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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)

- (1) RESTRUCTURING DEED IN RELATION TO
THE RESTRUCTURING OF THE COMPANY
(2) APPLICATION FOR WHITEWASH WAIVER
(3) SPECIAL DEALS
AND
(4) CONTINUAL SUSPENSION OF TRADING OF SHARES**

Financial adviser to the Company

Deloitte. 德勤

Deloitte & Touche Corporate Finance Limited

THE RESTRUCTURING DEED

On 10 September 2020, the Company, the Provisional Liquidators and the Investor entered into the Restructuring Deed, pursuant to which the Company, the Provisional Liquidators and the Investor agreed on the principal terms of the Restructuring which shall include, among others, (a) the provision of the First Loan and the Second Loan by the Investor; (b) the Subscription; (c) the Share Premium Cancellation; (d) the Resumption; (e) if the Resumption is not approved by the Stock Exchange, the Acquisition; and (f) the Schemes.

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

The First Loan Agreement

On 10 September 2020, the Company (as borrower), the Provisional Liquidators and the Investor (as lender) entered into the First Loan Agreement, pursuant to which the Investor shall make available to the Company (a) HK\$161,174,982, being an amount equivalent to the LC Agreed Consideration; and (b) the Top-up Loan Amount (if any).

In the event that the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor shall convert the First Loan (including the Initial Deposit and the Top-up Loan Amount (if any)) into the First Loan Conversion Shares which, together with the Subscription Shares, shall represent 80% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares. The First Loan Conversion Shares shall be issued and allotted to the Investor simultaneously with the Subscription Shares. Upon completion of the First Loan Conversion, all outstanding liabilities of the Company under the First Loan Agreement shall be deemed fully paid and settled and no longer outstanding.

The Second Loan Agreement

On 10 September 2020, the Company (as borrower), the Provisional Liquidators and the Investor (as lender) entered into the Second Loan Agreement, pursuant to which the Investor shall make available to the Company interest-free and unsecured loans of up to HK\$40 million in aggregate.

If the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor may, within the Conversion Period, convert the Second Loan into the Second Loan Conversion Shares which, together with the First Loan Conversion Shares and the Subscription Shares, shall represent approximately 75% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription, the issue of the Scheme Shares, the Placing Down and the Second Loan Conversion. Upon completion of the Second Loan Conversion, all outstanding liabilities of the Company under the Second Loan Agreement shall be deemed fully paid and settled and no longer outstanding.

In the event that the Resumption is not approved by the Stock Exchange by the Long Stop Date, the Second Loan (less the Second Loan Expended Portion) shall be due and payable to the Investor by the Company on demand within fourteen (14) Business Days, the Investor shall be entitled to exercise all its rights as an unsecured creditor against the Company in relation to the Second Loan and the Second Loan Expended Portion shall cease to be repayable to the Investor. In the event that the Investor does not convert the Second Loan within the Conversion Period, the Second Loan shall be due and payable to the Investor by the Company on demand after the lapse of the Conversion Period and the Investor shall be entitled to exercise all its rights as an unsecured creditor against the Company in relation to the Second Loan.

The Subscription

In the event that the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor shall inject into the Company the New Subscription Proceeds of HK\$80 million by subscribing the Subscription Shares which, together with the First Loan Conversion Shares, shall represent 80% of the enlarged issued share capital of the Company upon completion of the Subscription, the First Loan Conversion and the issue of the Scheme Shares. The New Subscription Proceeds, together with any accrued interest, shall be applied as the Scheme Cash Consideration under the ListCo Schemes.

The Share Premium Cancellation

The Share Premium Cancellation shall involve the cancellation of the entire amount standing to the credit of the share premium account of the Company of approximately HK\$2.78 billion. The credit arising from the Share Premium Cancellation shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Share Premium Cancellation.

The Resumption

To facilitate the Resumption, each of the Company, the Provisional Liquidators and the Investor undertakes and agrees to use its best endeavours to procure the compliance with the Resumption Guidance as soon as reasonably practicable in accordance with the terms of the Restructuring Deed.

The Acquisition

In the event that the Resumption is not approved by the Stock Exchange by the Long Stop Date, the Company shall procure the transfer of all shareholding interests in the Retained Subsidiaries by their respective immediate holding companies to the Investor or its nominee which shall take place in accordance with the terms of the Acquisition SPA at the consideration of HK\$1.00. Upon completion of the Acquisition, the obligation of the Company to repay the Investor all outstanding liabilities under the First Loan Agreement shall be deemed fully discharged.

The Schemes

The restructuring of the indebtedness of the Company shall be implemented by way of the Schemes. All claims of the ListCo Creditors against the Company as at the ListCo Schemes Effective Date will be fully and finally discharged by virtue of the implementation of the ListCo Schemes. All claims of the LC Creditors against the Licensed Corporations as at the Other HK Schemes Effective Date will be fully and finally discharged by virtue of the implementation of the Other Hong Kong Schemes.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

Whitewash Waiver

As at the date of the Restructuring Deed and this announcement, the Investor and parties acting in concert with it do not hold any Shares. If the Resumption is approved by the Stock Exchange and the conditions relevant to the First Loan Conversion and the Subscription as set out in the Restructuring Deed are fulfilled, the Investor and parties acting in concert with it will become interested in 80% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Investor and the parties acting in concert with it will be required to make an unconditional mandatory general offer for all the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, unless the Whitewash Waiver is granted by the Executive. In this respect, the Investor will make an application to the Executive under the Takeovers Code for the Whitewash Waiver to relieve them from their obligation to make a mandatory general offer as a result of the completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares, which, if granted, will be subject to, among others, the approval of the Restructuring by more than 50% of the votes cast by the Independent Shareholders by way of poll at the EGM and approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders by way of poll at the EGM.

As the shareholding of the Investor will exceed 50% of the issued share capital of the Company following the completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares, the Investor may increase its shareholding in the Company through, among others, the Second Loan Conversion, without incurring any further obligation to make a general offer under the Takeovers Code.

Special Deals

Special Deal I

Based on the records available to the Provisional Liquidators, as at the date of this announcement, the ultimate beneficial owner of the LC Secured Lender is indirectly interested in 3,485,294 Shares, representing approximately 0.19% of the issued share capital of the Company.

As the proposed partial settlement of the indebtedness due to the LC Secured Lender through (a) the payment of the LC Agreed Consideration; and (b) the assignment of certain assets of the Licensed Corporations is not extended to all the other Shareholders, such settlement of indebtedness constitutes a special deal under Rule 25 of the Takeovers Code.

Special Deal II

Based on the records available to the Provisional Liquidators, as at the date of this announcement, the ultimate beneficial owner of the SSCL Secured Creditor is indirectly interested in 3,485,294 Shares, representing approximately 0.19% of the issued share capital of the Company.

As the proposed partial settlement of the indebtedness due to the SSCL Secured Creditor and the LC Secured Lender through the payment of the proceeds of the SSCL Disposal is not extended to all the other Shareholders, such settlement of indebtedness constitutes a special deal under Rule 25 of the Takeovers Code.

Special Deal III

Based on the records available to the Provisional Liquidators, as at the date of this announcement, Huarong Macau, being one of the ListCo Creditors, is directly interested in 1,649,294 Shares, representing approximately 0.09% of the issued share capital of the Company. In addition, the ultimate beneficial owner of 51% equity interest in Huarong Macau is indirectly interested in 1,836,000 Shares through another subsidiary, namely Coastal Treasure, which, together with its indirect interest in 1,649,294 Shares held by Huarong Macau, represent approximately 0.19% of the issued share capital of the Company.

As the proposed settlement of the indebtedness due to each of the LC Secured Lender, the SSCL Secured Creditor and Huarong Macau under the ListCo Schemes is not extended to all the other Shareholders, such settlement of indebtedness constitutes a special deal under Rule 25 of the Takeovers Code.

As such, each of Special Deal I, Special Deal II and Special Deal III requires consent by the Executive. An application will be made to the Executive for the consent to proceed with the Special Deals under Rule 25 of the Takeovers Code. Such consent, if granted, will be subject to (a) an independent financial adviser to the Independent Shareholders publicly stating in its opinion that the respective terms of the Special Deals are fair and reasonable; and (b) approval of the Special Deals by the Independent Shareholders at the EGM, in which the LC Creditors, the ListCo Creditors (including the LC Secured Lender, the SSCL Secured Creditor and Huarong Macau) and their associates and parties acting in concert with any of them, namely Coastal Treasure, who are Shareholders will be required to abstain from voting in respect of the resolutions to approve the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals.

Save as disclosed above, as at the date of this announcement, none of the ListCo Creditors, the LC Creditors and their respective ultimate beneficial owners is a Shareholder.

IMPLICATIONS UNDER THE LISTING RULES

The Disposals

The Disposals may or may not constitute transactions under Chapter 14 of the Listing Rules. Subject to the views of the Stock Exchange, the Company will make further announcements in this regard as and when appropriate in accordance with the Listing Rules.

Specific Mandate

As (a) the First Loan Conversion Shares; (b) the Subscription Shares; (c) the Scheme Shares; and (d) the Second Loan Conversion Shares (if any) will be allotted and issued under the Specific Mandate to be obtained at the EGM, the allotment and issue of such Shares is subject to the Independent Shareholders' approval.

EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among others, the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals. The Investor, the ListCo Creditors (including the LC Secured Lender, the SSCL Secured Creditor and Huarong Macau), the Scheme Administrators, the ListCo Schemes SchemeCo, the LC Creditors, their associates, and the parties acting in concert with them (including Coastal Treasure), and those (if any) who are involved in or interested in the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver or the Special Deals, shall abstain from voting in respect of the resolutions to approve the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals. The passing of the resolution(s) in relation to the Restructuring, the grant of the Specific Mandate and the Special Deals shall require the approval of more than 50% of the votes cast by the Independent Shareholders at the EGM by poll. In addition, the passing of the resolution in relation to the Whitewash Waiver shall require the approval of at least 75% of the votes cast by the Independent Shareholders.

Save for entering into the Restructuring Deed, none of the Investor or parties acting in concert with it has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into any Shares during the six-month period prior to 10 September 2020, being the date the Restructuring Deed was entered into and up to the date of this announcement.

GENERAL

The Company will submit an application for the listing of, and permission to deal in (a) the First Loan Conversion Shares; (b) the Subscription Shares; (c) the Scheme Shares; and (d) the Second Loan Conversion Shares (if any).

Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to the Shareholders a circular containing, among others, details of (a) the Restructuring Deed; (b) the Specific Mandate; (c) the Whitewash Waiver; (d) the Special Deals; (e) the letter from the independent financial adviser to the Independent Shareholders; and (f) a notice of the EGM within 21 days from the date of this announcement, that is, on or before 8 December 2020.

As more time is required for finalisation of certain information in the circular, including financial information and the letter from the independent financial adviser to the Independent Shareholders, an application will be made to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code and to grant consent for an extension of time for the despatch of the circular by no later than 31 March 2021. Further announcement(s) will be made by the Company in this regard as and when appropriate.

Shareholders and potential investors should note that the implementation of the transactions contemplated under the Restructuring Deed are subject to a number of conditions precedent being fulfilled or waived, as applicable, and Completion is subject to such conditions being fulfilled. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The release of this announcement is not an indication that (a) the transactions contemplated under the Restructuring Deed will be implemented and/or completed, or (b) the Resumption has been or will be approved, or (c) trading of the Shares will be resumed, or (d) the approval for the listing of the First Loan Conversion Shares, the Subscription Shares, the Scheme Shares and the Second Loan Conversion Shares (if any) will be granted, or (e) the conditions precedent to the Restructuring pursuant to the Restructuring Deed have been or will be fulfilled, or (f) Completion will take place. Trading of the Shares has been suspended since 28 February 2020 and will remain suspended until further notice.

The Company is preparing a viable Resumption Proposal and will keep the Shareholders and investors informed of the latest developments by making further announcements as and when appropriate.

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 and Rule 3.5 of the Takeovers Code.

References are made to the announcements of the Company dated 14 May 2019, 28 February 2020, 19 March 2020, 6 April 2020, 27 May 2020, 2 July 2020, 13 August 2020 and 27 August 2020.

INTRODUCTION

On 10 September 2020, the Company, the Provisional Liquidators and the Investor entered into the Restructuring Deed, pursuant to which the Company, the Provisional Liquidators and the Investor agreed on the principal terms of the Restructuring.

BACKGROUND OF THE RESTRUCTURING

The background information of the circumstances leading to the entering into of the Restructuring Deed are detailed below:

Winding-up Petition and Appointment of the Provisional Liquidators

On 10 May 2019, a winding-up petition was filed against the Company by the Petitioner for failure to settle the alleged outstanding sum of US\$111,629,994 under the Company's notes and convertible notes issued to the Petitioner. On 28 February 2020, the Provisional Liquidators were appointed as the provisional liquidators of the Company pursuant to the First Court Order with powers to act jointly and severally, and such powers were extended by virtue of the Second Court Order for, among others, implementing the restructuring of the Company. Trading in the Shares on the Stock Exchange has been suspended since 28 February 2020.

Indebtedness of the Company

As at 30 September 2020, based on the available books and records of the Company, the estimated total amount of claims against, and the liabilities of, the Company is approximately HK\$3.73 billion. In particular, the Secured Creditors, including the LC Secured Lender and the SSCL Secured Creditor, have secured interests in the shares of certain members of the Group and investment of the Group.

Secured Interest of the LC Secured Lender

On 14 March 2017, (a) the Company as borrower and Shinny Solar as lender entered into the Facility Agreement, pursuant to which Shinny Solar agreed to make available to the Company a loan of US\$90,000,000; and (b) certain direct and indirect wholly-owned subsidiaries of the Company, including FFIC, Freeman Corporation, AUL and FUIL, entered into the Share Mortgage in favour of Shinny Solar, pursuant to which, among others, the HoldingCos Mortgaged Shares were mortgaged by FFIC, Freeman Corporation, AUL and FUIL in favour of Shinny Solar as continuing security for the payment and discharge of the Company's obligations and liabilities under the Facility Agreement.

Pursuant to a notice of assignment dated 16 March 2020 issued to the Company by Shinny Solar as assignor and LC Secured Lender as assignee, Shinny Solar assigned absolutely to the LC Secured Lender on 30 December 2019 all of its rights, title, benefits, payment, entitlements, privileges and interests under or in respect of all transaction documents in relation to the debt portfolios under the Facility Agreement, including, among others, the Share Mortgage. As a result, the LC Secured Lender has a secured interest in the HoldingCos Mortgaged Shares.

As at 30 September 2020, the outstanding principal and the outstanding interest owed to the LC Secured Lender by the Company under the Facility Agreement amounted to US\$90 million and approximately HK\$224 million, respectively.

Secured Interest of the SSCL Secured Creditor

References are made to the announcements of the Company dated 24 August 2017, 28 September 2018 and 9 November 2018 in relation to the issue of secured convertible bonds to the SSCL Secured Creditor.

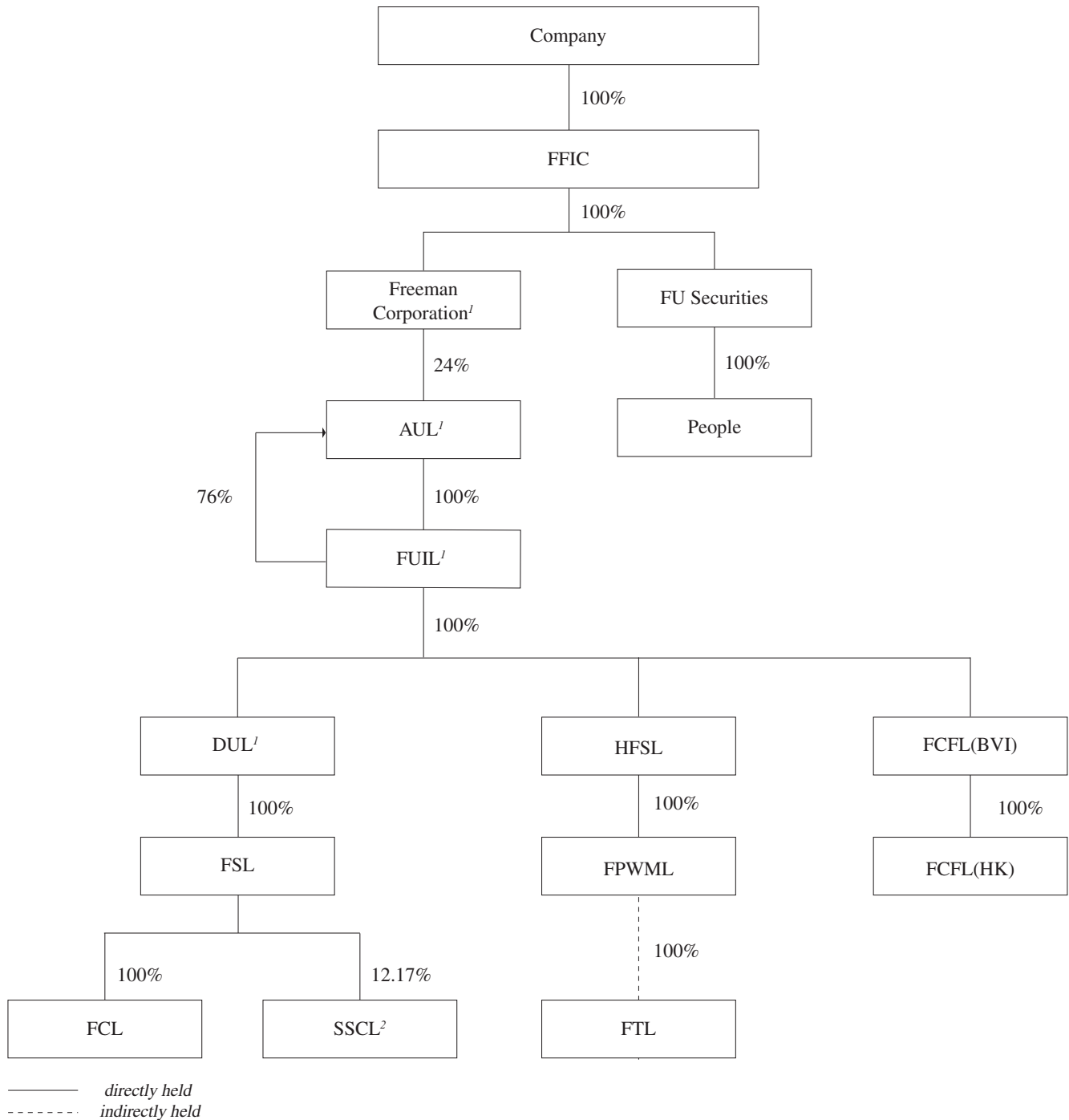
On 24 August 2017, the Company entered into a subscription agreement with the SSCL Secured Creditor, pursuant to which the Company agreed to issue, and the SSCL Secured Creditor agreed to subscribe for, the Convertible Bonds.

On 25 August 2017, FSL (an indirect wholly-owned subsidiary of the Company) and the SSCL Secured Creditor entered into the Share Charge Agreement, pursuant to which FSL charged the SSCL Interest to the SSCL Secured Creditor as security for the SSCL Secured Obligations. As a result, the SSCL Secured Creditor has a secured interest in the SSCL Interest.

As at the date of this announcement, the conversion period of the Convertible Bonds has lapsed.

As at 30 September 2020, the outstanding principal and the outstanding interest owed to the SSCL Secured Creditor by the Company under the Convertible Bonds amounted to approximately HK\$429 million and approximately HK\$134 million, respectively.

For illustrative purpose only, the diagram below demonstrates the security interests of the LC Secured Lender and the SSCL Secured Creditor in the shares of certain members of the Group and investment of the Group:



Notes:

1. The HoldingCos Mortgaged Shares, being all the shares of Freeman Corporation, AUL, FUIL and DUL, have been mortgaged to the LC Secured Lender.
2. The SSCL Interest, being approximately 12.17% shareholding interest in SSCL currently held by FSL, has been charged to the SSCL Secured Creditor.

Restrictions Imposed on FSL and FCL by the Stock Exchange and the SFC

FSL and FCL are the major operating subsidiaries of the Group. FSL, a corporation licensed under the SFO to carry out types 1, 4, 9 regulated activities, is principally engaged in the provision of securities brokerage, placing, and margin financing. FCL, a corporation licensed under the SFO to carry out type 2 regulated activities, is principally engaged in the provision of futures brokerage.

As a winding-up petition was filed against the Company by the Petitioner, the Stock Exchange and the SFC have respectively imposed various restrictions on the business operations of FSL and FCL which, among others:

- (a) prohibit FSL and FCL from on-boarding new clients;
- (b) prohibit FSL and FCL from opening new trading account for existing clients;
- (c) require FSL and FCL to maintain a certain level of cash reserve and excess liquid capital;
- (d) require FSL and FCL to set aside a significant amount of upfront cash collaterals; and
- (e) restrict FCL from transacting on behalf of its clients trades over a certain level of volume.

With all such restrictions imposed, FSL and FCL are both unable to sustain the previous level of trading volume and hence revenue. As such, FSL and FCL face practical difficulties and challenges in maintaining a sufficient level of operations, and the business, financial position and results of operations of FSL and FCL are adversely affected.

Having considered the negative impact of the abovementioned restrictions, the Provisional Liquidators and the Company proposed to the Stock Exchange and the SFC that the abovementioned restrictions be uplifted and/or relaxed after, among others, the release of the mortgage on the HoldingCos Mortgaged Shares by the LC Secured Lender or the granting of the consent by the LC Secured Lender to the transfer/disposal of the shares of the Retained Subsidiaries by the respective immediate holding companies of the Retained Subsidiaries to the effect that none of the Retained Subsidiaries shall be held by any company (whether directly or indirectly) the shares of which (a) have been mortgaged to the LC Secured Lender or (b) subject to any form of encumbrances whether created under or resulting from the Facility Agreement and/or the Share Mortgage.

Lifting encumbrances over the HoldingCos Mortgaged Shares and/or the shares of the Retained Subsidiaries

To facilitate the uplifting and/or relaxation of the restrictions imposed by the Stock Exchange and the SFC on FSL and FCL, the Provisional Liquidators have been negotiating with the LC Secured Lender for lifting encumbrances over the HoldingCos Mortgaged Shares and/or the shares of the Retained Subsidiaries.

The Provisional Liquidators have proposed to the LC Secured Lender that, upon receipt of the LC Agreed Consideration, being HK\$161,174,982 (less the Retention Money, which shall be stakeheld by the Provisional Liquidators for the settlement of the New Claims, if any) by the LC Secured Lender, the LC Shares Discharge Documents be executed by the LC Secured Lender for (a) the release of the mortgage on the HoldingCos Mortgaged Shares; or (b) granting the consent to the transfer/disposal of the shares of the Retained Subsidiaries by the respective immediate holding companies of the Retained Subsidiaries to the effect that none of the Retained Subsidiaries shall be held by any company (whether directly or indirectly) the shares of which (i) have been mortgaged to the LC Secured Lender or (ii) subject to any form of encumbrances whether created under or resulting from the Facility Agreement and/or the Share Mortgage. As at the date of this announcement, the LC Secured Lender has expressed its in principle support to such proposal, which is subject to its internal approval procedures.

The LC Agreed Consideration in the amount of HK\$161,174,982, which comprises the Core Net Asset Value of HK\$148,640,890; a premium of HK\$10 million; and HK\$2,534,092, being 50% of the Management Compensation, was proposed by the Provisional Liquidators to the LC Secured Lender having taking into account, among others, (a) the Tax Disputes; (b) the SSCL Disposal; and (c) the assignment of certain assets of the Licensed Corporations excluded from the calculation of the Core Net Asset Value.

The Tax Disputes

FSL is currently in dispute with the Inland Revenue Department regarding (a) whether gain from disposal of the stock of a company should be excluded from the charge to profits tax for the year of assessment 2015/16; and (b) whether adjustment on the management fee paid to a company should be made for the years of assessment 2014/15 and 2015/16. The Company estimated that, in the event the Inland Revenue Department disagrees with the response of FSL regarding such Tax Disputes, the Estimated Taxation Liability payable by FSL amounts to HK\$7,087,607, representing the maximum liability payable by FSL calculated based on the maximum value of the relevant parameters.

The Provisional Liquidators have proposed to the LC Secured Lender that: (a) the Estimated Taxation Liability be excluded from the calculation of the LC Agreed Consideration; and (b) in the event that pursuant to the Tax Disputes Determination to be issued by the Inland Revenue Department, the Actual Taxation Liability payable by FSL is less than the Estimated Taxation Liability, the LC Secured Lender be entitled to receive an amount equivalent to the difference between the Estimated Taxation Liability and the Actual Taxation Liability as repayment of the Company's outstanding liability under the Facility Agreement.

As at the date of this announcement, the Inland Revenue Department has not issued the Tax Disputes Determination regarding the Tax Disputes. It is expected that the Tax Disputes Determination will be issued by June 2021.

The SSCL Disposal

On 10 November 2020, FSL, the Provisional Liquidators, the SSCL Purchaser (who is an Independent Third Party and not a Shareholder) and the SSCL Secured Creditor entered into the SSCL Disposal Term Sheet, pursuant to which FSL conditionally agreed to sell, and the SSCL Purchaser conditionally agreed to acquire, the SSCL Interest at the consideration of RMB600,000,000.

The principal terms of the SSCL Disposal Term Sheet are as follows:

Subject matter : The SSCL Interest, representing approximately 12.17% of the share capital of SSCL, free from any encumbrances.

Release of the charge over the SSCL Interest : The parties to the SSCL Disposal Term Sheet note that pursuant to the Share Charge Agreement, FSL charged the SSCL Interest to the SSCL Secured Creditor as security for the SSCL Secured Obligations.

The SSCL Secured Creditor, FSL and the SSCL Purchaser shall arrange for release of the charge over the SSCL Interest by, among others:

- (a) executing the SSCL Disposal Escrow Agreement and opening the SSCL Disposal Escrow Account;
- (b) paying the consideration of the SSCL Disposal into the SSCL Disposal Escrow Account;
- (c) executing the relevant share charge release agreement; and
- (d) making the required registration(s) and/or filing(s) with the relevant authorities for the deregistration of the share charge.

Consideration of the SSCL Disposal : RMB600,000,000

SSCL Disposal Initial Deposit : On 20 May 2020, the SSCL Purchaser transferred the SSCL Disposal Initial Deposit to the Provisional Liquidators. Prior to the SSCL Disposal Completion, the Provisional Liquidators shall not utilise the SSCL Disposal Initial Deposit without the consent of the SSCL Purchaser.

The SSCL Disposal Initial Deposit (which will be transferred by the Provisional Liquidators to the SSCL Disposal Escrow Account in accordance with the terms of the SSCL Disposal Definitive Transaction Documents) shall constitute as part of the consideration of the SSCL Disposal at the SSCL Disposal Completion.

Conditions Precedent of the SSCL Disposal : The SSCL Disposal Completion shall be conditional upon the SSCL Disposal Conditions Precedent to be set out in the SSCL Disposal Definitive Transaction Documents being fulfilled and/or waived (where applicable) on or before 30 April 2021, or such other date as agreed by the parties to the SSCL Disposal Term Sheet in writing, including but not limited to:

- (a) all SSCL Disposal Definitive Transaction Documents and other related ancillary documents (if any) having been entered into;
- (b) the Provisional Liquidators and FSL having obtained all necessary approvals of the relevant regulatory authorities, the Shareholders and courts in relation to the sale and purchase of the SSCL Interest and the opening of the SSCL Disposal Escrow Account;
- (c) the Provisional Liquidators and FSL having obtained consent from the SSCL Secured Creditor for the SSCL Disposal;
- (d) the SSCL Purchaser having paid the consideration of the SSCL Disposal into the SSCL Disposal Escrow Account;
- (e) FSL having full ownership of the SSCL Interest free from any encumbrances except for the security interest of the SSCL Secured Creditor over the SSCL Interest;

- (f) the SSCL Disposal having complied with the relevant laws, regulations and regulatory rules in the PRC, including but not limited to the SSCL Purchaser (i) possessing the qualifications to be a substantial shareholder of a securities company and such qualifications having passed the review of China Securities Regulatory Commission; and (ii) obtaining the approval(s) from the relevant regulatory authorities and/or banks for remitting the consideration of the SSCL Disposal from the PRC to Hong Kong;
- (g) all necessary government approvals, registration and filing procedures (if applicable) incidental to the SSCL Disposal having been obtained or completed;
- (h) all internal approvals of SSCL and all third party consents and approvals (if applicable) relating to the SSCL Disposal having been obtained; and
- (i) other SSCL Disposal Conditions Precedent as agreed by the parties to the SSCL Disposal Term Sheet.

If the SSCL Disposal Conditions Precedent are not fulfilled due to the default of the SSCL Purchaser, the SSCL Purchaser shall pay damages to FSL in accordance with the terms of the SSCL Disposal Term Sheet and/or the SSCL Disposal Definitive Transaction Documents. FSL and the Provisional Liquidators are entitled to deduct such damages from the SSCL Disposal Initial Deposit and the interests accrued thereon. The remaining SSCL Disposal Initial Deposit and the interests accrued thereon, the consideration of the SSCL Disposal paid by the SSCL Purchaser (including pre-payment(s), if any) and the interests accrued thereon shall be refunded to the SSCL Purchaser.

If the SSCL Disposal Conditions Precedent are not fulfilled or the SSCL Disposal Completion fails to take place due to the default of FSL, FSL shall pay damages to the SSCL Purchaser in accordance with the terms of the SSCL Disposal Term Sheet and/or the SSCL Disposal Definitive Transaction Documents. The SSCL Disposal Initial Deposit, the consideration of the SSCL Disposal paid by the SSCL Purchaser (including pre-payment(s), if any) and the interests accrued thereon shall be refunded to the SSCL Purchaser.

If the SSCL Disposal Conditions Precedent are not fulfilled or the SSCL Disposal Completion fails to take place due to reason(s) other than the default of the SSCL Purchaser or FSL, or the parties to the SSCL Disposal Term Sheet cannot reach an agreement on the SSCL Disposal Definitive Transaction Documents, the SSCL Disposal Initial Deposit, the consideration of the SSCL Disposal paid by the SSCL Purchaser (including pre-payment(s), if any) and the interests accrued thereon shall be refunded to the SSCL Purchaser.

Completion of the SSCL Disposal : SSCL Disposal Completion shall take place on such date as agreed by the parties to the SSCL Disposal Term Sheet in the SSCL Disposal Definitive Transaction Documents.

On SSCL Disposal Completion, among others,

- (a) FSL shall deliver to a party designated by the SSCL Purchaser documents effecting the release of the charge over the SSCL Interest and the SSCL Disposal; and
- (b) an amount equivalent to the SSCL Secured Obligations shall be released from the SSCL Disposal Escrow Account to the SSCL Secured Creditor.

Right to nominate a director : With effect from SSCL Disposal Completion, subject to the internal approval procedures of SSCL, the SSCL Purchaser shall have the right to nominate a director of SSCL.

Fees and expenses : Each party to the SSCL Disposal Term Sheet shall bear the fees and expenses (including taxes) incurred respectively in relation to the transactions contemplated under the SSCL Disposal Term Sheet.

However, if any of the SSCL Disposal Definitive Transaction Documents is not entered into due to the default of a party to the SSCL Disposal Term Sheet, then such defaulting party to the SSCL Disposal Term Sheet shall pay the fees and expenses incurred by the non-defaulting parties to the SSCL Disposal Term Sheet in relation to the SSCL Disposal, including but not limited to fees payable to professional parties (unless otherwise agreed by the parties to the SSCL Disposal Term Sheet).

- Exclusivity period** : The SSCL Purchaser and the Provisional Liquidators agree that they shall not initiate or continue negotiations or discussions with or furnish any information with respect to the SSCL Disposal to any person or entity other than the SSCL Purchaser prior to the termination of the transactions contemplated under the SSCL Disposal Term Sheet and/or the SSCL Disposal Definitive Transaction Documents (a) in accordance with the terms of the SSCL Disposal Term Sheet and/or the SSCL Disposal Definitive Transaction Documents; or (b) as agreed by the parties to the SSCL Disposal Term Sheet.
- Legal effect** : The SSCL Disposal Term Sheet is legally binding on the parties to the SSCL Disposal Term Sheet, who shall further negotiate and enter into the SSCL Disposal Definitive Transaction Documents based on the terms of the SSCL Disposal Term Sheet.
- Termination of the SSCL Disposal Term Sheet** : The SSCL Disposal Term Sheet shall be terminated upon the earlier of:
- (a) all parties to the SSCL Disposal Term Sheet agreeing to terminate the SSCL Disposal Term Sheet;
 - (b) the effective date of the SSCL Disposal Definitive Transaction Documents; or
 - (c) the SSCL Disposal Conditions Precedent not having been fulfilled and/or waived (where applicable) by 30 April 2021, or such other date as agreed by the parties to the SSCL Disposal Term Sheet in writing.

The SSCL Purchaser is a limited liability company established under the laws of the PRC which principally engaged in the manufacturing of steel products. The SSCL Purchaser and its ultimate beneficial owner, being Mr. Shen Wenrong, are Independent Third Parties and are not Shareholders.

As at the date of this announcement, no SSCL Disposal Definitive Transaction Documents has been entered into by any parties to the SSCL Disposal Term Sheet. Further announcement(s) in respect of the progress of the SSCL Disposal will be made by the Company as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

Proceeds from the SSCL Disposal will be applied towards settling the outstanding liabilities due to (a) the SSCL Secured Creditor and (b) the LC Secured Lender. As such, the Provisional Liquidators have proposed to the LC Secured Lender that FSL's investment or interest in SSCL, interest in the SSCL Disposal and/or the proceeds generated therefrom be excluded from the calculation of the LC Agreed Consideration.

The assignment of the assets of the Licensed Corporations excluded from the calculation of the Core Net Asset Value

The Provisional Liquidators have proposed to the LC Secured Lender that certain assets of the Licensed Corporations comprising (a) the inter-Group current account receivables from the Excluded Subsidiaries; (b) the balance in the client accounts of the Licensed Corporations; (c) FSL's investment/interest in SSCL, interest in the SSCL Disposal and/or the proceeds generated therefrom; (d) all rights and claims of the Licensed Corporations against third parties, and the benefit of all sums to which the Licensed Corporations is entitled from third parties and/or insurers in respect of loss or damage to the Licensed Corporations subsisting 31 July 2020; and (e) all rights regarding certain margin loan receivable of FSL, shall be excluded from the calculation of the LC Agreed Consideration.

Other than (i) the balance in the client accounts of the Licensed Corporations referred to in (b) above which belongs to the clients of the Licensed Corporations; (ii) portion of FSL's investment/interest in SSCL, interest in the SSCL Disposal and/or the proceeds generated therefrom for repayment to the SSCL Secured Creditor to settle all outstanding liabilities owing to the SSCL Secured Creditor by the Company; and (iii) all rights and claims of the Licensed Corporations against third parties, and the benefit of all sums to which the Licensed Corporations is entitled from third parties and/or insurers in respect of loss or damage to the Licensed Corporations subsisting 31 July 2020 for assignment to the immediate holding companies of the Licensed Corporations, all the abovementioned assets shall be assigned for the benefit of the LC Secured Lender upon execution of the LC Shares Discharge Documents by or obtaining the consent for transferring or disposing of the shares of the Retained Subsidiaries from the LC Secured Lender as partial repayment of the Company's outstanding liability under the Facility Agreement.

In light of the above, the Company, the Provisional Liquidators and the Investor entered into the Restructuring Deed to facilitate the uplifting and/or relaxation of the restrictions imposed by the Stock Exchange and the SFC on FSL and FCL and the restructuring of the indebtedness of the Company.

THE RESTRUCTURING DEED

The principal terms of the Restructuring Deed are as follows:

The Restructuring

The Restructuring shall include, among others:

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

Effective Date of the Restructuring Deed

On 2 September 2020, the Provisional Liquidators obtained the sanction of the Court to enter into, among others, the Restructuring Deed.

The Restructuring Deed has taken effect and been legally binding and enforceable since 11 September 2020, being the date on which the Initial Deposit was paid by the Investor to the Designated Account in accordance with the terms of the Restructuring Deed.

Conditions Precedent of the Restructuring

Completion shall be conditional upon the fulfilment of all of the following conditions only:

- (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 ListCo Creditors and the LC Creditors in Scheme Meeting(s); (ii) the Independent Shareholders at an EGM to be held by the Company approving, among others, the transactions contemplated under the Restructuring including the Whitewash Waiver and the Special Deals; and (iii) the Executive granting the Whitewash Waiver and consenting to the Special Deals;
- (d) the discharge of the winding-up petition of the Company and the discharge of the Provisional Liquidators;
- (e) the Listing Committee approving (i) existing Shares to remain listed on the Stock Exchange; and (ii) the listing of, and granting permission to deal in, the new Shares in issue upon Completion and to be issued pursuant to the Restructuring Deed, and such approval not having been subsequently revoked or withdrawn;
- (f) the completion of the Share Premium Cancellation;
- (g) the completion of the Resumption; and
- (h) the completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares.

None of the abovementioned conditions can be waived by any of the parties to the Restructuring Deed. In the event that the Resumption is not approved by the Stock Exchange, completion to the Acquisition shall not be subject to the abovementioned conditions.

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

I. The First Loan Agreement

Date

10 September 2020

Parties

- (a) the Company (*as borrower*)
- (b) the Provisional Liquidators
- (c) the Investor (*as lender*)

Effective Date of the First Loan Agreement

On 2 September 2020, the Provisional Liquidators obtained the sanction of the Court to enter into, among others, the First Loan Agreement. As such, the First Loan Agreement has taken effect and been legally binding and enforceable since 10 September 2020, being the date of execution of the First Loan Agreement.

The First Loan

The Investor shall make available to the Company (a) HK\$161,174,982, being an amount equivalent to the LC Agreed Consideration; and (b) the Top-up Loan Amount (if any).

Purpose of the First Loan

The Company shall apply all proceeds of the First Loan towards the settlement of the outstanding liabilities due to the LC Secured Lender (so as to obtain the executed LC Shares Discharge Documents or consent for transferring or disposing of the shares of the Retained Subsidiaries from the LC Secured Lender and facilitate the uplifting and/or relaxation of the restrictions imposed by the Stock Exchange and the SFC on FSL and FCL) and shall not be used for any other purpose whatsoever without the prior written consent of the Investor.

Initial Drawdown

The Initial Deposit in the amount of HK\$50 million shall constitute as part of the First Loan at the Initial Drawdown.

The Initial Drawdown (less the Initial Deposit) to the Designated Account shall be subject to the fulfilment of the following conditions only:

- (a) the First Loan Agreement having been executed by the Company, the Provisional Liquidators and the Investor;
- (b) the Restructuring Deed having been executed by the Company, the Provisional Liquidators and the Investor;
- (c) the Investor having obtained (or such other entities held by the Investor) the approval to become a substantial shareholder of the Licensed Corporations from the SFC;
- (d) Mr. Pun Hong Hai, a responsible officer of FSL having provided a letter of undertaking to the Investor, confirming and undertaking that he shall remain as a responsible officer of FSL, and shall continue to work at FSL, for an agreed period of time after the Resumption; and

- (e) Mr. Li Chun Kei, a responsible officer of FSL having provided a letter of undertaking to the Investor, confirming and undertaking that he shall remain as a responsible officer of FSL, and shall continue to work at FSL, for an agreed period of time after the Resumption.

None of the abovementioned conditions can be waived by any of the parties to the First Loan Agreement. As at the date of this announcement, the Investor has obtained the approval to become a substantial shareholder of the Licensed Corporations from the SFC, and all of the above conditions have been fulfilled.

As at the date of this announcement, the Investor has deposited the proceeds of the Initial Drawdown (less the Initial Deposit) into the Designated Account.

Further Drawdown

Further to the fulfilment of all the abovementioned conditions for the Initial Drawdown and if, pursuant to the Tax Disputes Determination, the Actual Taxation Liability payable by FSL is less than the Estimated Taxation Liability, the Investor shall top up the Top-up Loan Amount, being an amount equivalent to the difference between the Estimated Taxation Liability and the Actual Taxation Liability, to the First Loan by depositing the Top-up Loan Amount to the Designated Account.

Release of Proceeds of the First Loan

The release of the proceeds of the First Loan (including the Initial Deposit and the Top-up Loan Amount (if any) but less the Retention Money) from the Designated Account to the ListCo Account for repayment to the LC Secured Lender shall be subject to the fulfilment of the following conditions only:

- (a) the LC Secured Lender having provided a letter of undertaking to the Company and the Investor undertaking to, among others, execute and release to the Company and (via the Company) to the Investor the LC Shares Discharge Documents or granting the consent for transferring or disposing of the shares of the Retained Subsidiaries upon receiving the LC Agreed Consideration (less the Retention Money, which shall be stakeheld by the Provisional Liquidators pursuant to the terms of the Restructuring Deed);
- (b) applications having been made to the Courts for leave to convene the Scheme Meeting(s) by the Provisional Liquidators or application having been made to the Grand Court for recognition of the Provisional Liquidators for the purpose of convening the Scheme Meeting(s) by the Provisional Liquidators;

- (c) each of the Secured Creditors having provided a comfort letter stating that it, in principle, supports the ListCo Schemes to be considered in the Scheme Meeting(s);
- (d) 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;
- (e) the Acquisition SPA having been executed by the parties thereto in the form agreed between the Investor and the Provisional Liquidators;
- (f) Mr. Pun Hong Hai and Mr. Li Chun Kei, both responsible officers of FSL having confirmed to the Investor in writing that as at the date of 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, save for those previously disclosed to the Investor in writing and for those arising out of the ordinary course of business of the Licensed Corporations; and
- (g) the passing of resolution approving Special Deal I by the Independent Shareholders in an EGM, and the consent to Special Deal I by the Executive having been obtained.

None of the abovementioned conditions can be waived by any of the parties to the First Loan Agreement. As at the date of this announcement, conditions (b), (d), (e) and (f) above have been fulfilled.

If any New Claims arise during the period between the date of the Management Accounts, being 31 July 2020, to the Cut-Off Date (the “**Period**”), such New Claims shall be settled with the Retention Money. Upon (a) fulfilment of all the abovementioned conditions for the release of the proceeds of the First Loan; (b) the expiration of the Period; and (c) the Provisional Liquidators giving prior written notice to the Investor no less than three (3) Business Days after the Cut-Off Date, the Retention Money (less the amount used for settlement of the New Claims, if any) shall be released from the Designated Account to the ListCo Account within seven (7) Business Days after the Cut-Off Date for repayment to the LC Secured Lender.

All outstanding liabilities of the Company under the First Loan Agreement will be fully discharged either upon (a) completion of the First Loan Conversion in the event that the Resumption is approved by the Stock Exchange; or (b) completion of the Acquisition in the event that the Resumption is not approved by the Stock Exchange by the Long Stop Date. In relation to (b) above, even if the Whitewash Waiver is not granted by the Executive and/or the approval in respect thereof cannot be obtained from the Independent Shareholders and as such the First Loan Conversion does not proceed, the outstanding liabilities of the Company under the First Loan Agreement will be fully settled upon completion of the Acquisition.

Based on the aforementioned, the Provisional Liquidators and the Investor consider that it is not necessary to include the granting of the Whitewash Waiver by the Executive and the approval of the Independent Shareholders in respect thereof as conditions for releasing the proceeds of the First Loan.

First Loan Conversion

In the event that the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor shall convert the First Loan (including the Initial Deposit and the Top-up Loan Amount (if any)) into the First Loan Conversion Shares which, together with the Subscription Shares, shall represent 80% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares. Without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the number of the First Loan Conversion Shares shall be 9,987,877,226 Shares and the conversion price for the First Loan Conversion Shares shall amount to approximately HK\$0.01614 per Share. Upon completion of the First Loan Conversion, all outstanding liabilities of the Company under the First Loan Agreement shall be deemed fully paid and settled and no longer outstanding.

Please refer to the paragraph headed “Completion of the Subscription and the First Loan Conversion” in this announcement for further details of the conditions for the completion of the First Loan Conversion.

Repayment

In the event that the Resumption is not approved by the Stock Exchange by the Long Stop Date, the Company shall, for the purpose of discharging and setting off its obligations to repay all the outstanding liabilities under the First Loan Agreement, procure the transfer of all shareholding interests in the Retained Subsidiaries by their respective immediate holding companies to the Investor or its nominee pursuant to the terms and conditions of the Acquisition SPA. Please refer to the paragraph headed “The Acquisition” in this announcement for further details.

II. The Second Loan Agreement

Date

10 September 2020

Parties

- (a) the Company (*as borrower*)
- (b) the Provisional Liquidators
- (c) the Investor (*as lender*)

Effective Date of the Second Loan Agreement

On 2 September 2020, the Provisional Liquidators obtained the sanction of the Court to enter into, among others, the Second Loan Agreement. As such, the Second Loan Agreement has taken effect and been legally binding and enforceable since 10 September 2020, being the date of execution of the Second Loan Agreement.

The Second Loan

The Investor shall make available to the Company interest-free and unsecured loans of up to HK\$40 million in aggregate.

Purpose of the Second Loan

The proceeds of the Second Loan shall be used as payment for or contribution towards the costs, expenses, fees and charges to be incurred for the proposed Restructuring, with any balance remaining after settling the aforesaid to be used as working capital of the Group.

Drawdown

The Company may drawdown the proceeds of the Second Loan in installments to the Designated Account in accordance with the following drawdown schedule:

Tranche	Amount	Drawdown Date
1	HK\$5 million	Within five (5) Business Days upon signing of the Term Sheet
2	HK\$5 million	Within ten (10) Business Days upon signing of the Restructuring Deed
3	HK\$5 million	Within ten (10) Business Days upon submission of Resumption Proposal to the Stock Exchange
4	HK\$5 million	Within ten (10) Business Days upon notice of ListCo Creditors' meetings for the Cayman Islands ListCo Scheme or Hong Kong ListCo Scheme to be held by the Company having been despatched
5	HK\$5 million	Within ten (10) Business Days upon obtaining approval (whether conditional or unconditional) from the Stock Exchange on the Resumption
6	HK\$15 million	Within ten (10) Business Days upon the Resumption

As at the date of this announcement, the Investor has deposited the first and the second tranches of the Second Loan, being an aggregate amount of HK\$10 million, into the Designated Account. The Company is not subject to any conditions for the release of the proceeds of the Second Loan from the Designated Account to the ListCo Account.

Second Loan Conversion

If the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor may, within the Conversion Period, convert the Second Loan into the Second Loan Conversion Shares which, together with the First Loan Conversion Shares and the Subscription Shares, shall represent approximately 75% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription, the issue of the Scheme Shares, the Placing Down and the Second Loan Conversion. Without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the number of the Second Loan Conversion Shares shall amount to 2,478,766,139 Shares and the conversion price for the Second Loan Conversion Shares shall be approximately HK\$0.01614 per Share. The Second Loan Conversion Shares shall rank pari passu in all respects with the existing Shares in issue at the date of allotment of the Second Loan Conversion Shares.

Completion of the Second Loan Conversion is conditional upon and subject to the satisfaction of the following conditions only:

- (a) the passing of resolutions under specific mandate approving the allotment and issue of the Second Loan Conversion Shares by the Independent Shareholders in an EGM;
- (b) to the extent not waived or consented to by or the requisite approval or ruling not obtained from the relevant regulatory or governmental authorities, compliance by each of the Company, the Provisional Liquidators and the Investor of all applicable Laws and regulations, including but not limited to those under the Listing Rules, the Companies Ordinance and the Laws and regulations of their respective jurisdictions of incorporation;
- (c) all license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction (including the Stock Exchange, SFC or any relevant securities exchange) and whether supranational, national, regional or local or any other person which are required for the Second Loan Conversion and all matters contemplated thereunder having been obtained or made, if any;

- (d) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Second Loan Conversion void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Second Loan Conversion (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company and/or the Investor to proceed with the Second Loan Conversion); and
- (e) the Listing Committee granting the approval for the listing of, and permission to deal in the Second Loan Conversion Shares (with or without conditions), and the Stock Exchange not having withdrawn or revoked such approval.

None of the abovementioned conditions can be waived by any of the parties to the Second Loan Agreement.

Upon completion of the Second Loan Conversion, all outstanding liabilities of the Company under the Second Loan Agreement shall be deemed fully paid and settled and no longer outstanding.

Repayment

In the event that the Resumption is not approved by the Stock Exchange by the Long Stop Date:

- (a) the Second Loan (less the Second Loan Expended Portion) shall be due and payable to the Investor by the Company on demand within fourteen (14) Business Days;
- (b) the Investor shall be entitled to exercise all its rights as an unsecured creditor against the Company in relation to the Second Loan; provided, however, that the Investor agreed and acknowledged that the repayment obligation in respect of the Second Loan shall be borne by the Company solely. The Provisional Liquidators shall not in any way be obliged to repay all or any part of the Second Loan, whether during or after the Completion; and
- (c) the Second Loan Expended Portion shall cease to be repayable to the Investor.

In the event that the Resumption is approved by the Stock Exchange by the Long Stop Date and the Investor does not convert the Second Loan within the Conversion Period:

- (a) the Second Loan (including the Second Loan Expended Portion) shall be due and payable to the Investor by the Company on demand after the lapse of the Conversion Period; and

- (b) the Investor shall be entitled to exercise all its rights as an unsecured creditor against the Company in relation to the Second Loan; provided, however, that the Investor agreed and acknowledged that the repayment obligation in respect of the Second Loan shall be borne by the Company solely. The Provisional Liquidators shall not in any way be obliged to repay all or any part of the Second Loan, whether during or after the Completion.

The Subscription

In the event that the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), the Investor shall inject into the Company the New Subscription Proceeds of HK\$80 million by way of Subscription, subscribing the Subscription Shares which, together with the First Loan Conversion Shares, shall represent 80% of the enlarged issued share capital of the Company upon completion of the Subscription, the First Loan Conversion and the issue of the Scheme Shares. Without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the number of the Subscription Shares shall amount to 4,957,532,278 Shares and the subscription price for the Subscription Shares shall be approximately HK\$0.01614 per Share. The Subscription Shares and the First Loan Conversion Shares shall rank pari passu in all respects with the existing Shares in issue at the date of allotment of the Subscription Shares and the First Loan Conversion Shares.

The New Subscription Proceeds, together with any accrued interest, shall be applied as the Scheme Cash Consideration to discharge the liabilities of the Company under the ListCo Schemes and pay the costs and expenses for the implementation of the ListCo Schemes.

Completion of the Subscription and the First Loan Conversion

Completion of the Subscription and the First Loan Conversion is conditional to the satisfaction of the following conditions only:

- (a) all approvals required to transfer the shares of all Excluded Subsidiaries to entities outside of the Retained Group having been obtained;
- (b) the Company having completed the divestment from and spun off each Excluded Subsidiary and no director or officer or employee of the Company is acting as a director, officer or employee of any Excluded Subsidiary;
- (c) the removal or resignation of the existing directors of each member of the Retained Group and the appointment of the proposed directors of each member of the Retained Group as designated by the Investor with effect from the completion date of the Subscription and the First Loan Conversion;

- (d) the passing of resolutions under specific mandate approving the Subscription and the First Loan Conversion by the Independent Shareholders in an EGM;
- (e) to the extent not waived or consented to by or the requisite approval or ruling not obtained from the relevant regulatory or governmental authorities, compliance by each of the Company, the Provisional Liquidators and the Investor of all applicable Laws and regulations, including but not limited to those under the Listing rules, the Companies Ordinance and the Laws and regulations of their respective jurisdictions of incorporation;
- (f) all license, permit, consent, authorization, permission, clearance, warrant, confirmation, certificate or approval of any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction (including the Stock Exchange, SFC or any relevant securities exchange) and whether supranational, national, regional or local or any other person which are required for the Subscription and the First Loan Conversion and all matters contemplated thereunder having been obtained or made, if any;
- (g) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Subscription or the First Loan Conversion void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Subscription and the First Loan Conversion (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company and/or the Investor to proceed with the Subscription and the First Loan Conversion);
- (h) the passing of the special resolution approving the Whitewash Waiver by the Independent Shareholders in an EGM, and the Whitewash Waiver having been granted by the Executive and such Whitewash Waiver not having been subsequently revoked or withdrawn; and
- (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the Subscription Shares and the First Loan Conversion Shares (with or without conditions), and the Stock Exchange not having withdrawn or revoked such approval.

None of the abovementioned conditions can be waived by any of the parties to the Restructuring Deed. Subject to fulfilment of the above conditions, completion of the Subscription and the First Loan Conversion shall take place simultaneously at such place and on such date as agreed by the Company, the Provisional Liquidators and the Investor in writing, which shall in any event take place on or before the date of the Resumption.

The First Loan Conversion Shares, the Subscription Shares and the Scheme Shares will be allotted and issued simultaneously.

Share Premium Cancellation

The Share Premium Cancellation shall involve the cancellation of the entire amount standing to the credit of the share premium account of the Company of approximately HK\$2.78 billion. The credit arising from the Share Premium Cancellation shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Share Premium Cancellation.

The Resumption

The Company, the Provisional Liquidators and the Investor acknowledged that, as at the date of the Restructuring Deed, the Stock Exchange has set out the following Resumption Guidance, which is subject to modification and/or further guidance given by the Stock Exchange, for the Company:

- (a) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;
- (b) have the winding-up petition(s) withdrawn or dismissed and the Provisional Liquidators discharged;
- (c) inform the market of all material information for the Shareholders and other investors to appraise the Group's position;
- (d) remedy the issues causing the trading suspension of the Company;
- (e) fully comply with the Listing Rules to the Stock Exchange's satisfaction;
- (f) devise the action plan of the Company for Resumption; and
- (g) publish all outstanding financial results and address any audit modification(s).

To facilitate the Resumption, each of the Company, the Provisional Liquidators and the Investor undertakes and agrees to use its best endeavours to procure the compliance with the Resumption Guidance as soon as reasonably practicable, including but not limited to:

- (a) executing and procuring the execution of the Restructuring Documents;
- (b) providing information requested by the Provisional Liquidators to facilitate, among others, the formulation of the Resumption Proposal to be submitted to the Stock Exchange; and
- (c) cooperating fully and reasonably to do such further acts and things and executing any further document that may be necessary or desirable to give full effect to the Restructuring.

The Acquisition

In the event that the Resumption is not approved by the Stock Exchange by the Long Stop Date, the Company shall, for the purpose of discharging and setting off its obligations to repay all the outstanding liabilities under the First Loan Agreement, procure the transfer of all shareholding interests in the Retained Subsidiaries by their respective immediate holding companies to the Investor or its nominee which shall take place in accordance with the terms of the Acquisition SPA at the consideration of HK\$1.00. Upon completion of the Acquisition, the obligation of the Company to repay the Investor all outstanding liabilities under the First Loan Agreement shall be deemed fully discharged.

On 24 September 2020, the Acquisition SPA has been entered into with the Investor in respect of the transfer of all shareholding interests in the Retained Subsidiaries which shall take effect upon (i) the Investor having provided the First Loan to the Company in accordance with the terms of the First Loan Agreement; and (ii) the Resumption Proposal not having been approved by the Stock Exchange by the Long Stop Date.

In the event that the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally), then the Retained Subsidiaries will remain in the Retained Group as subsidiaries of the Company immediately after the First Loan Conversion and the Subscription.

Exclusion of the SSCL Interest

The SSCL Interest does not form part of the Restructuring. In the event that the Resumption is not approved by the Stock Exchange, the SSCL Interest will not form part of the assets to be acquired by the Investor through the Acquisition. In the event that completion of the SSCL Disposal does not occur on or before 30 April 2021 or such other date to be agreed by the Company, the Provisional Liquidators and the Investor in writing, the Provisional Liquidators and the Investor shall negotiate in good faith regarding the arrangement in relation to the SSCL Interest, including but not limited to the potential acquisition of the SSCL Interest by the Investor.

On 10 November 2020, FSL, the Provisional Liquidators, the SSCL Purchaser and the SSCL Secured Creditor entered into the SSCL Disposal Term Sheet. Please refer to the paragraph headed “The SSCL Disposal” in this announcement for further details.

The Schemes

Pursuant to the Restructuring Deed, the debt restructuring of the Group shall be implemented by way of the Schemes. A summary of the Schemes is set out below:

The ListCo Schemes

As at 30 September 2020, approximately HK\$3.73 billion is owed by the Company to the ListCo Creditors.

The principal terms of the ListCo Schemes are as follows:

- (a) all claims of the ListCo Creditors against the Company as at the ListCo Schemes Effective Date will be fully and finally discharged by virtue of the implementation of the ListCo Schemes;
- (b) the Group will undergo the Group Reorganisation, pursuant to which the entire interests of the Excluded Subsidiaries will be transferred to the ListCo Schemes SchemeCo at a nominal value;
- (c) after the ListCo Schemes Effective Date and if and only if the completion of the Subscription having taken place, the New Subscription Proceeds will be injected to the ListCo Schemes as the Scheme Cash Consideration;
- (d) the Scheme Shares, representing approximately 10% of the enlarged issued share capital of the ListCo upon Completion, shall be allotted and issued by the Company to the Scheme Administrators or the ListCo Schemes SchemeCo simultaneously with the allotment and issue of the First Loan Conversion Shares and the Subscription Shares, for the benefit of the ListCo Schemes Creditors; and
- (e) any realisation from the assets of the ListCo Schemes, which shall comprise, among others, (i) the Scheme Shares; (ii) shares in and assets of the Excluded Subsidiaries; and (iii) the Scheme Cash Consideration, shall be applied for distribution to the ListCo Schemes Creditors with ListCo Admitted Claims; and payment of the costs and expenses for the implementation of the ListCo Schemes.

The Other Hong Kong Schemes

The principal terms of the Other Hong Kong Schemes are as follows:

- (a) all claims of the LC Creditors against the Licensed Corporations as at the Other HK Schemes Effective Date will be fully and finally discharged by virtue of the implementation of the Other Hong Kong Schemes;

- (b) after the Other HK Schemes Effective Date having taken place, cash available in the Licensed Corporations equivalent to the amount of liabilities of the Licensed Corporations as of the Other HK Schemes Effective Date will be injected by the Licensed Corporations to the Other Hong Kong Schemes for the settlement of all claims against the Licensed Corporations by the Other HK Schemes Creditors. Based on the Management Accounts, as at 31 July 2020, the amount of liabilities of the Licensed Corporations amounted to approximately HK\$22 million; and
- (c) the Other HK Schemes Creditors shall be entitled to receive dividends from the Other Hong Kong Schemes SchemeCo, which is a special purpose company to be incorporated for the purpose of holding the Other HK Admitted Claims, to settle the Other HK Admitted Claims of the Other HK Schemes Creditors.

Save as cash equivalent to the amount of liabilities of the Licensed Corporations as of the Other HK Schemes Effective Date, no other asset will be held by the Other Hong Kong Schemes SchemeCo.

Effective Date of the Schemes

The Hong Kong Schemes shall become effective on the date when all the conditions set out below are satisfied:

- (a) in respect of the Hong Kong ListCo Scheme:
 - (i) the ListCo Creditors approve the Hong Kong ListCo Scheme at a Scheme Meeting;
 - (ii) the Hong Kong ListCo Scheme is sanctioned by the Court;
 - (iii) a copy of the sealed order sanctioning the Hong Kong ListCo Scheme is registered by the Registrar of Companies in Hong Kong;
 - (iv) the Resumption having been approved by the Stock Exchange (whether conditionally or unconditionally); and
 - (v) the passing of resolution approving Special Deal III by the Independent Shareholders in an EGM, and the consent to Special Deal III by the Executive having been obtained;

- (b) in respect of the Other Hong Kong Schemes:
 - (i) the LC Creditors, if any, approve the Other Hong Kong Schemes at a Scheme Meeting;
 - (ii) the Other Hong Kong Schemes are sanctioned by the Court; and
 - (iii) a copy of the sealed order sanctioning the Other Hong Kong Schemes is registered by the Registrar of Companies in Hong Kong.

The Cayman Islands ListCo Scheme shall become effective on the date when all the conditions set out below are satisfied:

- (a) the ListCo Creditors approve the Cayman Islands ListCo Scheme at a Scheme Meeting;
- (b) the Cayman Islands ListCo Scheme is sanctioned by the Grand Court;
- (c) a copy of the sealed order sanctioning the Cayman Islands ListCo Scheme is delivered to the Registrar of Companies appointed under the Cayman Islands Companies Law for registration; and
- (d) the Resumption having been approved by the Stock Exchange (whether conditionally or unconditionally).

Supervisory Committee

Upon payment of the full amount of the Initial Deposit into the Designated Account and the execution of the Restructuring Deed and the First Loan Agreement, the Company, the Provisional Liquidators and the Investor shall (within five (5) Business Days on written request to that effect made by the Investor) form a Supervisory Committee, comprising not more than three (3) representatives designated by the Investor and not more than three (3) representatives designated by the Provisional Liquidators for the purpose of monitoring, overseeing and supervising the business and financial operations of the Licensed Corporations. None of the members of the Supervisory Committee will be the Shareholders nor the representatives of any of the Shareholders.

As at the date of this announcement, the Supervisory Committee has not been set up as the Investor has not made any written request to this effect.

Exclusivity Period

During the period commencing from the date of the Term Sheet to the 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.

FIRST LOAN CONVERSION SHARES, SUBSCRIPTION SHARES AND SECOND LOAN CONVERSION SHARES

If the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally) and without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the Investor shall convert the First Loan into 9,987,877,226 First Loan Conversion Shares and subscribe 4,957,532,278 Subscription Shares, which together represent 80% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares.

Without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the number of 9,987,877,226 First Loan Conversion Shares represents:

- (a) approximately 534.6% of the existing issued share capital of the Company; and
- (b) approximately 53.5% of the issued share capital of the Company upon completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares.

Without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the number of 4,957,532,278 Subscription Shares represents:

- (a) approximately 265.4% of the existing issued share capital of the Company; and
- (b) approximately 26.5% of the issued share capital of the Company upon completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares.

If the Resumption is approved by the Stock Exchange (whether conditionally or unconditionally) and without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the Investor may, within the Conversion Period, convert the Second Loan into 2,478,766,139 Second Loan Conversion Shares which, together with the First Loan Conversion Shares and the Subscription Shares, shall represent approximately 75% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription, the issue of the Scheme Shares, the Placing Down and the Second Loan Conversion.

Without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the number of 2,478,766,139 Second Loan Conversion Shares represents:

- (a) approximately 132.7% of the existing issued share capital of the Company; and
- (b) approximately 11.7% of the issued share capital of the Company upon completion of the First Loan Conversion, the Subscription, the issue of the Scheme Shares, the Placing Down and the Second Loan Conversion.

Price of the First Loan Conversion Shares, the Subscription Shares and the Second Loan Conversion Shares

Without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme, the conversion price for the First Loan Conversion Shares (the “**First Loan Conversion Price**”), the subscription price for the Subscription Shares (the “**Subscription Price**”) and the conversion price for the Second Loan Conversion Shares (the “**Second Loan Conversion Price**”) shall all be fixed at the same price which shall range from approximately HK\$0.01614 (assuming there is no Further Drawdown of the Top-up Loan Amount) to HK\$0.01661 (assuming there is Further Drawdown of the Top-up Loan Amount and the Top-up Loan Amount equals to the Estimated Taxation Liability) per Share.

The First Loan Conversion Price, the Subscription Price and the Second Loan Conversion Price per Share represent:

- (a) a discount of approximately 82.1% to 81.5% to the closing price of HK\$0.0900 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 83.2% to 82.7% to the average closing price of HK\$0.0958 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (c) a discount of approximately 83.9% to 83.5% to the average closing price of HK\$0.1000 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (d) a discount of approximately 95.16% to 95.01% to the Group’s unaudited net asset value per Share of approximately HK\$0.3331 as at 30 September 2019, based on the unaudited net asset value attributable to Shareholders of approximately HK\$622,326,000 as at 30 September 2019 and 1,868,176,188 Shares in issue as at 30 September 2019; and
- (e) a discount of approximately 98.97% to 98.94% to the Group’s audited net asset value per Share of approximately HK\$1.5666 as at 31 March 2019, based on the audited net asset value attributable to Shareholders of approximately HK\$2,456,710,000 as at 31 March 2019 and 1,568,176,188 Shares in issue as at 31 March 2019.

The First Loan Conversion Price, the Subscription Price and the Second Loan Conversion Price were determined after arm’s length negotiations between the Company and the Investor having regard to the fact that the Provisional Liquidators have been appointed and the prolonged suspension of trading in the Shares on the Stock Exchange, the prevailing market conditions and the prospects of the business operations of the Group.

Fund raising activities of the Company in the past 12 months

The Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the 12 months immediately prior to the date of this announcement.

ILLUSTRATIVE CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, the table below sets out the changes in the Company's shareholding structure, without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming (a) there is no Further Drawdown; and (b) the First Loan Conversion, the Subscription, the issue of the Scheme Shares, the Placing Down and the Second Loan Conversion will take place:

	As at the date of this announcement		Upon the completion of the First Loan Conversion; the Subscription; and the issue of Scheme Shares ²		Upon the completion of the Placing Down		Upon the completion of the Second Loan Conversion within the Conversion Period (if any) ³	
	Shares	%	Shares	%	Shares	%	Shares	%
InterGlobal Trust Limited ¹	300,000,000	16.1	300,000,000	1.6	300,000,000	1.6	300,000,000	1.4
Public Shareholders	1,568,176,188	83.9	1,568,176,188	8.4	1,568,176,188	8.4	1,568,176,188	7.4
Placees	-	-	-	-	1,553,779,629	8.3	1,553,779,629	7.3
Investor and the parties acting in concert with it	-	-	14,945,409,504	80.0 ⁴	13,391,629,875	71.7	15,870,396,014 ^{5,6}	75.0
ListCo Schemes SchemeCo ⁷	-	-	1,868,176,188	10.0	1,868,176,188	10.0	1,868,176,188	8.8
Total	1,868,176,188	100.0	18,681,761,880	100.0	18,681,761,880	100.0	21,160,528,019	100.0

Notes:

1. The ultimate beneficial owner of InterGlobal Trust Limited is Mr. Liang Yahong.
2. The First Loan Conversion Shares, the Subscription Shares and the Scheme Shares will be allotted and issued simultaneously.
3. The Second Loan Conversion (if any) shall take place during the Conversion Period.
4. Pursuant to the Restructuring Deed, under all possible scenarios, the highest percentage of the enlarged issued share capital of the Company to be held by the Investor and the parties acting in concert with it upon the completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares is 80%.

5. For illustrative purpose only, assuming (a) there is no change to the shareholding structuring of the Company after completion of the Placing Down up to the time immediately prior to the Second Loan Conversion; and (b) the conversion of the Second Loan Conversion Shares in full, 2,478,766,139 Second Loan Conversion Shares will be allotted and issued to the Investor.
6. The Investor has undertaken not to exercise the conversion right under the Second Loan Conversion if such right will result in the Company being in breach of the public float requirement as set out in the Listing Rules. For details, please refer to the paragraph headed “Placing Down by the Investor to Maintain Public Float” in this announcement.
7. Shares held by InterGlobal Trust Limited and the ListCo Schemes SchemeCo (which holds the Shares for the benefit of a diverse group of ListCo Schemes Creditors under the ListCo Schemes) and the Shares held by the placees are considered as Shares held by the public for the purpose of fulfilling the minimum public float requirement under the Listing Rules.

As at the date of this announcement, there are 84,532,110 outstanding share options under the Share Option Scheme. Apart from the aforementioned outstanding share options, the Company has no outstanding convertible securities and warrants.

The First Loan Conversion Shares, the Subscription Shares, the Second Loan Conversion Shares and the Scheme Shares will be allotted and issued pursuant to a specific mandate to be obtained upon approval by the Shareholders at the EGM.

Assuming there is no Further Drawdown, the aggregate nominal value of new Shares to be issued, including the First Loan Conversion Shares, the Subscription Shares, the Second Loan Conversion Shares and the Scheme Shares, amounted to approximately HK\$192.9 million.

PLACING DOWN BY THE INVESTOR TO MAINTAIN PUBLIC FLOAT

The Investor has undertaken with the Company and the Provisional Liquidators that, following completion of the Subscription and the First Loan Conversion, it will to the extent required by the Listing Rules and within the time limits permitted by the Stock Exchange but in any event, prior to the Resumption, engage a placing agent independent of the Investor and parties acting in concert with it to sell or otherwise dispose to Independent Third Parties and/or third parties independent of the Investor and its connected persons and not acting in concert with the Investor, its ultimate beneficial owners and their respective parties acting in concert, of such number of Shares as may be required to ensure that the minimum public float as required under the Listing Rules is maintained to permit the continued listing of all issued Shares on the Stock Exchange.

The placing agent will place the required number of Shares to not less than six placees, who will be professional, institutional or other private investors and will procure placees who are Independent Third Parties and/or third parties independent of the Investor and its connected persons and not acting in concert with the Investor, its ultimate beneficial owners and their respective parties acting in concert. It is expected that no individual placee will become a substantial Shareholder immediately after completion of the Placing Down. As such, the relevant number of Shares to be placed will form part of the public float of the Company.

The Investor is not restricted or precluded from exercising the conversion right under the Second Loan Conversion. However, the Investor has undertaken to the Company not to exercise the conversion right under the Second Loan Conversion if such right will result in the Company being in breach of the public float requirement as set out in the Listing Rules. The Investor also agreed and acknowledged that in the event the exercise of the conversion right under the Second Loan Conversion may result in the Company being in breach of the public float requirement under the Listing Rules, the Company shall have the absolute right and discretion to allow or disallow the Second Loan Conversion in order to maintain the public float of the Company.

Save for the Placing Down, the Investor and its ultimate beneficial shareholder do not have any plan, agreement, arrangement, intention or understanding to transfer, charge, pledge or otherwise dispose of any Shares to any other person within 24 months following the Resumption.

REASONS FOR THE ENTERING INTO OF THE RESTRUCTURING DEED

Given the financial situation of the Group and the willingness of the Investor to finance the Group to relieve the indebtedness of the Company and to continue the existing business operations of the Group, the Provisional Liquidators and the executive Director consider that the entering into the Restructuring Deed will facilitate (a) the uplifting and/or relaxation of the restrictions imposed by the Stock Exchange and the SFC on FSL and FCL; and (b) the Company in satisfying the Resumption Guidance set out by the Stock Exchange.

Having considered the factors above, the Provisional Liquidators and the executive Director consider that the terms of the Restructuring Deed are on normal commercial terms that are fair and reasonable and the entering into of the Restructuring Deed is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE INVESTOR

The Investor is a limited liability company incorporated in the British Virgin Islands, which is wholly owned by Divine Artemis Limited and is in turn wholly-owned by Dr. Cheng Chi-Kong. Dr. Cheng is the executive vice-chairman and chief executive officer of New World Development Company Limited; executive director of NWS Holdings Limited, New World Department Store China Limited and Chow Tai Fook Jewellery Group Limited; and a non-executive director of Giordano International Limited and New Century Healthcare Holding Co. Limited, all being listed public companies in Hong Kong.

The Investor is an investment holding special purpose vehicle with no business operation. The sole director of the Investor is Mr. Xu Hao. The Investor is an Independent Third Party and not a Shareholder.

INTENTIONS OF THE INVESTOR REGARDING THE COMPANY

As at the date of this announcement, the Investor confirms that it has no intention to change the existing principal business of the Group nor inject any assets or business into the Group. Notwithstanding, the Company will continue to seek new business opportunities to improve its profitability and business prospects, consolidate or streamline its existing business, enhance its future business development and strengthen its revenue base, and may diversify into other businesses should suitable opportunities arise.

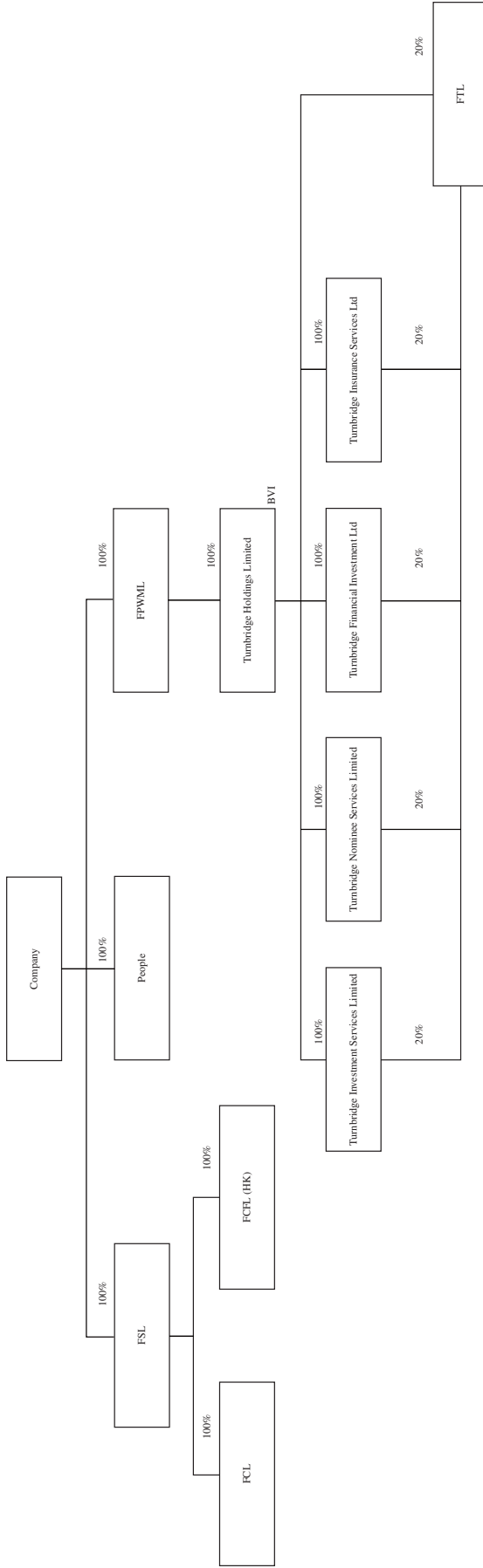
As at the date of this announcement, the Board comprises one executive Director and three independent non-executive Directors. Upon Completion, the Investor proposes to nominate new Directors to strengthen the management of the Group. Further details regarding the proposed Directors will be disclosed as and when appropriate in accordance with the requirements under the Listing Rules and the Takeovers Code.

INFORMATION OF THE GROUP

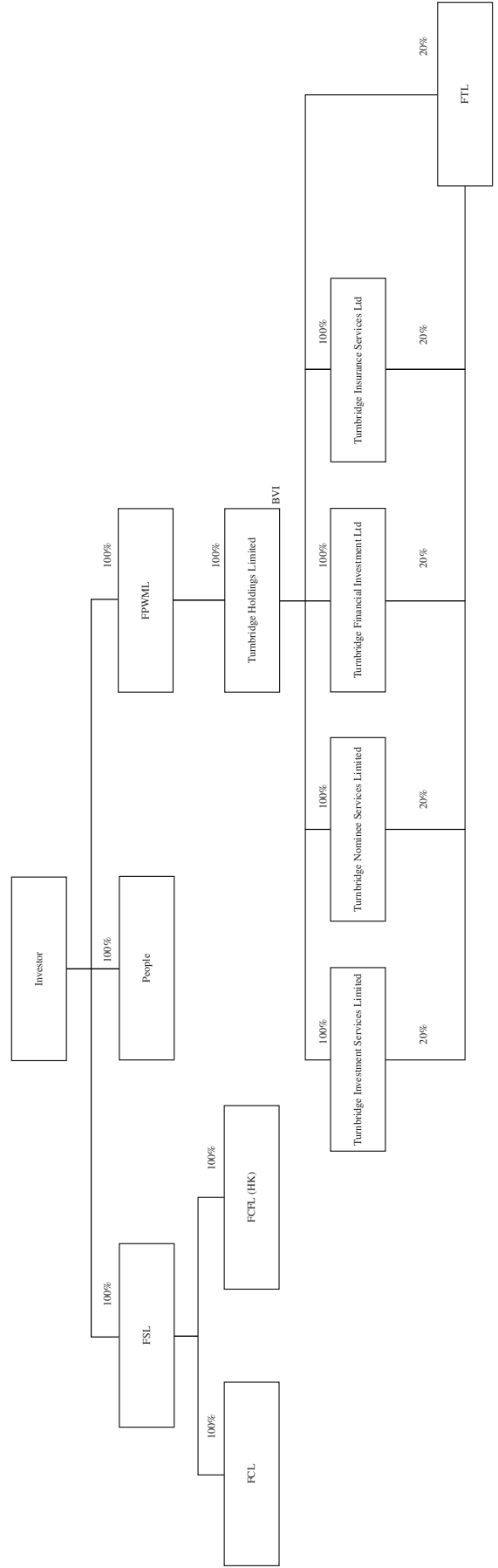
The Group is principally engaged in the financial services sector, including (a) the provision of securities and futures brokerage services, placing, underwriting and margin financing services; (b) the provision of factoring, financial guarantee and finance leasing services; (c) the provision of insurance brokerage and financial planning services; (d) the provision of financing services; (e) trading of securities and futures investment; (f) investment holding; and (g) the provision of corporate finance advisory services.

Corporate Structure of the Group immediately after the completion of the Restructuring

- (1) The following diagram sets forth the shareholding and corporate structure of the Retained Group immediately after the Resumption:



- (2) The following diagram sets forth the shareholding and corporate structure of the Retained Group immediately after the Acquisition in the event that the Resumption is not approved by the Stock Exchange by the Long Stop Date:



IMPLICATIONS UNDER THE TAKEOVERS CODE

Whitewash Waiver

As at the date of the Restructuring Deed and this announcement, the Investor and parties acting in concert with it do not hold any Shares. If the Resumption is approved by the Stock Exchange and the conditions relevant to the First Loan Conversion and the Subscription as set out in the Restructuring Deed are fulfilled, the Investor and parties acting in concert with it will become interested in 80% of the enlarged issued share capital of the Company upon completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares. Without taking into account the Shares which may be issued upon exercise of options which have been granted under the Share Option Scheme and assuming there is no Further Drawdown, the number of the Shares which the Investor and parties acting in concert with it will become interested in pursuant to the First Loan Conversion and the Subscription shall amount to 14,945,409,504 Shares.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Investor and the parties acting in concert with it will be required to make an unconditional mandatory general offer for all the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or agreed to be acquired or held by the Investor and the parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive. In this respect, the Investor will make an application to the Executive under the Takeovers Code for the Whitewash Waiver to relieve them from their obligation to make a mandatory general offer as a result of the completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares, which, if granted, will be subject to, among others, the approval of the Restructuring by more than 50% of the votes cast by the Independent Shareholders by way of poll at the EGM and approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders by way of poll at the EGM.

As the shareholding of the Investor will exceed 50% of the issued share capital of the Company following the completion of the First Loan Conversion, the Subscription and the issue of the Scheme Shares, the Investor may increase its shareholding in the Company through, among others, the Second Loan Conversion, without incurring any further obligation to make a general offer under the Takeovers Code.

Special Deals

Special Deal I

Based on the records available to the Provisional Liquidators, as at the date of this announcement, the ultimate beneficial owner of the LC Secured Lender is indirectly interested in 3,485,294 Shares, representing approximately 0.19% of the issued share capital of the Company.

As the proposed partial settlement of the indebtedness due to the LC Secured Lender through (a) the payment of the LC Agreed Consideration; and (b) the assignment of certain assets of the Licensed Corporations is not extended to all the other Shareholders, such settlement of indebtedness constitutes a special deal under Rule 25 of the Takeovers Code.

Special Deal II

Based on the records available to the Provisional Liquidators, as at the date of this announcement, the ultimate beneficial owner of the SSCL Secured Creditor is indirectly interested in 3,485,294 Shares, representing approximately 0.19% of the issued share capital of the Company.

As the proposed partial settlement of the indebtedness due to the SSCL Secured Creditor and the LC Secured Lender through the payment of the proceeds of the SSCL Disposal is not extended to all the other Shareholders, such settlement of indebtedness constitutes a special deal under Rule 25 of the Takeovers Code.

Special Deal III

As:

- (a) any shortfall amount between the indebtedness due to the LC Secured Lender and the proposed settlement sum under Special Deal I and Special Deal II would be included in and settled by the ListCo Schemes;
- (b) any shortfall amount between the indebtedness due to the SSCL Secured Creditor and the proposed settlement sum under Special Deal II would be included in and settled by the ListCo Schemes;
- (c) based on the records available to the Provisional Liquidators, as at the date of this announcement, Huarong Macau, being one of the ListCo Creditors, is directly interested in 1,649,294 Shares, representing approximately 0.09% of the issued share capital of the Company. In addition, the ultimate beneficial owner of 51% equity interest in Huarong Macau is indirectly interested in 1,836,000 Shares through another subsidiary, namely Coastal Treasure, which, together with its indirect interest in 1,649,294 Shares held by Huarong Macau, represent approximately 0.19% of the issued share capital of the Company; and
- (d) the proposed settlement of the indebtedness due to each of the LC Secured Lender, the SSCL Secured Creditor and Huarong Macau under the ListCo Schemes is not extended to all the other Shareholders,

such settlement of indebtedness constitutes a special deal under Rule 25 of the Takeovers Code.

As such, each of Special Deal I, Special Deal II and Special Deal III requires consent by the Executive. An application will be made to the Executive for the consent to proceed with the Special Deals under Rule 25 of the Takeovers Code. Such consent, if granted, will be subject to (a) an independent financial adviser to the Independent Shareholders publicly stating in its opinion that the respective terms of the Special Deals are fair and reasonable; and (b) approval of the Special Deals by the Independent Shareholders at the EGM, in which the LC Creditors, the ListCo Creditors (including the LC Secured Lender, the SSCL Secured Creditor and Huarong Macau) and their associates and parties acting in concert with any of them, namely Coastal Treasure, who are Shareholders will be required to abstain from voting in respect of the resolutions to approve the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals.

Save as disclosed above, as at the date of this announcement, none of the ListCo Creditors, the LC Creditors and their respective ultimate beneficial owners is a Shareholder.

IMPLICATIONS UNDER THE LISTING RULES

The Disposals

The Disposals may or may not constitute transactions under Chapter 14 of the Listing Rules. Subject to the views of the Stock Exchange, the Company will make further announcements in this regard as and when appropriate in accordance with the Listing Rules.

Specific Mandate

As (a) the First Loan Conversion Shares; (b) the Subscription Shares; (c) the Scheme Shares; and (d) the Second Loan Conversion Shares (if any) will be allotted and issued under the Specific Mandate to be obtained at the EGM, the allotment and issue of such Shares is subject to the Independent Shareholders' approval.

EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among others, the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals.

The Investor, the ListCo Creditors (including the LC Secured Lender, the SSCL Secured Creditor and Huarong Macau), the Scheme Administrators, the ListCo Schemes SchemeCo, the LC Creditors, their associates, and the parties acting in concert with them (including Coastal Treasure), and those (if any) who are involved in or interested in the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver or the Special Deals shall abstain from voting in respect of the resolutions to approve the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals. The passing of the resolution(s) in relation to the Restructuring, the grant of the Specific Mandate and the Special Deals shall require the approval of more than 50% of the votes cast by the Independent Shareholders at the EGM by poll. In addition, the passing of the resolution in relation to the Whitewash Waiver shall require the approval of at least 75% of the votes cast by the Independent Shareholders.

As at the date of this announcement, save for the entering into of the Restructuring Deed, none of the Investor or the parties acting in concert with it:

- (a) holds, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Investor, which might be material to the transactions contemplated under the Restructuring Deed including the First Loan Conversion and the Subscription, the Whitewash Waiver and the Special Deals with any other persons;

- (d) has any agreements or arrangements to which the Investor or any party acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Restructuring Deed including the First Loan Conversion and the Subscription, the Whitewash Waiver or the Special Deals; and
- (e) has received any irrevocable commitment to vote for or against each of the transactions contemplated under the Restructuring Deed including the First Loan Conversion and the Subscription, the Whitewash Waiver (which requires at least 75% of the votes cast by the Independent Shareholders at the EGM) or the Special Deals.

Save as the Special Deals disclosed in this announcement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholder; and (b) either (i) the Investor and any parties acting in concert with it; or (ii) the Company, its subsidiaries or associated companies as at the date of this announcement.

Save for entering into the Restructuring Deed, none of the Investor or parties acting in concert with it has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into any Shares during the six-month period prior to 10 September 2020, being the date the Restructuring Deed was entered into and up to and including the date of this announcement.

As at the date of this announcement, the Provisional Liquidators and the executive Director do not believe that the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Provisional Liquidators and the executive Director will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in respect of, among others, the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals. The Provisional Liquidators and the executive Director note that the Executive may not grant the Whitewash Waiver and consent to the Special Deals if the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals do not comply with other applicable rules and regulations.

CONSENT TO EXCLUDE ALL THE CURRENT INDEPENDENT NON-EXECUTIVE DIRECTORS FROM THE RESPONSIBILITY STATEMENT

Pursuant to Rule 9.3 of the Takeovers Codes, all documents issued by the Company in relation to the Restructuring, the Whitewash Waiver and the Special Deals should state that all Directors jointly and severally accept full responsibility for the accuracy of information contained in the document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the document have been arrived at after due and careful consideration and there are no other facts not contained in the document, the omission of which would make any statement in the document misleading.

As at the date of this announcement, the Board comprises (a) one executive Director, Mr. Yau Pak Yue, who was appointed by the Provisional Liquidators as the executive Director and authorised by the Provisional Liquidators to assist the Provisional Liquidators in performing their functions, including carry out the Restructuring; and (b) three independent non-executive Directors who were appointed prior to the appointment of the Provisional Liquidators.

Since the appointment of the Provisional Liquidators by the Court on 28 February 2020, (a) the powers of the Directors have been transferred to and assumed by the Provisional Liquidators; (b) the Provisional Liquidators have the power to authorise any Director as they think fit to assist them in managing the affairs of the Company and carrying out the Restructuring and only the executive Director, Mr. Yau, has been so authorised; and (c) no current independent non-executive Directors has been involved in any affairs of the Company or the Restructuring.

Given the above, the Provisional Liquidators have applied to the Executive, and the Executive has granted consent pursuant to Rule 9.4 of the Takeovers Code to exclude all the current independent non-executive Directors from the responsibility statement given in all documents issued or to be issued by the Company in relation to the Restructuring including the Whitewash Waiver and the Special Deals.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

As no current independent non-executive Directors has been involved in any affairs of the Company or the Restructuring, an independent board committee cannot be formed to make recommendations to the Independent Shareholders in respect of voting on the resolutions to approve the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals at the EGM. As such, it is contemplated that the Company will appoint an independent financial adviser to advise the Independent Shareholders in this regard in accordance with the requirements under the Listing Rules and the Takeovers Code. Further announcement(s) will be made by the Company upon the appointment of the independent financial adviser.

GENERAL

The Company will submit an application for the listing of, and permission to deal in (a) the First Loan Conversion Shares; (b) the Subscription Shares; (c) the Scheme Shares; and (d) the Second Loan Conversion Shares (if any).

Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to the Shareholders a circular containing, among others, details of (a) the Restructuring Deed, which includes, among others, (i) the provision of the First Loan and the Second Loan by the Investor; (ii) the Subscription; (iii) the Share Premium Cancellation; (iv) the Resumption; (v) if the Resumption is not approved by the Stock Exchange, the Acquisition; and (vi) the Schemes; (b) the Specific Mandate; (c) the Whitewash Waiver; (d) the Special Deals; (e) the letter from the independent financial adviser to the Independent Shareholders; and (f) a notice of the EGM within 21 days from the date of this announcement, that is, on or before 8 December 2020.

As more time is required for finalisation of certain information in the circular, including financial information and the letter from the independent financial adviser to the Independent Shareholders, an application will be made to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code and to grant consent for an extension of time for the despatch of the circular by no later than 31 March 2021. Further announcement(s) will be made by the Company in this regard as and when appropriate.

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 the Shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

Shareholders and potential investors should note that the implementation of the transactions contemplated under the Restructuring Deed are subject to a number of conditions precedent being fulfilled or waived, as applicable, and Completion is subject to such conditions being fulfilled. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The release of this announcement is not an indication that (a) the transactions contemplated under the Restructuring Deed will be implemented and/or completed, or (b) the Resumption has been or will be approved, or (c) trading of the Shares will be resumed, or (d) the approval for the listing of the First Loan Conversion Shares, the Subscription Shares, the Scheme Shares and the Second Loan Conversion Shares (if any) will be granted, or (e) the conditions precedent to the Restructuring pursuant to the Restructuring Deed have been or will be fulfilled, or (f) Completion will take place. Trading of the Shares has been suspended since 28 February 2020 and will remain suspended until further notice.

The Company is preparing a viable Resumption Proposal and will keep the Shareholders and investors informed of the latest developments by making further announcements as and when appropriate.

DEFINITIONS

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

“Acquisition”	the acquisition of 100% shareholdings of the Retained Subsidiaries
“Acquisition SPA”	the sale and purchase agreement entered into in respect of the Acquisition on 24 September 2020 which shall take effect if among others, the Resumption is not approved by the Stock Exchange by the Long Stop Date (as amended and supplemented by a supplemental agreement dated 17 November 2020)
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Actual Taxation Liability”	the actual liability payable by FSL pursuant to the Tax Disputes Determination
“Adjudicator(s)”	such person(s) with experience in the adjudication of creditors’ claims in a liquidation as the Scheme Administrators shall nominate in their absolute discretion
“AUL”	Ambition Union Limited, a company incorporated in the British Virgin Islands, the holder of the entire issued share capital of FUIL and an indirect wholly-owned subsidiary of the Company

“AUL Mortgaged Shares”	20,000,000 shares in AUL, representing the entire issued share capital of AUL, which have been mortgaged to the LC Secured Lender pursuant to the Share Mortgage
“Business Day(s)”	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.)
“Cayman Islands ListCo Scheme”	the scheme of arrangement entered into between the Company and the ListCo Creditors with, or subject to, any modification, addition or conditions approved or imposed by the Grand Court
“Coastal Treasure”	Coastal Treasure Limited, a company incorporated in the British Virgin Islands with limited liability, who is a Shareholder, and its ultimate beneficial owner is China Huarong Asset Management Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2799)
“Companies Law”	the Companies Law (2020 Revision) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
“Company”	Freeman FinTech Corporation Limited (Provisional Liquidators Appointed) (Stock Code: 279), a company incorporated in the Cayman Islands with limited liabilities whose shares are listed on the Stock Exchange
“Completion”	completion of the proposed Restructuring
“Conversion Period”	the period commencing from the date falling on the first (1st) anniversary of the date of Resumption and up to and inclusive of the date falling on the third (3rd) anniversary of the date of Resumption
“Convertible Bonds”	the secured convertible bonds created and constituted by the Convertible Bonds Instrument and any deed poll supplemental thereto and issued with the benefit of and subject to the provision of the Convertible Bonds Instrument in principal amount of HK\$437,000,000

“Convertible Bonds Instrument”	the instrument by way of deed poll dated 24 August 2017 executed by the Company creating and constituting the Convertible Bonds
“Core Net Asset Value”	HK\$148,640,890, being the adjusted net asset value of the Licensed Corporations as at 31 July 2020 as stated in the Management Accounts and reviewed by the Investor for due diligence purpose, which has excluded, among others, (a) the inter-Group current account receivable from the Excluded Subsidiaries; (b) FSL’s investment or interest in SSCL, interest in the SSCL Disposal and/or the proceeds generated therefrom; (c) the balance in the client accounts of the Licensed Corporations; (d) all rights and claims of the Licensed Corporations against third parties, and the benefit of all sums to which the Licensed Corporations is entitled from third parties and/or insurers in respect of loss or damage to the Licensed Corporations subsisting 31 July 2020; (e) the Estimated Taxation Liability; and (f) all rights regarding certain margin loan receivable of FSL
“Court”	the High Court of Hong Kong
“Courts”	the Court and the Grand Court
“Cut-Off Date”	the date to be determined by the Scheme Administrators by which the ListCo Schemes Creditors and Other HK Schemes Creditors must deliver a notice of claim for dividend purposes to the Scheme Administrators
“Designated Account”	a current account designated by the Provisional Liquidators
“Director(s)”	director(s) of the Company
"Disposals"	the SSCL Disposal, the transfer of the Excluded Subsidiaries to the ListCo Scheme and, if the Resumption is not approved by the Stock Exchange, the transfer of the Retained Subsidiaries to the Investor pursuant to the Acquisition SPA
“DUL”	Dynastic Union Limited, a company incorporated in the British Virgin Islands, the holder of the entire issued share capital of, among others, FSL, and an indirect wholly-owned subsidiary of the Company
“DUL Mortgaged Share”	one share in DUL, representing the entire issued share capital of DUL, which has been mortgaged to the LC Secured Lender pursuant to the Share Mortgage

“EGM”	extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, among others, approve all the resolutions of the Company necessary or appropriate in relation to the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver and the Special Deals
“Encumbrance”	any mortgage, charge (whether fixed or floating), pledge, lien, right of forfeiture, hypothecation, assignment, security interest securing or conferring any right of priority of payment in respect of, any obligation of any person, any arrangement whereby any rights are subordinated to any rights of any third party, any contractual rights of set-off; and the interest of a vendor or lessor under any conditional sale agreement, lease, hire purchase agreement or other title retention arrangement other than an interest in a lease or hire purchase agreement which arose in the ordinary course of business
“Estimated Taxation Liability”	HK\$7,087,607, being the estimated liability payable by FSL due to the Tax Disputes
“Excluded Subsidiaries”	the subsidiaries of the Company (other than the Retained Subsidiaries) to be transferred to the ListCo Schemes
“Executive”	the executive director of the Corporate Finance Division of the SFC or any of its delegates
“Facility Agreement”	the facility agreement dated 14 March 2017 entered into between Shiny Solar as the lender and the Company as the borrower in respect of a loan of US\$90,000,000, as amended from time to time
“FCFL(BVI)”	Freeman Corporate Finance Limited, a company incorporated in the British Virgin Islands and the holder of the entire issued share capital of FCFL(HK)
“FCFL(HK)”	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

“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
“FFIC”	Freeman Financial Investment Corporation, a company incorporated in the Cayman Islands, the holder of the entire issued share capital of Freeman Corporation and a direct wholly-owned subsidiary of the Company
“First Court Order”	the order dated 28 February 2020 made by the Court appointing the Provisional Liquidators with power to act jointly and severally
“First Loan”	a non-interest-bearing loan to be provided by the Investor to the Company in the amount of (a) HK\$161,174,982, being an amount equivalent to the LC Agreed Consideration; and (b) the Top-up Loan Amount (if any)
“First Loan Agreement”	the loan agreement entered into among the Company, the Investor and the Provisional Liquidators on 10 September 2020 in respect of the First Loan (as amended and supplemented by a supplemental deed dated 17 November 2020)
“First Loan Conversion”	the conversion of the First Loan (including the Initial Deposit and the Top-up Loan Amount (if any)) into the First Loan Conversion Shares
“First Loan Conversion Shares”	Shares to be converted by the Investor under the First Loan Conversion in accordance with the First Loan Agreement
“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
“Freeman Corporation”	Freeman Corporation Limited, a company incorporated in the Cayman Islands, the holder of approximately 24% of the issued shares of AUL and an indirect wholly-owned subsidiary of the Company

“Freeman Corporation Mortgaged Shares”	760,849,120 shares in Freeman Corporation, representing the entire issued share capital of Freeman Corporation, which have been mortgaged to the LC Secured Lender pursuant to the Share Mortgage
“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
“FTL”	Freeman Trustee Limited, a company incorporated in Hong Kong which is registered as a trust company under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and an indirect wholly-owned subsidiary of FPWML
“FU Securities”	FU Securities Limited, a company incorporated in the British Virgin Islands and the holder of the entire issued share capital of People
“FUIL”	Freeman United Investments Limited, a company incorporated in Hong Kong, the holder of approximately 76% of the issued shares of AUL, and the holder of the entire issued share capital of, among others, DUL, HFSL and FCFL (BVI)
“FUIL Mortgaged Share”	one share in FUIL, representing the entire issued share capital of FUIL, which has been mortgaged to the LC Secured Lender pursuant to the Share Mortgage
“Further Drawdown”	further drawdown of the Top-up Loan Amount by the Company in accordance with the First Loan Agreement
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“Group Reorganisation”	the transfer of the entire interests of the Excluded Subsidiaries which were directly or indirectly held by the Company to the ListCo Schemes SchemeCo at a nominal value, and proceeds from realisation of any assets of the Excluded Subsidiaries will be distributed for the benefit of the ListCo Schemes Creditors under the ListCo Schemes

“HFSL”	Harvest Financial Services Limited, a company incorporated in the British Virgin Islands and the holder of the entire issued share capital of FPWML
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HoldingCos Mortgaged Shares”	the Freeman Corporation Mortgaged Shares, the AUL Mortgaged Shares, the FUIL Mortgaged Share and the DUL Mortgaged Share
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Hong Kong ListCo Scheme”	the scheme of arrangement entered into between the Company and the ListCo Creditors, with, or subject to, any modification, addition or conditions approved or imposed by the Court
“Hong Kong Schemes”	the Hong Kong ListCo Scheme and the Other Hong Kong Schemes
“Huarong Macau”	China Huarong Macau (HK) Investment Holdings Limited, a company incorporated under the laws of Hong Kong, who is one of the ListCo Creditors and a Shareholder, and its ultimate beneficial owner is China Huarong Asset Management Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2799)
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Independent Shareholders”	Shareholders other than: (a) the Investor and parties acting in concert with it; and (b) those Shareholders who are interested or involved in, the Restructuring Deed and the transactions contemplated thereunder, the grant of the Specific Mandate, the Whitewash Waiver or the Special Deals, including the LC Creditors, the ListCo Creditors (including the LC Secured Lender, the SSCL Secured Creditor and Huarong Macau) and their associates and parties acting in concert with any of them, namely Coastal Treasure

“Initial Deposit”	HK\$50 million which the Investor has to pay to the Designated Account within four (4) weeks upon signing of the Term Sheet on 13 August 2020; and has been paid by the Investor to the Designated Account on 11 September 2020
“Initial Drawdown”	the drawdown of the First Loan (excluding the Top-up Loan Amount) by the Company in accordance with the terms of the First Loan Agreement
“Inland Revenue Department”	the Inland Revenue Department of Hong Kong
“Investor”	Radiant Alliance Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Divine Artemis Limited and is in turn wholly-owned by Dr. Cheng Chi-Kong
“Last Trading Day”	28 February 2020, being the last trading day immediately before the suspension of trading in the Shares
“Laws”	any national, federal, state, local statute, law (including common law), ordinance, regulation, rule, code, injunction, judgment, decree, or order of any federal, national or local government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of Hong Kong, the British Virgin Islands, the Cayman Islands or any other relevant jurisdiction, including but not limited to the First Court Order and the Second Court Order
“LC Agreed Consideration”	HK\$161,174,982, being the aggregate of (a) the Core Net Asset Value, being HK\$148,640,890; (b) a premium of HK\$10 million; and (c) 50% of the Management Compensation, being HK\$2,534,092
“LC Creditors”	all creditors of the Licensed Corporations

“LC Secured Lender”	Pure Virtue Enterprises Limited, a company incorporated under the laws of the British Virgin Islands and one of the Secured Creditors pursuant to (a) the Facility Agreement; (b) the Share Mortgage; and (c) the deed of assignment dated 30 December 2019 entered into between Shiny Solar and LC Secured Lender, whereby Shiny Solar had assigned absolutely to LC Secured Lender all of its rights, title, benefits, payment, entitlements, privileges and interests under or in respect of all transaction documents in relation to the debt portfolios under the Facility Agreement, and its ultimate beneficial owner is China Huarong Asset Management Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2799)
“LC Shares”	the entirety of the issued shareholdings or capitals respectively of and in the Licensed Corporations
“LC Shares Discharge Documents”	all documents necessary or desirable to effect and secure a full and absolute release and discharge by the LC Secured Lender of the security interests it has over the HoldingCos Mortgaged Shares whether pursuant to the Facility Agreement or otherwise, such that upon Completion, the Investor shall, whether directly or indirectly (via the Company in the case of there being a successful and completed Restructuring), take up, hold and enjoy the LC Shares free from any Encumbrance
“Licensed Corporations”	FCL, FCFL(HK), FPWML, FSL and People, each of them being a corporation licensed under the SFO and/or the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong)
“ListCo Account”	a current account designated by the Company
“ListCo Admitted Claims”	unsecured claims (other than a Preferential Claim) or secured claims against the Company only to the extent of the unsecured portion which is admitted in the ListCo Schemes by the Scheme Administrators or the Adjudicator in accordance with the terms of the ListCo Schemes
“ListCo Creditors”	all Unsecured Creditors and Secured Creditors

“ListCo Schemes”	the Cayman Islands ListCo Scheme and the Hong Kong ListCo Scheme
“ListCo Schemes Creditors”	all ListCo Creditors with ListCo Admitted Claims
“ListCo Schemes Effective Date”	the date on which the ListCo Schemes take effect in accordance with their terms which will be the date on which all of the conditions precedent to the ListCo Schemes set out in the Restructuring Deed are satisfied or otherwise waived
“ListCo Schemes SchemeCo”	a special purpose company incorporated in Hong Kong (or other jurisdiction agreed by the Company, the Provisional Liquidators and the Investor) to be held by the Provisional Liquidators for the purpose of holding the ListCo Admitted Claims pursuant to the ListCo Schemes
“ListCo Schemes SchemeCo Account”	a trust account in respect of the ListCo Schemes to be controlled by the Scheme Administrators
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	the First Loan Agreement and the Second Loan Agreement
“Long Stop Date”	30 June 2021 or such other date as agreed to by the Investor and the Provisional Liquidators in writing
“Management Accounts”	the management accounts of the Licensed Corporations as at 31 July 2020
“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 Claims”	any outstanding liabilities (whether existing or contingent) owed by the Licensed Corporations to any other party which (a) are admitted in the Other Hong Kong Schemes by the Scheme Administrators or the Adjudicator in accordance with the terms of the Other Hong Kong Schemes; and (b) have not been reflected and referred to in the Management Accounts but excluding (only) outstanding liabilities arising out of the ordinary course of business of the Licensed Corporations after the date of the Management Accounts
“New Subscription Proceeds”	HK\$80 million
“Other HK Admitted Claims”	unsecured claims (other than a Preferential Claim) or secured claims against the Licensed Corporations only to the extent of the unsecured portion which is admitted in the Other Hong Kong Schemes by the Scheme Administrators or the Adjudicator in accordance with the terms of the Other Hong Kong Schemes
“Other HK Schemes Creditors”	all LC Creditors with Other HK Admitted Claims
“Other HK Schemes Effective Date”	the date on which the Other Hong Kong Schemes take effect in accordance with their terms which will be the date on which all of the conditions precedent relevant to such schemes set out in the Restructuring Deed are satisfied or otherwise waived
“Other Hong Kong Schemes”	(a) the scheme of arrangement entered into between FSL and the creditors of FSL; (b) the scheme of arrangement entered into between FCL and the creditors of FCL; (c) the scheme of arrangement entered into between FCFL(HK) and the creditors of FCFL(HK); (d) the scheme of arrangement entered into between FPWML and the creditors of FPWML; and (e) the scheme of arrangement entered into between People and the creditors of People, with or subject to, any modification, addition or conditions approved or imposed by the Court
“Other Hong Kong Schemes SchemeCo”	a special purpose company to be incorporated in Hong Kong (or other jurisdictions agreed by the parties to the Restructuring Deed) to be held by the Provisional Liquidators for the purpose of holding the Other HK Admitted Claims pursuant to the Other Hong Kong Schemes

“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 general and long term business (including linked long term business) in Hong Kong, and an indirect wholly-owned subsidiary of the Company
“Petitioner”	Prosper Talent Limited, which filed a petition to the Court to wind up the Company on 10 May 2019, being one of the Secured Creditors which has share charges and share mortgages (as security for the secured guaranteed convertible note issued to it by the Company dated 24 October 2018) over, among others, (a) all the issued shares in Elffey International Trading Co., Limited, an indirect wholly-owned subsidiary of the Company; (b) at least 1,440,000 issued shares in Wins Finance Holdings Inc., an indirect non-wholly owned subsidiary of the Company; and (c) at least 900,000,000 issued Shares, representing approximately 5.7% of the entire issued share capital of the Company as at 31 October 2018, and its ultimate beneficial owner is Central Huijin Investment Ltd., a state-owned enterprise incorporated in the PRC
“Placing Down”	the proposed placing of Shares owned by the Investor to ensure that the minimum public float is maintained by the Company as required under the Listing Rules
“PRC”	the People’s Republic of China
“Preferential Claim”	any claim by a ListCo Creditor which payment would constitute a preferential payment in the winding-up of the Company pursuant to section 265 of Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)
“Preferential Creditors”	creditors with a Preferential Claim
“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

“Restructuring”	the restructuring of the indebtedness of the Group which includes, among others, (a) the provision of the First Loan and the Second Loan by the Investor; (b) the Subscription; (c) the Share Premium Cancellation; (d) the Resumption; (e) if the Resumption is not approved by the Stock Exchange, the Acquisition; and (f) the Schemes as provided in the Restructuring Deed
“Restructuring Deed”	the restructuring deed dated 10 September 2020 entered into among the Company, the Provisional Liquidators and the Investor (as amended and supplemented by a supplemental deed dated 17 November 2020) detailing the terms and conditions in relation to the Restructuring
“Restructuring Documents”	the Restructuring Deed, the Loan Agreements, the Acquisition SPA, the Scheme Documents and such other documents as the Provisional Liquidators and the Investor may agree to designate as a Restructuring Document
“Resumption”	resumption of trading in the Shares on the Stock Exchange
“Resumption Guidance”	the resumption guidance for the Company issued by the Stock Exchange as set out in the announcements of the Company dated 19 March 2020 and 2 July 2020
“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 upon Resumption or completion of the First Loan Conversion and the Subscription
“Retained Subsidiaries”	the subsidiaries of the Company to be remained in the Group after the Resumption or completion of the First Loan Conversion and the Subscription, being the Licensed Corporations, FTL and the Turnbridge Companies
“Retention Money”	a portion of the First Loan, being HK\$5 million to be held as retention money by the Provisional Liquidators in the Designated Account

“Schemes”	the Hong Kong Schemes and the Cayman Islands ListCo Scheme
“Scheme Administrators”	the Provisional Liquidators in their capacity as scheme administrators of the Schemes
“Scheme Cash Consideration”	HK\$80 million, being equivalent to the amount of the New Subscription Proceeds, or such other amount allocated by the Provisional Liquidators and agreed with the Investor pursuant to the terms of the ListCo Schemes
“Scheme Documents”	all documents required in connection with the Schemes, including but not limited to documents to be submitted to the Courts and the Scheme document(s) to be despatched to the ListCo Creditors and Other HK Schemes Creditors
“Scheme Meeting(s)”	the creditors’ meeting(s) to be convened by the orders of the Courts in relation to the Schemes
“Scheme Shares”	the number of Shares which represents approximately 10% of the enlarged issued share capital of the Company upon Completion, to be allotted and issued by the Company to the ListCo Schemes SchemeCo or the Scheme Administrators for the benefit of the ListCo Schemes Creditors
“Second Court Order”	the order dated 26 March 2020 made by the Court extending the powers of the Provisional Liquidators under the First Court Order
“Second Loan”	interest-free and unsecured loans of up to HK\$40 million in aggregate provided and to be provided by the Investor to the Company
“Second Loan Agreement”	the loan agreement entered into among the Company, the Provisional Liquidators and the Investor on 10 September 2020 in respect of the Second Loan (as amended and supplemented by a supplemental deed dated 17 November 2020)
“Second Loan Conversion”	the conversion of the Second Loan into the Second Loan Conversion Shares

“Second Loan Conversion Shares”	Shares to be converted by the Investor under the Second Loan Conversion in accordance with the Second Loan Agreement
“Second Loan Expended Portion”	the portion of the proceeds of the Second Loan advanced by the Investor that has been expended by the Provisional Liquidators and/or the Company in implementing the Schemes and/or for the purpose of the Restructuring
“Secured Creditors”	the secured creditors of the Company, including but not limited to the LC Secured Lender, the SSCL Secured Creditor and the Petitioner
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Charge Agreement”	the share charge agreement over the SSCL Interest dated 25 August 2017 entered into between FSL and the SSCL Secured Creditor
“Share Mortgage”	the security agreement over the HoldingCos Mortgaged Shares dated 14 March 2017 entered into by, among others, FFIC, Freeman Corporation, AUL and FUIL in favour of Shinny Solar
“Share Option Scheme”	the share option scheme of the Company adopted by resolution of the Shareholders on 31 August 2012
“Share Premium Cancellation”	the cancellation of the entire amount standing to the credit of the share premium account of the Company of approximately HK\$2.78 billion in a manner as permitted by the Companies Law and other applicable Laws
“Shinny Solar”	Shinny Solar Limited, a company incorporated in the British Virgin Islands, the lender under the Facility Agreement and the original mortgagor under the Share Mortgage, and its ultimate beneficial owner is China Huarong Asset Management Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2799)

“Special Deal I”	the proposed partial settlement of the indebtedness due to the LC Secured Lender, which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code
“Special Deal II”	the proposed partial settlement of the indebtedness due to the SSCL Secured Creditor and the LC Secured Lender, which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code
“Special Deal III”	the proposed settlement of the indebtedness due to each of the LC Secured Lender, the SSCL Secured Creditor and Huarong Macau under the ListCo Schemes, which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code
“Special Deals”	together, Special Deal I, Special Deal II and Special Deal III, and where the context requires, can mean either one of them
"Specific Mandate"	the specific mandate for the allotment and issue of (a) the First Loan Conversion Shares; (b) the Subscription Shares; (c) the Scheme Shares; and (d) the Second Loan Conversion Shares (if any), which is subject to approval by the Independent Shareholders at the EGM
“SSCL”	Shengang Securities Company Limited, a joint stock company established in the PRC with limited liability, approximately 12.17% shareholding interest of which is held by FSL
“SSCL Disposal”	the disposal of the SSCL Interest by FSL
“SSCL Disposal Completion”	completion of the SSCL Disposal in accordance with the SSCL Disposal Term Sheet and the SSCL Disposal Definitive Transaction Documents (where applicable)
“SSCL Disposal Conditions Precedent”	the conditions for SSCL Disposal Completion as set forth in the SSCL Disposal Term Sheet and/or the SSCL Disposal Definitive Transaction Documents
“SSCL Disposal Definitive Transaction Documents”	the formal agreement for the sale and purchase of the SSCL Interest and other relevant transaction documents, if executed by the parties to the SSCL Disposal Term Sheet
“SSCL Disposal Escrow Account”	the account maintained in accordance with the terms of the SSCL Disposal Escrow Agreement

“SSCL Disposal Escrow Agreement”	the escrow agreement to be entered into by the SSCL Purchaser, FSL, the SSCL Secured Creditor and the Hong Kong branch of Shanghai Pudong Development Bank Co., Ltd.
“SSCL Disposal Initial Deposit”	the deposit of RMB90,000,000 paid by the SSCL Purchaser to the Provisional Liquidators on 20 May 2020 for the SSCL Disposal
“SSCL Disposal Term Sheet”	the legally binding term sheet dated 10 November 2020 entered into among FSL, the Provisional Liquidators, the SSCL Purchaser and the SSCL Secured Creditor in relation to the SSCL Disposal
“SSCL Interest”	525,000,000 issued shares in SSCL, representing approximately 12.17% shareholding interest in SSCL currently held by FSL
“SSCL Purchaser”	Jiangsu Shagang Group Company Limited* (江蘇沙鋼集團有限公司), a company established under the laws of the PRC with limited liability
“SSCL Secured Creditor”	Cheery Plus Limited, a company incorporated in the British Virgin Islands with limited liability, and its ultimate beneficial owner is China Huarong Asset Management Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2799)
“SSCL Secured Obligations”	all moneys, liabilities and obligations at any time due, owing or payable to the SSCL Secured Creditor by the Company under or pursuant to the Convertible Bonds, the relevant transaction documents or any of them, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription for new Shares after the Share Premium Cancellation becoming effective
“Subscription Shares”	Shares to be subscribed by the Investor under the Subscription

“Supervisory Committee”	the supervisory committee to be set up in accordance with the terms of the Restructuring Deed
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Tax Disputes”	the disputes between FSL and the Inland Revenue Department regarding (a) gain from disposal of the stock of a company for the year of assessment 2015/16; and (b) the management fee paid to a company for the years of assessment 2014/2015 and 2015/2016
“Tax Disputes Determination”	the final and non-appealable determination issued by the Inland Revenue Department regarding the Tax Disputes, which is expected to be issued by June 2021
“Term Sheet”	the term sheet dated 13 August 2020 entered into among the Investor, the Company and the Provisional Liquidators setting out the key commercial terms of the Restructuring
“Top-up Loan Amount”	an amount that the Investor shall top up to the First Loan, which is equivalent to the difference between the Estimated Taxation Liability and the Actual Taxation Liability, if, pursuant to the Tax Disputes Determination, the Actual Taxation Liability is less than the Estimated Taxation Liability
“Turnbridge Companies”	Turnbridge Holdings Limited, Turnbridge Investment Services Limited, Turnbridge Nominee Services Limited, Turnbridge Financial Investment Ltd and Turnbridge Insurance Services Ltd and each of them is a special purpose vehicle with no business operation incorporated by the Company for the sole purpose of holding the shares in FTL upon Completion
“Unsecured Creditors”	all unsecured creditors (other than the Preferential Creditors) of the Company
“US\$”	United States dollars, the lawful currency of the United States

“Whitewash Waiver”

a waiver of the obligation of the Investor to make a mandatory general offer for all the Shares not already owned or agreed to be issued and allotted to the Investor or parties acting in concert with it as a result of the First Loan Conversion and the Subscription pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code

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, 17 November 2020

As at the date of this announcement, the Board comprises Mr. Yau Pak Yue as executive Director, and Mr. An Dong, Mr. Fung Tze Wa and Mr. Wu Keli as independent non-executive Directors.

The executive Director and the Provisional Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Investor) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the sole director and the ultimate beneficial owner of the Investor) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

The sole director of the Investor, Mr. Xu Hao and the ultimate beneficial owner of the Investor, Dr. Cheng Chi-Kong, accept full responsibility for the accuracy of the information with regards to the Investor contained in this announcement and confirms, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by them have been arrived after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

* *For identification purposes only*