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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)

MAJOR TRANSACTION – ACQUISITION OF A CONTROLLING INTEREST IN WINS FINANCE HOLDINGS INC. AMENDMENTS TO THE SHARE PURCHASE AGREEMENT

Reference is made to the Company’s announcements dated 13 December 2016 and 14 December 2016 (the “Announcements”) in relation to a major transaction – acquisition of a controlling interest in Wins Finance Holdings Inc.. Unless otherwise defined, terms defined in the Announcements shall have the same meanings when used in this announcement.

On 16 June 2017 (after trading hours), the Purchaser and the Seller Parties entered into an amendment agreement (the “Amendment Agreement”) in respect of the Share Purchase Agreement to amend certain terms of the Share Purchase Agreement. The amendments to the Share Purchase Agreement are as follows:

1. Amendments to the Indemnification by the Seller Parties

Pursuant to the Share Purchase Agreement, the Seller Parties agreed to, jointly and severally, indemnify and hold harmless the Purchaser and its affiliates and their respective officers, directors, employees, agents, successors and assigns (each a “Purchaser Indemnified Party”) from and against, among other things, any and all losses suffered by such Purchaser Indemnified Party, directly or indirectly, as a result of, or based upon or arising from any action in connection with any failure of any Target Group Companies to comply with the applicable law or governmental order prior to the Closing (the “Seller Indemnification Events”). Under the Amendment Agreement, the Seller Parties agreed to specifically include the lawsuits (as further described below), and any other actions deriving from them by consolidation or otherwise, as a Seller Indemnification Event.

Subsequent to the signing of the Share Purchase Agreement, the Target Company has informed the Company that it and certain of its current executive officers have been named as defendants in two civil securities lawsuits recently filed in two U.S. District Courts (the “Lawsuit(s)”) in April 2017. The Company and the Directors and its officers are not parties to either Lawsuit. As at the date of this announcement, the Directors were not aware of any court rulings having been made with respect to the Lawsuits and based on the information currently available to the Company, it is believed that the Lawsuits will not have a material adverse effect on the Target Company or the transactions contemplated under the Share Purchase Agreement.

2. Amendments to the settlement of the Purchase Price

As disclosed in the Announcements, pursuant to the Share Purchase Agreement, the Purchase Price will be settled by the Purchaser in the following manner:

- (a) within six months after the signing of the Share Purchase Agreement, the Purchaser shall deliver, or cause to be delivered, to (i) Appelo Limited, Promissory Note A1 and (ii) Wits Global Limited, Promissory Note A2;
- (b) within five Business Days after the Closing, the Purchaser shall deliver, or cause to be delivered, to (i) Appelo Limited, Promissory Note B1 and (ii) Wits Global Limited, Promissory Note B2; and
- (c) within six months after the Closing, the Purchaser shall deliver, or cause to be delivered, to (i) Appelo Limited, Promissory Note C1 and (ii) Wits Global Limited, Promissory Note C2.

The Purchaser and the Seller Parties have agreed to amend the settlement of the Purchase Price with respect to the issuance of Promissory Notes C1 and C2. Under the Amendment Agreement, Promissory Notes C1 and C2 will be issued within the later of (A) six months after the Closing or (B) one month after such date when the Lawsuits have been resolved and the relevant governmental orders have become final and non-appealable, provided however that in the event that the Adjusted Appelo Payment Amount or the Adjusted Wits Payment Amount is zero or a negative amount, the Purchaser will not be obligated to deliver the relevant promissory note (the “Last Notes Issuance Date”).

3. Amendments to the Adjusted Purchase Price

As disclosed in the Announcements, pursuant to the Share Purchase Agreement, the Adjusted Purchase Price is to be calculated as follows:

$$\text{“Adjusted Purchase Price”} = \text{US\$128,000,000} + A + B$$

Where:

“A” the net asset value of the Target Group Companies calculated in accordance with the Closing Balance Sheet $\times C \times D \times E$ – US\$96,000,000 (the “Adjusted Appelo Payment Amount”);

“B” the net asset value of the Target Group Companies calculated in accordance with the Closing Balance Sheet $\times C \times D \times F$ – US\$32,000,000 (the “Adjusted Wits Payment Amount”);

“C” means 1.58;

“D” means the percentage of the Sellers’ aggregate interest in the Target Company as at the Measurement Date;

“E” means 0.75; and

“F” means 0.25.

Under the Amendment Agreement, the Purchaser and the Seller Parties have agreed that in addition to the net asset value of the Target Company, the Adjusted Purchase Price will take into account losses indemnifiable by the Seller Parties towards the Purchaser Indemnified Parties that remains unpaid by the Seller Parties as of the Last Notes Issuance Date. In this regard, the Adjusted Purchase Price will be calculated as follows:

$$\text{“Adjusted Purchase Price”} = \text{US\$128,000,000} + A + B$$

Where:

- “A” the net asset value of the Target Group Companies calculated in accordance with the Closing Balance Sheet $\times C \times D \times E - \text{US\$96,000,000} - \text{Outstanding Indemnification Amount} \times E$;
- “B” the net asset value of the Target Group Companies calculated in accordance with the Closing Balance Sheet $\times C \times D \times F - \text{US\$32,000,000} - \text{Outstanding Indemnification Amount} \times F$;
- “C” means 1.58;
- “D” means the percentage of the Sellers’ aggregate interest in the Target Company as at the Measurement Date;
- “E” means 0.75;
- “F” means 0.25; and
- “Outstanding Indemnification Amount” means the aggregate amount of any and all losses indemnifiable by the Seller Parties towards the Purchaser Indemnified Parties under the Share Purchase Agreement that remain unpaid by the Seller Parties as of the Last Notes Issuance Date.

Save as disclosed above, the Purchase Price will be settled by the Purchaser in the same manner as disclosed in the Announcements.

As the Acquisition is subject to the fulfillment of certain conditions precedent and may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 16 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