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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)

DISCLOSEABLE TRANSACTION

THE SWAP

On 25 April 2018 (after trading hours), the Investor (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Target Company, pursuant to which the Target Company has conditionally agreed to allot and issue the Consideration Shares and the Investor has conditionally agreed to procure the Swap upon and subject to the terms and conditions set out in the Agreement.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Swap exceeds 5% but are all less than 25%, the Swap constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL

Shareholders and potential investors should note that the Swap is subject to the fulfillment of the conditions precedent under the Agreement and the Swap may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE SWAP

On 25 April 2018 (after trading hours), the Investor (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Target Company, pursuant to which the Target Company has conditionally agreed to allot and issue the Consideration Shares and the Investor has conditionally agreed to procure the Promissory Note to be returned to the Target Company in consideration for the Consideration Shares upon and subject to the terms and conditions set out in the Agreement.

The principal terms of the Agreement are set out below:

Date

25 April 2018

Parties

- (1) the Investor; and
- (2) the Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Target Company and its ultimate beneficial owners are Independent Third Parties.

Consideration Shares

The Consideration Shares to be allotted and issued to the Investor or its nominee(s) by the Target Company represent approximately 23.94% of the total issued share capital of 8,353 shares of the Target Company as at the date of the Agreement and approximately 19.32% of the total issued share capital of 10,353 shares of the Target Company as enlarged by the issue of the Consideration Shares.

Subject to fulfilment of the conditions precedent, the Consideration Shares shall rank pari passu with the issued shares of the Target Company.

Based on a preliminary assessment by the Directors, the Consideration Shares will be classified and accounted for by the Company as an available-for-sale investment upon Completion.

Consideration

Subject to fulfilment of the conditions precedent (unless waived), the Investor shall procure the Company to return the Promissory Note to the Target Company for cancellation in consideration for the Consideration Shares to be allotted and issued to the Investor or such nominee(s) as the Investor may direct. The allotment and issue of the Consideration Shares shall be treated as the full settlement of the Promissory Note.

Basis of the Consideration

The Consideration was determined after arm's length negotiations with reference to the unaudited consolidated net asset value of the Target Company as at 31 December 2017 of approximately HK\$2,866 million, representing approximately HK\$343,088 per share on the basis of total issued share capital of 8,353 shares of the Target Company as at the date of the Agreement. The Consideration represents a discount of approximately 12.56% of the unaudited consolidated net asset value of the Target Company as at 31 December 2017. The Board considers that the Swap and the terms and conditions of the Agreement to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion shall be conditional upon:

- (a) if required, the passing of the necessary resolution(s) by the Shareholders (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at the general meeting to approve the entering into of the Agreement and the transactions contemplated thereunder;
- (b) all necessary approvals from the relevant governmental or regulatory authorities of each of the parties for the consummation of the transactions contemplated under the Agreement having been obtained; and
- (c) the Investor having conducted and completed due diligence on all business, assets and liabilities, legal and financial matters in respect of the Target Company and all such other matters as deemed necessary.

If the conditions precedent (unless waived) are not fulfilled on or before 15 May 2018 (or such later date as may be agreed in writing between the Target Company and the Investor), the Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Completion

Completion shall take place within 3 Business Days after the satisfaction (or waiver) of all the conditions precedent of the Agreement or such other date as the parties may agree in writing.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and an investment holding company. Its subsidiaries are principally engaged in trading of securities, provision of finance and holding of investment in financial services industry.

The audited consolidated financial information of the Target Company for each of the two financial years ended 31 December 2015 and 2016, and the unaudited consolidated financial information of the Target Company for the year ended 31 December 2017 are set out as follows:

	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017
	<i>HK\$'million</i> (audited)	<i>HK\$'million</i> (audited)	<i>HK\$'million</i> (unaudited)
Net profit/(loss) before taxation	(77)	(653)	505
Net profit/(loss) after taxation	<u>(78)</u>	<u>(653)</u>	<u>505</u>

REASONS FOR AND BENEFITS OF THE SWAP

The Group is principally engaged in 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 Group always aims at pursuing new investment opportunities in the financial services industry for capital appreciation and potential lucrative returns. It is believed that the Swap could allow the Company to capture investment opportunities in order to enhance the values to the Company and the Shareholders.

INFORMATION OF THE INVESTOR

The Investor is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Swap exceeds 5% but are all less than 25%, the Swap constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL

Shareholders and potential investors should note that the Swap is subject to the fulfillment of the conditions precedent under the Agreement and the Swap may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Agreement”	the swap agreement dated 25 April 2018 entered into by the Investor and the Target Company in respect of the Swap
“Board”	the board of Directors
“Business Day(s)”	means a day (excluding Saturday, Sunday and any other public holidays) on which banks in Hong Kong are generally open for settlement business
“Company”	Freeman FinTech Corporation Limited, a company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange (Stock Code: 279)
“Completion”	the completion of the Swap pursuant to the Agreement
“Consideration”	HK\$600 million in total, representing HK\$300,000 per Consideration Share

“Consideration Share(s)”	the 2,000 ordinary share(s) of no par value to be allotted and issued by the Target Company to the Investor or its nominee(s)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the third party(ies) independent of the Company and connected persons of the Company (as defined in the Listing Rules)
“Investor”	More Wins Ltd., a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Promissory Note”	a zero coupon six-month unsecured promissory note dated 8 February 2018 with principal amount of HK\$600 million issued by the Target Company in favour of the Company
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Swap”	the returning of the Promissory Note to the Target Company for cancellation by the Investor in consideration for the Consideration Shares pursuant to the Agreement
“Target Company”	Co-Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

“HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong

“%” per cent

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

Hong Kong, 25 April 2018

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

Executive Directors:

Mr. Ye Ye (*Chairman*)
Mr. Yang Haoying (*Chief Operating Officer*)
Ms. Chow Mun Yee
Mr. Wang Xiaodong
Mr. Zhao Tong

Independent Non-executive Directors:

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