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FREEMAN FINTECH CORPORATION LIMITED

民眾金融科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

(1) ADOPTION OF RESTRUCTURING STRATEGIES AND (2) NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE SUBSCRIPTION OF SHARES

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

(1) ADOPTION OF RESTRUCTURING STRATEGIES

As set out in the announcement of the Company dated 14 May 2019, the Company received a winding up petition from a creditor. Taking into consideration the recent financial situation of the Company, the Board resolved to adopt the restructuring strategies (the “**Restructuring Strategies**”) on 20 May 2019 with a view to facilitating a settlement with its creditors and promoting the growth and development of the Group’s businesses.

The Restructuring Strategies include the following:

- (1) the Board will use its best endeavours to introduce strategic investors to the Company with the aim of raising not less than HK\$500 million and seeking their operational and financial support;
- (2) the Company will actively engage in dialogues with its creditors with a view to reaching an amicable settlement;

- (3) the Group will use its best endeavours to procure the collection of the receivables from the debtors in the money lending business of the Group which are currently outstanding; and
- (4) the Board will identify new viable business opportunities with a view to diversifying the existing business portfolio of the Group and income streams, thereby improving the profitability of the Group.

The Restructuring Strategies are subject to negotiations with the creditors of the Company and other relevant stakeholders.

As at the date of this announcement, save for the MOU (the details of which are set out below), the Company has not entered into any agreement or arrangement with any party with respect to the restructuring of the debts of the Company.

The Company will continue to work closely with all creditors, including bondholders, and other stakeholders to achieve the best possible consensual restructuring for all interested parties, and will continue to provide updates on any material developments.

(2) NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE SUBSCRIPTION OF SHARES

On 20 May 2019, the Company and the Investor reached a preliminary consensus and entered into the MOU, pursuant to which, subject to entering into the Formal Agreement, the Company will allot and issue and the Investor and/or his designees will subscribe for the Subscription Shares, subject to the terms and conditions of the Formal Agreement. Upon completion of the Possible Subscription, the Investor and/or his designees will hold not more than 30% of the issued share capital of the Company as enlarged by the Subscription Shares.

Subscription amount

Under the MOU, the consideration for the Subscription Shares will amount to not more than HK\$300,000,000. The Investor and/or his designees will pay or cause to be paid the consideration by cash or such other method as may be agreed by the parties.

Conditions precedent

The conditions precedent to completion of the Possible Subscription will be set out in the Formal Agreement and are expected to include, among others, the following:

- (1) the shareholders of the Company, or (where applicable) the independent shareholders of the Company having approved by way of poll at the extraordinary general meeting of the Company the allotment and issue of the Subscription Shares to the Investor under specific mandate pursuant to the terms of the Formal Agreement and the other transactions under the Formal Agreement (including the mandate required for the allotment and issue of the Subscription Shares);

- (2) the listing of, and the permission to deal in all of the Subscription Shares having been approved by the Stock Exchange, and such approval remaining in force;
- (3) the Company and the creditors of the Company having executed a settlement agreement in connection with the debts owed by the Company to such creditors;
- (4) (where applicable) the Investor and the Company having obtained all necessary consents, approvals and authorisations required for completing the transactions contemplated under the Formal Agreement; and
- (5) the Investor having completed satisfactory due diligence on the Company.

Use of proceeds

Net proceeds of the Possible Subscription will be used for daily operations of the Group. Without the prior approval of the Board, the proceeds shall not be used for external investment or lending.

Restructuring proposal

The Company and the Investor agreed that the Investor shall assist the Company in executing the Restructuring Strategies including (i) entering into a settlement agreement with the creditors of the Company; and (ii) leveraging on his network and resources in mainland China to assist the Group in collecting the receivables from the debtors in the money lending business of the Group which are currently outstanding and in developing the Group's businesses.

Formal Agreement

The terms of the Possible Subscription will be set out in the Formal Agreement.

The parties will use their best endeavours to enter into the Formal Agreement on or before the Long Stop Date.

Termination

If provisional liquidators are appointed or a winding up order is granted against the Company, unless the Investor and the provisional liquidators or liquidators otherwise agree, the MOU shall be terminated immediately.

If the Formal Agreement is not signed on or before the Long Stop Date or the parties agree in writing to terminate the negotiation in relation to the Possible Subscription, the MOU will cease to have effect, save for certain provisions under the MOU such as provisions relating to fees, confidentiality and applicable laws.

BINDING NATURE OF THE MOU

Save for the provisions relating to fees, confidentiality and applicable laws, which are legally binding, the MOU does not have any legally binding effect. The Possible Subscription is subject to further negotiations between the Company and the Investor and the execution of the Formal Agreement.

INFORMATION ON THE INVESTOR

The associate of the Investor holds minority interests in the Company. Save as aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Investor is independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

REASONS FOR THE POSSIBLE SUBSCRIPTION

The Group is principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities and futures, the provision of finance, the provision of factoring, financial guarantee and finance leasing services, as well as investment holding.

Reference is made to the announcement of the Company dated 14 May 2019 in relation to a winding up petition filed by a creditor of the Company against the Company. In view of the winding up petition received by the Company recently, the Company has been in active negotiations with the Investor regarding possible cooperation opportunities. The Directors consider that the entering into of the MOU represents a good opportunity to raise a substantial amount of funds to sustain the continuous operations of the Group, thereby improving the financial and liquidity position of the Group, and to facilitate the Company's settlement with its creditors.

The Company will actively negotiate the terms of the Formal Agreement with the Investor. If there is any material development on the Possible Subscription, further announcement(s) will be made as and when appropriate.

The Board wishes to emphasise that no legally binding agreement in relation to the restructuring and/or the Possible Subscription has been entered into as at the date of this announcement. As such, the restructuring and/or the Possible Subscription may or may not proceed. Further announcement in respect of the Possible Subscription in compliance with the Listing Rules will be made by the Company in the event that the Formal Agreement and/or any definitive agreement is signed.

Transfer of shares of the Company may be restricted as the deposits of the Company's shares into CCASS may be suspended due to the Petition (as defined in the announcement of the Company dated 14 May 2019). Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

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| “Board” | the board of Directors |
| “CCASS” | Central Clearing and Settlement System |
| “Company” | Freeman FinTech Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (Stock Code: 279) |
| “Directors” | directors of the Company |
| “Formal Agreement” | the formal legally-binding agreement that may be entered into between the Company and the Investor and/or his designees in connection with the Possible Subscription in the event that the parties proceed with the Possible Subscription |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People's Republic of China |

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| “Investor” | an individual |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 31 December 2019 or such later date as may be agreed by the parties |
| “MOU” | the non-legally binding memorandum of understanding dated 20 May 2019 entered into between the Company and the Investor setting out the preliminary understanding in relation to the Possible Subscription |
| “Possible Subscription” | the possible subscription for the Subscription Shares by the Investor and/or his designees |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Shares” | new Shares which may be allotted and issued by the Company to the Investor and/or his designees pursuant to the Formal Agreement |

By Order of the Board
Freeman FinTech Corporation Limited
Ye Ye
Chairman

Hong Kong, 20 May 2019

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

Executive Directors:

Mr. Ye Ye (*Chairman*)
Mr. Wong Xiang Hong (*Chief Executive Officer*)
Mr. Pun Hong Hai (*Chief Operating Officer*)
Ms. Chow Mun Yee
Mr. Yang Haoying
Mr. Zhao Tong

Independent Non-executive Directors:

Mr. An Dong
Mr. Cheung Wing Ping
Mr. Fung Tze Wa
Mr. Wu Keli