Hong Kong Exchanges 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.

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

INTERIM RESULTS

The Board of Directors (the "**Board**") of Freeman FinTech Corporation Limited (Provisional Liquidators appointed) (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2020 together with the unaudited and restated comparative figures for the corresponding period of the previous year which are set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

		For the six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
			(Restated)
REVENUE	*4*	**7,331**	44,527
Cost of sales		**(3,437)**	(13,122)
Gross profit		**3,894**	31,405

	Notes	For the six months ended 30 September **2020** **(Unaudited)** ***HK$'000***	2019 (Unaudited) *HK$'000* (Restated)
Other income and gains	*4*	**7,227**	902
Fair value gains/(losses) on investments at fair value through profit or loss, net		**11,452**	(9,809)
General and administrative expenses		**(40,989)**	(61,065)
Provision for impairment loss of loans receivable, net	*14*	**–**	(253,376)
Provision for impairment loss of accounts receivable, net	*16*	**(1,400)**	(81)
Provision for impairment loss of factoring receivables	*15*	**–**	(243,231)
Loss on deconsolidation of subsidiaries	*7*	**–**	(2,092,200)
Other expenses		**(15,945)**	(45,792)
Finance costs	*6*	**(315,773)**	(385,360)
Share of losses of associates		**–**	(29,484)
LOSS BEFORE TAX	*5*	**(351,534)**	(3,088,091)
Income tax expense	*8*	**(560)**	(40)
LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**(352,094)**	(3,088,131)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic and diluted		**(HK$0.19)**	(HK$1.86)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		For the six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
			(Restated)
LOSS FOR THE PERIOD		**(352,094)**	(3,088,131)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(377)**	(23,317)
Share of other comprehensive income of associates, net		**–**	33,462
Reclassification of exchange difference upon deconsolidation of subsidiaries	*7*	**–**	(52,085)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income – net movement in investment revaluation reserve (non-recycling)		**139,653**	(198,053)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**139,276**	(239,993)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		**(212,818)**	(3,328,124)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	Notes	30 September 2020 (Unaudited) HK$'000	31 March 2020 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,988**	14,985
Goodwill	*11*	**1,505**	1,505
Intangible assets		**17,145**	17,145
Other financial assets	*13*	**825,658**	686,005
Prepayments and deposits		**3,131**	2,194
Total non-current assets		**855,427**	721,834
CURRENT ASSETS			
Loans receivable	*14*	**–**	143,040
Accounts receivable	*16*	**301,179**	22,005
Prepayments, deposits and other receivables		**208,972**	80,028
Investments at fair value through profit or loss		**14,577**	3,071
Cash and bank balances		**156,366**	149,605
Total current assets		**681,094**	397,749
CURRENT LIABILITIES			
Accounts payable	*17*	**8,439**	14,437
Other payables and accruals		**998,070**	664,852
Interest-bearing borrowings	*18*	**3,034,487**	2,725,687
Lease liabilities		**2,385**	12,232
Tax payable		**576**	–
Total current liabilities		**4,043,957**	3,417,208
Net current liabilities		**(3,362,863)**	(3,019,459)
Total assets less current liabilities		**(2,507,436)**	(2,297,625)

	Note	**30 September 2020 (Unaudited)** *HK$'000*	31 March 2020 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	*18*	**30,000**	30,000
Lease liabilities		**4,052**	1,045
Deferred tax liability		**2,561**	2,561
Total non-current liabilities		**36,613**	33,606
Net liabilities		**(2,544,049)**	(2,331,231)
DEFICIT			
Deficit attributable to ordinary equity holders of the Company			
Issued capital		**18,682**	18,682
Reserves		**(2,562,731)**	(2,349,913)
Total deficit		**(2,544,049)**	(2,331,231)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2020.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the accounting policy changes that are expected to be reflected in the annual consolidated financial statements for the year ending 31 March 2021. Details of any changes in accounting policies are set out in note 2.

The condensed consolidated financial statements for the six months ended 30 September 2020 have not been audited, but have been reviewed by the Company's external auditor, Crowe (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA.

Appointment of the joint and several provisional liquidators (the "Provisional Liquidators"), suspension of trading in shares of the Company and going concern basis

On 12 March 2019 and 10 April 2019, the Company received demand letters from lenders for immediate repayment of outstanding principal amounts of approximately HK$783,747,000 and HK$429,197,000 respectively. On 26 April 2019, the Company received a notice of event of default from another lender intended to reserve its right to demand immediate repayment for borrowings with an outstanding principal amount of approximately HK$776,514,000 at 31 March 2019. On 10 May 2019, the Company received a notice of petition from one of the above lenders (the "**Petition**") issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) from the High Court of the Hong Kong Special Administrative Region (the "**High Court**") that the Company be wound up by the High Court on the ground that the Company was insolvent and unable to pay its debts. In addition, on 10 June 2019, the Company received a notice of event of default and repayment from another lender for immediate repayment of outstanding principal, together with accrued interest due totaling to approximately HK$718,436,000.

On 28 February 2020, the High Court ordered that Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen of Deloitte Touche Tohmatsu be appointed as provisional liquidators of the Company with power to act jointly and severally until the determination of the Petition or further order of the High Court. At the request of the Company, trading in the Company's shares on the Stock Exchange has been suspended with effect from 1:12 p.m. on 28 February 2020. Trading in the shares of the Company will remain suspended until further notice.

On 26 March 2020, upon application made by the Provisional Liquidators, the High Court granted an order to extend the Provisional Liquidators' power such that the Provisional Liquidators are empowered to, *inter alia*, to consider and, if thought to be in the best interests of creditors of the Company, to enter into discussions and/or negotiations for and on behalf of the Company, for the purpose of, but not limited to, restructuring of the Company's business and operations, and/or restructuring or rescheduling the Company's indebtedness, or for the sale of its assets, provided that any such proposed restructuring, rescheduling or sale shall not be binding on the Company unless and until approved by the High Court.

On 4 November 2020, upon application made by the Provisional Liquidators, the Grand Court of the Cayman Islands (the "**Grand Court**") issued an order, which, among other things, recognised the appointment of Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen of Deloitte Touche Tohmatsu as joint and several provisional liquidators of the Company pursuant to orders of the High Court of the Hong Kong Special Administrative Region dated 28 February 2020 and subsequently amended on 26 March 2020 and the Provisional Liquidators presenting and prosecuting a petition in the Grand Court in respect of the creditors' scheme of arrangement pursuant to section 86 of the Companies Law (2020 Revision) in furtherance of the proposed rescue and restructuring of the Company and its debts.

On 26 November 2020, the Provisional Liquidators and the Petitioner jointly applied to the High Court requesting to vacate the next adjourned hearing of the Petition to be fixed on 14 December 2020 and to adjourn it for 4 months to 19 April 2021. On 30 November 2020, the High Court has approved to adjourn the hearing of the Petition to 19 April 2021.

Since their appointment, the Provisional Liquidators have taken all necessary actions to preserve the assets and have been managing the affairs of the Group.

As at 30 September 2020, the Group had net current liabilities and net liabilities of approximately HK$3,362,863,000 and HK$2,544,049,000 (31 March 2020: HK$3,019,459,000 and HK$2,331,231,000) respectively. During the six months ended 30 September 2020, the Group incurred a loss attributable to ordinary equity holders of the Company of approximately HK$352,094,000 (six months ended 30 September 2019: HK$3,088,131,000, as restated).

The directors of the Company have been taking measures to improve the liquidity and solvency position of the Group. These measures include (i) identified the Investor (as defined below) for putting forward a debt restructuring of the Company and provision of loans to the Company, details of which are set out below at the paragraphs headed under "**Proposed restructuring of the Group**"; (ii) put forward a debt restructuring plan to the creditors of the Company by way of Scheme of Arrangement; (iii) speeding up the collection of receivables process; and (iv) tightening operating cash outflows through cutting costs and capital expenditures.

As at the date of approval of these condensed consolidated financial statements, the implementations of these measures are still in progress. The validity of the going concern assumption on which the condensed consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the measures taken by the directors of the Company as described above. The condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the condensed consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

Listing status of the Company

On 19 March 2020, the Company received a letter from the Stock Exchange, in which, *inter alia*, the Stock Exchange set out the following resumption guidance for the Company (the "**Resumption Guidance**"):

1. demonstrate the Company's compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**");

2. have the winding-up petition(s) withdrawn or dismissed and the joint and several provisional liquidators discharged; and

3. inform the market of all material information for the Company's shareholders and other investors to appraise the Group's position.

On 30 June 2020, the Company received another letter from the Stock Exchange, in which the Stock Exchange set out the following additional Resumption Guidance for the Company:

4. publish all outstanding financial results and address any audit modification(s).

Under Rule 6.01A(1) of the Listing Rules, it may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 27 August 2021 (the "**Deadline**"). The Stock Exchange advised that if the Company fails to remedy the issues causing its trading suspension, fulfil the resumption guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company will take appropriate steps to fully comply with the Listing Rules to the Stock Exchange's satisfaction in order to have trading in the Company's shares resumed. The Company will keep the public informed of developments in this regard by making further announcements as and when appropriate.

Proposed restructuring of the Group

References are made to the Company's announcements dated 13 August 2020, 27 August 2020, 17 November 2020, 23 November 2020, 27 November 2020, 30 December 2020, 22 January 2021 and 5 February 2021 in relation to the restructuring of the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as in these announcements.

On 13 August 2020, the Company, the Provisional Liquidators and the Investor entered into the Term Sheet, setting out the key commercial terms of the proposed Restructuring of the Company.

On 2 September 2020, the Provisional Liquidators obtained the sanction from the High Court for entering into, among others, the Term Sheet and all requisite agreements arising therefrom in order to implement the proposed Restructuring.

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.

On 21 October 2020, SFC has approved the Investor to become a substantial shareholder of the Licensed Corporations.

On 17 November 2020 and 18 December 2020, the Company, the Provisional Liquidators and the Investor entered into the first supplemental deed and the second supplemental deed respectively, pursuant to which the parties agreed to further amend the terms of the Restructuring Deed and/or the First Loan Agreement.

On 24 December 2020, upon application made by the Provisional Liquidators, the High Court and the Grand Court have approved the convening of the Scheme Meetings.

On 22 January 2021, the resolution to approve the Scheme was duly passed at the Scheme Meetings.

On 2 February 2021 (Hong Kong time) and 3 February 2021 (Cayman Islands time), the High Court has sanctioned without modification the Hong Kong ListCo Scheme under Hong Kong law and the Grand Court has sanctioned without modification the Cayman Islands ListCo Scheme under Cayman law, respectively.

1. The 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.

2. 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.

3. 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.

4. 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.

5. The Acquisition (if the Resumption is not approved by the Stock Exchange)

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.

6. The Schemes

Pursuant to the Restructuring Deed, the debt restructuring of the Group shall be implemented by way of the Schemes.

The principal terms of the ListCo Scheme 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.

Deconsolidation of subsidiaries

The condensed consolidated financial statements have been prepared based on the books and records maintained by the Group. However, due to the resignation of certain senior management personnel of the Company and non-cooperation of the management of certain subsidiaries (the "**Deconsolidated Subsidiaries**"), the directors of the Company had been unable to obtain and gain access to the books and records and assets of the Deconsolidated Subsidiaries and resolved that the Group no longer had the controlling power to govern the financial and operating policies of the Deconsolidated Subsidiaries so as to benefit from their activities, and accordingly the control over the Deconsolidated Subsidiaries was deemed to have lost since 1 April 2019. The Deconsolidated Subsidiaries had therefore been deconsolidated from the consolidated financial statements of the Group from 1 April 2019 onwards on the basis of loss of control. The assets and liabilities of the following subsidiaries were therefore deconsolidated from the consolidated financial statements of the Group since 1 April 2019. Further details of which were described in the Group's annual financial statements for the year ended 31 March 2020.

The comparative information for the six months ended 30 September 2019 presented in these condensed consolidated financial statements is restated to reflect the deconsolidation of the Deconsolidated Subsidiaries. The prior period condensed consolidated financial statements have not been revised, but the corresponding figures have been properly restated and/or appropriate disclosures have been made in the current period condensed consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOUSRES

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has reportable operating segments as follows:

(a) securities and futures brokerage, placing, underwriting and margin financing segment engages in the provision of securities and futures brokerage placing, underwriting and margin financing services;

(b) provision of finance segment engages in the provision of financing services in Hong Kong;

(c) insurance brokerage business segment engages in insurance brokerage business and the provision of financial planning and related services;

(d) trading of securities and futures segment engages in the purchase and sale of securities and futures investments;

(e) factoring segment engages in the provision of factoring and related activities;

(f) investment holding segment engages in holding investments for continuing strategic or long-term purposes, primarily for dividend income and capital appreciation; and

(g) corporate finance advisory segment engages in the provision of corporate finance advisory services and related activities.

Upon certain major operating subsidiaries being deconsolidated from the condensed consolidated financial statements of the Group since 1 April 2019, the directors of the Company considered that the operations of the financial guarantee and finance leasing services were suspended. The segment information reported below does not include any amount for the Deconsolidated Subsidiaries, which are described in more detail in note 7. Accordingly, the comparative figures have been restated and the name of the business segment has been updated from "factoring, financial guarantee and finance leasing" to "factoring".

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that bank and other interest income (excluding interest income from the provision of finance, margin financing and factoring activities), finance costs as well as head office and corporate expenses are excluded from such measurement.

Intersegment transactions are made with reference to the prices used for services made to independent third parties at the then prevailing market prices.

No analysis of the Group's assets and liabilities by operating segments was provided to the management for review during the six months ended 30 September 2020 and 2019 for the purposes of resources allocation and performance assessment.

For the six months ended 30 September 2020

	Securities and futures brokerage, placing, underwriting and margin financing (Unaudited) *HK$'000*	Provision of finance (Unaudited) *HK$'000*	Insurance brokerage business (Unaudited) *HK$'000*	Trading of securities and futures (Unaudited) *HK$'000*	Factoring (Unaudited) *HK$'000*	Investment holding (Unaudited) *HK$'000*	Corporate finance advisory (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:								
Sales to external customers	**5,666**	**–**	**1,686**	**(21)**	**–**	**–**	**–**	**7,331**
Intersegment sales	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	5,666	**–**	**1,686**	**(21)**	**–**	**–**	**–**	**7,331**
Reconciliation:								
Elimination of intersegment sales								**–**
Total revenue								**7,331**
Segment results:	**(19,698)**	**(1,319)**	**(405)**	**11,418**	**785**	**(5,788)**	**(128)**	**(15,135)**
Reconciliation:								
Bank interest income								**152**
Other interest income								**52**
Corporate and other unallocated expenses								**(20,830)**
Finance costs								**(315,773)**
Loss before tax								**(351,534)**

For the six months ended 30 September 2019

	Securities and futures brokerage, placing, underwriting and margin financing (Unaudited) *HK$'000*	Provision of finance (Unaudited) *HK$'000*	Insurance brokerage business (Unaudited) *HK$'000*	Trading of securities and futures (Unaudited) *HK$'000*	Factoring (Unaudited) *HK$'000* (Restated)	Investment holding (Unaudited) *HK$'000* (Restated)	Corporate finance advisory (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000* (Restated)
Segment revenue:								
Sales to external customers	24,553	15,011	4,089	(33)	907	–	–	44,527
Intersegment sales	–	–	–	–	–	–	–	–
	24,553	15,011	4,089	(33)	907	–	–	44,527
Reconciliation:								
Elimination of intersegment sales								–
Total revenue								44,527
Segment results:	(4,786)	(238,527)	523	(37,986)	(244,623)	(2,144,843)	(1)	(2,670,243)
Reconciliation:								
Bank interest income								362
Other interest income								46
Corporate and other unallocated expenses								(32,896)
Finance costs								(385,360)
Loss before tax								(3,088,091)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**7,331**	43,620
The People's Republic of China (the "**PRC**")	**–**	907
Total	**7,331**	44,527

The geographic location of revenue from external customers is based on the location of the customers at which the services were rendered.

(b) Non-current assets

	30 September	31 March
	2020	2020
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Hong Kong	**29,694**	35,371
The PRC	**75**	458
Total	**29,769**	35,829

The geographic location of the non-current assets is based on the location of the operations to which they are allocated.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents commission and brokerage income from securities and futures dealings; commission from placing and underwriting services; interest income on margin financing activities; insurance brokerage income; interest income earned from provision of finance; net losses from the sale of investments at fair value through profit or loss; and factoring interest income for the reporting period.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Commission and brokerage income from securities and futures dealings	**4,258**	22,544
Commission from placing and underwriting services	**406**	1,126
Interest income on margin financing activities	**1,002**	883
Insurance brokerage income	**1,686**	4,089
Interest income from provision of finance	**–**	15,011
Losses from the sale of investments at fair value through profit or loss, net *(note a)*	**(21)**	(33)
Factoring interest income	**–**	907
	7,331	44,527
Other income and gains		
Bank interest income	**152**	362
Other interest income	**52**	46
Government grants *(note b)*	**3,841**	–
Foreign exchange differences, net	**904**	–
Others	**2,278**	494
	7,227	902

Notes:

(a) The gross proceeds from the sale of investments at fair value through profit or loss for the six months ended 30 September 2020 were approximately HK$99,000 (six months ended 30 September 2019: Nil).

(b) There are no unfulfilled conditions or contingencies relating to these grants.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Notes	For the six months ended 30 September 2020 (Unaudited) HK$'000	2019 (Unaudited) HK$'000 (Restated)
Employee benefit expenses (excluding directors' remuneration):			
Salaries and allowances		**15,407**	17,685
Retirement benefit scheme contributions (defined contribution scheme)		**376**	531
		15,783	18,216
Depreciation		**3,470**	6,018
Provision for impairment loss of loans receivable, net	*14*	**–**	253,376
Provision for impairment loss of accounts receivable, net	*16*	**1,400**	81
Provision for impairment loss of factoring receivables	*15*	**–**	243,231
Impairment loss of prepayments, deposits and other receivables *(note)*		**–**	45,792
Loss on deconsolidation of subsidiaries	*7*	**–**	2,092,200
Loss on disposal of items of property, plant and equipment *(note)*		**1,182**	–
Loss recognised on termination of a lease of office premise *(note)*		**14,763**	–

Note: These items are included in "Other expenses" in the condensed consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Interests on borrowings	**314,263**	275,474
Interests on convertible instruments	**–**	97,363
Interests on lease liabilities	**540**	1,556
Other finance costs	**970**	10,967
	315,773	385,360

7. DECONSOLIDATION OF SUBSIDIARIES

The directors of the Company considered that the control over certain subsidiaries had been lost since 1 April 2019. The assets and liabilities of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since 1 April 2019.

Net assets of these subsidiaries as at the date of loss of control were as follows:

	(Audited)
	HK$'000
Property, plant and equipment	951
Goodwill	659,169
Investment in an associate	23,387
Other financial assets	1,148,314
Finance lease receivables	863,326
Prepayments, deposits and other receivables	84,090
Accounts receivable	22,865
Restricted bank deposits	157,312
Cash and bank balances	25,400
Other payables and accruals	(108,126)
Interest-bearing borrowings	(30,313)
Tax payable	(23,073)
Deferred tax liability	(839)
Net assets deconsolidated	2,822,463
Less: Release of exchange fluctuation reserve	(52,085)
Release of statutory reserve	(8,597)
Non-controlling interests	(669,581)
Loss on deconsolidation of subsidiaries	2,092,200

8. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Current		
Charge for the period		
– Hong Kong	**–**	–
– the PRC	**560**	40
Total tax expense for the period	**560**	40

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss for the period attributable to ordinary equity holders of the Company of HK$352,094,000 (six months ended 30 September 2019: HK$3,088,131,000, as restated), and the weighted average number of ordinary shares of 1,868,176,188 (six months ended 30 September 2019: 1,661,618,811), calculated as follows:

	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
Number of shares		
Issued ordinary shares at 1 April	**1,868,176,188**	1,568,176,188
Effect of issue of new shares	**–**	93,442,623
Weighted average number of ordinary shares at 30 September	**1,868,176,188**	1,661,618,811

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss for the period attributable to ordinary equity holders of the Company of HK$352,094,000 (six months ended 30 September 2019: HK$3,088,131,000, as restated), and the weighted average number of ordinary shares of 1,868,176,188 (six months ended 30 September 2019: 1,661,618,811).

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2020 in respect of a dilution as the calculation of diluted loss per share for the six months ended 30 September 2020 does not assume the exercise of the Company's outstanding share options as it had no dilutive effect on the basic loss per share (six months ended 30 September 2019: No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2019 in respect of a dilution as the calculation of diluted loss per share for the six months ended 30 September 2019 does not assume (i) the conversion of the Company's outstanding convertible instruments since it would result an anti-dilutive effect on the basic loss per share; and (ii) the exercise of the Company's outstanding share options as it had no dilutive effect on the basic loss per share).

10. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

11. GOODWILL

Goodwill allocated to the cash generating unit of financial guarantee and finance leasing business in the PRC with carrying amount of HK$659,169,000 was deconsolidated since 1 April 2019 as set out in note 7. Balance represented the carrying amount of goodwill allocated to the cash generating unit of insurance and securities brokerage business in Hong Kong of HK$1,505,000 (31 March 2020: HK$1,505,000).

12. INVESTMENTS IN ASSOCIATES

There is no sufficient financial information of all the associates for the period ended 30 September 2020 and for the year ended 31 March 2020 available to the Group because the management of the associates refused to provide such required financial information to the Group. Based on assessment of the directors of the Company, the Group had fully impaired its investments in associates of approximately HK$341,674,000 during the year ended 31 March 2020. One of the associates with carrying value of HK$23,387,000 was being deconsolidated since 1 April 2019 (note 7).

The Company accounted for their investments in associates using the equity method for the reporting periods.

13. OTHER FINANCIAL ASSETS

	30 September 2020 (Unaudited) ***HK$'000***	31 March 2020 (Audited) *HK$'000*
Non-current:		
Investments at fair value through other comprehensive income (non-recycling)		
– Unlisted equity investment in the PRC *(note a)*	**800,573**	660,301
– Listed equity investment in the Philippines *(note b)*	**25,085**	25,704
	825,658	686,005

Notes:

(a) Balance represented 12.17% equity interest in a full-licensed securities company in China (Shanghai) Pilot Free Trade Zone under the framework of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong.

(b) The listed equity investment in the Philippines was stated at fair value based on quoted market price in active markets as at the end of each of the reporting periods.

(c) The Group had 15.20% (31 March 2020: 19.06%) equity interest in an investment holding company ("**Entity A**") which was acquired in April 2018. Due to the non-cooperation of the management of Entity A, the directors of the Company had been unable to obtain and access to the books and records and no sufficient financial information of Entity A as at and for the period ended 30 September 2020 and the year ended 31 March 2020 is available to the directors of Company. As such, the fair values of financial asset at fair value through other comprehensive income (non-recycling) of Entity A as at the end of the reporting periods ("**FVOCI in Entity A**") were estimated by the directors of the Company using the net asset value approach based on Entity A's unaudited management accounts as at 31 March 2020 and adjusted for the factors they considered might affect its fair value. The directors of the Company considered that the basis applied in the fair value assessment of the FVOCI in Entity A including the recognition of fair value loss of HK$841,762,000 during the year ended 31 March 2020 represented their best estimate. There were no carrying amount of Entity A as at 30 September 2020 and 31 March 2020.

(d) The Group's investment in wealth management products from financial institutions in the PRC were deconsolidated since 1 April 2019 as set out in note 7.

14. LOANS RECEIVABLE

	30 September 2020	31 March 2020
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Loans receivable	**1,791,936**	2,104,185
Less: Provision for impairment loss	**(1,791,936)**	(1,961,145)
	–	143,040

As at 31 March 2020, loans receivable represented receivables arising from the provision of finance business of the Group, and bear interest at 8.5% per annum.

All the loans receivable as at 30 September 2020 and 31 March 2020 were unsecured.

An ageing analysis of loans receivable, determined based on the age of the loans receivable since the effective drawn down date of the loans, as at the end of the reporting period is as follows:

	30 September 2020	31 March 2020
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 90 days	**–**	–
Between 91 to 180 days	**–**	–
Between 181 days to one year	**–**	–
Over one year	**1,791,936**	2,104,185
	1,791,936	2,104,185

The movements in the provision for impairment loss of loans receivable are as follows:

	30 September 2020	31 March 2020
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
At beginning of period/year	**1,961,145**	1,695,060
Net remeasurement of expected credit loss ("**ECL**") arising from transfer between stages	**–**	158,745
Other remeasurement of loss allowance	**–**	107,340
Write-off of provision for impairment loss	**(169,209)**	–
At end of period/year	**1,791,936**	1,961,145

15. FACTORING RECEIVABLES

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
Factoring receivables	**300,414**	299,079
Less: Provision for impairment loss	**(300,414)**	(299,079)
	–	–

An ageing analysis of factoring receivables, determined based on the age of the factoring receivables since the effective drawn down date of the loans, as at the end of the reporting period is as follows:

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
Within 90 days	**–**	–
Between 91 to 180 days	**–**	–
Between 181 days to one year	**–**	–
Over one year	**300,414**	299,079
	300,414	299,079

The movements in the provision for impairment loss of factoring receivables are as follows:

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
At beginning of period/year	**299,079**	1,550
Net remeasurement of ECL arising from transfer between stages	**–**	297,529
Exchange difference	**1,335**	–
At end of period/year	**300,414**	299,079

16. ACCOUNTS RECEIVABLE

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
Accounts receivable arising from the ordinary course of business of:		
– Dealing in securities:		
Margin clients	**440,189**	173,821
Clearing houses	**6,190**	5,743
– Insurance brokerage business	**364**	223
– Futures brokerage business	**13,618**	–
	460,361	179,787
Less: Provision for impairment loss	**(159,182)**	(157,782)
	301,179	22,005

The directors of the Company deconsolidated the accounts receivable of the Deconsolidated Subsidiaries from the consolidated financial statements of the Group since 1 April 2019.

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two trading days after the trade date except for the balances with margin clients which are repayable on demand or according to agreed repayment schedules, and bearing interest ranging from 7% to 15% per annum as at 30 September 2020 (31 March 2020: 7% to 13.5% per annum). The trading terms with customers of the insurance brokerage business are mainly on credit. The credit period for customers of insurance brokerage business is generally 30 days, extended up to 90 days for major customers. The settlement terms of accounts receivable attributable to dealing in futures transactions are repayable on demand and generally up to 12 months, respectively.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the trade date, is as follows:

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
Within 90 days	**298,537**	17,760
Between 91 to 180 days	**–**	3
Over one year	**161,824**	162,024
	460,361	179,787

The movements in the provision for impairment loss of accounts receivable are as follows:

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
At beginning of period/year	**157,782**	157,973
Other remeasurement of loss allowance	**1,400**	(191)
At end of period/year	**159,182**	157,782

17. ACCOUNTS PAYABLE

The balances as at 30 September 2020 and 31 March 2020, based on the trade date, were all aged within 90 days.

18. INTEREST-BEARING BORROWINGS

	30 September 2020 (Unaudited) *HK$'000*	31 March 2020 (Audited) *HK$'000*
Non-current:		
Other borrowings, unsecured	**30,000**	30,000
Current:		
Bank borrowings, unsecured	**80,039**	–
Other borrowings, secured	**2,682,687**	2,682,687
Other borrowings, unsecured	**271,761**	43,000
Total current borrowings	**3,034,487**	2,725,687
Total borrowings	**3,064,487**	2,755,687

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by Crowe (HK) CPA Limited, the independent auditor of the Company, regarding the condensed consolidated financial statements of the Group for the six months ended 30 September 2020.

DISCLAIMER OF CONCLUSION

We do not express a conclusion on the interim financial information of the Group. Because of the matters as described in the Basis for Disclaimer of Conclusion section of our report, it is not possible for us to form a conclusion on the interim financial information.

BASIS FOR DISCLAIMER OF CONCLUSION

1. Deconsolidation of subsidiaries

As explained in note 2* to the condensed consolidated financial statements, as a result of the resignation of certain senior management members of the Company and non-cooperation of the management of certain subsidiaries (the "**Deconsolidated Subsidiaries**"), the directors of the Company had been unable to obtain and gain access to the books and records and assets of the Deconsolidated Subsidiaries of the Company and had therefore resolved that the Group no longer had the controlling power to govern the financial and operating policies of the Deconsolidated Subsidiaries so as to benefit from their activities. Accordingly, the Deconsolidated Subsidiaries were deconsolidated from the consolidated financial statements of the Group from 1 April 2019 onwards. As a result of the circumstances described above, the directors of the Company have been unable to provide us with a complete set of accounting books and records of the Deconsolidated Subsidiaries. We have therefore been unable to carry out audit procedures to obtain sufficient information to satisfy ourselves as to whether:

(i) the loss on deconsolidation of the subsidiaries of approximately HK$2,092,200,000 for the period ended 30 September 2019 as disclosed in note 7 as well as the related disclosures set out in the notes to the condensed consolidated financial statements* are free from material misstatement; and

(ii) the Group had lost its control over the Deconsolidated Subsidiaries.

Any adjustment that might have been found to be necessary in respect of the above may have a significant effect on the state of the Group's affairs as at 30 September 2020 and 31 March 2020 and on its loss for the periods ended 30 September 2020 and 2019.

* *Being note 1 in this announcement*

2. Investments in associates

As explained in note 14* to the condensed consolidated financial statements, there is no sufficient financial information of the associates available at the date of this report because the management of the associates refused to provide such required financial information to the Group. Based on the assessment of the directors of the Company, the Group had fully impaired its investments in associates of HK$341,674,000 during the year ended 31 March 2020.

Besides, based on the latest records available to the Company, the Group's shareholding interest in an associate, FreeOpt Holdings Limited, was diluted to 17.61% during the period ended 30 September 2020. As (i) it was not practicable for a review to be performed by us on the associates due to insufficient financial information and the non-cooperation of the associates' management; (ii) the audited result of the associates for the year ended 31 March 2020 have not been made available to us as at the date of this report; and (iii) the directors of the Company were also unable to provide us with adequate information in support of the impairment assessment of investments in associates, together with the basis and rationale of recognising the impairment loss of investments in associates of HK$341,674,000 for the year ended 31 March 2020 and their basis for assessing the carrying amounts of the investments in associates as at 30 September 2020, we were therefore unable to obtain sufficient information in relation to (i) the estimate of the Group's share of losses and other comprehensive income relating to investments in associates recognised in profit or loss and other comprehensive income for the period ended 30 September 2020; (ii) the estimate of the carrying value of the Group's investments in associates as at 30 September 2020 and 31 March 2020; (iii) whether the accumulated losses of the Group as at 1 April 2020 resulted from the impairment loss of investments in associates for the year ended 31 March 2020 are free from material misstatement; and (iv) whether the investment in FreeOpt Holdings Limited had been properly accounted for, classified, presented and disclosed in the condensed consolidated financial statements as at and for the period ended 30 September 2020.

As a result, we were unable to determine whether adjustments might have been found to be necessary in respect of investments in associates, and the elements making up the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income and the condensed consolidated statement of changes in equity.

3. Investment in an unlisted equity investment

As explained in note 15# to the condensed consolidated financial statements, the Group held a financial asset classified as at fair value through other comprehensive income (non-recycling) with respect to 15.20% equity interest in an investment holding company ("**Entity A**") as at 30 September 2020 ("**FVOCI in Entity A**").

* *Being note 12 in this announcement*

\# *Being note 13 in this announcement*

In assessing the fair value of FVOCI in Entity A as at 30 September 2020, the directors of the Company adopted the net asset value approach based on Entity A's unaudited management accounts as at 31 March 2020 and adjusted for the factors they considered might affect its fair value to estimate its fair value as described in note 15* to the condensed consolidated financial statements. The Group, however, is unable to obtain sufficient financial information of Entity A as at and for the period ended 30 September 2020 because of the non-cooperation of the management of Entity A. The directors of the Company considered that the basis applied in the fair value assessment of the FVOCI in Entity A represents their best estimate. We were unable to obtain sufficient information we considered necessary to assess the appropriateness of the basis of valuation of the FVOCI in Entity A as at 30 September 2020 and 31 March 2020 adopted by the directors of the Company, including access to the management of Entity A to assess the appropriateness and accuracy of the financial information, and to obtain the latest audited financial information of Entity A and reliable information to support the adjustments made to the net assets value of Entity A. There were no other satisfactory procedures that we could perform to determine whether any adjustments to the carrying value of the FVOCI in Entity A as at 30 September 2020 and 31 March 2020 were necessary.

4. Multiple uncertainties relating to going concern

On 12 March 2019 and 10 April 2019, the Company received demand letters from lenders for the immediate repayment of outstanding principal amounts of approximately HK$783,747,000 and HK$429,197,000 respectively. On 26 April 2019, the Company received a notice of event of default from another lender intended to reserve its right to demand immediate repayment for borrowings with an outstanding principal amount of approximately HK$776,514,000 at 31 March 2019. On 10 May 2019, the Company received a notice of petition from one of the above lenders issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) from the High Court of the Hong Kong Special Administrative Region (the "**High Court**") that the Company be wound up by the High Court on the ground that the Company was insolvent and unable to pay its debts. In addition, on 10 June 2019, the Company received a notice of event of default and repayment from another lender for the immediate repayment of outstanding principal, together with accrued interest due totaling to approximately HK$718,436,000.

As at 30 September 2020, the Group had net current liabilities and net liabilities of approximately HK$3,362,863,000 and HK$2,544,049,000 respectively. During the period ended 30 September 2020, the Group incurred a loss attributable to ordinary equity holders of the Company of approximately HK$352,094,000. These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

* *Being note 13 in this announcement*

The directors of the Company have been taking measures to improve the liquidity and solvency position of the Group. These measures include (i) identified an investor for putting forward a debt restructuring plan of the Company and provision of loans to the Company; (ii) put forward a debt restructuring plan to the creditors of the Company; (iii) speeding up the collection of receivables process; and (iv) tightening operating cash outflows through cutting costs and capital expenditures.

As at the date of approval of these financial statements, the implementations of these measures are still in progress. The validity of the going concern assumption on which the condensed consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the measures taken by the directors of the Company. The condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the condensed consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The directors of Freeman FinTech Corporation Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

BUSINESS AND FINANCIAL REVIEW

BUSINESS REVIEW

The Company is an investment holding company whose subsidiaries are principally engaged in the provision of financial services in Hong Kong and the People's Republic of China (the "**PRC**"). As at the date of this announcement, the Group continues to carry out, amongst others, (i) provision of securities and futures brokerage services; (ii) provision of placing, underwriting and margin financing services; and (iii) provision of insurance brokerage and financial planning services.

The consolidated net loss for the six months ended 30 September 2020 (the "**Period**") of the Group was HK$352 million (corresponding period in 2019: HK$3,088 million, as restated). The consolidated net liabilities of the Group increased from HK$2,331 million as at 31 March 2020 to HK$2,544 million as at 30 September 2020. The consolidated net loss was mainly attributable to finance costs of HK$316 million.

APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS AND WINDING-UP OF THE COMPANY

References are made to the announcements of the Company dated 14 May 2019, 27 February 2020, 28 February 2020, 6 April 2020, 27 May 2020, 27 August 2020, 27 November 2020, 1 December 2020 and 26 February 2021.

On 10 May 2019, the Petitioner filed the Petition against the Company with the High Court of Hong Kong Special Administrative Region (the "**High Court**").

On 27 February 2020, the Company received a Summons taken out by the Petitioner for the appointment of the joint and several provisional liquidators of the Company. At the direction of the High Court, the Summons was fixed for hearing before the High Court on 28 February 2020.

On 28 February 2020, the High Court ordered that Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung Glen of Deloitte Touche Tohmatsu be appointed as provisional liquidators (the "**Provisional Liquidators**") of the Company with power to act jointly and severally until the determination of the Petition (or further order of the High Court). Pursuant to the PL Appointment Order, the Provisional Liquidators are empowered to, amongst others, take possession and control of assets of the Group, ascertain and investigate the affairs of the Group, and to carry on/close/cease the Group's business operations (in so far for the purpose of protecting the assets).

On 26 March 2020, upon application made by the Provisional Liquidators, the High Court granted an order to extend the Provisional Liquidators' power such that the Provisional Liquidators are empowered, *inter alia*, to consider and, if thought to be in the best interests of creditors of the Company, to enter into discussions and/or negotiations for and on behalf of the Company, for the purpose of, but not limited to, restructuring of the Company's business and operations, and/or restructuring or rescheduling the Company's indebtedness, or for the sale of its assets, provided that any such proposed restructuring, rescheduling or sale shall not be binding on the Company unless and until approved by the High Court.

On 4 November 2020, upon application made by the Provisional Liquidators, the Grant Court issued an order, which, among other things, recognised the PL Appointment Order and the Provisional Liquidators presenting and prosecuting a petition in the Grand Court in respect of the Scheme in furtherance of the proposed rescue and restructuring of the Company and its debts.

On 26 November 2020, the Provisional Liquidators and the Petitioner jointly applied to the High Court requesting to vacate the next adjourned hearing of the Petition to be fixed on 14 December 2020 and to adjourn it for 4 months to 19 April 2021. On 30 November 2020, the High Court has approved to adjourn the hearing of the Petition to 19 April 2021.

RESTRUCTURING OF THE COMPANY

References are made to the announcements of the Company dated 19 March 2020, 13 August 2020, 27 August 2020, 17 November 2020, 23 November 2020, 27 November 2020, 30 December 2020, 22 January 2021, 5 February 2021 and 26 February 2021.

Suspension of trading in shares of the Company

Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has been suspended with effect from 1:12 p.m. on 28 February 2020.

Resumption Guidance

On 19 March 2020, the Company received a letter from the Stock Exchange, in which, *inter alia*, the Stock Exchange set out the following Resumption Guidance for the Company:

1. demonstrate the Company's compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**");

2. have the winding-up petition(s) withdrawn or dismissed and the joint and several provisional liquidators discharged; and

3. inform the market of all material information for the Company's shareholders and other investors to appraise the Group's position.

On 30 June 2020, the Company received a letter from the Stock Exchange, in which the Stock Exchange set out the following additional resumption guidance for the Company:

4. publish all outstanding financial results and address any audit modification(s).

Under Rule 6.01A(1) of the Listing Rules, it may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 27 August 2021. The Stock Exchange advised that if the Company fails to remedy the issues causing its trading suspension, fulfil the resumption guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

The Company will take appropriate steps to fully comply with the Listing Rules to the Stock Exchange's satisfaction in order to have trading in the Company's shares resumed. The Company will keep the public informed of developments in this regard by making further announcements as and when appropriate.

Proposed Restructuring of the Group

On 13 August 2020, the Company, the Provisional Liquidators and Radiant Alliance Limited (the "**Investor**") entered into the Term Sheet, setting out the key commercial terms of the proposed restructuring of the Company.

On 2 September 2020, the Provisional Liquidators obtained the sanction from the High Court for entering into, among others, the Term Sheet and all requisite agreements arising therefrom in order to implement the proposed Restructuring.

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.

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, Adrian. 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.

Pursuant to the First Loan Agreement, the Investor has paid HK$161,174,982, being an amount equivalent to the LC Agreed Consideration, to the Designated Account for the purpose of repayment to the LC Secured Lender upon all relevant conditions set out therein being satisfied.

On 21 October 2020, the Securities and Futures Commission (the "**SFC**") has approved the Investor to become a substantial shareholder of the Licensed Corporations.

As part of the Schemes, the Group will undergo a group reorganisation pursuant to which the Company will transfer all its right, title and interest in and to the Excluded Subsidiaries to a nominee of the Scheme Administrators at a nominal value. After such transfer, proceeds from the realisation of any existing assets of the Excluded Subsidiaries will be distributed for the benefit of the Scheme Creditors. Upon completion of the proposed Restructuring (subject to a number of conditions precedent being fulfilled or waived), the Retained Subsidiaries, namely Freeman Securities Limited, Freeman Commodities Limited, Freeman Corporate Finance Limited, Freeman Prestige Wealth Management Limited, People Securities Company Limited, Freeman Trustee Limited and the Turnbridge Companies will remain in the Retained Group.

On 24 December 2020, upon application made by the Provisional Liquidators, the Grand Court and the High Court have approved the convening of the Scheme Meetings.

On 22 January 2021, the resolution to approve the Scheme was duly passed at the Scheme Meetings.

On 2 February 2021 (Hong Kong time) and 3 February 2021 (Cayman Islands time), the High Court and the Grand Court have sanctioned without modification the Hong Kong ListCo Scheme under Hong Kong law and the Grand Court has sanctioned without modification the Cayman Islands ListCo Scheme under Cayman law, respectively.

Upon Resumption, if so approved by the Stock Exchange, the Investor shall hold 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.

INVESTMENTS IN ASSOCIATES

As at 30 September 2020 and 31 March 2020, the Group held investments in associates with no value as the financial information of all the associates for the reporting periods are not available to the Group, representing (i) 31.74% (31 March 2020: 31.74%) effective shareholding interests in Imagination Holding Limited ("**Imagination**"), (ii) 28.13% (31 March 2020: 36.17%) shareholding interests in Jocasta Ventures Ltd ("**Jocasta**"), and (iii) 17.61% (31 March 2020: 31.38%) shareholding interests in FreeOpt Holdings Limited ("**FreeOpt**").

Imagination is a company incorporated in the Republic of the Marshall Islands and an investment holding company. Its subsidiaries are principally engaged in the provision of money lending service and investment holding.

Jocasta is a company incorporated in the British Virgin Islands and an investment holding Company. Its subsidiary is principally engaged in the provision of money lending service.

FreeOpt is a company incorporated in the Republic of the Marshall Islands and an investment holding company. Its subsidiaries are principally engaged in the provision of money lending service.

15% shareholding interest in Huiyue Financial Leasing (Ningbo) Co., Ltd.*（輝月融資租賃(寧波)有限公司）held by the Group through Wins Finance Holdings Inc. ("**Wins Finance**") has been deconsolidated effective from 1 April 2019, no such investment was recorded as at 30 September 2020 and 31 March 2020.

The Group accounted for the investments in associates using the equity method.

* *for identification purpose only*

OTHER FINANCIAL ASSETS

As at 30 September 2020, the Group recorded non-current other financial assets of HK$826 million (31 March 2020: HK$686 million), representing (i) an unlisted equity investment with 12.17% (31 March 2020: 12.17%) equity interest in Shengang Securities Company Limited (the "**Securities Company**"), a full-licensed securities company in China (Shanghai) Pilot Free Trade Zone of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong of HK$801 million (31 March 2020: HK$660 million) (with an original investment cost of Renminbi ("**RMB**") 525 million as at the end of both reporting periods), representing 52.1% (31 March 2020: 58.9%) of the total assets of the Group of HK$1,537 million (31 March 2020: HK$1,120 million); and (ii) listed securities of The Philippine Stock Exchange, Inc. ("**PSE**", whose shares are listed on The Philippine Stock Exchange, Inc., symbol: PSE) with a carrying amount of HK$25 million (31 March 2020: HK$26 million) (with an original investment cost of Philippines Peso ("**PHP**") 252 million as at the end of both reporting periods), representing 1.6% (31 March 2020: 2.3%) of the total assets of the Group, representing 1.2% (31 March 2020: 1.2%) of PSE's total issued shares.

i. Securities Company

The Securities Company is principally engaged in securities brokerage, securities underwriting and sponsoring, securities trading and securities asset management related businesses in China. Based on the unaudited management accounts of Securities Company for the nine months ended 30 September 2020, Securities Company recorded revenue of RMB1,054 million (equivalent to HK$1,169 million), profit for the period of RMB278 million (equivalent to HK$308 million), total assets of RMB9,572 million (equivalent to HK$10,900 million) and net assets of RMB4,354 million (equivalent to HK$4,958 million).

Based on the audited financial statements of the Securities Company for the year ended 31 December 2019, the Securities Company recorded revenue of RMB785 million (equivalent to HK$890 million), net profit for the year of RMB75 million (equivalent to HK$82 million), total assets of RMB9,475 million (equivalent to HK$10,587 million) and net assets of RMB4,076 million (equivalent to HK$4,555 million).

On 10 November 2020, Freeman Securities Limited ("**FSL**", an indirect wholly-owned subsidiary of the Company), the Provisional Liquidators, Jiangsu Shagang Group Company Limited* (江蘇沙鋼集團有限公司) (the "**SSCL Purchaser**") and Cheery Plus Limited entered into a term sheet, pursuant to which FSL conditionally agreed to sell, and the SSCL Purchaser conditionally agreed to acquire, 12.17% of shareholding interest in the Securities Company at the consideration of RMB600 million. References are made to the announcements of the Company dated 17 November 2020 and 10 February 2021.

* *for identification purpose only*

On 9 February 2021, FSL, the Provisional Liquidators, the SSCL Purchaser and the SSCL Secured Creditor entered into the SSCL Disposal Supplemental Term Sheet, pursuant to which the parties agreed to amend and supplement the terms of the SSCL Disposal Term Sheet. On the same date, FSL, the Provisional Liquidators and the SSCL Purchaser entered into the SSCL Share Transfer Agreement, pursuant to which FSL conditionally agreed to sell, and the SSCL Purchaser conditionally agreed to acquire, the SSCL Interest at the consideration of RMB600 million.

The SSCL Purchaser has paid RMB90 million to the Provisional Liquidators as deposit. As at the date of this announcement, the Securities Company did not have material impact on the earnings of the Group.

ii. PSE

PSE and its subsidiaries are principally engaged in the provision of trading, clearing, depository and information services for the equity market in the Philippines. The stock price of the listed securities of PSE as at 30 September 2020 amounted to PHP157 (equivalent to HK$25) per share (31 March 2020: PHP169 (equivalent to HK$26) per share). Based on the third quarterly report of PSE for the nine months ended 30 September 2020, PSE and its subsidiaries recorded revenue of PHP889 million (equivalent to HK$138 million), profit for the nine months of PHP377 million (equivalent to HK$58 million), total assets of PHP6,640 million (equivalent to HK$1,061 million) and net assets of PHP5,197 million (equivalent to HK$830 million).

Based on the annual report of PSE for the financial year ended 31 December 2019, PSE and its subsidiaries recorded revenue of PHP1,291 million (equivalent to HK$196 million), profit for the year of PHP679 million (equivalent to HK$103 million), total assets of PHP6,289 million (equivalent to HK$966 million) and net assets of PHP4,817 million (equivalent to HK$740 million). As at the date of this announcement, PSE did not have material impact on the earnings of the Group.

iii. Entity A

At the end of the Period, the Company had an unlisted equity investment with 15.20% (31 March 2020: 19.06%) equity interest in an investment holding Company ("**Entity A**"), with an original investment cost of HK$600 million. For the year ended 31 March 2020, due to the non-cooperation of the management of Entity A, the directors of the Company (the "**Directors**") had been unable to obtain and access to the books and records and no sufficient financial information of Entity A as at and for the Period and the year ended 31 March 2020 is available to the Directors. As at 31 March 2019, the carrying amount of Entity A was HK$842 million. There was a fair value loss of investment in Entity A of HK$842 million recorded for the year ended 31 March 2020 and there were no carrying amount of Entity A as at 30 September 2020 and 31 March 2020.

INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment at fair value through profit or loss carries value less than 5% of the Group's total assets as at 30 September 2020 and 31 March 2020.

The Group recorded net unrealised gains of investments at fair value through profit or loss of HK$11 million (corresponding period in 2019: net losses of HK$10 million) for the Period.

The Group realised its investments in listed securities with a carrying value of HK$120,000 (corresponding period in 2019: HK$33,000) for aggregate gross proceeds of HK$99,000 (corresponding period in 2019: Nil), resulting net realised loss of investments at fair value through profit or loss of HK$21,000 (corresponding period in 2019: HK$33,000) for the Period.

FINANCIAL REVIEW

DECONSOLIDATION OF COMPANIES LOST CONTROL

Since the books and records of some of the Company's subsidiaries (i.e. Wins Finance and its subsidiaries) are not available to the Provisional Liquidators and the Directors, the Directors cannot ascertain the financial position of those subsidiaries after 31 March 2019. Together with the fact that the Company has lost control over those subsidiaries, the Directors are of the view that those subsidiaries should be deconsolidated from the Group with effect from 1 April 2019.

REVENUE AND PROFIT

For the Period, the Group's consolidated revenue was HK$7 million (corresponding period in 2019: HK$45 million, as restated), consolidated net loss was HK$352 million (corresponding period in 2019: HK$3,088 million, as restated). The consolidated net loss for the Period was mainly attributable to finance costs of HK$316 million. Income from securities and futures brokerage, placing, underwriting and margin financing services was HK$6 million, representing a decrease of 76.0% as compared to HK$25 million in the corresponding period in 2019 due to adverse publicity surrounding the Group. Insurance brokerage income significantly decreased by 50.0% to HK$2 million as compared to HK$4 million in the corresponding period in 2019 due to the outbreak of COVID-19 and travel restrictions. The Group had no interest income from provision of finance for the Period as compared to HK$15 million in the same corresponding period in 2019 as the Group had not engaged into new loan contracts for the Period. There was no corporate finance advisory fee for the Period (corresponding period in 2019: Nil). The Group had not recorded any factoring interest income for the Period as compared to HK$907,000 for the same period in 2019 as the collectability of factoring interest receivable was considered not probable. There were also no commissions and fees from financial guarantee services or finance lease interest income for the Period and the same period in 2019 as the Group had deconsolidated these businesses since 1 April 2019.

The Group recorded an allowance for expected credit losses as provision for impairment loss of accounts receivable of HK$1 million for the Period for its significant accounts receivable balance arising from the margin clients of the Group at the end of the reporting period. The Group had made no provision for impairment losses for loans receivable and factoring receivables for the Period (corresponding period in 2019: HK$253 million and HK$243 million, respectively) based on the ageing of the overdue balances, borrowers' creditworthiness and historical write-off experience, and represented the allowance provided for the estimated loss arising from the inability of third party borrowers to make required repayments to the Group as at 30 September 2020. The Group continued to follow up with other third party borrowers including convening litigations and arranging settlements.

The accumulated provision for impairment loss of loans receivable of HK$1,792 million represented the allowance provided for the estimated loss in relation to certain third party borrowers that the Group believes that will not be able to fully collect the overdue balances.

The accumulated provision for impairment loss of factoring receivables of HK$300 million represented the allowance provided for the estimated loss in relation to certain third parties that the Group has not received any repayment of the overdue factoring receivables.

The Group recorded loss on deconsolidation of subsidiaries of HK$2,092 million for the six months ended 30 September 2019, as restated, as books and records could not be accessed and the Company has lost control of Wins Finance and its subsidiaries since 1 April 2019.

Finance costs of HK$316 million for the Period (corresponding period in 2019: HK$385 million, as restated) were mainly due to interest accrued due to default and cross-default on certain loans.

Other income and gains substantially increased to HK$7 million for the Period (corresponding period in 2019: HK$902,000, as restated). During the Period, the Group obtained government grants in Hong Kong of HK$2 million under Employment Support Scheme and financial Support in PRC of RMB2 million (equivalent to HK$2 million) under Special Fund for Financial Services Development in Sino-Singapore Tianjin Eco-city* (中新天津生態城金融服務產業發展專項資金) (corresponding period in 2019: Nil).

The Group recorded a net unrealised gain on investments at fair value through profit or loss of HK$11 million for the Period (corresponding period in 2019: net loss of HK$10 million). No result has been shared from associates for the Period after the investments in associates were fully impaired during the year ended 31 March 2020 (corresponding period in 2019: shared loss of HK$29 million).

* *for identification purpose only*

Cost saving is a continuous aim in monitoring daily operations by the Group. This Period, general and administrative expenses amounted to HK$41 million, representing a decrease of 32.8% as compared to HK$61 million in the corresponding period in 2019 which was mainly due to a decrease in staff costs and legal and professional fees. Total employee benefit expenses (excluding directors' remuneration) amounted to HK$16 million for the Period (corresponding period in 2019: HK$18 million, as restated). Legal and professional fees amounted to HK$3 million (corresponding period in 2019: HK$8 million, as restated) were incurred for the Period mainly for the Petition with details as stated under the paragraphs headed "Contingent Liabilities" and for the legal proceedings against certain borrowers and margin customers with overdue balances.

Net loss attributable to shareholders of the Company ("**Shareholders**") for the Period was HK$352 million (corresponding period in 2019: HK$3,088 million, as restated). Basic and diluted loss per share was HK$0.19 (corresponding period in 2019: HK$1.86 per share, as restated).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2020, the Group had total assets of HK$1,537 million (31 March 2020: HK$1,120 million) and total liabilities of HK$4,081 million (31 March 2020: HK$3,451 million). The net liabilities of the Group as at 30 September 2020 were HK$2,544 million (31 March 2020: HK$2,331 million). As at 30 September 2020, net current liabilities of the Group amounted to HK$3,363 million (31 March 2020: HK$3,019 million) with cash and bank balances of HK$156 million (31 March 2020: HK$150 million) and the current ratio (current assets/current liabilities) was 0.17 (31 March 2020: 0.12). The Group had secured borrowings of HK$2,683 million (31 March 2020: HK$2,683 million) and unsecured borrowings of HK$382 million (31 March 2020: HK$73 million). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowings divided by the equity attributable to ordinary equity holders of the Company were not available as at 30 September 2020 and 31 March 2020 as the Group had net deficits in its equities. The borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong Dollar Prime Rate or lender's costs of funds were made in Hong Kong dollar and United States ("**US**") dollar. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and US dollar. As Hong Kong dollar is pegged to US dollar, the foreign exchange risk exposures are considered limited. The Group did not have any financial instruments used for hedging purpose.

As at 30 September 2020 and 31 March 2020, the Company has no capital commitments. As at 30 September 2020, the Group had net deficiencies in assets of HK$2,544 million (31 March 2020: HK$2,331 million).

PLEDGE OF ASSETS

As at 30 September 2020 and 31 March 2020, US$90 million (equivalent to HK$702 million) of interest-bearing borrowings were secured by the shares in the capital of certain wholly-owned subsidiaries of the Company, 20% equity interest of Wins Finance held by the Group, and personal guarantees given by Mr. Zhang Yongdong ("**Mr. Zhang**", a substantial shareholder of the Company) and his spouse.

As at 30 September 2020 and 31 March 2020, US$76 million (equivalent to HK$593 million) and HK$185 million of interest-bearing borrowings were secured by certain shares in the capital of a wholly-owned subsidiary of the Company, 17.26% equity interest of Wins Finance held by the Group, 63,660,000 shares of Pak Wing Group (Holdings) Limited (currently known as Quantong Holdings Limited) (Stock Code: 8316), certain shares held by Mr. Zhang and personal guarantees given by Mr. Zhang and his spouse.

As at 30 September 2020 and 31 March 2020, US$99 million (equivalent to HK$772 million) of interest-bearing borrowings were secured by 30% equity interest of Wins Finance held by the Group.

As at 30 September 2020 and 31 March 2020, HK$429 million of interest-bearing borrowings were secured by 12.17% equity interest of the Securities Company held by the Group.

EVENTS AFTER THE REPORTING PERIOD

Proposed Restructuring

References are made to the announcements of the Company dated 13 August 2020, 27 August 2020, 17 November 2020, 23 November 2020, 27 November 2020, 30 December 2020, 22 January 2021, 5 February 2021 and 26 February 2021.

On 21 October 2020, SFC has approved the Investor to become a substantial shareholder of the Licensed Corporations.

On 17 November 2020 and 18 December 2020, the Company, the Provisional Liquidators and the Investor entered into the first supplemental deed and the second supplemental deed respectively, pursuant to which the parties agreed to further amend the terms of the Restructuring Deed and/or the First Loan Agreement.

On 24 December 2020, upon application made by the Provisional Liquidators, the High Court and the Grand Court have approved the convening of the Scheme Meetings.

On 22 January 2021, the resolution to approve the Scheme was duly passed at the Scheme Meetings.

On 2 February 2021 (Hong Kong time) and 3 February 2021 (Cayman Islands time), the High Court and the Grand Court have sanctioned without modification the Hong Kong ListCo Scheme under Hong Kong law and the Grand Court has sanctioned without modification the Cayman Islands ListCo Scheme under Cayman Law, respectively.

Others

(a) In March 2020, after the appointment of Provisional Liquidators to the Company, two of the key operating subsidiaries of the Group, namely FSL and Freeman Commodities Limited ("**FCL**") are facing practical difficulties and challenges in maintaining sufficient level of operations, primarily due to various restrictions imposed by and/or agreed with the Stock Exchange and/or the SFC on their business operations, which include, among others, (i) prohibiting FSL and FCL from on-boarding new clients; and (ii) restricting FCL from transacting on behalf of its clients trades over a certain level of volume by the Stock Exchange, etc.

In November and December 2020, restriction (i) above has been uplifted and restriction (ii) above has been partially uplifted.

(b) On 21 September 2020, a wholly-owned subsidiary of the Company ("**Subsidiary A**") and an independent third party ("**Assignor A**") entered into a deed of assignment, pursuant to which, Subsidiary A agreed to sell certain loans receivable, and Assignor A agreed to purchase for a consideration of HK$143 million. On 29 October 2020, the full consideration amount was received.

(c) On 10 November 2020, FSL, the Provisional Liquidators, the SSCL Purchaser and Cheery Plus Limited entered into a term sheet, pursuant to which FSL conditionally agreed to sell, and the SSCL Purchaser conditionally agreed to acquire, 12.17% of shareholding interest in the Securities Company at the consideration of RMB600 million.

On 9 February 2021, FSL, the Provisional Liquidators, the SSCL Purchaser and the SSCL Secured Creditor entered into the SSCL Disposal Supplemental Term Sheet, pursuant to which the parties agreed to amend and supplement the terms of the SSCL Disposal Term Sheet. On the same date, FSL, the Provisional Liquidators and the SSCL Purchaser entered into the SSCL Share Transfer Agreement, pursuant to which FSL conditionally agreed to sell, and the SSCL Purchaser conditionally agreed to acquire, the SSCL Interest at the consideration of RMB600 million.

CONTINGENT LIABILITIES

On 10 May 2019, the Petitioner filed the Winding-up Petition against the Company with the High Court. The next adjourned hearing is scheduled on 19 April 2021. As of the date of this interim results announcement, the amount of total loss is uncertain.

Save as disclosed elsewhere in this interim results announcement, the Group is not aware of other material contingent liabilities as at 30 September 2020 and 31 March 2020.

EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 30 September 2020, the Group employed 53 staff members including the Directors (30 September 2019: 83 staff members, as restated). Staff costs incurred for the Period, including directors' remuneration, were HK$22 million (corresponding period in 2019: HK$28 million, as restated). The Company has adopted a share option scheme and the Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees. During the Period, no share options were granted, cancelled or exercised, and 31,363,522 share options lapsed. Subsequent to the reporting Period, no share options were granted, cancelled or exercised, and all outstanding 84,532,110 share options lapsed.

PROSPECTS

References are made to the announcements of the Company dated 17 November 2020, 23 November 2020 and 27 November 2020. The Company has entered into a Restructuring Deed with the Investor where 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. Upon completion of the proposed Restructuring (subject to a number of conditions precedent being fulfilled or waived), the Company's right, title and interest in and to the Excluded Subsidiaries will be transferred to a nominee of the Scheme Administrators and the Excluded Subsidiaries will cease to be subsidiaries of the Company. All the claims against the Company by the creditors will be discharged and compromised in full, the financial and liquidity position of the Retained Group will be substantially improved.

The Directors are confident that upon completion of the proposed Restructuring and coupled with the support from the Investor, the Retained Group's business will be improved and the Retained Group will have sufficient level of operations to maintain its listing status.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company.

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 September 2020 have not been audited, but have been reviewed by the Company's external auditor, Crowe (HK) CPA Limited in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. The Audit Committee of the Company comprises three Independent Non-executive Directors (the "**INEDs**"). Following the appointment of the Provisional Liquidators 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 only the current Executive Directors and Non-executive Directors, namely Mr. Yau Pak Yue, Mr. Choi Wai Hong, Clifford, Ms. Ang Mei Lee Mary and Mr. Chung Wai Man have been so authorised; and (c) no current INEDs has been involved in any affairs of the Company, thus, the Audit Committee has not been maintained as required by the Listing Rules and has not reviewed the interim results. Appropriate personnel will be appointed as members of Audit Committee before the resumption of the trading in the shares of the Company on the Stock Exchange.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the Period, the Company appeared to comply, based on the limited information available to the Directors, with the code provisions as set out in the CG Code, except for the following:

– Section F of the CG Code – since the Company has no company secretary from 6 March 2020, the Company was unable to comply with relevant code provisions under Section F.

– Section L of the CG Code – Following the appointment of the Provisional Liquidators 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 only the current Executive Directors and Non-executive Directors, namely Mr. Yau Pak Yue, Mr. Choi Wai Hong, Clifford, Ms. Ang Mei Lee Mary and Mr. Chung Wai Man have been so authorised; and (c) no current INEDs has been involved in any affairs of the Company, thus, the Audit Committee, Remuneration Committee and Nomination Committee have not been maintained.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with all Directors, the Company confirmed that throughout the reporting period, all Directors have complied with the required standards set out in the Model Code.

PUBLICATION OF FINANCIAL INFORMATION

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.freeman279.com). The Group's interim report for 2020 will be despatched to the Shareholders and available on the above websites in due course.

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.

By Order of the Board
Freeman FinTech Corporation Limited
(Provisional Liquidators Appointed)
Choi Wai Hong, Clifford
Executive Director

Hong Kong, 10 March 2021

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

Executive Directors:
Mr. Choi Wai Hong, Clifford
Mr. Yau Pak Yue

Non-executive Directors:
Ms. Ang Mei Lee Mary
Mr. Chung Wai Man

Independent Non-executive Directors:
Mr. An Dong
Mr. Fung Tze Wa
Mr. Wu Keli