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FREEMAN FINTECH CORPORATION LIMITED

民眾金融科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

ISSUE OF SECURED CONVERTIBLE BONDS UNDER GENERAL MANDATE

SUBSCRIPTION AGREEMENT

On 6 June 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, in relation to the issue of the Convertible Bonds in the principal amount of US\$100,000,000 with conversion rights to convert the principal amount thereof into the Shares at the Conversion Price of HK\$0.425.

Assuming the exercise in full of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.425 per Conversion Share, a total of 1,835,294,118 Conversion Shares will be issued, representing approximately 12.81% of the existing issued share capital of the Company and approximately 11.36% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The gross proceeds from the issue of the Convertible Bonds will be US\$100,000,000 (equivalent to approximately HK\$780,000,000). The net proceeds from the issue of the Convertible Bonds, after the deduction of related expenses payable by the Company, are estimated to be approximately HK\$779,000,000. The Company intends to apply the net proceeds for general working capital.

GENERAL

The Conversion Shares will be issued under the General Mandate of the Company. Application will be made by the Company to the listing committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares. Since the Conversion Shares will be allotted and issued under the General Mandate, no further Shareholders' approval is required.

Closing of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Bonds. Details of the Subscription Agreement are set out below.

Date: 6 June 2017 (after trading hours)

Parties: (i) the Company, as issuer; and
(ii) CHINA HUARONG MACAU (HK) INVESTMENT HOLDINGS LIMITED, as subscriber.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, a fellow subsidiary of the Subscriber is a creditor of the Company. Save and except as aforesaid, the Subscriber and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

Conditions Precedent

Closing of the Subscription is conditional upon:–

- (i) on the date of the Subscription Agreement and the closing date: (a) the representations, warranties, agreements and undertakings of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on, the closing date; and (b) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before the closing date; and (c) there having been delivered to the Subscriber a certificate dated the closing date and signed by the Company to such effect;

- (ii) no event of default is continuing or would result from the issuance by the Company of the Convertible Bonds to the Subscriber;
- (iii) from the date of the Subscription Agreement up to and at the closing date, there shall not have occurred any change (nor any development or event involving a prospective change) which is materially adverse to the condition (financial or other), results of operations or general affairs of the Company or the Group;
- (iv) the listing committee of the Stock Exchange having granted approval to the listing of, and the permission to deal in, the Conversion Shares; and
- (v) the obtaining of all consent from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Subscription Agreement and any of the transaction contemplated thereunder.

If the conditions above are not either waived or satisfied on or prior to 31 July 2017 (or such later date as may be agreed by the Subscriber and the Company), the parties' obligations under the Subscription Agreement shall automatically terminate and no party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim in respect of antecedent breaches and the liability of the Company for the payment of expenses as set out in the Subscription Agreement.

Closing

Closing of the Subscription shall take place on the third Business Day after, and excluding, the date upon which the conditions precedent under the Subscription Agreement have been satisfied, or such other date as the Company and the Subscriber may agree in writing.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Principal Amount	An aggregate principal amount of US\$100,000,000
Issue Price	100% of the principal amount of the Convertible Bonds
Form of the Convertible Bonds and Denomination	In registered form in denomination of US\$10,000,000 each
Interest Rate	4% per annum payable semi-annually in arrears

Maturity Date (the “ Maturity Date ”)	the date falling on the second (2nd) anniversary of the Issue Date (the “ Initial Maturity Date ”), provided that the Company may designate, with the passing of an extraordinary resolution or written resolution by the Convertible Bonds Holders, (i) the third (3rd) anniversary of the Issue Date (the “ Updated Maturity Date ”) as the Maturity Date by written notice to the Convertible Bonds Holders at least thirty (30) days before the Initial Maturity Date, and (ii) the fourth (4th) anniversary of the Issue Date as the Maturity Date by written notice to the Convertible Bonds Holders at least thirty (30) days before the Updated Maturity Date (the “ Further Updated Maturity Date ”), in each case if such date is not a Business Day, the Business Day immediately following such date
Status	The Convertible Bonds, when issued, shall constitute direct, senior, unsubordinated, unconditional and secured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves
Security	If the WINS Acquisition completes before 31 July 2017, within fifteen (15) Business Days after the completion date of WINS Acquisition, the Company shall enter into or procure the relevant party(ies) to enter into, a share charge (the “ Share Charge ”) in favour of the Subscriber for the benefit of the Subscriber and the Convertible Bonds Holders over 30% of the share capital of WINS (the “ WINS Charged Shares ”) immediately after completion of the WINS Acquisition.

If the WINS Acquisition does not complete before 31 July 2017, on 31 July 2017 (the “**WINS Long Stop Date**”), the Company shall enter into the Security Documents to create in favour of the Subscriber for the benefit of the Convertible Bonds Holder the security interests over the Charged Assets (the choice or selection of which shall be at the Company’s sole discretion) not less than the value to the WINS Charged Shares to the satisfaction of the Subscriber (the “**Alternative Charged Assets**”), provided that within fifteen (15) Business Days after completion of the WINS Acquisition, and subject to the Subscriber’s prior written consent, the Company shall promptly enter into or procure the relevant party(ies) to enter into the Share Charge to create in favour of the Subscriber for the benefit of the Convertible Bonds Holder the security interests over the WINS Charged Shares, and the security over the Alternative Charged Assets shall be promptly released by the Subscriber who shall execute all necessary discharge, release or any other documents and do all required actions to effect such release. The Subscriber shall have the sole discretion to extend the WINS Long Stop Date to 31 August 2017.

If the Closing Price of the Share for ten (10) consecutive Trading Days is more than 140% of the Conversion Price, all the Charged Assets (including any Alternative Charged Assets) and the Security shall be promptly released by the Subscriber who shall execute all necessary discharge, release or any other documents and do all required actions to effect such release. If subsequently, if the Closing Price for ten (10) consecutive Trading Days is less than 140% of the Conversion Price, the Company shall promptly enter into the Security Documents to re-create in favour of the Subscriber for the benefit of the Convertible Bonds Holder the security interests over the Charged Assets to the satisfaction of the Subscriber.

Conversion Shares

Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$0.425, an aggregate of 1,835,294,118 Conversion Shares will be allotted and issued pursuant to the Convertible Bonds Instrument. Such number of Conversion Shares represents approximately 12.81% of the issued share capital of the Company as at the date of this announcement and approximately 11.36% of the issued share capital of the Company as enlarged by the Conversion Shares

Conversion Price	HK\$0.425 per Conversion Share subject to any adjustment, from time to time, as set out in the terms and conditions of the Convertible Bonds Instrument (upon conversion, the principal amount of the Convertible Bonds shall be exchanged to Hong Kong Dollar based on the fixed exchange rate of US\$1: HK\$7.8)
Conversion Period (the “ Conversion Period ”)	The period beginning on, and including, six months after the Issue Date and ending on, and including, 5:00 p.m. on the day which is five (5) Trading Days before the Maturity Date, and if the last day of the Conversion Period would otherwise be a day which is not a Business Day, the last day of the Conversion Period shall be the immediately preceding Business Day
Conversion Rights	Each Convertible Bonds Holder has the right to convert the principal amount of the Convertible Bonds into the Conversion Shares at any time during the Conversion Period
Conversion Restrictions	The Convertible Bonds Holders shall have no right to exercise, and shall not exercise, any conversion rights if, as a result of such exercise, the Company will be in breach of the minimum public floating requirements under Rule 8.08 of the Listing Rules or other relevant requirements under the Listing Rules immediately after the relevant exercise of conversion rights and in such case, the Company shall disregard (and return to such Convertible Bonds Holder) any notice of exercise of conversion rights
Adjustments to the Conversion Price	The Conversion Price of the Convertible Bonds is subject to adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalization issue, capital distribution, rights issue of shares or options or other securities, issue of shares, options, warrants or other rights at a price less than the current market price of the Share and issue of shares or other securities at a price less than the Conversion Price
Ranking of Conversion Shares	The Conversion Shares shall rank <i>pari passu</i> in all respects with all other Shares in issue on the conversion date

Redemption	Unless previously redeemed, converted or purchased and cancelled, the Company shall, subject to receipt of the relevant Convertible Bonds certificate, redeem all the outstanding Convertible Bonds held by a Convertible Bonds Holder on the Maturity Date at an amount equal to the Redemption Amount. The Company may not early redeem the Convertible Bonds
Listing	No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares
Redemption when the General Mandate is fully utilised	If the Company is unable, other than by reason of the default of the Convertible Bonds Holder under the Convertible Bonds Instrument, to issue the Conversion Shares which exceeds such number of unissued Shares for which the Board has been authorised under the General Mandate and/or for which approval for listing (and permission to deal in) has been granted by the listing committee, the Company shall be obliged to firstly, issue the maximum number of Conversion Shares that it is allowed to issue and allot under the General Mandate and, thereafter, redeem such remaining balance of the principal of the Convertible Bonds purported to be converted which may otherwise result in the allotment and issue of such excess number of Shares at the amount equal to 100 per cent. of the remaining balance of the principal amount of such Convertible Bonds, which should be payable to Convertible Bonds Holder within seven (7) Business Days falling after the date of conversion notice
Transferability of Convertible Bonds	The Convertible Bonds shall not be transferred to any third party without the prior written consent of the Company

Conversion Price

The Conversion Price of HK\$0.425 per Conversion Share represents:

- (i) a discount of approximately 16.67% over the Closing Price of HK\$0.510 per Share as quoted on the Stock Exchange on 6 June 2017, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 19.51% over the average Closing Price of approximately HK\$0.528 per Share for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial Conversion Price and the other terms of the Convertible Bonds were determined after arm's length negotiations between the Company and the Subscriber.

INFORMATION OF THE COMPANY

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

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong with limited liability.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, a fellow subsidiary of the Subscriber is a creditor of the Company. Save and except as aforesaid, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF ISSUE OF CONVERTIBLE BONDS

The Board considers that the issue of the Convertible Bonds is an appropriate means of fund raising for the Company and it does not have any immediate dilution effect on the shareholding of the existing Shareholders. The Board is of the view that the issue of the Convertible Bonds provides opportunities for the Group to strengthen its capital base and financial position for future business development.

The gross proceeds from the issue of Convertible Bonds will be US\$100,000,000 (equivalent to approximately HK\$780,000,000). The net proceeds from the issue of the Convertible Bonds, after the deduction of related expenses, are estimated to be approximately HK\$779,000,000, representing net issue price of approximately HK\$0.424 per Conversion Share.

The Company intends to apply the net proceeds from the issue of the Convertible Bonds as general working capital for the Group with details as follows: for (i) additional funding to Freeman Securities Limited (a wholly-owned subsidiary of the Company principally engaged in the provision of securities brokerage services, the provision of placing, underwriting and margin financing, investment holding and trading of securities) for business expansion of approximately HK\$390 million; (ii) money lending business of approximately HK\$312 million; and (iii) other general working capital of approximately HK\$77 million.

The Directors consider the terms of the Subscription Agreement are negotiated at arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 12 MONTHS

The Company had not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement, and (ii) assuming full exercise of the conversion rights attached to the Convertible Bonds at the initial Conversion Price of HK\$0.425 per Conversion Share and further assuming that no other Shares will be issued is as follows:

Shareholders	As at the date of this announcement		Immediately after the full conversion of the Convertible Bonds	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Substantial Shareholders				
Mr. Zhang Yongdong (<i>Note 1</i>)	4,194,780,000	29.28%	4,194,780,000	25.96%
Mr. Yan Ming (<i>Note 2</i>)	750,000,000	5.24%	750,000,000	4.64%
Director				
Ms. Chow Mun Yee	6,048,000	0.04%	6,048,000	0.04%
The Subscriber	–	–	1,835,294,118	11.36%
Public Shareholders	9,373,309,300	65.44%	9,373,309,300	58.00%
Total	14,324,137,300	100.00%	16,159,431,418	100.00%

Note 1: These Shares were held by Galaxy Strategic Investment Co. Ltd., a company wholly-owned by Mr. Zhang Yongdong. Of which 2,615,069,000 Shares were in short position to Shanghai Guotai Junan Securities Asset Management Co., Ltd.* (上海國泰君安證券資產管理有限公司, “Shanghai Guotai”) and Guotai Junan Securities Co., Ltd.* (國泰君安證券股份有限公司, “Guotai”). Shanghai Guotai is a trustee of (i) a trust in which Guangdong Bank Holdings Co., Ltd.* (廣東銀行股份有限公司) is a beneficiary of 862,069,000 Shares; (ii) a trust in which China Zheshang Bank Co., Ltd. is a beneficiary of 898,000,000 Shares; and (iii) a trust in which Shen Zhen Rongtong Capital Management Co., Ltd. is a beneficiary of 855,000,000 Shares. Guotai is the ultimate holding company of Shanghai Guotai and is deemed to be interested in 2,615,069,000 Shares through Shanghai Guotai described above.

Note 2: These Shares are held by Eternal Link Investments Limited, a company wholly-owned by Mr. Yan Ming.

* for identification purpose only

GENERAL

Closing of the Subscription is subject to fulfillment of the conditions precedent under the Subscription Agreement. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

The Conversion Shares will be issued under the General Mandate of the Company, no further Shareholders' approval is required. Application will be made by the Company to the listing committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Conversion Shares.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Board”	the board of Directors of the Company
“Business Day(s)”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted
“Charged Assets”	the assets from time to time subject or expressed to be subject to all or any of the security interest created or expressed to be created by or pursuant to the Security Documents or any part thereof
“Closing Price”	in respect of a Share for any Trading Day, the closing market price published in the daily quotation sheet published by the Stock Exchange for such Trading Day
“Company”	Freeman FinTech Corporation Limited, a company with limited liability incorporated under the laws of the Cayman Islands whose shares are listed on the Stock Exchange (Stock Code: 279)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bond(s)”	the secured convertible bonds created and constituted by the Convertible Bonds Instrument and any deed poll supplemental thereto and issued with the benefit of and subject to the provision of the Convertible Bonds Instrument in the principal amount of US\$100,000,000

“Convertible Bonds Holder(s)”	a holder of a Convertible Bond and in whose name such Convertible Bonds is for the time being registered in the Convertible Bonds register (or, in the case of a joint holding, the first named thereof)
“Convertible Bonds Instrument”	the instrument by way of deed poll to be executed by the Company creating and constituting the Convertible Bond
“Conversion Price”	HK\$0.425 per Conversion Share, subject to adjustment
“Conversion Share(s)”	the Share(s) to be issued by the Company upon conversion of the principal amount of the Convertible Bonds pursuant to the terms of the Convertible Bonds Instrument
“Directors”	directors of the Company from time to time
“General Mandate”	the existing general mandate from the Shareholders to the Directors at the annual general meeting of the Company held on 7 September 2016 to allot and issue Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) up to an aggregate number of Shares not exceeding 20% of the number of Shares in issue as at 7 September 2016 in accordance with the relevant provisions of the Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Internal Rate of Return”	in respect of a Convertible Bond held by a Convertible Bonds Holder, the annual rate based on a 365-day period used to, at any relevant reference point in time, discount the cash flows in respect of the Convertible Bonds to the date of issue of such Convertible Bonds such that the present value of such aggregate cash flows equals zero. In particular, the calculation of the Internal Rate of Return shall take into account (i) cash received by the Convertible Bonds Holder as a result of any redemption of such Convertible Bonds and (ii) all the interest amounts on the principal amount of the Convertible Bonds which have accrued and have been paid other than any default interest

“Issue Date”	the date on which completion of the Subscription Agreement takes place and the Convertible Bond is issued in accordance with the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NASDAQ”	The NASDAQ Stock Market LLC
“Redemption Amount”	<p>the amount equal to the aggregate of:</p> <ul style="list-style-type: none"> (a) the aggregate principal amount of such outstanding Convertible Bonds held by the relevant Convertible Bonds Holder; (b) any accrued but unpaid interest on such outstanding Convertible Bonds on the Maturity Date; (c) if the sum of the amounts referred in paragraphs (a) and (b) above (together with all accrued and paid interests on the principal amount of the Convertible Bonds) falls short of making up an Internal Rate of Return of 4.04% on the aggregate outstanding principal amount of the Convertible Bonds calculated from the Issue Date until the Initial Maturity Date, Updated Maturity Date or Further Updated Maturity Date, such additional amount which would make up an Internal Rate of Return of 4.04% on the aggregate outstanding principal amount of the Convertible Bonds; (d) any default interest accrued but unpaid; and (e) any other amounts due and payable under the Transaction Documents accrued but unpaid
“Secured Obligations”	all moneys, liabilities and obligations at any time due, owing or payable to the Convertible Bonds Holders or any of them by the Company under or pursuant to the Convertible Bonds, the Transaction Documents or any of them, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity)

“Security Documents”	collectively the Share Charge and any other document constituting or evidencing the security granted from time to time to secure the Secured Obligations
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	CHINA HUARONG MACAU (HK) INVESTMENT HOLDINGS LIMITED (中國華融澳門(香港)投資控股有限公司), a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription of the Convertible Bonds of the Company in accordance with the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 6 June 2017 entered into between the Company and the Subscriber in relation to the Subscription
“subsidiaries”	has the meaning ascribed thereto it under the Listing Rules
“Trading Day”	a day when the Stock Exchange (or in respect of any other security, the relevant stock exchange or securities market), is open for dealing business
“Transaction Documents”	the Convertible Bonds Instrument, a Convertible Bonds certificate, the Subscription Agreement, the Security Documents, or any document designated as such by the Company and the Subscriber
“WINS”	Wins Finance Holdings Inc., a company whose shares are listed on NASDAQ (stock code: WINS)
“WINS Acquisition”	the purchase by the Company of 67.1% of the share capital of WINS, as more particularly disclosed by the Company in its announcement dated 13 December 2016

“%”

per cent.

By order of the Board
Freeman FinTech Corporation Limited
Yang Haoying
Chief Operating Officer

Hong Kong, 6 June 2017

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

Executive Directors:

Mr. Yang Haoying (*Chief Operating Officer*)

Ms. Chow Mun Yee

Mr. Wang Xiaodong

Mr. Zhao Tong

Independent Non-executive Directors:

Mr. Cheung Wing Ping

Mr. Fung Tze Wa

Mr. Wu Keli

Mr. Xu Zhiguang