other than the Investor.

Termination of the Term Sheet

In the event that the Restructuring Agreement is not entered into on or before the Restructuring Agreement Signing Long Stop Date, the Provisional Liquidators shall have the right to terminate the Term Sheet immediately by sending a notice in writing to the Investor.

The Provisional Liquidators shall have the right to forfeit the Initial Deposit and terminate the Term Sheet immediately by sending a notice in writing to the Investor if any of the following events or circumstances occurs:

- (a) the Investor fails to provide the Company with the First Loan and/or inject the Subscription Proceeds into the Company; or
- (b) the Investor fails to provide information as requested by the Provisional Liquidators in relation to the application to become substantial shareholder of the Licensed Corporations to the SFC within 14 Business Days from the date of the Term Sheet.

Subject and without prejudice to the above, the Provisional Liquidators may terminate the Term Sheet by giving no less than 10 Business Days' notice in writing to the Investor (during which period such event or circumstances, if capable of being remedied, may be remedied by the Investor) if any of the following events or circumstances occurs:

- (a) the Investor is in breach of any of its material obligations under the Term Sheet and, if the failure to comply is capable of remedy, it is not remedied within 14 Business Days of the Provisional Liquidators giving notice to the Investor of the failure to comply; or
- (b) a final non-appealable direction or order of a court of competent jurisdiction is made prohibiting the consummation of the Restructuring and a modification of the terms of the Restructuring has not been agreed between the Provisional Liquidators and the Investor within two months of such court direction or order.

The Investor may terminate the Term Sheet by giving no less than 10 Business Days' notice in writing to the Provisional Liquidators (during which period such event or circumstances, if capable of being remedied, may be remedied by the Provisional Liquidators) if any of the following events or circumstances occurs:

- (a) the SFC has not granted its approval for the Investor (or such other entities held by the Investor) to be the substantial shareholder of the Licensed Corporations, provided that there is no fault or negligence on the part of the Investor and the Investor has submitted all documents and information as requested by the SFC; or
- (b) the Provision Liquidators are in breach of any of its material obligations under the Term Sheet and, if the failure to comply is capable of remedy, it is not remedied within 14 Business Days of the Investor giving notice to the Provisional Liquidators of the failure to comply.

As at the date of this announcement, the Restructuring Agreement, the First Loan Agreement, the Second Loan Agreement, the Acquisition SPAs and/or the Subscription Agreement (if applicable) have not been entered into by any parties. Further announcement(s) in respect of the progress of the Restructuring will be made by the Company as and when appropriate in accordance with the Listing Rules and the Takeovers Code.

INFORMATION OF THE INVESTOR

The Investor is a limited liability company incorporated under the laws of the British Virgin Islands. To the best of the Provisional Liquidators' knowledge, information and belief, having made all reasonable enquiries, the Investor is an Independent Third Party.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 1:12 p.m. on 28

February 2020 and will remain suspended pending fulfilment of the resumption conditions and such other further conditions that may be imposed by the Stock Exchange. The Company will keep its shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

WARNINGS

The Term Sheet may or may not lead to the entering into of the Restructuring Agreement and the Restructuring may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Acquisition”	the acquisition of 100% shareholdings of each of Licensed Corporations
“Acquisition SPAs”	the sale and purchase agreements to be entered into in respect of the Acquisition if the Resumption is not approved by the Stock Exchange
“Business Days”	a day on which banks are open for general banking in Hong Kong (other than Saturday or a day on which a tropical cyclone warning number 8 or above or a black rainstorm warning signal is hoisted or in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“Capital Reorganisation”	the reorganisation of the capital of the Company to be conducted before Resumption which may include, among others, consolidation and/or cancellation of Shares, and increase in authorised share capital of the Company
“Cayman Islands Scheme”	the scheme of arrangement entered into between the Company and the creditors of the Company with, or subject to, any modification, addition or conditions approved or imposed by the Grand Court
“Company”	Freeman FinTech Corporation Limited (Provisional Liquidators Appointed), a company incorporated in the Cayman Islands with limited liabilities whose shares are listed on the Stock Exchange
“Core Net Asset Value”	the audited net asset value of the Licensed Corporations stated in the due diligence report to be issued by the Investor’s financial adviser as at 31 July 2020 or such other date as agreed between the Investor and the Provisional Liquidators, excluding, among others, (a) the inter-group current account balances; (b) FSL’s investment in Shengang Securities

	Company Limited; (c) the balance in the client accounts of the Licensed Corporations; and (d) all rights regarding potential, actual and pending claims and litigation of the Licensed Corporations against any persons or entities
“Court”	the High Court of Hong Kong
“Designated Account”	a current account designated by the Provisional Liquidators
“Directors”	directors of the Company
“EGM”	extraordinary general meeting
“FCL”	Freeman Commodities Limited, a company incorporated in Hong Kong which is licensed under the SFO to carry out type 2 regulated activities and a direct wholly-owned subsidiary of FSL
“FCFL”	Freeman Corporate Finance Limited, a company incorporated in Hong Kong which is licensed under the SFO to carry out type 6 regulated activities and an indirect wholly-owned subsidiary of the Company
“Final Long Stop Date”	28 February 2021 or such other date as agreed to by the Investor and the Provisional Liquidators in writing
“First Loan”	a new interest-free loan in an amount equivalent to an amount equivalent to the agreed consideration of all the Licensed Corporations as determined based on the Core Net Asset Value, a premium of HK10 million and 50% of the Management Compensation
“First Loan Agreement”	the agreement to be entered into in respect of the First Loan
“FPWML”	Freeman Prestige Wealth Management Limited, a company incorporated in Hong Kong with an insurance broker license under the Hong Kong Insurance Authority to carry out long term business (including linked long term business) in Hong Kong, and an indirect wholly-owned subsidiary of the Company
“FSL”	Freeman Securities Limited, a company incorporated in Hong Kong which is licensed under the SFO to carry out types 1, 4 and 9 regulated activities and an indirect wholly-owned subsidiary of the Company
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Schemes”	(i) the Listco Scheme; (ii) the scheme of arrangements entered into between FSL and the creditors of FSL; (iii) the scheme of arrangements entered into between FCL and the creditors of FCL; (iv) the scheme of arrangements entered into between FCFL and the creditors of FCFL; (v) the scheme of arrangements entered into between FPWML and the creditors of FPWML; and (vi) the scheme of arrangements entered into between People and the creditors of People, with, or subject to, any modification, addition or conditions approved or imposed by the Court
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Initial Deposit”	an initial deposit of HK\$50 million which shall be paid by the Investor to the Provisional Liquidators
“Investor”	Radiant Alliance Limited, a company incorporated under the laws of the British Virgin Islands
“Licensed Corporations”	FCL, FCFL, FPWML, FSL and People
“Listco Scheme”	the scheme of arrangement entered into between the Company and the creditors of the Company, with, or subject to, any modification, addition or conditions approved or imposed by the Court
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Management Compensation”	the compensation amount of HK\$5,068,184.16 paid to the directors or senior management of any member of the Retained Group arising from or in connection with the termination or resignation of their appointment
“New Shares”	new Shares immediately following the Capital Reorganisation becoming effective
“Provisional Liquidators”	Lai Kar Yan (Derek) and Ho Kwok Leung Glen, both of Deloitte Touche Tohmatsu in their capacity as the joint and several provisional liquidators of the Company
“People”	People Securities Company Limited, a company incorporated in Hong Kong which is licensed under the SFO to carry out types 1, 4 and 9 regulated activities, and with an insurance

	broker license under the Hong Kong Insurance Authority to carry out long term business (including linked long term business) in Hong Kong, and an indirect wholly-owned subsidiary of the Company
“Restructuring”	(i) the provision of the First Loan and the Second Loan by the Investor; (ii) the Subscription; (iii) the Acquisition (if the Resumption is not approved by the Stock Exchange); (iv) the Schemes; (v) the Capital Reorganisation; and (vi) the Resumption
“Restructuring Agreement”	the master restructuring agreement to be entered into among the Company, the Provisional Liquidators and the Investor detailing all the terms and conditions in relation to the Restructuring
“Restructuring Agreement Signing Long Stop Date”	30 September 2020 or such other date as agreed to by the Investor and the Provisional Liquidators in writing
“Resumption”	resumption of trading in the Shares on the Stock Exchange
“Resumption Proposal”	the proposal to be prepared and submitted to the Stock Exchange in relation to the Resumption
“Retained Group”	the Company together with the Retained Subsidiaries immediately upon Resumption or completion of Subscription
“Retained Subsidiaries”	the subsidiaries of the Company to be remained in the Group immediately after Resumption or completion of the Subscription
“Schemes”	the Hong Kong Schemes and the Cayman Islands Scheme
“Second Loan”	interest-free and unsecured loans of up to HK\$40 million in aggregate
“Second Loan Agreement”	the agreement to be entered into in respect of the Second Loan
“Secured Lender”	Pure Virtue Enterprises Limited, a company incorporated under the laws of the British Virgin Islands
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of Company as at the date of this announcement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the New Shares
“Subscription Agreement”	the agreement to be entered into among the Company, the Provisional Liquidators and the Investor in respect of the Subscription (if applicable)
“Subscription Proceeds”	HK\$80 million (subject to due diligence and adjustment)
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Term Sheet”	the term sheet dated 13 August 2020 entered into among the Company, the Provisional Liquidators and the Investor in relation to the Restructuring
“%”	per cent

For and on behalf of

Freeman FinTech Corporation Limited
(Provisional Liquidators Appointed)
Lai Kar Yan (Derek)
Ho Kwok Leung Glen
Joint and Several Provisional Liquidators
acting as agents without personal liability

Hong Kong, 13 August 2020

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

Executive Director:
Mr. Yau Pak Yue

Independent Non-executive Directors:
Mr. An Dong
Mr. Fung Tze Wa
Mr. Wu Keli