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## **NetMind Financial Holdings Limited**

**網智金控集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 985)**

### **DISCLOSEABLE TRANSACTION INVESTMENT IN FUND**

On 4 September 2017, the Subscriber has applied to subscribe for Class A Shares of the Fund at the amount of US\$15 million (equivalent to approximately HK\$117 million), on the terms and conditions of the Private Placement Memorandum. The Fund will invest all of its assets (to the extent not retained in cash to meet operating expenses) in the Class A Master Fund Shares although initially, the Fund will make investments into assets other than the Master Fund.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules with respect to the Subscription exceed 5% but not more than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

### **BACKGROUND**

On 4 September 2017, the Subscriber has applied to subscribe for Class A Shares of the Fund at the amount of US\$15 million (equivalent to approximately HK\$117 million). The Subscription Amount will be funded with the internal resources of the Group.

### **TERMS OF THE FUND**

Principal terms of the Fund under the Private Placement Memorandum are set out as below:

Name of the Fund	:	Chiyuan Feeder Fund Limited
Class of Shares of the Fund	:	Class M Shares, Class A Shares, Class M Master Fund Shares and/or Class A Master Fund Shares, as the context requires (for the avoidance of doubt, excluding Special Situation Shares).
Investment objective	:	The Fund will invest all of its assets (to the extent not retained in cash to meet operating expenses) in the Class A Master Fund Shares although initially, the Fund will make investments into assets other than the Master Fund. The investment objective of the Master Fund is to seek capital appreciation.
Redemptions	:	Shares of the Fund will be subject to a lock-up period of 2 years from the date of issue. After the end of the lock-up period, they will be redeemable at the option of the Shareholder of the Fund on any Redemption Day.

Fees, charges and expenses : The Manager will receive from the Fund a Management Fee of 2% per annum, or a pro rata portion thereof, accrued as of each Valuation Day on the net asset value of the Class A Shares (before deduction of any accrued Performance Fees) as of the immediately preceding Valuation Day. The Management Fee will be payable monthly in advance.

The Manager will also be entitled to receive a Performance Fee from the Fund (in the case of Class M Shares and Class A Shares) and from the Master Fund (in the case of Class M Master Fund Shares and Class A Master Fund Shares) calculated on a Share-by-Share basis in respect of each Performance Period. For each Performance Period, the Performance Fee will be equal to 20% of the appreciation in the net asset value per Share of the Fund during the Performance Period above the base net asset value per Share of the Fund.

Dividend policy : It is not envisaged that any income or gains will be distributed by the Fund by way of dividend. This does not preclude the Directors of the Fund from declaring a dividend at any time in the future if they consider it appropriate to do so.

In the event that a dividend is declared and remains unclaimed after a period of 6 years from the date of declaration, such dividend will be forfeited and will revert to the Fund. To the extent that a dividend may be declared, it will be paid in compliance with any applicable laws.

## **INFORMATION OF THE FUND**

The Fund is an exempted company incorporated with limited liability in the Cayman Islands as an open-ended investment company and, as such, has power as of each Subscription Day and Redemption Day to issue and redeem Shares of the Fund at the subscription price and redemption price.

The Fund is organised as a feeder fund and all the assets of the Fund (to the extent not retained in cash to meet operating expenses) will be invested in the Class A Master Fund Shares although initially, the Fund will make investments into assets other than the Master Fund.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Fund, the Manager, the Investment Manager and their respective ultimate beneficial owners are Independent Third Parties and not connected with the Group.

## **INFORMATION OF THE GROUP AND THE SUBSCRIBER**

The principal business activities of the Group are (i) exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments, (iii) property investment, (iv) money lending and (v) e-logistics platform.

The Subscriber is a company incorporated in Hong Kong with limited liability and is principally engaged in investment in securities and investment holding.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

With reference to the investment objective of the Fund and the extensive experience and skills of the Directors of the Fund and the Manager, the Directors believe that the Subscription will enable the Group to capture investment opportunities and further diversify the Group's investment portfolio.

The Subscription Amount was determined after arm's length negotiation between the Subscriber and the Fund on normal commercial terms. The Directors consider that the terms of the Private Placement Memorandum are fair and reasonable and the Subscription is in the interest of the Company and Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules with respect to the Subscription exceed 5% but not more than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Business Day”	any day (other than Saturday and Sunday) on which banks are open for normal banking business in Hong Kong and/or such date or dates as the Directors of the Fund may from time to time determine provided that where, as a result of a Number 8 or higher Typhoon Signal, Black Rainstorm Warning or similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Directors of the Fund otherwise determine
“Class A Shares”	Shares issued as Class A Shares of the Fund
“Class A Master Fund Shares”	non-voting participating shares of par value US\$0.01 in the Master Fund issued as Class A Master Fund Shares
“Class M Shares”	Shares issued as Class M Shares of the Fund
“Class M Master Fund Shares”	non-voting participating shares of par value US\$0.01 in the Master Fund issued as Class M Master Fund Shares
“Company”	NetMind Financial Holdings Limited (網智金控集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 985)
“Director(s)”	the director(s) of the Company
“Directors of the Fund”	the members of the board of directors of the Fund and/or the Master Fund, as the context requires, for the time being and any duly constituted committee of the relevant board and any successors to such members as may be appointed from time to time
“Fund”	Chiyuan Feeder Fund Limited
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Inception Date”	16 June 2017 or any other date on which the first third-party investor has subscribed and fully paid for Shares of the Fund and the Master Fund is ready for re-initiating investment activities in respect of the investment objective set out in the Private Placement Memorandum, as determined by the Directors of the Fund
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s)(as defined under the Listing Rules)
“Investment Manager”	Chiyuan Capital Management Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fee”	the management fee payable by the Fund to the Manager
”Manager”	Chiyuan Capital Limited
“Master Fund”	Chiyuan Master Fund Limited
“Performance Fee”	the performance fee payable by the Fund to the Manager
“Performance Period”	with respect to each Shareholder of the Fund (excluding a shareholder of Special Situation Shares), (a) in the case of the initial Performance Period, the period commencing on the Business Day immediately following the Inception Date and ending on 30 September and, (b) in the case of each subsequent Performance Period, the period that commences as of the first Business Day following the last Business Day of the preceding Performance Period and ends as of the close of business on the last Business Day of the calendar quarter in which the subsequent Performance Period commenced
“Private Placement Memorandum”	the private placement memorandum issued by the Fund, the Manager and the Investment Manager in relation to private placing of the Shares in the Fund
“Redemption Day”	the last Business Day of each month and/or such other day or days as the Directors of the Fund may from time to time determine.
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shares of the Fund”	Class M Shares, Class A Shares, Class M Master Fund Shares and/or Class A Master Fund Shares, as the context requires (for the avoidance of doubt, excluding Special Situation Shares)
“Shareholder(s)”	holder(s) of the Share(s)

“Special Situation Investment”	The Fund (and the Master Fund) may make investments which are considered to be illiquid and/or lacking a readily available market value. Each such investment will be designated as a Special Situation Investment. At any time that the Fund (through investments made by the Master Fund) makes a Special Situation Investment, a portion of the Shares of the Fund held by a Shareholder of the Fund will automatically convert into the number of Special Situation Shares corresponding to the proportional interest of such Shareholder of the Fund in the relevant Special Situation Investment.
“Special Situation Shares”	shares of the Fund or the Master Fund issued as Special Situation Shares with respect to Special Situation Investments (subject to the approval of Directors of the Fund).
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Skytop Technology Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“Subscription”	the subscription by the Subscriber for the Class A Shares at Subscription Amount
“Subscription Amount”	the subscription amount of US\$15 million (equivalent to approximately HK\$117 million) for the Subscription
“Subscription Day”	the first Business Day of each month and/or such other day or days as the Directors of the Fund may from time to time determine
“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation Day”	the last Business Day of each month and/or such other day or days as the Directors of the Fund may from time to time determine
“%”	per cent

By Order of the Board  
**NetMind Financial Holdings Limited**  
**Chiu Tao**  
*Executive Director and Chairman*

Hong Kong, 4 September 2017

*As at the date of this announcement, the board of the Company comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, Mr. Lee Ming Tung, Mr. Kwan Kam Hung, Jimmy, Mr. Yeung Kwok Yu, Mr. Tsui Ching Hung, Mr. Chen Weixing and Mr. Wah Wang Kei, Jackie as executive directors of the Company; and (ii) Mr. Yu Pan, Ms. Tong So Yuet, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.*