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## **ANNOUNCEMENT**

### **FRAMEWORK AGREEMENT IN RESPECT OF POSSIBLE DISPOSAL OF INTEREST IN A JOINT VENTURE COMPANY AND POSSIBLE ACQUISITION OF INTEREST IN HC INTERNATIONAL, INC.**

This is a voluntary announcement made by the board (the “**Board**”) of directors (the “**Directors**”) of Digital China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

#### **THE FRAMEWORK AGREEMENT**

##### **Date**

24 April 2017

##### **Parties**

- (a) the Company; and
- (b) HC International.

As at the date of this announcement, the Company (through its wholly-owned subsidiaries) is interested in 166,029,107 ordinary shares of HC International, representing 16.64% of HC International’s total issued shares.

##### **Assets involved in the Proposed Transaction**

As at the date of this announcement, the Company and HC International (through their respective wholly-owned subsidiaries) own 60% and 40% interest in Chongqing Micro-Credit, respectively. Pursuant to the Framework Agreement, it is proposed that:

- (1) the Company will procure the sale of and HC International will procure the acquisition of the JV Interest, representing 60% of interest in Chongqing Micro-Credit, with the Consideration to be settled by HC International in cash; and
- (2) the Company will subscribe, and HC International will issue and allot the HC Subscription Shares for a total subscription price equivalent to the amount of the Consideration.

### **Consideration**

Pursuant to the Framework Agreement, it is proposed on a preliminary basis that both the Consideration of the disposal and the total subscription price for the HC Subscription Shares shall be HK\$1,227,000,000 or an equivalent amount, which is subject to commercial negotiation and finalisation amongst the relevant parties as well as the entering into of a sale and purchase agreement.

### **Conditions Precedent**

It is proposed that completion of the Proposed Transaction will be subject to the usual and customary conditions of such type of transaction.

### **INFORMATION RELATING TO CHONGQING MICRO-CREDIT**

Chongqing Micro-Credit is a company established in the PRC and is a joint venture owned as to 60% by the Company and 40% by HC International through their respective wholly-owned subsidiaries. Chongqing Micro-Credit is principally engaged in the development and operation of micro-credit internet financing business in the PRC and the development of micro-finance products such as trade finance, personal credit and guaranteed loan.

### **REASONS FOR THE PROPOSED TRANSACTION**

The Board considers that the Proposed Transaction is beneficial to the Group as it will provide a good chance for the Company to realise its investment in the joint venture. The investment in HC Subscription Shares will enable the Group to invest in a more diversified portfolio of investments through the HC Group, which includes leading B2B e-commerce operations in the PRC.

### **GENERAL**

The Framework Agreement is legally binding in nature but the details and terms of the Proposed Transaction is subject to commercial negotiation amongst the relevant parties and the entering into of a sale and purchase agreement. Pursuant to the Framework Agreement, the parties thereto agreed that they should endeavor to negotiate and finalise a sale and purchase agreement within three months, and in any case no later than six months, from the date of the Framework Agreement. The Framework Agreement shall be terminated upon the earlier of (i) the signing of the sale and purchase agreement; and (ii) the expiry of six months from the date

of the Framework Agreement. If the Proposed Transaction is materialised, it may constitute a notifiable transaction for the Company under the Listing Rules and further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

**As the Framework Agreement may or may not lead to the entering into of a sale and purchase agreement and the Proposed Transaction may or may not proceed, the Shareholders and the potential investors of the Company are urged to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

<b>“Board”</b>	the board of Directors;
<b>“Chongqing Micro-Credit”</b>	Chongqing Digital China Huicong Micro-Credit Co., Ltd.* (重慶神州數碼慧聰小額貸款有限公司), a joint venture company established in the PRC with limited liability, which is owned as to 60% by the Company and as to 40% by HC International through their respective wholly-owned subsidiaries;
<b>“Company”</b>	Digital China Holdings Limited (神州數碼控股有限公司*), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
<b>“Consideration”</b>	the consideration of the disposal of JV interest, which is preliminarily proposed to be the RMB equivalent of HK\$1,227,000,000;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Framework Agreement”</b>	the Framework Agreement dated 24 April 2017 entered into between the Company and HC International;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HC Group”</b>	HC International and its subsidiaries;
<b>“HC International”</b>	HC INTERNATIONAL, INC., 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: 02280);
<b>“HC Subscription Shares”</b>	175,285,714 ordinary new shares to be issued and allotted by HC International to the Company;
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;

“JV Interest”	the 60% interest in Chongqing Micro-Credit owned by the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Proposed Transaction”	the proposed disposal of JV Interest and the acquisition of the HC Subscription Shares by the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board  
**Digital China Holdings Limited**  
(神州數碼控股有限公司\*)  
**GUO Wei**  
*Chairman*

Hong Kong, 24 April 2017

*At the publication of this announcement, the Board comprises eight Directors, namely:*

*Executive Directors: Mr. GUO Wei (Chairman), Mr. LIN Yang (Chief Executive Officer) and Mr. WANG Xinhui (President)*

*Independent Non-executive Directors: Mr. WONG Man Chung, Francis, Ms. NI Hong (Hope), Dr. LIU Yun, John, Ms. YAN Xiaoyan and Prof. LAI Daniel, BBS, JP.*

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*\* For identification purpose only*