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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)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

FINAL RESULTS

The Board of Directors (the “Board”) of Freeman FinTech Corporation Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2017, which have been reviewed by the Audit Committee, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2017

| | <i>Notes</i> | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|---------------------------------------------------------------------------|--------------|--------------------------------|-------------------------|
| REVENUE | 4 | 108,285 | (143,952) |
| Cost of sales | | <u>(39,057)</u> | <u>(90,251)</u> |
| Gross profit/(loss) | | 69,228 | (234,203) |
| Other income and gains, net | 4 | 327,594 | 94,273 |
| Fair value gains on investments at fair value through profit or loss, net | | 193,826 | 144,674 |
| General and administrative expenses | | (124,762) | (95,460) |
| Other expenses, net | | – | (88,865) |
| Finance costs | 6 | (29,920) | (9,085) |
| Share of profits and losses of an associate and joint ventures, net | | <u>(27,771)</u> | <u>(215,959)</u> |

| | <i>Notes</i> | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|---------------------------------------------------------------------------------------------|--------------|--------------------------------|-------------------------|
| PROFIT/(LOSS) BEFORE TAX | 5 | 408,195 | (404,625) |
| Income tax credit | 7 | <u>10,013</u> | <u>27,159</u> |
| PROFIT/(LOSS) FOR THE YEAR | | <u>418,208</u> | <u>(377,466)</u> |
| Attributable to: | | | |
| Owners of the Company | | 418,208 | (620,996) |
| Non-controlling interests | | <u>–</u> | <u>243,530</u> |
| | | <u>418,208</u> | <u>(377,466)</u> |
| EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 8 | | |
| Basic | | <u>HK2.92 cents</u> | <u>(HK6.01 cents)</u> |
| Diluted | | <u>HK2.92 cents</u> | <u>(HK6.01 cents)</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| PROFIT/(LOSS) FOR THE YEAR | <u>418,208</u> | <u>(377,466)</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | |
| Available-for-sale investments: | | |
| Change in fair values | (1,497) | 58,584 |
| Reclassification of cumulative gains to the consolidated statement of profit or loss upon disposal | – | (80,601) |
| Exchange difference arising on translating foreign operations | (4,794) | – |
| Share of other comprehensive income/(loss) of an associate, net | <u>15,822</u> | <u>(9,371)</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX | <u>9,531</u> | <u>(31,388)</u> |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR | <u>427,739</u> | <u>(408,854)</u> |
| Attributable to: | | |
| Owners of the Company | 427,739 | (643,691) |
| Non-controlling interests | <u>–</u> | <u>234,837</u> |
| | <u>427,739</u> | <u>(408,854)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

| | <i>Notes</i> | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--------------------------------------------------|--------------|--------------------------------|-------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 2,241 | 1,419 |
| Investment in an associate | | 663,461 | 707,309 |
| Investment in a joint venture | | 136,804 | 129,951 |
| Intangible assets | | 1,736 | 1,736 |
| Available-for-sale investments | 9 | 663,483 | – |
| Loans receivable | | – | 1,374 |
| Finance lease receivables | 10(a) | 3,500 | – |
| Notes receivable | 11 | 400,000 | – |
| Deposits | | 17,695 | 633,422 |
| Deferred tax assets | | – | 119 |
| Total non-current assets | | 1,888,920 | 1,475,330 |
| CURRENT ASSETS | | | |
| Accounts receivable | 12 | 230,304 | 336,213 |
| Loans receivable | | 226,899 | 9,356 |
| Factoring receivables | 10(b) | 268,671 | – |
| Finance lease receivables | 10(a) | 9,649 | – |
| Notes receivable | 11 | 800,000 | – |
| Prepayments, deposits and other receivables | | 34,288 | 68,913 |
| Investments at fair value through profit or loss | | 362,100 | 1,235,102 |
| Cash and bank balances | | 614,918 | 208,988 |
| Total current assets | | 2,546,829 | 1,858,572 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 13 | 22,274 | 21,811 |
| Other payables and accruals | | 14,230 | 153,367 |
| Interest-bearing other borrowings | | 200,000 | 71,378 |
| Tax payable | | 1,415 | 8,307 |
| Total current liabilities | | 237,919 | 254,863 |
| NET CURRENT ASSETS | | 2,308,910 | 1,603,709 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,197,830 | 3,079,039 |

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| NON-CURRENT LIABILITIES | | |
| Interest-bearing other borrowings | 732,000 | 10,000 |
| Deferred tax liability | <u>68</u> | <u>4,125</u> |
| Total non-current liabilities | <u>732,068</u> | <u>14,125</u> |
| Net assets | <u>3,465,762</u> | <u>3,064,914</u> |
| EQUITY | | |
| Issued capital | 14,324 | 14,324 |
| Reserves | <u>3,451,438</u> | <u>3,050,590</u> |
| Total equity | <u>3,465,762</u> | <u>3,064,914</u> |

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments and investments at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except where otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effectively for the current accounting period.

3. OPERATING SEGMENT INFORMATION

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

- (a) trading of securities and futures segment engages in the purchase and sale of securities and futures investments;
- (b) provision of finance segment engages in provision of financing services in Hong Kong;
- (c) insurance brokerage business segment engages in insurance brokerage business and provision of financial planning and related services;
- (d) securities and futures brokerage, placing, underwriting and margin financing segment engages in provision of securities and futures brokerage services, provision of placing, underwriting and margin financing in Hong Kong;
- (e) factoring and finance leasing segment engages in the provision of factoring and finance leasing services and related activities;
- (f) investment holding segment engages in holding investments for continuing strategic or long term purposes, primarily for dividend income and capital appreciation; and
- (g) corporate finance advisory segment engages in the provision of corporate finance advisory services and related activities.

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

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

No analysis of the Group's assets and liabilities by operating segments was provided to management for review during the years ended 31 March 2017 and 2016 for the purposes of resource allocation and performance assessment.

During the year ended 31 March 2017, a new operating segment was presented upon completion of the acquisition of a wholly-owned subsidiary, together with its subsidiaries, principally engaged in factoring and finance leasing business.

Year ended 31 March 2017/As at 31 March 2017

| | Trading of securities and futures <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Insurance brokerage business <i>HK\$'000</i> | Securities and futures brokerage, placing, underwriting and margin financing <i>HK\$'000</i> | Factoring and finance leasing <i>HK\$'000</i> | Investment holding <i>HK\$'000</i> | Corporate finance advisory <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---------------------------------------------|------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------|-----------------------------------------------------|--------------------------|
| Segment revenue: | | | | | | | | |
| Sales to external customers | (18,903) | 14,841 | 36,082 | 69,620 | 6,645 | - | - | 108,285 |
| Intersegment sales | - | - | - | - | - | - | - | - |
| | (18,903) | 14,841 | 36,082 | 69,620 | 6,645 | - | - | 108,285 |
| <i>Reconciliation:</i> | | | | | | | | |
| Elimination of intersegment sales | | | | | | | | - |
| Total revenue | | | | | | | | <u>108,285</u> |
| Segment results | 168,554 | (52,903) | (160) | 9,322 | 1,811 | 296,610 | (1,023) | 422,211 |
| <i>Reconciliation:</i> | | | | | | | | |
| Bank interest income | | | | | | | | 7 |
| Other interest income | | | | | | | | 18,772 |
| Corporate and other unallocated expenses | | | | | | | | (2,875) |
| Finance costs | | | | | | | | <u>(29,920)</u> |
| Profit before tax | | | | | | | | <u>408,195</u> |

Year ended 31 March 2017/As at 31 March 2017

| | Trading of securities and futures <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Insurance brokerage business <i>HK\$'000</i> | Securities and futures brokerage, placing, underwriting and margin financing <i>HK\$'000</i> | Factoring and finance leasing <i>HK\$'000</i> | Investment holding <i>HK\$'000</i> | Corporate finance advisory <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|-------------------------------------|------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------|-----------------------------------------------------|--------------------------|
| Other segment information: | | | | | | | | |
| Share of losses of an associate | - | - | - | - | - | (33,484) | - | (33,484) |
| Share of profits of a joint venture | - | - | - | - | - | 5,713 | - | 5,713 |
| Depreciation | | | | | | | | |
| – operating segment | - | - | - | (252) | (26) | - | - | (278) |
| – unallocated | | | | | | | | (667) |
| | | | | | | | | <u>(945)</u> |
| Investment in an associate | - | - | - | - | - | 663,461 | - | 663,461 |
| Investment in a joint venture | - | - | - | - | - | 136,804 | - | 136,804 |
| Available-for-sale investments | - | - | - | - | - | 663,483 | - | 663,483 |
| Capital expenditure | | | | | | | | |
| – operating segment | - | - | - | 753 | - | - | - | 753* |
| – deposits (non-current portion) | - | - | - | 4,840 | - | - | - | 4,840 |
| – unallocated | | | | | | | | <u>1,343*</u> |
| | | | | | | | | <u>6,936</u> |

* The amounts represented additions to property, plant and equipment.

Year ended 31 March 2016/As at 31 March 2016

| | Trading of securities and futures <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Insurance brokerage business <i>HK\$'000</i> | Securities and futures brokerage, placing, underwriting and margin financing <i>HK\$'000</i> | Investment holding <i>HK\$'000</i> | Corporate finance advisory <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---------------------------------------------|------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------|--------------------------|
| Segment revenue: | | | | | | | |
| Sales to external customers | (318,876) | 36,122 | 76,406 | 56,446 | - | 5,950 | (143,952) |
| Intersegment sales | - | - | - | 21,000 | - | - | 21,000 |
| | (318,876) | 36,122 | 76,406 | 77,446 | - | 5,950 | (122,952) |
| <i>Reconciliation:</i> | | | | | | | |
| Elimination of intersegment sales | | | | | | | (21,000) |
| Total revenue | | | | | | | <u>(143,952)</u> |
| Segment results | (197,691) | 34,837 | 4,425 | 28,293 | (253,982) | 5,853 | (378,265) |
| <i>Reconciliation:</i> | | | | | | | |
| Bank interest income | | | | | | | 1 |
| Other interest income | | | | | | | 304 |
| Corporate and other unallocated expenses | | | | | | | (17,580) |
| Finance costs | | | | | | | <u>(9,085)</u> |
| Loss before tax | | | | | | | <u>(404,625)</u> |

Year ended 31 March 2016/As at 31 March 2016

| | Trading of securities and futures <i>HK\$'000</i> | Provision of finance <i>HK\$'000</i> | Insurance brokerage business <i>HK\$'000</i> | Securities and futures brokerage, placing, underwriting and margin financing <i>HK\$'000</i> | Investment holding <i>HK\$'000</i> | Corporate finance advisory <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------|--------------------------|
| Other segment information: | | | | | | | |
| Share of profits and losses of an associate and joint ventures, net | - | - | - | - | (215,959) | - | (215,959) |
| Depreciation | | | | | | | |
| - operating segment | - | - | - | (184) | (4,029) | - | (4,213) |
| - unallocated | | | | | | | <u>(723)</u> |
| | | | | | | | <u>(4,936)</u> |
| Investment in an associate | - | - | - | - | 707,309 | - | 707,309 |
| Investment in a joint venture | - | - | - | - | 129,951 | - | 129,951 |
| Capital expenditure | | | | | | | |
| - operating segment | - | - | - | 504 | 84,544 | - | 85,048 |
| - unallocated | | | | | | | <u>65</u> |
| | | | | | | | <u>85,113*</u> |

* Capital expenditure represented additions to property, plant and equipment.

Geographical information

The geographical location of customers is based on the location at which the services are rendered. The Group's operations are principally located in Hong Kong and the People's Republic of China (the "PRC"). Substantially over 90% of the Group's revenue from external customers, non-current assets (exclude financial instruments and deferred tax assets) and capital expenditure are located in Hong Kong, and therefore no analysis on revenue from external customers and non-current assets by location are presented.

Information about major customers

Included in revenue arising from major customers which individually accounted for over 10% of the Group's revenue for the year:

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| Insurance brokerage business | | |
| Customer A | <u>30,397</u> | <u>71,375</u> |

The Group's dividend income and losses from the sale of investments at fair value through profit or loss are excluded from total revenue for the purpose of identifying major customers of the Group who accounted for over 10% of the Group's revenue.

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents interest income earned from provision of finance; dividend income from investments at fair value through profit or loss; net losses from the sale of investments at fair value through profit or loss; insurance brokerage income; corporate finance advisory fee; commission and brokerage income from securities and futures dealings; commission from underwriting and placing services; interest income on margin financing activities; factoring interest income and finance lease interest income during the year.

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

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Revenue | | |
| Interest income from provision of finance | 14,841 | 36,122 |
| Dividend income from investments at fair value through profit or loss | 33,020 | 35,249 |
| Losses from the sale of investments at fair value through profit or loss, net (<i>note a</i>) | (51,923) | (354,125) |
| Insurance brokerage income | 36,082 | 76,406 |
| Corporate finance advisory fee | – | 5,950 |
| Commission and brokerage income from securities and futures dealings | 15,725 | 6,262 |
| Commission from underwriting and placing services | 16,970 | 30,058 |
| Interest income on margin financing activities | 36,925 | 20,126 |
| Factoring interest income | 5,807 | – |
| Finance lease interest income | 838 | – |
| | <u>108,285</u> | <u>(143,952)</u> |
| Other income and gains, net | | |
| Bank interest income | 7 | 1 |
| Other interest income | 18,772 | 304 |
| Dividend handling charge and other surcharges | 1,164 | 1,103 |
| Gain on disposal of available-for-sale investments, net | – | 80,601 |
| Gain on disposal of items of property, plant and equipment | – | 4,485 |
| Gain on disposal of subsidiaries, net | 151,005 | – |
| Gain on deemed disposal of an associate | 705 | – |
| Gain on deemed disposal of a joint venture | 1,140 | – |
| Forfeited income (<i>note b</i>) | 150,000 | – |
| Foreign exchange differences, net | 2,013 | – |
| Others | 2,788 | 7,779 |
| | <u>327,594</u> | <u>94,273</u> |

Notes:

- (a) The gross proceeds from sale of investments at fair value through profit or loss for the year were approximately HK\$639,766,000 (2016: HK\$3,185,830,000).
- (b) The recognition of forfeited income is in relation to a proposed disposal of the entire interest in a wholly-owned subsidiary of the Company. Details are set out in the Company's announcements dated 10 March 2016 and 9 August 2016.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Depreciation | 945 | 4,936 |
| Employee benefit expenses (excluding directors' remuneration): | | |
| Salaries and allowances | 19,029 | 8,640 |
| Retirement benefit scheme contributions (defined contribution scheme)* | 466 | 310 |
| | <u>19,495</u> | <u>8,950</u> |
| Auditor's remuneration | 2,000 | 2,550 |
| Minimum lease payments under operating leases | 16,810 | 7,936 |
| Equity-settled share option expense | – | 23,082 |
| Deemed losses/(gains) on changes in shareholding interests in joint ventures and associates, net** | (1,845) | 88,223 |
| Loss/(gain) on disposal of items of property, plant and equipment | 559 | (4,485) |
| Loss/(gain) on disposal of subsidiaries, net** | <u>(151,005)</u> | <u>642</u> |

* At 31 March 2017, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2016: Nil).

** These balances are included in "Other income and gains, net" and "Other expenses, net" for the years ended 31 March 2017 and 31 March 2016, respectively, in the consolidated statement of profit or loss.

6. FINANCE COSTS

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|--------------------------|-------------------------|-------------------------|
| Interests on other loans | <u>29,920</u> | <u>9,085</u> |

7. INCOME TAX CREDIT

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| Current | | |
| Charge for the year | | |
| – Hong Kong | 1,924 | 11,197 |
| – the PRC | 318 | – |
| Overprovision in prior years | (8,317) | (225) |
| Deferred tax | (3,938) | (38,131) |
| | <u>(10,013)</u> | <u>(27,159)</u> |

The share of tax charge attributable to an associate amounting to HK\$289,000 (2016: tax credit of HK\$19,000) and share of tax charge attributable to a joint venture amounting to HK\$1,129,000 (2016: HK\$181,000), respectively are included in “Share of profits and losses of an associate and joint ventures, net” in the consolidated statement of profit or loss for the year ended 31 March 2017.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$418,208,000 (2016: loss of HK\$620,996,000), and the weighted average number of ordinary shares of 14,324,137,300 (2016: 10,335,066,262) in issue during the year.

(b) Diluted earnings/(loss) per share

i) Profit/(loss) for the year attributable to owners of the Company (diluted)

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|------------------------------------------------|-------------------------|-------------------------|
| Profit/(loss) attributable to owners (diluted) | <u>418,208</u> | <u>(620,996)</u> |

ii) **Weighted average number of ordinary shares (diluted)**

| | 2017 | 2016 |
|-------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share | 14,324,137,300 | 10,335,066,262 |
| Effect of grant of share options* | 2,797,869 | – |
| Effect of issue of First Warrants and Second Warrants* | 8,393,607 | – |
| | <hr/> | <hr/> |
| Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share | <u>14,335,328,776</u> | <u>10,335,066,262</u> |

* No adjustment has been made to the basic loss per share amount presented for the year ended 31 March 2016 in respect of a dilution as the impact of First Warrants and share options outstanding had an anti-dilutive effect on the basic loss per share amount presented, or the exercise price of Second Warrants was higher than the average market price of the ordinary shares of the Company during the year and Second Warrants had no dilutive effect on the basic loss per share amount presented. The basic and diluted loss per share are the same.

9. AVAILABLE-FOR-SALE INVESTMENTS

| | 2017 | 2016 |
|------------------------------------------------------------------------------|-----------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Unlisted but quoted investment funds in Hong Kong, at fair value (note a) | 31,803 | – |
| Unlisted equity investment, at cost (note b) | 631,680 | – |
| | <hr/> | <hr/> |
| | <u>663,483</u> | <u>–</u> |

Notes:

- (a) The fair value of investment funds is based on quoted market price in an active market at the end of the reporting period.
- (b) The unlisted equity investment represented 15% equity interest in a full-licensed securities company in China (Shanghai) Pilot Free Trade Zone (the “Securities Company”) under the framework of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong held by the Group.

10. FINANCE LEASE AND FACTORING RECEIVABLES

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|---------------------------------------------------------------|-------------------------|-------------------------|
| Finance lease receivables (<i>note a</i>) | 13,149 | – |
| Factoring receivables (<i>note b</i>) | 268,671 | – |
| | <u>281,820</u> | <u>–</u> |
| Less: balances due within one year included in current assets | (278,320) | – |
| | <u>3,500</u> | <u>–</u> |

(a) Finance lease receivables

| | Minimum lease payments receivable | | Present value of minimum lease payments receivable | |
|-------------------------------------------------------|--------------------------------------|-------------------------|-------------------------------------------------------|-------------------------|
| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
| Finance lease receivables comprise: | | | | |
| Within one year | 10,946 | – | 9,649 | – |
| In more than one year but not more than five years | 3,599 | – | 3,500 | – |
| | <u>14,545</u> | <u>–</u> | <u>13,149</u> | <u>–</u> |
| Less: Unearned finance lease income | (1,396) | – | – | – |
| | <u>13,149</u> | <u>–</u> | <u>13,149</u> | <u>–</u> |

Analysed as:

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-----------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Current finance lease receivables (receivable within 12 months) | 9,649 | – |
| Non-current finance lease receivables (receivable after 12 months and within 24 months) | <u>3,500</u> | <u>–</u> |
| Fixed-rate finance lease receivables | <u><u>13,149</u></u> | <u><u>–</u></u> |

(b) Factoring receivables

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

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| Factoring receivables: | | |
| Within 90 days | 110,494 | – |
| Between 91 to 180 days | 95,037 | – |
| Between 181 days to one year | <u>63,140</u> | <u>–</u> |
| Neither past due nor impaired | <u><u>268,671</u></u> | <u><u>–</u></u> |

11. NOTES RECEIVABLE

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|---------------------------------------------------------------|-------------------------|-------------------------|
| Notes receivable | 1,200,000 | – |
| Less: balances due within one year included in current assets | <u>(800,000)</u> | <u>–</u> |
| Non-current portion | <u><u>400,000</u></u> | <u><u>–</u></u> |

Balances represented three promissory notes in relation to the disposal of a wholly-owned subsidiary of the Company. These promissory notes are with principal amount of HK\$400,000,000 each, bear interest at 5% per annum and repayable in June 2017, December 2017 and June 2018 respectively.

12. ACCOUNTS RECEIVABLE

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Accounts receivable arising from the ordinary course of business of: | | |
| – Dealing in securities: | | |
| Margin clients | 215,708 | 322,753 |
| Clearing houses | 5,963 | – |
| Brokers | 906 | – |
| – Insurance brokerage business | 7,541 | 9,443 |
| – Futures brokerage business | <u>186</u> | <u>4,017</u> |
| | <u><u>230,304</u></u> | <u><u>336,213</u></u> |

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two days after the trade date except for the balances with margin clients and cash clients which are repayable on demand. The trading terms with customers of insurance brokerage businesses are mainly on credit. The credit period for customers of insurance brokerage businesses is generally 30 days, extending up to 90 days for major customers. The settlement terms of accounts receivable attributable to dealing in futures transactions are repayable on demand.

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

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|------------------------|--------------------------------|-------------------------|
| Within 90 days | 230,304 | 335,982 |
| Between 91 to 180 days | — | 231 |
| | <u>230,304</u> | <u>336,213</u> |

13. ACCOUNTS PAYABLE

The balances as at 31 March 2017, based on the trade date, were all aged within 90 days (31 March 2016: 90 days).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

BUSINESS REVIEW

The Group's consolidated net profit for the year was HK\$418.2 million (2016: net loss of HK\$377.5 million). The consolidated net assets of the Group increased from HK\$3,064.9 million as at 31 March 2016 to HK\$3,465.8 million as at 31 March 2017. The consolidated net profit was mainly attributable to (i) net realised losses and net unrealised gains of investments at fair value through profit or loss of HK\$51.9 million and HK\$193.8 million respectively; (ii) a net gain on disposal of subsidiaries of HK\$151.0 million; (iii) recognition of a forfeited income of HK\$150.0 million in relation to a disposal of the entire interest in a wholly-owned subsidiary of the Company; (iv) share of profits of a joint venture of HK\$5.7 million; and (v) share of losses of an associate of HK\$33.5 million.

Disposal of Smart Jump Group

In March 2016, the Group and a wholly-owned subsidiary of Imagi International Holdings Limited (whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 585) ("Imagi") entered into a sale and purchase agreement (the "Sale and Purchase Agreement with Imagi"), pursuant to which Imagi has conditionally agreed to purchase the entire issued share capital in Smart Jump Corporation at a total consideration of HK\$1,800 million (the "Disposal to Imagi"). Smart Jump Corporation and its subsidiaries (the "Smart Jump Group") are principally engaged in trading of securities. Subsequently in early August 2016, conditions precedent to the Sale and Purchase Agreement with Imagi became incapable of being fulfilled and the Disposal to Imagi lapsed. The parties to the Sale and Purchase Agreement with Imagi agreed to terminate the Sale and Purchase Agreement with Imagi in accordance with its terms. Accordingly, the Group recognised a forfeited income of HK\$150 million during the current year.

In August 2016, the Group and a non-wholly-owned subsidiary of Enerchina Holdings Limited (whose shares are listed on the main board of the Stock Exchange, stock code: 622) ("Enerchina") entered into another sale and purchase agreement (the "Sale and Purchase Agreement with Enerchina"), pursuant to which Enerchina has conditionally agreed to purchase the entire issued share capital in Smart Jump Corporation at a total consideration of HK\$1,295 million (the "Disposal to Enerchina"). The Disposal to Enerchina was approved by the shareholders of the Company (the "Shareholders") at the extraordinary general meeting held on 22 November 2016. The Disposal to Enerchina was completed in December 2016.

As at the date of this announcement, the Group has received HK\$495 million out of the total consideration of HK\$1,295 million from Enerchina and has utilised the amount received as intended to securities trading business, making strategic investments and other general working capital.

Change of Company Name

In September 2016, the change of the English name of the Company from “Freeman Financial Corporation Limited” to “Freeman FinTech Corporation Limited” and change of dual foreign name of the Company from “民眾金服控股有限公司” to “民眾金融科技控股有限公司”, was approved by the Shareholders at the extraordinary general meeting held on 13 September 2016. A copy of the certificate of incorporation on change of name dated 13 September 2016 issued by the Registrar of Companies of the Cayman Islands was received by the Company on 21 September 2016. The Company completed the necessary filing procedures with the Companies Registry in Hong Kong and the registration of the new dual foreign name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) was confirmed by the Registrar of Companies in Hong Kong. With effect from 20 October 2016, the shares of the Company was traded under the new stock short name “FREEMAN FINTECH” in English and “民眾金融科技” in Chinese, instead of “FREEMAN FIN” in English and “民眾金服” in Chinese, on the Stock Exchange.

First Warrants and Second Warrants

As at 31 March 2017, the Company has 1,376,551,640 First Warrants and 688,275,820 Second Warrants outstanding. As a result of the issue of the Convertible Notes in March 2016, the First Subscription Price of the First Warrants was adjusted from HK\$0.43 per Share to HK\$0.382 per Share and the Second Subscription Price of the Second Warrants was adjusted from HK\$0.55 per Share to HK\$0.489 per Share. The net proceeds from the issue of the First Warrants and Second Warrants of approximately HK\$13 million have been utilised as intended as general working capital for the Group.

In June 2017, all First Warrants were exercised by the warrant holders and 1,376,551,640 Shares were issued. The net proceeds from the issue of Shares upon exercise of First Warrants of approximately HK\$510 million have been utilised as intended for additional funding to Freeman Securities Limited (a wholly-owned subsidiary of the Company principally engaged in securities brokerage, placing, underwriting, margin financing, investment holding and trading of securities) for business expansion and money lending business. As at the date of this announcement, the Company’s total issued shares was 15,700,688,940 Shares.

Details in relation to placing of unlisted warrants under specific mandates and the placing of convertible notes under specific mandate and the capitalised terms in the above paragraphs were set out in the Company’s circulars dated 9 June 2015 and 24 February 2016, respectively.

Investment in Shengang Securities Company Limited

As at 31 March 2017, the Group recorded an available-for-sale investment of RMB525 million (equivalent to approximately HK\$631.7 million) representing 15% shareholding interests in Shengang Securities Company Limited (the “Securities Company”). The Securities Company has obtained a securities and futures business license from the China Securities Regulatory Commission on 10 October 2016. The Securities Company has formally commenced business in China (Shanghai) Pilot Free Trade Zone on 18 October 2016. The securities and futures business license allows the Securities Company to engage in securities broking, securities underwriting and sponsoring, securities trading and securities asset management related businesses in China. As at the date of this announcement, the Securities Company was still in preliminary stage and did not have material impact on the earnings of the Group. The commencement of business by the Securities Company is a new milestone for the Group in the business development of its financial services in China.

Details in relation to the investment in the Securities Company and the capitalised terms in the above paragraph were set out and defined in the announcements of the Company dated 12 November 2015, 2 December 2015, 3 December 2015, 16 March 2016, 31 March 2016, 1 April 2016 and 20 October 2016.

Acquisition of People Securities Company Limited

In September 2016, the Group entered into a conditional agreement with an independent third party pursuant to which the Group agreed to purchase the entire issued share capital of People Securities Company Limited (“People Securities”), a Hong Kong private limited company which is a licensed corporation carrying out businesses in Type 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the Securities and Futures Ordinance (the “SFO”) and also a member of Professional Insurance Brokers Association of Hong Kong (the “Acquisition of People Securities”) at a total consideration of HK\$25 million aiming to create a one-stop financial conglomerate to provide a comprehensive range of financial services. As at the date of this announcement, the Acquisition of People Securities was not yet completed.

Acquisition of Elffey Finance Limited

In September 2016, the Group entered into a conditional sale and purchase agreement with two independent third parties (the “Vendors”), pursuant to which the Vendors have agreed to sell and the Group has agreed to acquire the entire issued share capital of Elffey Finance Limited (“Elffey”) at a consideration of HK\$295 million (the “Acquisition of Elffey”) aiming to provide the Company with a good business opportunity in the finance leasing and factoring development in China, and allowing the Company to enhance the overall competitiveness of the Group. Elffey is an investment holding company holding a group of companies principally engaged in finance leasing and factoring in the People’s Republic of China (the “PRC”). The Acquisition of Elffey was completed in October 2016.

Acquisition of Wins Finance Holdings Inc.

In December 2016, the Group entered into the Share Purchase Agreement with the Seller Parties, pursuant to which the Group conditionally agreed to purchase and the Sellers conditionally agreed to sell, 67.1% equity interest in Wins Finance Holdings Inc. (“Wins”) at a consideration of the lower of (i) US\$260,000,000; or (ii) the adjusted purchase price (the “Acquisition of Wins”) aiming to extend its financial services business in the PRC. Wins is an integrated financing solution provider with operations located primarily in the PRC. Wins is listed on NASDAQ. The principal business operations of Wins include (i) facilitating the financing opportunities of enterprises by acting as a guarantor to secure credit facilities from lending banks and other financial institutions; (ii) providing direct equipment leasing or purchase-lease back services to enterprises, to satisfy their working capital needs; and (iii) providing financial advisory services. As at the date of this announcement, the Acquisition of Wins was not yet completed.

Details in relation to the Acquisition of Wins and the capitalised terms in the above paragraph were set out and defined in the circular of the Company dated 26 June 2017.

Investment in an associate

As at 31 March 2017, the Group held investment in an associate of HK\$663.5 million (31 March 2016: HK\$707.3 million), representing approximately 30.44% (31 March 2016: 31.83%) shareholding interests in Freewill Holdings Limited and 19.1% (31 March 2016: 23.1%) of the Group’s net assets. Freewill Holdings Limited is principally engaged in investment holding. The Group shared losses of HK\$33.5 million from an associate for the year (2016: HK\$195.9 million).

Investments at fair value through profit or loss

As at 31 March 2017, the Group held investments at fair value through profit or loss of HK\$362.1 million (31 March 2016: HK\$1,235.1 million), representing 10.4% (31 March 2016: 40.3%) of the Group’s net assets of HK\$3,465.8 million (31 March 2016: HK\$3,064.9 million). The Group held a diversified portfolio of listed investments throughout the year. As at 31 March 2017, the Group mainly held listed securities of China All Access (Holdings) Limited (“All Access”, whose shares are listed on the main board of the Stock Exchange, stock code: 633) with a carrying value of HK\$356.1 million, representing 10.3% of Group’s net assets and 8.08% of All Access’s total issued shares.

As at 31 March 2016, the Group mainly held listed securities of HengTen Networks Group Limited (“HengTen”, whose shares are listed on the main board of the Stock Exchange, stock code: 136) with a carrying value of HK\$761.0 million, representing approximately 24.8% of the Group’s net assets and approximately 2.8% of HengTen’s total issued shares.

All Access and its subsidiaries are principally engaged in the provision of communication application solutions and services and investment activities. HengTen and its subsidiaries are principally engaged in internet community services, investment and trading of securities, property investment and manufacture and sales of accessories for photographic and electrical products.

Other listed investments are individually carrying at value less than 5% of the Group's net assets as at 31 March 2017 and 31 March 2016.

The Group recorded net unrealised gains of investments at fair value through profit or loss of HK\$193.8 million (2016: HK\$144.7 million) for the year, of which included net unrealised losses of HK\$74.2 million (2016: Nil) for investments in listed securities of All Access for the year.

In view of the stock market volatility and general trading sentiment since April 2016, the Group realised its investments in listed securities with a carrying value of HK\$691.7 million for aggregate gross proceeds of HK\$639.8 million, resulting net realised losses of investments at fair value through profit or loss of HK\$51.9 million for the current year, of which included disposals of listed securities of All Access at gross proceeds of HK\$100.0 million and net realised losses of HK\$2.5 million were recorded for the year. The proceeds from disposals of listed investments have been applied towards expansion of the Group's existing business lines and general working capital purposes.

For the year ended 31 March 2016, the Group also realised its investments in listed securities at market sentiment with carrying value of HK\$3,539.9 million for aggregate gross proceeds of HK\$3,185.8 million, resulting net realised losses of investments at fair value through profit or loss of HK\$354.1 million.

FINANCIAL REVIEW

The Group resulted a gross profit for the year of HK\$69.2 million (2016: gross loss of HK\$234.2 million). It was mainly due to the decrease in net realised losses from the sale of investments at fair value through profit and loss of approximately HK\$51.9 million (2016: HK\$354.1 million). Dividend income from investments at fair value through profit or loss decreased by approximately 6.3% to HK\$33.0 million as compared to HK\$35.2 million in 2016, which is mainly contributed by less dividends were received by the Group from listed securities. Interest income from provision of finance decreased by approximately 59.0% to HK\$14.8 million as compared to HK\$36.1 million in 2016 as less loans were granted to customers during the year. Insurance brokerage income significantly decreased by approximately 52.7% to HK\$36.1 million as compared to HK\$76.4 million in 2016 as the insurance brokerage segment was still exploring market opportunities. Income from securities and futures brokerage, placing, underwriting and margin financing services, was HK\$69.6 million, representing an increase of 23.4% as compared to HK\$56.4 million in 2016 as more sizable underwriting, sub-underwriting, placing and sub-placing transactions were undertaken during the current year. There was no corporate finance advisory fee recorded for the year as a result of competitive market of the industry.

Other income and gains increased to HK\$327.6 million for the year (2016: HK\$94.3 million), which was mainly represented by a net gain on disposal of subsidiaries, net of HK\$151.0 million (2016: Nil) and the recognition of a forfeited income of HK\$150.0 million in relation to a wholly-owned subsidiary of the Company for the current year. The Group also recorded significant net unrealised fair value gains on investments at fair value through profit or loss of HK\$193.8 million for the year (2016: HK\$144.7 million). The Group shared losses of HK\$33.5 million from an associate for the year (2016: HK\$195.9 million) and also shared profits of HK\$5.7 million from a joint venture for the year (2016: losses of HK\$20.0 million).

Cost saving is a continuous aim in monitoring daily operations by the Group. This year, general and administrative expenses amounted to HK\$124.8 million, representing an increase of approximately 30.7% as compared to HK\$95.5 million in 2016 which was mainly due to increase in employee benefit expenses of approximately HK\$19.5 million (2016: HK\$9.0 million) and increase in rental expenses for leases of new office premises of HK\$16.8 million (2016: HK\$7.9 million). Finance costs increased by approximately 228.6% to HK\$29.9 million as compared to HK\$9.1 million in 2016, as more external borrowings were obtained during the year. Income tax credit amounted to HK\$10.0 million (2016: HK\$27.2 million), mainly represented the reversal of prior years' overprovision of income tax expense and deferred tax credit.

Net profit attributable to Shareholders for the year was HK\$418.2 million (2016: net loss of HK\$621.0 million). Earnings per share was HK2.92 cents (31 March 2016: loss per share HK6.01 cents).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2017, net current assets of the Group amounted to HK\$2,308.9 million (31 March 2016: HK\$1,603.7 million) with cash and bank balances of HK\$614.9 million (31 March 2016: HK\$209.0 million) and the current ratio (current assets/current liabilities) was 10.7 (31 March 2016: 7.3). The Group had secured other borrowings of HK\$902.0 million (31 March 2016: HK\$71.4 million) and unsecured other borrowing of HK\$30.0 million (31 March 2016: HK\$10.0 million). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowings divided by the equity attributable to owners of the Company was 26.9% (31 March 2016: 2.7%). The other borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong Interbank Offered Rate ("HIBOR") or lender's costs of funds were made in Hong Kong dollar and United States dollar. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and United States dollar. As Hong Kong dollar is pegged to United States dollar, the foreign exchange risk exposures are considered limited. The Group did not have any financial instruments used for hedging purpose.

The Group had capital commitments of approximately HK\$5.3 million (31 March 2016: Nil) contracted but not provided for the acquisition of property, plant and equipment as at 31 March 2017. In light of the amount of liquid assets on hand and banking facilities available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements. The Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2017, the Group had shareholders' funds of HK\$3,465.8 million (31 March 2016: HK\$3,064.9 million).

In May 2016, the Company issued two unsecured notes each with a principal amount of HK\$10 million to two independent third parties named Ms. Huang Gunyun and Mr. Wang Guiyu with interest bearing at 5% per annum payable annually in arrears for the Group's general working capital. Both notes are repayable in May 2023.

In January 2017, the Company obtained a loan facility of HK\$200 million with interest bearing at HIBOR plus 3.5% per annum, repayable in January 2018, secured by certain investments at fair value through profit or loss and guaranteed by Mr. Zhang Yongdong ("Mr. Zhang"), a substantial shareholder of the Company.

In March 2017, the Company obtained a loan facility of approximately HK\$702 million with interest bearing at rates ranging from 7.5% to 8.0% per annum, repayable in March 2020, secured by the shares in the capital of certain wholly-owned subsidiaries of the Company and guaranteed by Mr. Zhang and his spouse.

PLEDGE OF ASSETS

As at 31 March 2017, investments at fair value through profit or loss of HK\$341.5 million (31 March 2016: HK\$1,235.1 million) and the shares in the capital of certain wholly-owned subsidiaries of the Company were pledged to financial institutions to secure certain facilities provided to the Group.

EVENTS AFTER THE REPORTING PERIOD

Issue of Secured Convertible Bonds under General Mandate

In June 2017, the Company entered into the Subscription Agreement dated with the Subscriber in relation to the subscription of the Convertible Bonds of the Company under General Mandate for 1,835,294,118 Conversion Shares at Conversion Price of HK\$0.425 per Conversion Share. The gross proceeds from the Subscription amounted to approximately HK\$780 million. As of the date of this announcement, the Convertible Bonds in the principal amount of US\$100 million were issued by the Company to the Subscriber. Details of the issue of Secured Convertible Bonds under General Mandate and the capitalised terms in the above paragraph were set out and defined in the announcements of the Company dated 6 June 2017 and 15 June 2017.

MATERIAL ACQUISITIONS/DISPOSALS

Details of material acquisitions/disposals during the year are set out in the section "Business Review".

CAPITAL COMMITMENTS

As at 31 March 2017, the Group had capital commitments of approximately HK\$5.3 million (31 March 2016: Nil) contracted but not provided for the acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

Reference was made to the announcements of the Company dated 6 October 2016 and 26 May 2017, a petition has been issued to certain former directors of the Company. The Group had no material contingent liabilities as at 31 March 2017 (31 March 2016: Nil).

EMPLOYEES' REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2017, the Group employed 65 staff members including directors of the Company (2016: 33 staff). Staff costs incurred for the year, including directors' remuneration, were approximately HK\$26.0 million (2016: HK\$20.5 million). It was the remuneration policy of the Group to reward its employees with reference to their qualifications, experience and work performance as well as market benchmarks. Remuneration packages, include granting of share options, were structured to motivate individual performance and contributions to the Group. The Company has adopted a share option scheme and the Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

With the aim of creating a one-stop financial conglomerate in order to provide a comprehensive range of financial services and to enhance the overall competitiveness of the Group,

- (i) the Group has completed the Acquisition of Elffey, a wholly-owned subsidiary which is an investment holding company holding a group of companies principally engaged in finance leasing and factoring in the PRC; and
- (ii) the Group is also in the process of acquiring 67.1% equity interest in Wins Finance Holdings Inc., an integrated financing solution provider listed on NASDAQ with operations located primarily in the PRC.

With the Acquisition of Elffey and upon the completion of the Acquisition of Wins, the Group targets to expand its finance leasing and factoring business and share the growth of financial leasing industry to small and medium size enterprises in the PRC, and complement to the existing lending business in order to enhance values to the Shareholders.

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

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

AUDIT COMMITTEE

The Company has an Audit Committee which comprises four Independent Non-executive Directors. The Audit Committee has reviewed with the management of the Company the internal control, financial reporting and auditing matters of the Group, including the consolidated financial statements of the Group for the year ended 31 March 2017.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Company's auditor, Crowe Horwath (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2017. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code and there have been no material deviations from the CG Code during the year:

Code Provision A.2.1. – The Company did not have a chairman since the resignation of Mr. Zhang Yongdong on 25 January 2017. The Board has commenced the process of conducting an executive search for an appropriate candidate both from within the Company as well as externally to act as the new Chairman of the Board. In the meantime, Mr. Yang Haoying, the Chief Operating Officer of the Company has tentatively taken up the role of the Chairman of the Board.

Code Provision A.6.7. – (i) Two Executive Directors and one Non-executive Director were unable to attend the annual general meeting of the Company held on 7 September 2016; (ii) one Executive Director, one Non-executive Director and one Independent Non-executive Director were unable to attend the extraordinary general meeting of the Company held on 13 September 2016; and (iii) two Executive Directors, one Non-executive Director and one Independent Non-executive Director were unable to attend the extraordinary general meeting of the Company held on 22 November 2016, as they had other engagements.

DIRECTORS' SECURITIES TRANSACTIONS

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

PUBLICATION OF FINANCIAL INFORMATION

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

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

Hong Kong, 29 June 2017

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

Executive Directors:

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

Independent Non-executive Directors:

Mr. Cheung Wing Ping
Mr. Fung Tze Wa
Mr. Wu Keli
Mr. Xu Zhiguang