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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Freeman FinTech Corporation Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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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)**

**PROPOSED AMENDMENTS OF  
THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the extraordinary general meeting of Freeman FinTech Corporation Limited to be held at Hoi Yat Heen Salon V – VI, 3/F., Harbour Plaza North Point, 665 King’s Road, North Point, Hong Kong (MTR Quarry Bay Station, Exit C) on Thursday, 13 December 2018 at 4:00 p.m. is set out on pages 30 to 32 of this circular.

Whether or not you are able to attend the extraordinary general meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than 4:00 p.m. on Tuesday, 11 December 2018 or not less than 48 hours before the time appointed for the holding of the extraordinary general meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the extraordinary general meeting or any adjourned meetings in person if you so wish.

27 November 2018

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Amendment of Conditions”	Amendment of Conditions A and Amendment of Conditions B
“Amendment of Conditions A”	the proposed amendment of certain terms and conditions of the Convertible Bonds A pursuant to the Supplemental Deeds
“Amendment of Conditions B”	the proposed amendment of certain terms and conditions of the Convertible Bonds B pursuant to the Supplemental Instruments
“Announcement A”	the Company’s announcement dated 24 August 2017 in relation to the issue of the Convertible Bonds A
“Announcement B”	the Company’s announcement dated 6 June 2017 in relation to the issue of the Convertible Bonds B
“Board”	the board of Directors
“Business Days”	a day on which commercial banks in Hong Kong are generally open for normal business other than Saturday and Sunday or a public holiday, or a day on which commercial banks do not open for business owing to a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force in Hong Kong
“Charged Assets A”	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 A or any part thereof
“Charged Assets B”	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 B or any part thereof
“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)

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## DEFINITIONS

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“Conversion Shares”	Conversion Shares A and Conversion Shares B
“Conversion Share(s) A”	the Share(s) to be issued by the Company upon conversion of the principal amount of the Convertible Bonds A
“Conversion Share(s) B”	the Share(s) to be issued by the Company upon conversion of the principal amount of the Convertible Bonds B pursuant to the terms of the Convertible Bonds Instrument B and the Supplemental Instruments
“Convertible Bonds”	Convertible Bonds A and Convertible Bonds B
“Convertible Bond(s) A”	the secured convertible bonds created and constituted by the Convertible Bonds Instrument A and any deed poll supplemental thereto and issued with the benefit of and subject to the provision of the Convertible Bonds Instrument A in principal amount of HK\$437,000,000
“Convertible Bond(s) B”	the secured convertible bonds created and constituted by the Convertible Bonds Instrument B and any deed poll supplemental thereto and issued with the benefit of and subject to the provision of the Convertible Bonds Instrument B in principal amount of US\$100,000,000
“Convertible Bonds Holders”	Convertible Bonds Holders A and Convertible Bonds Holders B
“Convertible Bonds Holder(s) A”	a holder of a Convertible Bond A and in whose name such Convertible Bonds A is for the time being registered in the Convertible Bonds A register (or, in the case of a joint holding, the first name thereof)
“Convertible Bonds Holder(s) B”	a holder of a Convertible Bond B and in whose name such Convertible Bonds B is for the time being registered in the Convertible Bonds B register (or, in the case of a joint holding, the first named thereof)
“Convertible Bonds Instrument A”	the instrument by way of deed poll to be executed by the Company creating and constituting the Convertible Bonds A
“Convertible Bonds Instrument B”	the instrument by way of deed poll to be executed by the Company creating and constituting the Convertible Bonds B

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## DEFINITIONS

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“Deed of Undertaking”	the deed of undertaking dated 28 September 2018 and entered into by the Company and the Subscriber A
“Directors”	the director(s) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve the Supplemental Deeds, the Supplemental Instruments and the transactions contemplated thereunder, including the Amendment of Conditions and the grant of the Specific Mandate
“Further Updated Maturity Date”	Further Updated Maturity Date A or Further Updated Maturity Date B (as the case may be), as hereinafter defined
“Group”	the Company and its subsidiaries
“Huarong Investment”	Huarong Investment Stock 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: 2277)
“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
“Initial Maturity Date”	Initial Maturity Date A or Initial Maturity Date B (as the case may be), as hereinafter defined

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## DEFINITIONS

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“Issue Date”	Issue Date A or Issue Date B (as the case may be), as hereinafter defined
“Latest Practicable Date”	23 November 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	Maturity Date A or Maturity Date B (as the case may be), as hereinafter defined
“NASDAQ”	The NASDAQ Stock Market LLC
“PRC”	the People’s Republic of China
“Redemption Amount”	<p>the amount equal to the aggregate of:</p> <ul style="list-style-type: none"><li>(a) the aggregate principal amount of such outstanding Convertible Bonds A or Convertible Bonds B (as the case may be) held by the relevant Convertible Bonds Holder;</li><li>(b) any accrued but unpaid interest on such outstanding Convertible Bonds on the relevant Maturity Date;</li><li>(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 such Convertible Bonds) falls short of making up an Internal Rate of Return of 4.04% on the aggregate outstanding principal amount of such Convertible Bonds calculated from the Issue Date until the relevant 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 such Convertible Bonds;</li><li>(d) any default interest accrued but unpaid; and</li><li>(e) any other amounts due and payable under the relevant Transaction Documents accrued but unpaid</li></ul>

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## DEFINITIONS

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“Revised Supplemental Instrument”	the revised supplemental instrument to be executed by the Company in relation to the Amendment of Conditions B
“Second Supplemental Deed”	the second supplemental deed dated 9 November 2018 executed by the Company in relation to the Amendment of Conditions A
“Secured Obligations”	all moneys, liabilities and obligations at any time due, owing or payable to the Convertible Bonds Holders A or Convertible Bonds Holders B (as the case may be) or any of them by the Company under or pursuant to the relevant Convertible Bonds, the relevant 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 A”	collectively the Share Charge A (as hereinafter defined) and any other document constituting or evidencing the security granted from time to time to secure the Secured Obligations
“Security Documents B”	collectively the Share Charge B (as hereinafter defined) and any other document constituting or evidencing the security granted from time to time to secure the Secured Obligations
“Share Charge”	Share Charge A or Share Charge B (as the case may be), as hereinafter defined
“Share Consolidation”	the share consolidation on the basis that every ten (10) issued and unissued shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.01 each in the share capital of the Company, which has become effective on 12 November 2018
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Shengang Securities”	Shengang Securities Company Limited, a foreign-invested company limited by shares incorporated under the laws of the PRC

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## DEFINITIONS

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“Specific Mandate”	the specific mandate to be granted to the Directors at the EGM for the allotment and issue of the Conversion Shares upon an exercise of the conversion rights under the Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Subscriber A and Subscriber B
“Subscriber A”	Cheery Plus Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Huarong Investment
“Subscriber B”	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 under the laws of Hong Kong with limited liability
“Subscription Agreements”	Subscription Agreement A and Subscription Agreement B
“Subscription Agreement A”	the subscription agreement dated 24 August 2017 entered into between the Company and the Subscriber A in relation to the subscription of the Convertible Bonds A
“Subscription Agreement B”	the subscription agreement dated 6 June 2017 entered into between the Company and the Subscriber B in relation to the subscription of the Convertible Bonds B
“Supplemental Deed”	the supplemental deed dated 28 September 2018 executed by the Company in relation to the Amendment of Conditions A
“Supplemental Deeds”	the Supplemental Deed and the Second Supplemental Deed
“Supplemental Instrument”	the supplemental instrument to be executed by the Company in relation to the Amendment of Conditions B
“Supplemental Instruments”	the Supplemental Instrument and the Revised Supplemental Instrument
“Supplemental Undertaking”	the supplemental undertaking dated 15 November 2018 and entered into by the Company and the Subscriber B



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## DEFINITIONS

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“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Days”	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”	Transaction Documents A and Transaction Documents B
“Transaction Documents A”	the Convertible Bonds Instrument A, a Convertible Bonds A certificate, the Subscription Agreement A, the Security Documents A, or any document designated as such by the Company and the Subscriber A
“Transaction Documents B”	the Convertible Bonds Instrument B, a Convertible Bonds B certificate, the Subscription Agreement B, the Security Documents B, or any document designated as such by the Company and the Subscriber B
“Undertaking”	the undertaking dated 18 October 2018 and entered into by the Company and the Subscriber B
“Undertakings”	the Undertaking and the Supplemental Undertaking
“Updated Maturity Date”	Updated Maturity Date A or Updated Maturity Date B (as the case may be), as hereinafter defined
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Ye Ye (*Chairman*)  
Mr. Yang Haoying (*Chief Executive Officer*)  
Mr. Pun Hong Hai (*Chief Operating Officer*)  
Ms. Chow Mun Yee  
Mr. Zhao Tong

*Registered Office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Independent Non-executive Directors:*

Mr. An Dong  
Mr. Cheung Wing Ping  
Mr. Fung Tze Wa  
Mr. Wu Keli

*Principal Place of Business*

*in Hong Kong:*  
38th Floor  
Bank of China Tower  
1 Garden Road  
Hong Kong

27 November 2018

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSED AMENDMENTS OF THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

#### **Convertible Bonds A**

Reference is made to the Announcement A. On 24 August 2017, the Company entered into the Subscription Agreement A with the Subscriber A in relation to the issue of the Convertible Bonds A in an aggregate principal amount of HK\$437,000,000. Pursuant to the original conditions, the Convertible Bonds A bear interest at the rate of 4% per annum and the Convertible Bonds A is convertible into the Conversion Shares A at the initial conversion price of HK\$0.425 per share which has been adjusted to HK\$4.25 per Share as a result of the Share Consolidation becoming effective (subject to adjustments as set out in the Convertible Bonds Instrument A). Closing of the subscription for the Convertible Bonds A took place on 12 September 2017 pursuant to the terms of the Subscription Agreement A.

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## LETTER FROM THE BOARD

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On 2 May 2018, the Subscriber A has partly converted the Convertible Bonds A in the principal amount of HK\$7,803,000 into 18,360,000 shares, which has been adjusted to 1,836,000 Shares as a result of the Share Consolidation becoming effective. As at the Latest Practicable Date, the Subscriber A is the holder of 100% of the outstanding Convertible Bonds A in the principal amount of HK\$429,197,000.

Reference is also made to the announcements of the Company dated 28 September 2018 and 9 November 2018 respectively in relation to, among other things, the Supplemental Deed, the Second Supplemental Deed and the Amendment of Conditions A in relation to the proposed amendment of certain terms and conditions of the Convertible Bonds A.

### **Convertible Bonds B**

Reference is made to the Announcement B. On 6 June 2017, the Company entered into the Subscription Agreement B with the Subscriber B in relation to the issue of the Convertible Bonds B in an aggregate principal amount of US\$100,000,000. Pursuant to the original conditions, the Convertible Bonds B bear interest at the rate of 4% per annum and the Convertible Bonds B convertible into the Conversion Shares B at the initial conversion price of HK\$0.425 per share, which has been adjusted to HK\$4.25 per Share as a result of the Share Consolidation becoming effective (subject to adjustments as set out in the Convertible Bonds Instrument B). Closing of the subscription for the Convertible Bonds B took place on 14 June 2017 pursuant to the terms of the Subscription Agreement B.

On 19 March 2018, the Subscriber B has partly converted the Convertible Bonds B in the principal amount of US\$1,000,000 into 18,352,941 shares, which has been adjusted to 1,835,294 Shares as a result of the Share Consolidation becoming effective. As at the Latest Practicable Date, the Subscriber B is the holder of 100% of the outstanding Convertible Bonds B in the principal amount of US\$99,000,000.

Reference is also made to the announcement of the Company dated 18 October 2018 and 15 November 2018 respectively in relation to, among other things, the Undertaking, the Supplemental Undertaking, the Supplemental Instrument, the Revised Supplemental Instrument and the Amendment of Conditions B in relation to the proposed amendment of certain terms and conditions of the Convertible Bonds B.

Reference is also made to the announcement of the Company dated 9 November 2018 in relation to, among other things, the Share Consolidation on the basis that every ten (10) issued and unissued shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.01 each in the share capital of the Company which has become effective on 12 November 2018.

The main purpose of this circular is to provide you with, among other things, (i) further details of the Supplemental Deeds, the Supplemental Instruments and the transactions contemplated thereunder, including the Amendment of Conditions and the grant of the Specific Mandate; and (ii) a notice of the EGM.

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## LETTER FROM THE BOARD

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### PROPOSED AMENDMENTS OF THE CONVERTIBLE BONDS A

On 28 September 2018 (after trading hours), (i) the Company and the Subscriber A entered into the Deed of Undertaking, pursuant to which certain terms of the Convertible Bonds A shall be amended in accordance with the Supplemental Deed; and (ii) the Company entered into the Supplemental Deed pursuant to which the Company agreed to amend certain terms and conditions of the Convertible Bonds A. On 9 November 2018 (after trading hours), the Company entered into the Second Supplemental Deed pursuant to which the Company agreed to further amend certain terms and conditions of the Convertible Bonds A.

The proposed amendments of the terms and conditions of the Convertible Bonds A were initiated by the Subscriber A. Below is the comparison of differences between the original conditions and the Amendment of Conditions A as contemplated under the Supplemental Deeds:

	<b>Original conditions</b>	<b>Amendment of Conditions A as contemplated under the Supplemental Deeds</b>
<b>Conversion price:</b>	The initial conversion price of HK\$0.425 per Conversion Share A (without taking into account the effect of the Share Consolidation) subject to any adjustment, from time to time, as set out in the terms and conditions of the Convertible Bonds Instrument A	(i) The initial conversion price of HK\$0.065 per Conversion Share A (before the Share Consolidation becoming effective) or (ii) HK\$0.65 per Conversion Share A (after the Share Consolidation becoming effective) subject to any adjustment, from time to time, as restated in the terms and conditions of the Convertible Bonds Instrument A as amended, supplemented, and restated pursuant to the Supplemental Deeds

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## LETTER FROM THE BOARD

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	<b>Original conditions</b>	<b>Amendment of Conditions A as contemplated under the Supplemental Deeds</b>
<b>Conversion restrictions:</b>	<p>The Convertible Bonds Holders A 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 A) any notice of exercise of conversion rights</p>	<p>The conversion right shall only be exercisable so long as:</p> <p>(i) the exercise of the conversion right will not result in the relevant Convertible Bonds Holder A, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless (1) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (2) a general offer is made in accordance with the requirement of the Takeovers Code; and (ii) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares A are held by the public</p>
<b>Interest rate:</b>	<p>4% per annum payable semi-annually in arrears</p>	<p>4% per annum before the Effective Date (defined below) and 7% per annum on and after the Effective Date, payable semi-annually in arrears</p>

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## LETTER FROM THE BOARD

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### **Amendment of Conditions A as contemplated under the Supplemental Deeds**

### **Original conditions**

#### **Redemption when the mandate is fully utilised:**

If the Company is unable, other than by reason of the default of the Convertible Bonds Holder A under the Convertible Bonds Instrument A, to issue the Conversion Shares A which exceeds such number of unissued Shares A for which the Board has been authorised under the General Mandate (as defined in the Announcement A) and/or for which approval for listing (and permission to deal in) has been granted by the Listing Committee of the Stock Exchange, the Company shall be obliged to firstly, issue the maximum number of Conversion Shares A 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 A 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% of the remaining balance of the principal amount of such Convertible Bonds A and any accrued but unpaid interest on such remaining balance on the date of conversion notice, which should be payable to Convertible Bonds Holder A within seven (7) Business Days falling after the date of conversion notice

If the Company is unable, other than by reason of the default of the Convertible Bonds Holder A under the Convertible Bonds Instrument A as amended, supplemented, and restated pursuant to the Supplemental Deeds, to issue the Conversion Shares A which exceeds such number of unissued Shares for which the Board has been authorised under the Specific Mandate and/or for which approval for listing (and permission to deal in) has been granted by the Listing Committee of the Stock Exchange, the Company shall be obliged to firstly, issue the maximum number of Conversion Shares A that it is allowed to issue and allot under the Specific Mandate and, thereafter, redeem such remaining balance of the principal of the Convertible Bonds A 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% of the remaining balance of the principal amount of such Convertible Bonds A and any accrued but unpaid interest on such remaining balance on the date of conversion notice, which should be payable to Convertible Bonds Holder A within seven (7) Business Days falling after the date of conversion notice

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## LETTER FROM THE BOARD

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	<b>Original conditions</b>	<b>Amendment of Conditions A as contemplated under the Supplemental Deeds</b>
<b>Transferability of the Convertible Bonds:</b>	The Convertible Bonds A shall not be transferred to any third party without the prior written consent of the Company	The Convertible Bonds A are freely transferable to any third party (provided that such transfer shall be in compliance of the Listing Rules and relevant laws and regulations).  Any transfer of the Convertible Bonds to a connected person (as defined in the Listing Rules) of the Company or its associate(s) (as defined in the Listing Rules) shall be subject to the written consent of the Company and in full compliance with the Listing Rules.

Save as disclosed above, the principal terms of the Convertible Bonds A as disclosed in the Announcement A which are set out below remain unchanged and are still in full force and effect.

Principal Amount	An aggregate principal amount of HK\$437,000,000
Issue Price	100% of the principal amount of the Convertible Bonds A
Form of the Convertible Bonds and Denomination	In registered form in denomination of HK\$43,700,000 each
Maturity Date (the “ <b>Maturity Date A</b> ”)	The date falling on the second (2nd) anniversary of the Issue Date A (the “ <b>Initial Maturity Date A</b> ”), provided that the Company may designate, with the passing of an extraordinary resolution or written resolution by the Convertible Bonds Holders A, (i) the third (3rd) anniversary of the Issue Date (the “ <b>Updated Maturity Date A</b> ”) as the Maturity Date A by written notice to the Convertible Bonds Holders A at least thirty (30) days before the Initial Maturity Date A, and (ii) the fourth (4th) anniversary of the Issue Date A as the Maturity Date A by written notice to the Convertible Bonds Holders A at least thirty (30) days before the Updated Maturity Date A (the “ <b>Further Updated Maturity Date A</b> ”), in each case if such date is not a Business Day, the Business Day immediately following such date

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## LETTER FROM THE BOARD

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Status	The Convertible Bonds A, 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	The Company has entered into a share charge (the “ <b>Share Charge A</b> ”) in favour of the Subscriber A for the benefit of the Convertible Bonds Holders A over the shares of Shengang Securities constituting 15% of the share capital of Shengang Securities (the “ <b>Charged Shares A</b> ”) as of the issue date of the Convertible Bonds A (the “ <b>Issue Date A</b> ”) (which has been diluted to 12.17% of the share capital of Shengang Securities as at the Latest Practicable Date). Subject to the Subscriber A’s prior written consent and within fifteen (15) Business Days after the Company receives such written consent, the Company shall enter into the Security Documents A to create in favour of the Subscriber A for the benefit of the Convertible Bonds Holders A over the Charged Assets A (the choice or selection of which shall be at the Company’s sole discretion) not less than the value to the Charged Shares A to the satisfaction of the Subscriber A (the “ <b>Alternative Charged Assets A</b> ”) and the security over the Charged Shares A shall be promptly released by the Subscriber A after the security over the Alternative Charged Assets A becomes effective and the registration and/or filing of the Alternative Charged Assets A in accordance with the applicable laws have been completed to the reasonable satisfaction of the Subscriber A and the Subscriber A shall execute all necessary discharge, release or any other documents and do all required actions to effect such release
Conversion Period (the “ <b>Conversion Period A</b> ”)	The period beginning on, and including, six months after the Issue Date A and ending on, and including, 5:00 p.m. on the day which is five (5) Trading Days before the Maturity Date A, and if the last day of the Conversion Period A would otherwise be a day which is not a Business Day, the last day of the Conversion Period A shall be the immediately preceding Business Day



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## LETTER FROM THE BOARD

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Conversion Rights	Each Convertible Bonds Holder A has the right to convert the principal amount of the Convertible Bonds A into the Conversion Shares A at any time during the Conversion Period A
Adjustments to the Conversion Price	The conversion price of the Convertible Bonds A is subject to adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation 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 the Conversion Shares	The Conversion Shares A 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 A certificate, redeem all the outstanding Convertible Bonds A held by a Convertible Bonds Holder A on the Maturity Date A at an amount equal to the Redemption Amount. The Company may not and the Subscriber A may not require the Company to early redeem the Convertible Bonds A

Pursuant to the Supplemental Deed, the Amendment of Conditions A automatically and without further act will be effective on the first date on which all of the following events have occurred (the “**Effective Date**”):

- (i) the Stock Exchange has granted its approval for the Amendment of Conditions A pursuant to Rule 28.05 of the Listing Rules;
- (ii) the Listing Committee of the Stock Exchange has granted its approval regarding the listing of, and a permission to deal in, the additional Conversion Shares A to be issued by the Company, if required;
- (iii) the Shareholders have granted their specific approval regarding the additional Conversion Shares A to be issued by the Company and the Amendment of Conditions A; and

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## LETTER FROM THE BOARD

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- (iv) the Convertible Bonds Holders A have passed a written resolution to approve the Amendment of Conditions A.

Pursuant to the Deed of Undertaking, the Company will use its reasonable efforts to procure the fulfillment of the events set out in (i) and (ii) above on or before 29 March 2019.

### **Conversion price**

The conversion price (subject to adjustment) is amended to (i) HK\$0.065 per Conversion Share A (before the Share Consolidation becoming effective) or (ii) HK\$0.65 per Conversion Share A (after the Share Consolidation becoming effective). The amended conversion price of HK\$0.065 (which does not take into account the effect of the Share Consolidation) per Conversion Share A represents:

- (i) a discount of approximately 17.72% to the closing price of HK\$0.079 per Share as quoted on the Stock Exchange on 28 September 2018, being the date of the Supplemental Deed; and
- (ii) a discount of approximately 19.15% to the average closing price per Share of approximately HK\$0.080 per Share for the last five consecutive Trading Days immediately prior to the date of the Supplemental Deed.

The amended conversion price of HK\$0.65 per Conversion Share A (after the Share Consolidation becoming effective) represents:

- (i) a premium of approximately 52.94% to the closing price of HK\$0.425 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The amended conversion price and the other amended terms of the Convertible Bonds A were determined after arm's length negotiations between the Company and the Subscriber A, taking into account the current market conditions and recent changes of the price of the Shares. The net issue price is approximately HK\$0.64 (after the Share Consolidation becoming effective) per Conversion Share A.

### **Conversion Shares A**

As at the Latest Practicable Date, the outstanding principal amount of the Convertible Bonds A is HK\$429,197,000. Assuming the exercise in full of the conversion rights attaching to the outstanding Convertible Bonds A at the amended conversion price of HK\$0.65 (after the Share Consolidation becoming effective) per Conversion Share A, a total of 660,303,077 (after the Share Consolidation becoming effective) Conversion Shares A will be issued, representing approximately 42.11% of the existing issued share capital of the Company and approximately 29.63% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares A. The Conversion Shares A will be issued under the Specific Mandate.

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## LETTER FROM THE BOARD

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### PROPOSED AMENDMENTS OF THE CONVERTIBLE BONDS B

On 18 October 2018 (after trading hours), the Company and the Subscriber B entered into the Undertaking, pursuant to which, subject to the fulfillment of certain conditions, the Company agreed to amend certain terms and conditions of the Convertible Bonds Instrument B by executing the Supplemental Instrument. On 15 November 2018 (after trading hours), the Company and the Subscriber B entered into the Supplemental Undertaking, pursuant to which, subject to the fulfillment of certain conditions, the Company agreed to further amend certain terms and conditions of the Convertible Bonds Instrument B by executing the Revised Supplemental Instrument.

The proposed amendments of the terms and conditions of the Convertible Bonds B were initiated by the Subscriber B. Below is the comparison of differences between the original conditions and the Amendment of Conditions B as contemplated under the Supplemental Instruments:

	<b>Original conditions</b>	<b>Amendment of Conditions B as contemplated under the Supplemental Instruments</b>
<b>Status:</b>	The Convertible Bonds B, 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	The Convertible Bonds B, 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. Furthermore, all present and future obligations and liabilities, whether actual or contingent, whether owned jointly, severally or in any other capacity whatsoever and whether originally, incurred by the Company or by any member of the Group to the Shareholders and/or to the connected person(s) (as defined in the Listing Rules) of the Company (i) are, and shall remain, subordinated to and the payment thereof be ranked after all and any rights, claims and actions which the Convertible Bonds Holders B may now or thereafter have against the Company (or any member of the Group) in respect of the Convertible Bonds B; and (ii) shall not be repaid or repayable, in whole or in part, except with the prior written consent of the Convertible Bonds Holders B

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## LETTER FROM THE BOARD

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### **Amendment of Conditions B as contemplated under the Supplemental Instruments**

#### **Original conditions**

#### **Conversion price:**

The initial conversion price of HK\$0.425 per Conversion Share B (without taking into account the effect of the Share Consolidation) subject to any adjustment, from time to time, as set out in the terms and conditions of the Convertible Bonds Instrument B

(i) The initial conversion price of HK\$0.065 per Conversion Share B (before the Share Consolidation becoming effective) or (ii) HK\$0.65 per Conversion Share B (after the Share Consolidation becoming effective), subject to any adjustment, from time to time, in accordance with the Convertible Bonds Instrument B as amended and supplemented pursuant to the Supplemental Instruments

#### **Conversion restrictions:**

The Convertible Bonds Holders B 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 B) any notice of exercise of conversion rights

The Convertible Bonds Holders B shall have no right to exercise, and shall not exercise, any conversion rights if (i) 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 (ii) the exercise of the conversion rights will result in the relevant Convertible Bonds Holder B, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless (1) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (2) a general offer is made in accordance with the requirement of the Takeovers Code

#### **Early redemption:**

Unless previously redeemed, converted or purchased and cancelled, the Company shall, subject to receipt of the relevant Convertible Bonds B certificate, redeem all the outstanding Convertible Bonds B held by a Convertible Bonds Holder B on the Maturity Date B (as hereinafter defined) at an amount equal to the Redemption Amount. The Company may not early redeem the Convertible Bonds B

The Company may early redeem the Convertible Bonds B prior to the Maturity Date B by giving not less than five (5) Business Days' written notice to the Convertible Bonds Holders B provided that in respect of any such redemption, it shall be in total principal amount of US\$10,000,000 or multiple integrals thereof and interest on the principal amount of the Convertible Bonds B to be redeemed shall become immediately due and payable on the date of such early redemption

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## LETTER FROM THE BOARD

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	<b>Original conditions</b>	<b>Amendment of Conditions B as contemplated under the Supplemental Instruments</b>
<b>Redemption when the mandate is fully utilised:</b>	<p>If the Company is unable, other than by reason of the default of the Convertible Bonds Holder B under the Convertible Bonds Instrument B, to issue the Conversion Shares B which exceeds such number of unissued Shares for which the Board has been authorised under the General Mandate (as defined in the Announcement B) and/or for which approval for listing (and the permission to deal in) has been granted by the Listing Committee of the Stock Exchange, the Company shall be obliged to firstly, issue the maximum number of Conversion Shares B 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 B purported to be converted under the relevant conversion notice which may otherwise result in the allotment and issue of such excess number of Shares at the amount equal to 100% of the remaining balance of the principal amount of such Convertible Bonds B, which should be payable to the Convertible Bonds Holder B within seven (7) Business Days falling after the date of conversion notice</p>	<p>If the Company is unable, other than by reason of the default of the Convertible Bonds Holder B under the Convertible Bonds Instrument B as amended and supplemented pursuant to the Supplemental Instruments, to issue the Conversion Shares B which exceeds such number of unissued Shares for which the Board has been authorised under the Specific Mandate and/or for which approval for listing (and the permission to deal in) has been granted by the Listing Committee of the Stock Exchange, the Company shall be obliged to firstly, issue the maximum number of Conversion Shares B that it is allowed to issue and allot under the Specific Mandate and, thereafter, redeem such remaining balance of the principal of the Convertible Bonds B purported to be converted under the relevant conversion notice which may otherwise result in the allotment and issue of such excess number of Shares at the amount equal to 100% of the remaining balance of the principal amount of such Convertible Bonds B, which shall be payable to the Convertible Bonds Holder B within seven (7) Business Days falling after the date of conversion notice</p>

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## LETTER FROM THE BOARD

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	<b>Original conditions</b>	<b>Amendment of Conditions B as contemplated under the Supplemental Instruments</b>
<b>Transferability of the Convertible Bonds:</b>	The Convertible Bonds B shall not be transferred to any third party without the prior written consent of the Company	The Convertible Bonds B can be transferred freely to any third party (provided that such transfer shall comply with the Listing Rules and relevant laws and regulations).  Any transfer to a connected person (as defined in the Listing Rules) of the Company or its associate(s) (as defined in the Listing Rules) shall be subject to the written consent of the Company and full compliance with the Listing Rules.

Save as disclosed above, the principal terms of the Convertible Bonds B as disclosed in the Announcement B which are set out below remain unchanged and are still in full force and effect.

Principal Amount	An aggregate principal amount of US\$100,000,000
Issue Price	100% of the principal amount of the Convertible Bonds B
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 “ <b>Maturity Date B</b> ”)	The date falling on the second (2nd) anniversary of the Issue Date B (the “ <b>Initial Maturity Date B</b> ”), provided that the Company may designate, with the passing of an extraordinary resolution or written resolution by the Convertible Bonds Holders B, (i) the third (3rd) anniversary of the Issue Date B (the “ <b>Updated Maturity Date B</b> ”) as the Maturity Date B by written notice to the Convertible Bonds Holders B at least thirty (30) days before the Initial Maturity Date B, and (ii) the fourth (4th) anniversary of the Issue Date B as the Maturity Date B by written notice to the Convertible Bonds Holders B at least thirty (30) days before the Updated Maturity Date B (the “ <b>Further Updated Maturity Date B</b> ”), in each case if such date is not a Business Day, the Business Day immediately following such date

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## LETTER FROM THE BOARD

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Security	<p>The Company has entered into a share charge (the “<b>Share Charge B</b>”) in favour of the Subscriber B for the benefit of the Subscriber B and the Convertible Bonds Holders B over 30% of the share capital of WINS (the “<b>WINS Charged Shares</b>”) upon completion of the WINS Acquisition in August 2018.</p> <p>If the Closing Price (as defined in Announcement B) of the Share for ten (10) consecutive Trading Days is more than 140% of the conversion price, all the Charged Assets B and the security shall be promptly released by the Subscriber B 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 B to re-create in favour of the Subscriber B for the benefit of the Convertible Bonds Holder B the security interests over the Charged Assets B to the satisfaction of the Subscriber B.</p>
Conversion Period (the “ <b>Conversion Period B</b> ”)	<p>The period beginning on, and including, six months after the issue date of the Convertible Bonds B (the “<b>Issue Date B</b>”) and ending on, and including, 5:00 p.m. on the day which is five (5) Trading Days before the Maturity Date B, and if the last day of the Conversion Period B would otherwise be a day which is not a Business Day, the last day of the Conversion Period B shall be the immediately preceding Business Day</p>
Conversion Rights	<p>Each Convertible Bonds Holder B has the right to convert the principal amount of the Convertible Bonds B into the Conversion Shares B at any time during the Conversion Period B</p>
Adjustments to the Conversion Price	<p>The conversion price of the Convertible Bonds B is subject to adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation 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</p>
Ranking of the Conversion Shares	<p>The Conversion Shares B shall rank <i>pari passu</i> in all respects with all other Shares in issue on the conversion date</p>

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## LETTER FROM THE BOARD

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Pursuant to the Undertaking, the Company undertakes to the Subscriber B that it shall immediately, and in any event within three (3) days upon the following conditions being fulfilled, amend the Convertible Bonds Instrument B by executing the Supplemental Instrument:

- (i) the approval by the Shareholders of the Amendment of Conditions B;
- (ii) the Listing Committee of the Stock Exchange having granted approval to the listing of, and the permission to deal in, the Conversion Shares B;
- (iii) the Stock Exchange has granted its approval for the Amendment of Conditions B pursuant to Rule 28.05 of the Listing Rules; and
- (iv) the obtaining of the written resolution of the Convertible Bonds Holder(s) B approving the Amendment of Conditions B.

Pursuant to the Undertaking, the Company will use its reasonable efforts to procure the fulfillment of the events set out in (i), (ii) and (iii) above on or before 29 March 2019.

### **Conversion price**

The conversion price (subject to adjustment) is amended to (i) HK\$0.065 per Conversion Share B (before the Share Consolidation becoming effective) or (ii) HK\$0.65 per Conversion Share B (after the Share Consolidation becoming effective). The amended conversion price of HK\$0.065 (which does not take into account the effect of the Share Consolidation) per Conversion Share B represents:

- (i) a premium of approximately 38.30% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on 18 October 2018, being the date of the Undertaking; and
- (ii) a premium of approximately 41.30% to the average closing price per Share of approximately HK0.046 per Share for the last five consecutive Trading Days immediately prior to the date of the Undertaking.

The amended conversion price of HK\$0.65 per Conversion Share B (after the Share Consolidation becoming effective) represents:

- (i) a premium of approximately 52.94% to the closing price of HK\$0.425 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.



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## LETTER FROM THE BOARD

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The amended conversion price and the other amended terms of the Convertible Bonds B were determined after arm's length negotiations between the Company and the Subscriber B, taking into account the current market conditions and recent changes of the price of the Shares. The net issue price is approximately HK\$0.64 per Conversion Share B (after the Share Consolidation becoming effective).

### **Conversion Shares B**

As at the Latest Practicable Date, the outstanding principal amount of the Convertible Bonds B is US\$99,000,000. Assuming the exercise in full of the conversion rights attaching to the outstanding Convertible Bonds B at the amended conversion price of HK\$0.65 per Conversion Share B (after the Share Consolidation becoming effective) and the outstanding principal amount of the Convertible Bonds B shall be exchanged to Hong Kong dollars based on the fixed exchange rate of US\$1:HK\$7.8, a total of 1,188,000,000 (after the Share Consolidation becoming effective) Conversion Shares B will be issued, representing approximately 75.76% of the existing issued share capital of the Company and approximately 43.10% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares B. The Conversion Shares B will be issued under the Specific Mandate.

## LETTER FROM THE BOARD

### EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Except for the equity fund raising activities as mentioned below, there has not been any other equity fund raising exercise made by the Company in the twelve months immediately preceding the Latest Practicable Date.

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

### EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the Latest Practicable Date (after the Share Consolidation becoming effective); and (ii) assuming full exercise of the conversion rights attached to the outstanding Convertible Bonds at the amended conversion price of HK\$0.65 (after the Share Consolidation becoming effective) per Share and further assuming that no other Shares will be issued is as follows:

Shareholders	As at the Latest Practicable Date		Immediately after the full conversion of the Convertible Bonds A		Immediately after the full conversion of the Convertible Bonds B		Immediately after the full conversion of both the Convertible Bonds A and the Convertible Bonds B	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
<b>Substantial Shareholder</b>								
Mr. Zhang Yongdong (Note 1)	252,280,281	16.09%	252,280,281	11.32%	252,280,281	9.15%	252,280,281	7.38%
<b>Director</b>								
Ms. Chow Mun Yee	800	0.00%	800	0.00%	800	0.00%	800	0.00%
The Subscriber A (Note 2)	1,836,000	0.12%	662,139,077	29.71%	1,836,000	0.07%	662,139,077	19.38%
The Subscriber B (Note 2)	1,649,294	0.10%	1,649,294	0.07%	1,189,649,294	43.16%	1,189,649,294	34.82%
Public Shareholders	1,312,409,813	83.69%	1,312,409,813	58.90%	1,312,409,813	47.62%	1,312,409,813	38.42%
Total	1,568,176,188	100%	2,228,479,265	100%	2,756,176,188	100%	3,416,479,265	100%

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## LETTER FROM THE BOARD

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### *Notes:*

1. These Shares were held by Galaxy Strategic Investment Co. Ltd., a company wholly-owned by Mr. Zhang Yongdong, of which 159,574,600 Shares (after the Share Consolidation becoming effective) were in short position to Shanghai Guotai Junan Securities Assets Management Co., Ltd.\* (上海國泰君安證券資產管理有限公司, “Shanghai Guotai”) and Guotai Junan Securities Co., Ltd.\* (國泰君安證券股份有限公司, “Guotai”). Shanghai Guotai is a trustee of a trust in which SHANGHAI HARFOR LEAD ASSET MANAGEMENT CO., LTD.(上海華富利得資產管理有限公司) is a beneficiary of 159,574,600 Shares (after the Share Consolidation becoming effective). Guotai is the ultimate holding company of Shanghai Guotai and is deemed to be interested in 159,574,600 Shares (after the Share Consolidation becoming effective) through Shanghai Guotai described above.
2. The Subscriber B is a fellow subsidiary of the Subscriber A. If aggregating the full conversion effect of the Convertible Bonds as at the Latest Practicable Date, the Subscriber A and the Subscriber B will hold an aggregate 1,851,788,371 Shares (after the Share Consolidation becoming effective), representing approximately 118.09% of the existing issued share capital of the Company and approximately 54.20% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares A and the Conversion Shares B (i.e. equivalent to 3,416,479,265 Shares (after the Share Consolidation becoming effective)). The conversion right shall only be exercisable so long as: (i) the exercise of the conversion right will not result in the relevant Convertible Bonds Holder, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless (1) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (2) a general offer is made in accordance with the requirement of Takeovers Code; and (ii) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares are held by the public.

\* *for identification purpose only*

### **SPECIFIC MANDATE**

Due to the amended conversion price of the Convertible Bonds, the Conversion Shares will be allotted and issued under the Specific Mandate to be sought at the EGM upon exercise of the conversion rights under the Convertible Bonds.

### **APPLICATION OF LISTING**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made of the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

### **USE OF PROCEEDS**

#### **Convertible Bonds A**

The Company has already applied the proceeds from the issue of the Convertible Bonds A for general working capital of 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\$200 million; (ii) money lending business of approximately HK\$200 million; and (iii) other general working capital of approximately HK\$36 million.

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## LETTER FROM THE BOARD

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### **Convertible Bonds B**

The Company has already applied the proceeds from the issue of the Convertible Bonds B 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.

### **REASONS FOR THE AMENDMENT OF CONDITIONS**

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, the provision of factoring, financial guarantee and finance leasing services, as well as investment holding.

The Subscriber A is a company incorporated in the British Virgin Islands with limited liability and the Subscriber B is a company incorporated in Hong Kong with limited liability and a fellow subsidiary of the Subscriber A. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, certain fellow subsidiaries of each of the Subscriber A and the Subscriber B are creditors of the Company. Save and except as aforesaid, each of the Subscriber A and the Subscriber B and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

In view of the recent drop in the share price of the Company, the Company has negotiated with each of the Subscriber A and the Subscriber B to amend the conversion price and other terms of the Convertible Bonds with reference to the prevailing market price of the Shares so that it is more feasible for the relevant Convertible Bonds Holders to exercise the conversion rights attaching to the relevant Convertible Bonds at the amended conversion price. When the relevant Convertible Bonds Holders exercise their conversion rights for issue of the Conversion Shares, it allows the Company to free up financial resources from repayment of the Convertible Bonds which can be used for other working capital and operating purposes and to strengthen the capital base of the Company.

Reference is made to the Company's announcement dated 2 November 2018 in relation to the profit warning for the six months ended 30 September 2018. The Group expected to record a significant net loss of approximately HK\$1,765 million for the six months ended 30 September 2018 which was mainly attributable to, among other things, the provision for impairment loss of loan receivables of approximately HK\$1,197 million.

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## LETTER FROM THE BOARD

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This provision amount represented the allowance provided for the estimated loss arising from the inability of third party borrowers to make the required repayments to the Group as at 30 September 2018. These third party borrowers are mainly individual borrowers located in the PRC. In view of the recent economic turmoil in the global stock markets and uncertainty of the trade frictions between the PRC and the United States of America in the last few months, the rate of repayments from these borrowers has been severely affected. The money lending team has always focused on the credit management of the borrowers in order to minimise the credit risk. In order to mitigate the default risk and manage the operating cash flow, the Group has regularly maintained adequate internal policies in relation to making loans to borrowers and granting trading limits to margin customers, which include individual financial assessments of the borrowers and margin customers, regular review of ageing analysis and tight control on any overdue balances. In addition, follow-up measures including sending reminder letters to borrowers for repayments, arranging meetings with borrowers to discuss repayment plans, sending legal letters and issuing writs of summons to certain borrowers to request for immediate repayments are in place. Based on the ageing of the loans receivable balances, borrowers' creditworthiness and historical write-off experience, a provision of impairment loss of loans receivable of approximately HK\$1,197 million was recorded for the six months ended 30 September 2018.

The Board considers that the terms and conditions of the (i) Deed of Undertaking and the Supplemental Deeds and (ii) the Undertakings and the Supplemental Instruments have been arrived at after arm's length negotiation between the Company and each of the Subscribers which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for approval for (i) the Amendment of Conditions A contemplated by the Supplemental Deeds and (ii) the Amendment of Conditions B contemplated by the Supplemental Instruments pursuant to Rule 28.05 of the Listing Rules.

### **EGM**

Set out on pages 30 to 32 to this circular is a notice convening the EGM to be held at Hoi Yat Heen Salon V – VI, 3/F., Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong (MTR Quarry Bay Station, Exit C) on Thursday, 13 December 2018 at 4:00 p.m. for the Shareholders to consider, if thought fit, passing resolutions to approve the Supplemental Deeds, the Supplemental Instruments, the Amendment of Conditions, the transactions contemplated thereunder and the allotment and issue of the Conversion Shares under the Specific Mandate.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, each of the Subscriber A and the Subscriber B and their associates together held 3,485,294 Shares, representing approximately 0.22% of the issued share capital of the Company. Since each of the Subscriber A and the Subscriber B has a material interest in the Supplemental Deeds, the Supplemental Instruments, the Amendment of Conditions and the transactions contemplated thereunder, each of the Subscriber A and the Subscriber B and their associates shall be abstained from voting at the EGM in respect of the resolutions approving the Supplemental Deeds, the Supplemental Instruments, Amendment of Conditions, the transactions contemplated thereunder and the allotment and issues of the Conversion Shares under the Specific Mandate. Save as disclosed above, no other Shareholder has a material interest in the Supplemental Deeds, the Supplemental Instruments, the Amendment of Conditions, the transactions contemplated thereunder and the allotment and issue of the Conversion Shares under the Specific Mandate and is required to abstain from voting in the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 4:00 p.m. on Tuesday, 11 December 2018 or not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting shall be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **RESPONSIBILITY OF THE DIRECTORS**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board considers that the terms and conditions of the Supplemental Deeds, the Supplemental Instruments and the Amendment of Conditions contemplated thereunder have been arrived at after arm's length negotiation between the Company and each of the Subscribers which are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM to consider, if thought fit, passing resolutions to approve the Supplemental Deeds, the Supplemental Instruments, the Amendment of Conditions, the transactions contemplated thereunder and the allotment and issue of the Conversion Shares under the Specific Mandate.

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

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of Freeman FinTech Corporation Limited (the “**Company**”) will be held at Hoi Yat Heen Salon V – VI, 3/F., Harbour Plaza North Point, 665 King’s Road, North Point, Hong Kong (MTR Quarry Bay Station, Exit C) on Thursday, 13 December 2018 at 4:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT:**

- (i) the supplemental deed dated 28 September 2018 (the “**Supplemental Deed**”) and the second supplemental deed dated 9 November 2018 (the “**Second Supplemental Deed**”, together with the Supplemental Deed are collectively referred to as the “**Supplemental Deeds**”) entered into between the Company and Cheery Plus Limited in relation to the amendment of certain terms and conditions (the “**Amendment of Conditions A**”) of the convertible bonds issued by the Company in an outstanding principal amount of HK\$429,197,000 (the “**Convertible Bonds A**”) (a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) be and is hereby approved, ratified and confirmed, and all the transactions contemplated thereunder, including the Amendment of Conditions A, be and are hereby approved, ratified and confirmed;
- (ii) subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) having approved the Amendment of Conditions A, and the Listing Committee of the Stock Exchange granting approval for the listing of, and the permission to deal in, the Conversion Shares A (as defined below) on the Stock Exchange, the Board be and is hereby granted a specific mandate for the allotment and issue of the ordinary share(s) of HK\$0.01 each in the share capital of the Company upon exercise of the conversion rights under the Convertible Bonds A (as amended by the Supplemental Deeds) (the “**Conversion Shares A**”); and



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (iii) the directors of the Company be and are hereby authorised for and on behalf of the Company to do all such further acts and things and to sign and execute all such other or further documents (if any) and to take all such steps which in his/her opinion may be necessary, appropriate, desirable or expedient to implement and/or give effects to the transactions contemplated under the Supplemental Deeds, including but not limited to the execution of any documents or deeds or the affixation of any seal or the issue of any certificate.”

2. **“THAT:**

- (i) the supplemental instrument (the **“Supplemental Instrument”**) and the revised supplemental instrument (the **“Revised Supplemental Instrument”**, together with the Supplemental Instrument are collectively referred to as the **“Supplemental Instruments”**) to be entered into between the Company and China Huarong Macau (HK) Investment Holdings Limited (中國華融澳門(香港)投資控股有限公司) in relation to the amendment of certain terms and conditions (the **“Amendment of Conditions B”**) of the convertible bonds issued by the Company in an outstanding principal amount of US\$99,000,000 (the **“Convertible Bonds B”**) (a copy of which has been produced to the meeting marked “B” and signed by the Chairman of the meeting for the purpose of identification) be and is hereby approved, ratified and confirmed, and all the transactions contemplated thereunder, including the Amendment of Conditions B, be and are hereby approved, ratified and confirmed;
- (ii) subject to the Stock Exchange having approved the Amendment of Conditions B, and the Listing Committee of the Stock Exchange granting approval for the listing of, and the permission to deal in, the Conversion Shares B (as defined below) on the Stock Exchange, the Board be and is hereby granted a specific mandate for the allotment and issue of the ordinary share(s) of HK\$0.01 each in the share capital of the Company upon exercise of the conversion rights under the Convertible Bonds B (as amended by the Supplemental Instruments), (the **“Conversion Shares B”**); and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (iii) the directors of the Company be and are hereby authorised for and on behalf of the Company to do all such further acts and things and to sign and execute all such other or further documents (if any) and to take all such steps which in his/her opinion may be necessary, appropriate, desirable or expedient to implement and/or give effects to the transactions contemplated under the Supplemental Instruments, including but not limited to the execution of any documents or deeds or the affixation of any seal or the issue of any certificate.’

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

Hong Kong, 27 November 2018

*Notes:*

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than 4:00 p.m. on Tuesday, 11 December 2018 or not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

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

*Executive Directors:*

Mr. Ye Ye (*Chairman*)  
Mr. Yang Haoying (*Chief Executive Officer*)  
Mr. Pun Hong Hai (*Chief Operating Officer*)  
Ms. Chow Mun Yee  
Mr. Zhao Tong

*Independent Non-executive Directors:*

Mr. An Dong  
Mr. Cheung Wing Ping  
Mr. Fung Tze Wa  
Mr. Wu Keli