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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)

COMPLETION OF SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

References are made to the announcements of Freeman FinTech Corporation Limited (the “**Company**”) dated 9 June 2019 and 12 June 2019 in relation to the subscription of new shares of the Company under general mandate (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements.

COMPLETION OF SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The conditions to Completion have been satisfied or waived by the Subscriber. Completion took place on 5 August 2019. An aggregate of 300,000,000 Shares were allotted and issued to the Subscriber at the Subscription Price of HK\$0.145 per Share.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately upon Completion is as follows:

	Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Mr. Zhang Yongdong (<i>Note 1</i>)	100,076,600	5.36%
Ms. Chow Mun Yee (<i>Note 2</i>)	800	0.00%
The Subscriber (<i>Note 3</i>)	300,000,000	16.06%
Public Shareholders	<u>1,468,098,788</u>	<u>78.58%</u>
Total	<u><u>1,868,176,188</u></u>	<u><u>100%</u></u>

Note:

1. These Shares were held by Galaxy Strategic Investment Co. Ltd., a company wholly-owned by Mr. Zhang Yongdong.
2. Ms. Chow Mun Yee is an executive Director.
3. These Shares were held by InterGlobal Trust Limited – ATF Win Faith Trust, of which the Subscriber is the sole beneficiary.

FURTHER INFORMATION ON THE BACKGROUND OF AND REASONS FOR THE SUBSCRIPTION

As set out in the Announcements, 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, and 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.

As at 31 March 2019, the outstanding principal amount of the Company's interest-bearing borrowings and convertible instruments amounted to approximately HK\$2.76 billion. The Company has been negotiating with the creditors to devise a long term debt restructuring plan to settle or restructure its debts (the "**Restructuring Plan**").

In light of the pressure from the then upcoming hearings for the Summons and the Petition, the Company had an immediate and genuine need to raise additional funds to meet the immediate debt service requested by Prosper Talent Limited (the “**Petitioner**”). The purpose of the Subscription is to raise the net proceeds of approximately HK\$43 million which will be utilised as to approximately 65% for repayment of interest under the Notes and as to approximately 35% for general working capital of the Group. Although the Subscription would only be utilised to settle the overdue interests owing to the Petitioner among all the debts owing by the Company to its creditors, the Company believed that it was a very important first step of the Restructuring Plan to procure more time and favourable atmosphere for ongoing discussion with the creditors with a view to reaching an amicable settlement of all the debts of the Company.

As at 31 March 2019, the Group had total cash and bank balances of approximately HK\$222 million. However, most of such cash and bank balances were held by its major operating subsidiaries, including Freeman Securities Limited and Freeman Commodities Limited, each being a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on certain regulated activities, to support their respective normal business activities and to maintain excess liquid capital positions required by the Securities and Futures Commission and to satisfy the additional risk management measures imposed by HKFE Clearing Corporation Limited. Therefore, the Company believed that it might not be prudent to utilise such cash reserves for the purpose of satisfying the immediate financial needs of the Group.

The Company had also considered other financing alternatives such as borrowings from banks or other financial institutions, proportionate equity fund raising such as rights issue, subscription of Shares under specific mandate and disposal of assets. However, as compared with the other financing alternatives, an issue of new Shares under general mandate would serve as the most feasible, the least complex and the fastest first step in the Group’s overall restructuring strategies to raise funds to improve the financial and liquidity position of the Group and to facilitate the Company’s settlement with its creditors. In addition, the Company is restricted from disposal of its assets without a validation order from the court after the presentation of the Petition by the Petitioner.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, (i) prior to Completion, the Subscriber was an Independent Third Party, (ii) the Subscriber is an individual investor experienced in corporate mergers and acquisitions, private equity and equity investment, (iii) the Subscriber does not currently have any relationship with any Director, whether financial or otherwise, and (iv) the Subscriber does not intend to be involved in the management of the Company. The Subscriber noted the current conditions of the Group, and is willing to invest in the Company through the Subscription as he believed that if the Restructuring Plan is successfully implemented, the Group will restore to its normal operations in the long run.

Based on the above, the Directors are of the view that it would be in the best interests of the Company and its shareholders to conduct the Subscription. The Directors consider that the terms of the Agreement 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 Company will continue to explore different fund raising alternatives and will continue to work closely with the creditors and other stakeholders to negotiate and finalise the Restructuring Plan so as to achieve the best possible consensual restructuring for all interested parties, and will continue to provide updates on any material developments.

Transfer of Shares may be restricted as the deposits of the Shares into CCASS may be suspended due to the Petition. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

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

Hong Kong, 5 August 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