

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.



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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 9 June 2019, the Company and the Subscriber entered into the Agreement under which the Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe 300,000,000 new Shares at the Subscription Price of HK\$0.145 per Share.

The gross proceeds from the Subscription are HK\$43,500,000 and the net proceeds from the Subscription (after deducting estimated related expenses of approximately HK\$0.5 million) are HK\$43,000,000 which are intended to be applied for (i) repayment of interest under the Notes and (ii) general working capital of the Group.

The total number of Subscription Shares represent approximately 19.13% of the issued share capital of the Company as at the date of this announcement and approximately 16.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares will be allotted and issued under the General Mandate.

Shareholders and potential investors should note that Completion is subject to the fulfillment or waiver of the conditions under the Agreement. The Subscription may or may not complete. In addition, 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. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the shares or other securities of the Company.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 9 June 2019, the Company and the Subscriber entered into the Agreement. The principal terms of the Agreement are set out below.

Subscription

The Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe 300,000,000 new Shares at the Subscription Price of HK\$0.145 per Share.

Subscription Shares

The 300,000,000 new Shares represent approximately 19.13% of the issued share capital of the Company as at the date of this announcement and approximately 16.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$3,000,000.

Subscription Price

The Subscription Price of HK\$0.145 per Share represents:

- (a) a discount of approximately 15.20% to the closing price of HK\$0.171 per Share as quoted on the Stock Exchange on the last trading day before the date of the Agreement; and
- (b) a discount of approximately 19.62% to the average closing price of HK\$0.1804 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately before the date of the Agreement.

After deducting the relevant expenses of the Subscription, the net subscription price is approximately HK\$0.143 per Share.

The Subscription Price was determined with reference to the prevailing market price of the Shares and after arm's length negotiation between the Company and the Subscriber. The Board considers that the terms of the Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM. The Company was authorised to allot and issue 3,136,352,376 shares, being 20% of the then issued share capital of the Company as at the date of the AGM, which was adjusted to 313,635,237 Shares resulting from the share consolidation of the Company approved by the Shareholders at the extraordinary general meeting of the Company held on 9 November 2018. Since the date of the AGM and up to the date of this announcement, no Shares have been allotted and issued by the Company under the General Mandate. The allotment and issue of the Subscription Share is not subject to the approval of the Shareholders.

Ranking of the Subscription Shares and Application for Listing

The Subscription Shares will be allotted and issued together with all rights attaching to them, including the right to receive all dividends declared and will rank *pari passu* with all other issued Shares in all respects as at the date of allotment and issue. The Company will apply to the Listing Committee for listing of and permission to deal in the Subscription Shares.

Lock-up and other undertakings

There shall be a lock-up period of twelve (12) months from the date of Completion where the Subscriber undertakes not to directly or indirectly transfer, pledge and/or dispose of any of the Subscription Shares and its related interest.

The Company also undertakes to implement more appropriate measures to strengthen the corporate governance of the Group.

Conditions of the Agreement

Completion is conditional on, among others:

- (a) the Listing Committee having granted the listing of and the permission to deal in the Subscription Shares;
- (b) the High Court having granted a validation order in respect of the Subscription (if applicable);
- (c) the Directors having resigned from their directorships within five (5) Business Days upon the Company receiving the written request from the Subscriber and such request should be sent by the Subscriber to the Company within two (2) Business Days after all other conditions are satisfied or waived (as the case maybe);

- (d) Prosper Talent having agreed to adjourn the hearing date of the Petition to not earlier than 31 October 2019 or the date of the general meeting of the Company in relation to the restructuring plan of the Company, whichever is earlier; and
- (e) Prosper Talent having agreed to withdraw the Summons and such withdrawal having been approved by the High Court.

The Subscriber may waive any of the conditions (other than those set out in (a) and (b) above) at his absolute discretion. If the Subscriber fails to send the written request as mentioned in (c) above, item (c) of the condition is deemed to be waived.

If any of the above conditions is not satisfied on or before 31 August 2019 (or such other date the Company notified the Subscriber in writing), the Subscription Agreement will lapse and neither party to the Agreement may have any claim against each other save for antecedent breaches.

Completion

Completion is expected to take place within five (5) Business Days after the date upon which the last condition to be satisfied has been so satisfied, or if applicable, waived by the Subscriber (or such other time and/or date as the Company may notify the Subscriber in writing).

INFORMATION ON THE SUBSCRIBER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party.

REASONS FOR THE ISSUE OF SUBSCRIPTION SHARES AND USE OF PROCEEDS

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 service, 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.

References are made to the announcements of the Company dated 14 May 2019, 16 May 2019, 20 May 2019, 3 June 2019 and 6 June 2019 in relation to, among other things, the Petition and the Summons. In view of the Petition, the Company has been in active negotiations with potential investors and creditors of the Company with an aim to resolving the current financial conditions of the Company. The Directors consider that the entering into of the Agreement represents a good opportunity to raise a substantial amount of funds to improve the financial and liquidity position of the Group and to facilitate the Company's settlement with its creditors.

The Directors consider that the terms of the Agreement which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription are HK\$43,500,000 and the net proceeds from the Subscription (after deducting estimated related expenses of approximately HK\$0.5 million) are HK\$43,000,000 which are intended to be applied for the following purposes: (i) approximately 65% will be used for repayment of interest under the Notes and (ii) approximately 35% will be used for general working capital of the Group.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding interest of the Shareholders would be diluted upon Completion. The shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after Completion, assuming that there is no further allotment of Shares from the date of this announcement are as follows:

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Substantial Shareholder				
Mr. Zhang Yongdong (<i>Note 1</i>)	252,280,281	16.09%	252,280,281	13.50%
Director				
Ms. Chow Mun Yee	800	0.00%	800	0.00%
The Subscriber	–	–	300,000,000	16.06%
Public Shareholders	<u>1,315,895,107</u>	<u>83.91%</u>	<u>1,315,895,107</u>	<u>70.44%</u>
Total	<u>1,568,176,188</u>	<u>100%</u>	<u>1,868,176,188</u>	<u>100%</u>

Note:

- These Shares were held by Galaxy Strategic Investment Co. Ltd., a company wholly-owned by Mr. Zhang Yongdong, of which 159,574,600 Shares were in short position to Shanghai Guotai Junan Securities Assets Management Co., Ltd.* (上海國泰君安證券資產管理有限公司, "Shanghai Guotai") and Guotai Junan Securities Co., Ltd.* (國泰君安證券股份有限公司, "Guotai"). Shanghai Guotai is a trustee of a trust in which SHANGHAI HARFOR LEAD ASSET MANAGEMENT CO., LTD. (上海華富利得資產管理有限公司) is a beneficiary of 159,574,600 Shares. Guotai is the ultimate holding company of Shanghai Guotai and is deemed to be interested in 159,574,600 Shares through Shanghai Guotai described above.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Except for the equity fund raising activities as mentioned below, there has not been any other equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
4 September 2018	Issued of secured convertible notes in the principal amount of HK\$185,847,419	HK\$184,847,419	Repayment of part of principal amount of secured guaranteed note due 2020 in the amount equals to US\$23,826,592	Used as intended

Shareholders and potential investors should note that Completion is subject to the fulfillment or waiver of the conditions under the Agreement. The Subscription may or may not complete. In addition, 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. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the shares or other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 5 September 2018
“Agreement”	the share subscription agreement dated 9 June 2019 entered into between the Company and the Subscriber in relation to the Subscription
“Board”	the board of Directors
“Business Day(s)”	a day, other than a Saturday and Sunday, on which licensed banks in Hong Kong are generally open for business
“Company”	Freeman FinTech Corporation Limited, a company with limited liability incorporated under the laws of the Cayman Islands whose shares are listed on the Stock Exchange (Stock Code: 279)

“Completion”	completion of the Subscription
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“High Court”	the High Court of the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party (ies)”	independent third party (ies) who is (are) independent of, and not connected with, the Company and its connected persons
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange with responsibility for considering applications for listing and the granting of listing on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	(i) the secured guaranteed note of principal amount of US\$30,000,000 due 2019 issued by the Company to Prosper Talent on 29 March 2018; (ii) the secured guaranteed note of principal amount of US\$46,173,408 due 2020 issued by the Company to Prosper Talent on 29 March 2018; and (iii) the secured convertible notes in the principal amount of HK\$185,847,419 due 2020 issued by the Company on 24 October 2018 to Prosper Talent
“Petition”	the petition received by the Company on 10 May 2019 from Prosper Talent in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) from the High Court that the Company be wound up by the High Court on the ground that the Company is insolvent and unable to pay its debts

“Prosper Talent”	Prosper Talent Limited, a limited liability company incorporated in the British Virgin Islands
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	梁亞宏, an individual investor
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Agreement
“Subscription Price”	HK\$0.145 per Share
“Subscription Shares”	300,000,000 new Shares
“Summons”	the summons issued on 14 May 2019 and received by the Company on 15 May 2019 for the appointment of the provisional liquidators of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 9 June 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