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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 IN RELATION TO THE DISPOSAL OF AN AVAILABLE-FOR-SALE INVESTMENT

THE DISPOSAL

On 7 February 2018 (after trading hours), the Vendors (each of them is an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Total Sale Shares, representing an aggregate of approximately 10.57% of the issued share capital of Satinu, at the Sale Price of HK\$750 million.

LISTING RULES IMPLICATIONS

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

GENERAL

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

THE DISPOSAL

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The principal terms of the Agreement are set out below:

Date

7 February 2018

Parties

- (1) the Purchaser; and
- (2) the Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Vendor A holds approximately 35.37% of the issued share capital of Freewill Holdings who being a shareholder of the Purchaser holding approximately 13.54% of the issued share capital of the latter. Save as disclosed above, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be Disposed of

The Total Sale Shares, representing approximately 10.57% of the issued share capital of Satinu. As at 30 September 2017, the unaudited consolidated carrying amount of the Group's investment in Satinu amounted to approximately HK\$424 million.

Consideration

The Sale Price for the sale and purchase of the Total Sale Shares is HK\$750 million and payable by the Purchaser to the Vendors in the following manner:–

- HK\$150 million be payable as deposit within 5 Business Days from the date of the Agreement; and
- the remaining HK\$600 million be settled upon Completion by the issuance of the Promissory Note.

Basis of the Consideration

The Sale Price was determined after arm's length negotiations between the Purchaser and the Vendors with reference to (i) the performance in past years of Satinu Group; and (ii) the unaudited consolidated net asset value of Satinu Group. The Board considers that the Sale Price and the terms and conditions of the Disposal 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) the approval of the Agreement and transactions contemplated thereunder by Shareholders in accordance with the Listing Rules, if required; and
- (b) if applicable, the obtaining of all consents or waiver from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Agreement and the transaction(s) contemplated thereunder.

If the conditions mentioned above have not previously been fulfilled on or before 5:00 p.m. on 31 March 2018 (or such later date as the Vendors and the Purchaser may agree), the Vendors shall return the deposit of HK\$150 million without interest to the Purchaser within 3 Business Days thereafter and the Agreement shall thereupon terminate and the parties shall have no further claims against the other under the Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches.

Completion

Completion of the Agreement shall take place within 3 Business Days after the date on which all of the conditions precedent of the Agreement shall have been satisfied or waived by the Purchaser (or such later date as the parties thereto may agree in writing).

Escrow Arrangement in relation to the Total Sale Shares

At Completion, original share certificate(s) in respect of the Total Sale Shares in the name of the Purchaser or its nominee will be delivered to the custody of a legal firm who shall act as an escrow agent for the parties to the Agreement. The escrow agent shall release the share certificate(s) in respect of the Total Sale Shares to the Purchaser upon the receipt by the Vendors of full payment represented by the deposit of HK\$150 million paid by the Purchaser and the Promissory Note and with the Vendors' written instruction to do so.

INFORMATION OF SATINU GROUP

Satinu is an investment holding company incorporated in the British Virgin Islands with limited liability in August 2016. Satinu Group is principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments. Before Satinu was incorporated, HEC Capital Limited, a company incorporated in the Cayman Islands with limited liability, was the then ultimate holding company of the then Satinu Group. Pursuant to a reorganisation in January 2017, Satinu became the holding company of HEC Capital Limited and the ultimate holding company of Satinu Group.

The audited consolidated financial information of Satinu Group for the year ended 31 March 2016 and the unaudited consolidated financial information of Satinu Group for the year ended 31 March 2017 and for the six months from 1 April 2017 to 30 September 2017 are set out as follows:

	For the year ended 31 March 2016	For the year ended 31 March 2017	For the six months from 1 April 2017 to 30 September 2017
	<i>HK\$'million</i> (audited) (Note)	<i>HK\$'million</i> (unaudited)	<i>HK\$'million</i> (unaudited)
Net profit/(loss) before taxation	(88)	(282)	615
Net profit/(loss) after taxation	(97)	(284)	614

Note:

The audited consolidated financial information of Satinu Group for the year ended 31 March 2016 represents the audited consolidated financial information of the then Satinu Group with HEC Capital Limited as the ultimate holding company.

FINANCIAL EFFECT OF THE DISPOSAL

The estimated gain from the Disposal amounts to approximately HK\$325.5 million which is calculated at the Sale Price of the Total Sale Shares of HK\$750 million less (i) estimated expenses of approximately HK\$0.5 million; and (ii) the unaudited carrying amount of the Group's investment in approximately 10.57% of the issued share capital of Satinu as at 30 September 2017 of approximately HK\$424 million. This estimated gain from the Disposal will be accounted for in the profit or loss of the Group.

It should be noted that the aforementioned estimation is for illustrative purposes only and does not purport to represent how the financial position of the Group will be after the Completion.

REASONS FOR AND BENEFITS AND THE USE OF PROCEEDS OF THE DISPOSAL

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 Company believes that the Disposal could (i) allow the Group to unlock and realise the underlying value of the Group's investment in Satinu; and (ii) bring in an additional source of capital for the Group's business development and to capture other investment opportunities as and when they arise.

The Company intends to utilise the total consideration from the Disposal of HK\$750 million less estimated expenses of approximately HK\$0.5 million, i.e. HK\$749.5 million as follows: for (i) additional funding to Freeman Securities Limited (an indirect wholly-owned subsidiary of the Company principally engaged in the provision of securities brokerage services, the provision of placing, underwriting and margin financing services, investment holding and the trading of securities) for business expansion of approximately HK\$300 million; (ii) money lending business of approximately HK\$400 million; and (iii) other general working capital of approximately HK\$49.5 million.

INFORMATION OF THE PURCHASER

The Purchaser 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 Disposal exceed 5% but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

GENERAL

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DEFINITIONS

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

“Agreement”	the conditional agreement dated 7 February 2018 entered into by the Purchaser and the Vendors in respect of the Disposal
“Board”	the board of Directors
“Business Day(s)”	means a day (other than a Saturday, Sunday and Public Holiday) on which banks are open for business in Hong Kong
“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 sale and purchase of the Total Sale Shares pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Total Sale Shares by the Vendors to the Purchaser pursuant to the Agreement
“Freewill Holdings”	Freewill Holdings Limited, a company incorporated in the Republic of the Marshall Islands with limited liability, is principally engaged in investment holding and is accounted for as an associate of the Group
“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)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“Purchaser”	Co-Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Promissory Note”	a zero coupon promissory note to be issued by the Purchaser to the Vendors or their nominee upon Completion for the sum of HK\$600 million, representing 80% of the Sale Price, payable within 6 months after the date of Completion
“Sale Price”	HK\$750 million, being the consideration payable by the Purchaser to the Vendors in respect of the Total Sale Shares pursuant to the Agreement
“Sale Shares A”	the 109,191,089 ordinary share(s) of no par value issued by Satinu, representing about 9% of the issued share capital of Satinu, which are currently owned by Vendor A
“Sale Shares B”	the 19,000,000 ordinary share(s) of no par value issued by Satinu, representing about 1.57% of the issued share capital of Satinu, which are currently owned by Vendor B
“Satinu”	Satinu Resources Group Ltd., a company incorporated in the British Virgin Islands with limited liability
“Satinu Group”	Satinu and its subsidiaries
“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
“Total Sale Shares”	Sale Shares A and Sale Shares B, which in aggregate represent approximately 10.57% of the issued share capital of Satinu
“Vendor A”	Freeman Financial Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Vendor B”	Tron Corporation, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendors”	Vendor A and Vendor B
“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, 7 February 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