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**M FITEC INTERNATIONAL LIMITED**  
Incorporated in the Republic of South Africa  
(Registration number 2015/294800/06)  
Share code: MFI ISIN: ZAE000209607  
("M-FiTEC" or "the Company")

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**ABRIDGED PRE-LISTING STATEMENT**

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This abridged Pre-listing Statement is prepared and issued in terms of the Listings Requirements. This abridged Pre-listing Statement is not an invitation to the public to subscribe for or to purchase Shares in M-FiTEC in any jurisdiction, but is issued in compliance with the Listings Requirements for the purpose of providing information with regard to the Company.

This abridged Pre-listing Statement relates to the listing of M-FiTEC as a SPAC on AltX with effect from the commencement of trade on Tuesday, 17 November 2015. This abridged Pre-listing Statement contains the salient features of the Company and the Listing and as such is not intended to be comprehensive. For a full appreciation of, *inter alia*, the Company and its business strategy, the Pre-listing Statement issued by M-FiTEC on Tuesday, 10 November 2015 (which is available as set out in paragraph 7 below) should be read in its entirety. Capitalised terms used in this abridged Pre-listing Statement have the meaning ascribed to them in the full Pre-listing Statement.

In anticipation of the Listing of M-FiTEC as a SPAC by way of Introduction, the Company raised R76 187 740 by way of a Private Placement which comprised (i) an offer to institutional Selected Investors; and (ii) an offer to Selected Investors acting as principals, in terms of which 7 618 594 Shares were subscribed for at a price of R10.00 per Share.

As at the Listing Date:

- the total authorised share capital of M-FiTEC shall comprise 400 000 000 Shares and 2 000 000 Deferred Ordinary Shares;
- the issued share capital of M-FiTEC shall comprise 7 618 594 Shares and 1 800 000 Deferred Ordinary Shares;
- the stated capital of M-FiTEC shall be R76 187 740; and
- the Directors shall hold, in aggregate, 1 800 000 Shares and 1 800 000 Deferred Ordinary Shares representing an interest of approximately 23.63% of the issued share capital of M-FiTEC.

## **1. BACKGROUND AND INTRODUCTION**

FinTech companies are technology companies that provide solutions to the traditional and emergent financial services industry and address a vast array of segments, including:

- support, maintenance and provisioning of existing infrastructure like switches, payment gateways, card schemes, ATMs and cash collections;
- payments including mobile payments, wallets, remittances and stored value coupons;
- financial software including risk management, payments, core banking and capital market software, loan origination etc.;
- platforms including peer-to-peer trading, aggregators, asset and wealth management; and
- data analytics and advisory services, including credit reference, credit scoring, insurance data, risk management, fraud detection, compliance and reporting.

The dramatic convergence of digital interaction with financial transactions is disrupting traditional financial services firms and creating new market opportunities for emergent financial services firms. The rapid pace of technological change is forcing traditional financial institutions globally to invest in innovation and to rethink their business models in order to exploit this emerging financial technology.

The FinTech segment has witnessed dramatic growth and has attracted considerable investment in developed economies.

M-FiTEC was formed and incorporated in Johannesburg, South Africa on 19 August 2015, by the Directors as a holding company which will participate in the growth of the FinTech sector, principally in developing market geographies. The Company's business and investment strategies will be managed by the Board, which intends to position M-FiTEC to:

- pursue viable investment opportunities in the FinTech sector, principally in developing market geographies;
- build a portfolio of profitable technology and services businesses which provide platforms, applications and solutions to both existing and emerging financial institutions; and
- create Shareholder value through both capital appreciation and the payment of annual dividends.

The Directors, who include experienced FinTech executives, finance and private equity professionals, possess the necessary credibility, reputation, and expertise to raise the requisite funds and execute the appropriate acquisition strategy. They are also endowed with the following key attributes:

- access to proprietary deal flow (through networks and reputation);
- industry knowledge and public company experience; and
- a strong track record of value creation.

While M-FiTEC is currently considering a number of acquisitions, no formal binding agreements have been entered into, in accordance with the Listings Requirements pertaining to a SPAC.

## **2. BUSINESS STRATEGY AND ACQUISITION CRITERIA**

### **2.1 Business Strategy**

#### **2.1.1 Overview**

M-FiTEC aims to build a FinTech group focusing on developing markets through executing Shareholder approved acquisitions in an increasingly attractive investment segment. M-FiTEC seeks to achieve revenue targets of a billion Rand within two years and a billion Dollars within ten years, while keeping with the Company's intended strategy of obtaining a minimum EBITDA margin target of 10% on revenue.

Numerous macro themes support growth in the FinTech sector, particularly in developing markets, including growth in GDP and populations, an emerging middle class, increasingly high mobile phone penetration, growing high-speed internet access, and in Africa, the eagerness of consumers willing to embrace digital and personal finance innovations.

The Board believes that Africa presents important and valuable opportunities in the FinTech sector, and has therefore begun to explore investment opportunities in this regard with the aim of establishing a foothold in the industry.

#### **2.1.2 Strategic business objectives**

M-FiTEC intends to pursue a 'buy and build' plan and acquire FinTech investments, either with immediate control or with a path to obtaining a controlling stake over time.

The Board aims to ensure that the aggregated businesses can achieve greater performance as a part of the M-FiTEC group than they would be able to achieve on their own. M-FiTEC will assist these companies through the creation of market access, scale and capital for growth.

The Board aims to ensure that a culture of trust and mutual respect is fostered between employees, management and Shareholders through its ethical and sustainable approach to business.

The Board aims to create Shareholder value through tight management controls, capital appreciation and annual dividend payments.

The Board, which has a substantial business network across the African Continent, has already identified several Viable Asset acquisition opportunities and which could be completed within the Listings Requirements' prescribed timeframe.

## **2.2 Acquisition criteria for Viable Assets**

M-FiTEC is a FinTech investment holding company focused on acquiring and developing Viable Assets initially in South Africa and sub-Saharan Africa and in larger developing markets.

Combining its commercial and financial skills, the Board will thoroughly assess each opportunity to acquire Viable Assets on its own particular merits with reference to the investment criteria which have been established by the Board.

The acquisition of Viable Assets must be approved by a majority of disinterested directors and by an ordinary resolution of Shareholders in general meeting. The companies that are under consideration must meet the criteria to list on AltX themselves.

Acquisition criteria shall include an assessment of historical performance of the targets, potential future growth as well as the potential for the target to achieve benefits as part of the M-FiTEC group.

The Company shall seek to make sizable anchor investments in either of the major categories of Software and Services, Payments and Platforms followed by numerous smaller bolt-on acquisitions to support anchor purchases down the line. Aside from anchor investments, the Company aims to acquire companies in the R20 million to R200 million EV space.

Anchor investments should ideally have earnings between R20 million and R50 million while bolt on opportunities will have profits between R2 million and R20 million.

M-FiTEC is not limited to only a single acquisition of Viable Assets but to the extent that the Company undertakes more than one acquisition, these will be completed concurrently within the permitted timeline and subject to the same shareholder vote.

### **2.2.1 Quantitative factors**

- an attractive target return on investment potential of greater than 25% for each acquisition;
- established businesses with revenue and profit history;
- good revenue and profit, with tangible growth potential;
- businesses with referenceable client bases;
- favourable free cash flow generation;
- above industry related gross margins; and
- hard currency revenue potential.

### **2.2.2 Qualitative factors**

- an opportunity to participate in platform growth through consolidation in key target segments;
- owned intellectual property or exclusive distribution relationships with major players in the FinTech industry;
- strong competitive position within the relevant industry and geography;
- business model with potential at scale;
- experienced owner operators and/or strong management team;
- benefits from being part of a public company;
- a strong culture and values fit; and
- cross-selling and synergies potential within the M-FiTEC group.

Acquisitions will be spread initially across sub-Saharan Africa with priority areas being Southern Africa, West Africa and East Africa. In time, the opportunity set will be extended to other developing markets where the industry dynamics are similar.

The acquisition criteria considered by the Company may not be changed unless a resolution is passed at a meeting of Shareholders by achieving a 75% majority of the votes cast to that effect.

### 3. RATIONALE FOR LISTING

#### 3.1 Permanent Capital

M-FITEC has raised sufficient capital to list as a SPAC in order to pursue the acquisition of Viable Assets and may raise further capital once Viable Assets have been identified and a transaction determined. The Board considers the Company's main competitors to be private equity funds, which have mandates to return capital to investors within a defined timeline. Often in growth investing this period is too short to maximise the potential of the business. A listing on a well-regulated exchange eliminates the fixed deadline and rather incentivises management to focus on the true value of an investment and the ability to generate long-term cash flow. Investing and divesting should be driven by maximisation of profitability to the Company, and not by a predetermined mandate specifying a divestment deadline.

#### 3.2 Shares as currency

Listed paper behaves much like currency for the issuer. It creates an additional degree of freedom which allows the Company to utilise shares as consideration for an acquisition. Where an investment into an asset is possible at a price to earnings ratio which is favourable to that of the acquirer, use of the Company's listed shares becomes a cost effective means of investment and therefore has the potential to enhance investor returns.

#### 3.3 Profile

Credibility, transparency, corporate governance and trust are associated with a JSE-listed company. The Board believes that the Company will be in an advantageous position to develop its brand and the brands associated with its future acquisitions.

#### 3.4 Attraction and retention of key staff

The Directors believe that the Company's enhanced profile as a listed company will attract and retain strong, experienced staff and management teams of target acquisitions to the M-FITEC group.

#### 3.5 Attraction to targets

The M-FITEC vehicle represents an attractive opportunity for targets as it enables flexibility around settlement consideration, is minimally disruptive to the organisation and provides potential capital gains tax rollover relief for share-based settlements.

### 4. DIRECTORS

The full names, ages, designations, qualifications and addresses of the Directors are as follows:

Name	Designation/Role	Qualifications	Address
<b>Charles Rowlinson (60)</b>	Chief Executive Officer	BAcc, MBA, CA(SA)	Augusta @ Inanda Greens, 54 Wierda Road, Sandton, 2196
<b>Kevin Boyers (58)</b>	Chief Financial Officer	BCom, BAcc, CA(SA)	Augusta @ Inanda Greens, 54 Wierda Road, Sandton, 2196
<b>Gregory Voigt (52)</b>	Chief Investment Officer	BCom, BCompt (Hons), CA(SA)	Augusta @ Inanda Greens, 54 Wierda Road, Sandton, 2196
<b>Richard Came (57)</b>	Independent Non-	BA, MBA	55 St Patrick Road,

	executive Chairman		Houghton, Johannesburg, 2198
<b>Robin Frew (56)</b>	Independent Non-executive Director, Member of the Remuneration Committee	B.Bus Sci, B.Compt (Hons)	42 Main Road, Lakeside, Cape Town, 7945
<b>Christopher Lister James (55)</b>	Independent Non-executive Director, Chairman of the Audit and Risk Committee, Member of the Remuneration Committee	BCom, HDip Acc, HDip Tax, CA(SA)	Ground Floor, Unit 9B, 3 Melrose Boulevard, Melrose Arch, 2076
<b>Sabir Munshi (54)</b>	Independent Non-executive Director, Member of the Audit and Risk Committee, Chairman of the Remuneration Committee	BSc (Computer Science)	29 Seventh Street, Houghton Estate, 2198
<b>Colin Rezek (60)</b>	Independent Non-executive Director	BCom, MBA	Ground Floor, Unit 9B, 3 Melrose Boulevard, Melrose Arch, 2076
<b>Andrew Springate (55)</b>	Independent Non-executive Director, Member of the Audit and Risk Committee	Matric	18 Thornhill Office Park, Bekker Road, Midrand, Johannesburg, 1685

## 5. DEFERRED ORDINARY SHARES

Each Director has subscribed for and been issued 200 000 Deferred Ordinary Shares at a subscription price of R0.001 per Deferred Ordinary Share, constituting a total of 1 800 000 Deferred Ordinary Shares in issue.

No further Deferred Ordinary Shares shall be issued by the Company.

No voting rights shall attach to the Deferred Ordinary Shares, save only as provided for in section 37(3)(a) of the Companies Act. The Deferred Ordinary Shares shall not be entitled to participate in any profits of the Company and no dividends or any other distributions by the Company shall be declared or paid in respect of the Deferred Ordinary Shares.

The Deferred Ordinary Shares are unlisted and shall not be transferable whether by delivery, registration or otherwise.

On the first business day following the successful completion of an acquisition of Viable Assets, each Deferred Ordinary Share shall forthwith, and without the need for further resolution of the Board or of the Shareholders, be automatically and compulsorily converted once off on a one-for-one basis into, and be re-designated as, a Share, providing what the Board believes to be an effective mechanism of aligning the interests of the Board with that of M-FiTEC's Shareholders.

## 6. LISTING ON THE JSE

The JSE has granted M-FiTEC a Listing in respect of 7 618 594 Shares on AltX under the abbreviated name "M-FiTEC", share code "MFI" and ISIN ZAE000209607, with effect from the commencement of business on Tuesday, 17 November 2015.

## **7. COPIES OF PRE-LISTING STATEMENT**

The Pre-listing Statement is available in English only, and copies may be viewed on the Company's website: [www.m-fitec.com](http://www.m-fitec.com) or during normal business hours from 10 November 2015 until 17 November 2015, at the addresses set out below:

- M-FITEC, Augusta @ Inanda Greens, 54 Wierda Road, Sandton, 2196;
- Merchantec Capital, 2nd Floor North Block, Hyde Park Office Tower, corner 6th Road and Jan Smuts Ave, Hyde Park, Johannesburg, 2196.

Johannesburg  
10 November 2015

**Corporate and Designated Adviser and Lead Arranger**  
Merchantec Capital

**Attorneys**  
Prinsloo, Tindle & Andropoulos Inc.

**Auditors and Independent Reporting Accountants**  
Grant Thornton

## **DISCLAIMER**

This abridged Pre-listing Statement does not constitute an offer to the public for the sale of or subscription for, or the solicitation of an offer to buy and/or subscribe for, shares as defined in the Companies Act, 2008 (Act 71 of 2008), as amended (the "Companies Act") and will not be distributed to any person in South Africa in any manner which could be construed as an offer to the public in terms of the Companies Act. This abridged Pre-listing Statement does not constitute a prospectus registered and/or issued in terms of the Companies Act.

This abridged Pre-listing Statement includes statements about M-FiTEC that are, or may be deemed to be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words such as "targets", "believe", "aim", "expect", "project", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "will", "estimated", "potential" or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors, such as, amongst other things, interest and exchange rates and public sector spend and resource allocation.

By their nature, forward-looking statements involve known and unknown uncertainties, assumptions and other important factors, because they relate to events and depend on circumstances that may or may not occur in the future, whether or not outside of the control of M-FiTEC. Such factors may cause M-FiTEC's actual results, financial and operating conditions, liquidity and the developments within the industry in which M-FiTEC intends to operate to differ materially from those made in, or suggested by, the forward-looking statements contained in this abridged Pre-listing Statement. M-FiTEC cautions that forward-looking statements are not guarantees of future performance.

All these forward-looking statements are based on estimates and assumptions made by M-FiTEC, all of which estimates and assumptions, although M-FiTEC believes them to be reasonable, are inherently uncertain. Accordingly, no assurance can be given that any such forward-looking statements will prove to have been correct. Any forward-looking statement made in this abridged Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of M-FiTEC not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. M-FiTEC has no duty to, and does not intend to, update or revise the forward-looking statements contained in this abridged Pre-listing Statement after the date of this abridged Pre-listing Statement, except as may be required by law or regulation.