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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)

UPDATE ON DEVELOPMENT REGARDING RESTRICTIONS IMPOSED BY THE HKEX AND THE SFC

References are made to (a) the circular of Freeman FinTech Corporation Limited (Provisional Liquidators Appointed) (the “**Company**”) dated 26 May 2021 (the “**Circular**”); (b) the announcement of the Company dated 17 June 2021 in relation to, among others, the poll results of the extraordinary general meeting of the Company held on 17 June 2021 (the “**Poll Results Announcement**”); and (c) the announcement of the Company dated 24 June 2021 in relation to the completion of Special Deal I (the “**Completion Announcement**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Circular, the Poll Results Announcement and the Completion Announcement.

UPDATE ON DEVELOPMENT REGARDING RESTRICTIONS IMPOSED BY THE HKEX AND THE SFC

As disclosed in the Circular, the HKEX and the SFC respectively imposed various restrictions (the “**Restrictions**”) on the business operations of FSL and FCL due to, among others, (a) fluctuation in the Company’s share price and its trading volume in May 2018; (b) a winding-up petition filed against the Company by the Petitioner in May 2019; and (c) appointment of the Provisional Liquidators in February 2020.

The Company is pleased to announce that, as at the date of this announcement, the major Restrictions have been uplifted in light of the following positive progress made by the Company:

- (a) on 1 June 2021, the Court made an order to vary the First Court Order to exclude the Provisional Liquidators’ powers over FSL and FCL;

- (b) as disclosed in the Poll Results Announcement, on 17 June 2021, all resolutions in relation to the proposed Restructuring were duly passed by the Shareholders or the Independent Shareholders (as the case may be) at the EGM; and
- (c) as disclosed in the Completion Announcement, completion of Special Deal I took place on 24 June 2021, upon which:
- (i) the proceeds of the First Loan (less the Retention Money) was released from the Designated Account to the ListCo Account, and subsequently paid to the LC Secured Lender; and
 - (ii) the LC Secured Lender executed the LC Shares Discharge Documents for granting the Consent to the effect and intent that none of the Retained Subsidiaries shall be held by any company (whether directly or indirectly) the shares of which have been mortgaged to the LC Secured Lender or are subject to any form of encumbrances whether created under or otherwise resulting from the Facility Agreement and/or the Share Mortgage.

The status of the Restrictions as at the date of this announcement are set out in the table below:

Restrictions	Status as at the date of this announcement	Expected date of uplifting
<i>In relation to proprietary trading</i>		
On 4 March 2020, FSL and FCL provided a voluntary undertaking to the Stock Exchange that they shall not engage in proprietary trading	In effect	Around July 2021 following the dismissal of the winding-up petition against the Company
<i>In relation to financial position</i>		
On 28 May 2019, FSL and FCL provided a voluntary undertaking to the SFC that they shall maintain an excess liquid capital of not less than the companies' respective total annual expenses (excluding provision for bad debts) and cash reserve of not less than six times the companies' respective average monthly expenses (excluding provision for bad debts)	In effect	Around July 2021 following the dismissal of the winding-up petition against the Company

Restrictions	Status as at the date of this announcement	Expected date of uplifting
<i>In relation to client onboarding</i>		
On 12 March 2020, FSL and FCL provided a voluntary undertaking to the SFC that they shall not onboard any new clients or open new trading account for existing clients	Uplifted on 2 December 2020	N/A
<i>In relation to upfront cash collateral</i>		
On 19 June 2018 and 4 March 2020, FSL was required to make an upfront cash collateral of HK\$20.9 million and HK\$10 million to HKSCC, respectively	Uplifted – The upfront cash collateral amounting to HK\$50.9 million in total was returned to FSL and FCL on 30 June 2021	N/A
On 4 March 2020, FCL was required to provide an upfront cash collateral of HK\$20 million to HKCC		
On 10 March 2020, FCL was required to deposit client money of HK\$20 million to HKCC, respectively. Such client money could be withdrawn with one day prior notice. It was agreed that such withdrawal should be kept minimal, and FCL should have set aside sufficient cash for their daily operations and money withdrawal requests from clients	Uplifted – The client money deposited to HKCC was returned to FCL on 4 June 2021	

Restrictions	Status as at the date of this announcement	Expected date of uplifting
<i>In relation to client trading</i>		
On 28 May 2019, FSL and FCL provided a voluntary undertaking to the SFC that they shall promptly collect all outstanding margin calls from their clients	In effect	Around July 2021 following the dismissal of the winding-up petition against the Company
On 28 May 2019, FSL provided a voluntary undertaking to the SFC that it shall not re-pledge any securities collateral provided by non-borrowing margin clients to secure any bank borrowing	In effect	
On 28 May 2019, FSL provided a voluntary undertaking to the SFC that it shall not grant any credit to non-margin clients in securities dealing after expiry of the settlement date of securities transaction conducted for such clients	In effect	
On 28 May 2019, FCL's gross and net capital-based position limit was restricted to 50% of the levels calculated pursuant to Chapter 5 of the HKCC procedures against the respective gross and net margin liabilities of the company on each business day by HKCC	In effect	Until further notice from the HKEX

Restrictions	Status as at the date of this announcement	Expected date of uplifting
On 6 March 2020, FCL’s write access to the PTRM system was disabled, and its read access was limited to real-time monitoring and mass cancel function only	Uplifted – FCL retrieved its write access and read access to the PTRM system on 30 June 2021.	N/A
On 6 March 2020, the order size limit (the “ Order Size Limit ”) of certain contracts executed by FCL was reduced to a lower level	Followed by the retrieval of access rights and control over the PTRM system, FCL is entitled to set the various risk limits, which include the previously restricted (a) Order Size Limit, (b) Order Coefficient, (c) Gross Limit and (d) Net Limit, in accordance with its own risk appetite, without any intervention from the HKEX.	
On 6 March 2020, the order coefficient of FCL’s PTRM system (the “ Order Coefficient ”) was set to 100%		
On 6 March 2020, the PTRM gross limit (the “ Gross Limit ”) was reduced from HK\$4.8 billion to HK\$3 billion, and was further reduced to HK\$1.5 billion on 17 March 2020		
On 6 March 2020, the PTRM net limit (the “ Net Limit ”) was reduced from HK\$170 million to HK\$60 million at a 1:1 ratio of the then upfront cash collateral provided to the Net Limit. The Net Limit was further tightened to HK\$20 million on 17 March 2020, which represents a 2:1 ratio of the then upfront cash collateral provided to the Net Limit		

Restrictions	Status as at the date of this announcement	Expected date of uplifting
<i>In relation to settlement and clearing operations</i>		
On 10 December 2018, a revised margin multiplier of 1 was applied to the margin requirement calculation of FSL by HKSCC	In effect	Until further notice from the HKEX
On 28 May 2019, FCL's HKCC Participant Additional Deposits Credit was set to HK\$500,000 (instead of HK\$1,000,000 in general)	In effect	Until further notice from the HKEX
On 5 March 2020, FSL was required to settle any net long or net short continuous net settlement positions which are greater than HK\$10 million on each trading day before 17:00 (instead of settlement on T+2 day in general)	Uplifted on 4 June 2021.	N/A

POSITIVE EFFECT ON THE BUSINESS AND OPERATION OF THE GROUP

Following (a) the granting of an order by the Court to exclude the Provisional Liquidators' powers over FSL and FCL; (b) the partial settlement of the indebtedness due to the LC Secured Lender; and (c) the execution of the LC Shares Discharge Documents by the LC Secured Lender, the major Restrictions have been uplifted, including but not limited to:

- (i) restricted cash in the sum of HK\$50.9 million has been released to FSL and FCL on 30 June 2021; and
- (ii) the Net Limit over the PTRM system in respect of futures brokerage services has been completely relaxed, with no limitations set by the HKEX.

In particular, with the release of HK\$50.9 million previously locked up by the HKEX, the Group has, as of today, additional working capital to expand and enhance its service offerings to its clients, including provisions of securities and futures brokerage services, margin financing and IPO financing services, and development of asset management and advisory services.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company 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 of the Company and the public informed of the latest developments by making further announcement(s) as and when appropriate.

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, 2 July 2021

As at the date of this announcement, the board of Directors comprises Mr. Choi Wai Hong, Clifford, Mr. Yau Pak Yue and Mr. Lau Fu Wing (Eddie) as executive Directors, Ms. Ang Mei Lee Mary and Mr. Chung Wai Man as non-executive Directors, and Mr. An Dong, Mr. Fung Tze Wa and Mr. Wu Keli as independent non-executive Directors.