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DIGITAL CHINA HOLDINGS LIMITED
(神州數碼控股有限公司*)
(Incorporated in Bermuda with limited liability)
(Stock Code: 00861)

**PROPOSED RIGHTS ISSUE OF RIGHTS SHARES
AT THE SUBSCRIPTION PRICE OF HK\$4 EACH
ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) SHARES
HELD ON THE RECORD DATE
AND
CLOSURE OF REGISTER OF MEMBERS**

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$1.34 billion, before expenses, and not more than approximately HK\$1.45 billion, before expenses, by way of a rights issue of not less than 335,452,395 Rights Shares and not more than 363,693,895 Rights Shares on the basis of one (1) Rights Share for every four (4) Shares held on the Record Date at the Subscription Price of HK\$4 per Rights Share payable in full on acceptance. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. Fractional entitlements will not be provisionally allotted to the Qualifying Shareholders but will be aggregated and sold in the market for the benefit of the Company. The unsold fractional entitlements will be made available for excess application

and the untaken balance (if any) will be underwritten by the Underwriter.

Assuming no new Shares (other than the Rights Shares) have been allotted or issued on or before completion of the Rights Issue, the aggregate number of nil-paid Rights Shares proposed to be provisionally allotted and issued pursuant to the terms of the Rights Issue represents approximately 25.0% of the Company's total number of issued Shares as at the date of this announcement and will represent approximately 20.0% of the Company's enlarged number of issued Shares immediately after the completion of the Rights Issue.

Pursuant to Rule 7.19(6)(a) of the Listing Rules, as the Rights Issue would increase the number of issued Shares by no more than 50%, the Rights Issue is not conditional on the approval of the Shareholders.

The Rights Issue is fully underwritten by the Underwriter.

The Rights Issue is conditional on (i) **the fulfillment (or, as applicable, waiver) of the conditions of the Underwriting Agreement referred to in the section headed "Underwriting Arrangements - Conditions of the Rights Issue" in this announcement below, and (ii) the Underwriting Agreement not being terminated by the Underwriter in accordance with its terms. If any of the conditions of the Underwriting Agreement is not fulfilled (or, as applicable, waived) or the Underwriting Agreement is terminated pursuant to its terms, the Rights Issue will not proceed.**

WARNING OF THE RISKS OF DEALINGS IN SHARES AND RIGHTS SHARES

The Underwriting Agreement contains provisions granting the Underwriter the right to terminate the Underwriting Agreement on the occurrence of certain events. Please refer to the section headed "Underwriting Arrangements - Termination of the Underwriting Agreement" in this announcement below for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

Any Shareholder or other person dealing in Shares or other securities of the Company up to the date when the conditions of the Rights Issue (as set out under the section headed "Underwriting Arrangements - Conditions of the Rights Issue" in this announcement) are fulfilled (or, as applicable, waived) (and the date on which the right of termination of the Underwriter under the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Friday, 25 August 2017 to Monday, 4 September 2017 (both days inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed and are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares. If in any doubt, Shareholders and other persons contemplating dealing in securities of the Company are recommended to exercise caution and consult their professional advisers. Any buying or selling of the securities of the Company from now up to the date on which the conditions of the Rights Issue are fulfilled (or, as applicable, waived), and any buying or selling of nil-paid Rights Shares, is at each investor's own risk that the Rights Issue may not become unconditional or may not proceed.

TRADING ARRANGEMENTS

The last day for dealing in the Shares on a cum-rights basis is Wednesday, 9 August 2017. The Shares will be dealt with on an ex-rights basis from Thursday, 10 August 2017. The Rights Shares are expected to be dealt with in their nil-paid form from Friday, 25 August 2017 to Monday, 4 September 2017 (both days inclusive).

To qualify for the Rights Issue, a Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be Friday, 18 August 2017 and such Shareholder must not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar for registration by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Monday, 14 August 2017 to Friday, 18 August 2017 (both days inclusive).

The Latest Time for Acceptance is expected to be 4:00 p.m. on the Final Acceptance Date. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. For details of the trading arrangements, please refer to the section headed "Expected Timetable of the Rights Issue".

REASONS FOR THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

Having taken into account the costs and benefits of other fund raising alternatives available to the Group, such as bank borrowings, or equity financing such as placing or subscription of new Shares, or open offer, the Directors are of the view that Rights Issue is the preferred means for the Group. The Directors (other than Mr. Guo) believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole, for the reasons mentioned in the section headed "Reasons for the Rights Issue and Use of the Proceeds" below.

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional expenses, of approximately HK\$6.8 million, will be borne by the Company. The estimated net proceeds of the Rights Issue will be approximately HK\$1.335 billion after the deduction of all estimated expenses of approximately HK\$6.8 million (based on the number of Shares in issue as at the date of this announcement and assuming that no new Shares have been allotted or issued on or before the Record Date), or approximately HK\$1.448 billion after the deduction of all estimated expenses of approximately HK\$6.8 million (based on the number of Shares in issue as at the date of this announcement and assuming that new Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options). The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be not less than approximately HK\$3.97 and not more than approximately HK\$3.99. The Board currently intends to use the net proceeds of the Rights Issue for (i) financing an investment in an entity in China relating to the development and application of big data analysis in the healthcare industry or any other potential investments and acquisition as and when any suitable opportunity is identified; (ii) repayment of debt and interest expenses; and (iii) general working capital for the Group.

GENERAL

The Company expects to send the Issue Documents to the Qualifying Shareholders on or

before Wednesday, 23 August 2017. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted, the Company will send copies of the Prospectus, without the PALs and EAFs, to the Non-Qualifying Shareholders and, if required by the terms of the 2002 Share Option Scheme and/or the 2011 Share Option Scheme (if applicable), to the respective holders of the Share Options, in each case for information purposes only. A copy of the Prospectus will also be made available on the respective websites of the Company (www.dcholdings.com.hk) and the Stock Exchange (www.hkexnews.hk).

RIGHTS ISSUE

Issue Statistics

Basis of Rights Issue	:	One (1) Rights Share for every four (4) Shares held on the Record Date
Subscription Price	:	HK\$4 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,341,809,581 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Not less than 335,452,395 Rights Shares (based on the number of Shares in issue as at the date of this announcement and assuming that no new Shares have been allotted or issued on or before the Record Date) and not more than 363,693,895 Rights Shares (based on the number of Shares in issue as at the date of this announcement and assuming that new Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options)
Amount to be raised	:	Not less than approximately HK\$1.34 billion, before expenses (based on the number of Shares in issue as at the date of this announcement and assuming that no new Shares have been allotted or issued on or before the Record Date), and not more than approximately HK\$1.45 billion, before expenses (based on the number of Shares in issue as at the date of this announcement and assuming that new Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options)
Underwriter	:	Value Global
Minimum enlarged number of Shares in issue upon completion of the Rights Issue	:	1,677,261,976 Shares (based on the number of Shares in issue as at the date of this announcement and assuming that no new Shares (other than the Rights Shares) have been allotted or issued on or before completion of the Rights issue)

Maximum enlarged number of Shares in issue upon completion of the Rights Issue : 1,818,469,476 Shares (based on the number of Shares in issue as at the date of this announcement and assuming that new Shares have been allotted and issued pursuant to the full exercise of all outstanding Share Options on or before the Record Date and no other Shares (other than the Rights Shares) have been allotted or issued on or before completion of the Rights Issue)

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be allotted and issued after the Last Trading Day and on or before the Record Date, including Shares which may be allotted and issued on the Record Date pursuant to the exercise of any Share Options on or before the Record Date.

As at the date of this announcement, there were outstanding Share Options in respect of 112,966,000 Shares. Assuming the full exercise of all outstanding subscription rights attaching to the aforesaid Share Options, a total of 112,966,000 new Shares would fall to be allotted and issued, which would result in the allotment and issuance of 28,241,500 additional Rights Shares.

Save for the Share Options, the Company has no other outstanding convertible securities or options in issue or other similar rights which confer any rights to convert into or subscribe for Shares as at the date of this announcement.

Assuming no new Shares (other than the Rights Shares) have been allotted or issued on or before completion of the Rights Issue, the aggregate number of nil-paid Rights Shares proposed to be provisionally allotted and issued pursuant to the terms of the Rights Issue represents approximately 25.0% of the Company's total number of issued Shares as at the date of this announcement and will represent approximately 20.0% of the Company's enlarged number of issued Shares immediately after the completion of the Rights Issue.

As at the date of this announcement, Mr. Guo has informed the Company that he intends to take up, and to procure that Kosalaki Investments Limited (of which Mr. Guo is the sole shareholder) to take up, their respective entitlements to the Rights Shares under the Rights Issue pursuant to the terms of the Issue Documents in respect of the Shares beneficially owned by them as at the Record Date.

Qualifying Shareholders

The Company expects to send the Issue Documents to the Qualifying Shareholders on or before Wednesday, 23 August 2017. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted, the Company will send copies of the Prospectus, without the PALs and EAFs, to the Non-Qualifying Shareholders and, if required by the terms of the 2002 Share Option Scheme and/or the 2011 Share Option Scheme (if applicable), to the respective holders of the Share Options, in each case for information purposes only.

To qualify for the Rights Issue, a Shareholder or an investor must:

- (1) have been registered as a member of the Company on the Record Date; and
- (2) not be a Non-Qualifying Shareholder.

The last day for dealing in the Shares on a cum-rights basis is Wednesday, 9 August 2017. The

Shares will be dealt with on an ex-rights basis from Thursday, 10 August 2017. In order to be registered as a member of the Company on the Record Date, any transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by 4:30 p.m. on the Last Day for Transfer.

Holders of the Share Options who wish to participate in the Rights Issue should exercise the subscription rights attaching to the Share Options in accordance with their respective terms and conditions thereof and be registered as holders of the Shares allotted and issued to them pursuant to such exercise on or before the Record Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up the Rights Shares to which it/he/she is entitled should note that its/his/her shareholding in the Company will be diluted.

The PRC Southbound Trading Investors may participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to (i) sell their nil-paid Rights Shares on the Stock Exchange; and/or (ii) subscribe for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect.

The Latest Time for Acceptance is expected to be 4:00 p.m. on the Final Acceptance Date.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 14 August 2017 to Friday, 18 August 2017 (both days inclusive). No transfer of Shares will be registered during this period.

TERMS OF THE RIGHTS ISSUE

Subscription Price

The Subscription Price, being HK\$4 per Rights Share, is payable in full upon a Qualifying Shareholder accepting the relevant provisional allotment of the Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (1) a discount of approximately 29.6% to the Last Closing Price;
- (2) a discount of approximately 25.1% to the theoretical ex-rights price (assuming no exercise of the outstanding Share Options) of approximately HK\$5.34 per Share, which is calculated based on the Last Closing Price;

- (3) a discount of approximately 29.6% to the average of the closing prices of approximately HK\$5.68 per Share as quoted on the Stock Exchange for the five consecutive trading days ending on and including the Last Trading Day; and
- (4) a discount of approximately 29.7% to the average of the closing prices of approximately HK\$5.69 per Share as quoted on the Stock Exchange for the ten consecutive trading days ending on and including the Last Trading Day.

Each Rights Share has a par value of HK\$0.10.

The Subscription Price was determined by the Directors (other than Mr. Guo) with reference to the market price of the Shares under the prevailing market conditions. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its shareholding in the Company on the Record Date.

After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and Use of the Proceeds” below, the Directors (other than Mr. Guo) consider that the terms of the Rights Issue, including the Subscription Price and the discount to the relative values as indicated above, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

One (1) Rights Share (in nil-paid form) for every four (4) Shares held on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Status of the Rights Shares

The Rights Shares, when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the fully-paid Rights Shares.

Rights of Non-Qualifying Shareholders

Overseas Shareholders on the Record Date may not be eligible to take part in the Rights Issue as explained below.

The Issue Documents will not be registered under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong. The Company is currently making enquiries regarding the feasibility of allowing the Overseas Shareholders to participate in the Rights Issue to subscribe for the Rights Shares. The Company notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and will only exclude from the Rights Issue, the Overseas Shareholders whom the Directors, after making enquiries, consider it necessary or expedient to exclude on account of either the legal restrictions under the laws of the relevant jurisdictions, any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions, or practicality to extend the Rights Issue to them. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. Accordingly, no Rights Shares will be provisionally allotted to the Non-Qualifying Shareholders. The Company

will, subject to the advice given by the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, send copies of the Prospectus, without the PALs and EAFs, to the Non-Qualifying Shareholders for information purposes only.

Based on the register of members of the Company as at the Last Trading Day, there were a total of 51 Overseas Shareholders, whose registered addresses as shown in the register of members of the Company were outside Hong Kong, namely in Australia, British Virgin Islands, Canada, PRC, Germany, United Kingdom, Macau and the United States.

The Company will make arrangements for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be provisionally allotted and sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The aggregate net proceeds of such sale, less expenses, will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their shareholdings on the Record Date) in Hong Kong dollars. The net proceeds of such sale to any of such Non-Qualifying Shareholders of less than HK\$100 will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled shall be made available for valid excess applications by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) under the EAFs and the untaken balance (if any) will be underwritten by the Underwriter.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution and consult their professional advisers when dealing in the Shares.

Fractional Entitlement to the Rights Shares

The Company will not provisionally allot and will not accept any application for any fraction of the Rights Shares to the Qualifying Shareholders. No odd-lot matching services will be provided. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number), provisionally allotted and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained. If such nil-paid Rights Shares could not be sold in the market, they will be made available for valid excess applications by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) under the EAFs and the untaken balance (if any) will be fully underwritten by the Underwriter.

Application for excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) are entitled to apply, by way of excess application, for (i) any unsold entitlements to the Rights Shares of the Non-Qualifying Shareholders had they been Qualifying Shareholders; (ii) any unsold Rights Shares arising out of the aggregate of fractional entitlements; and (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made only by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) and only by completing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by not later than the Latest Time for Acceptance.

The Directors (other than Mr. Guo) will allocate the excess Rights Shares at their discretion on a fair and equitable basis and as far as practicable on the principle that subject to the availability of excess Rights Shares, the excess Rights Shares will be allocated to Qualifying Shareholders (other than the PRC Southbound Trading Investors) who have applied for excess application on a pro rata basis on the excess Rights Shares applied by them. No preference will be given to applications to topping-up odd-lot holdings to whole-lot holdings.

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for.

Investors with their Shares held through a nominee (or which are held in CCASS) should note that the Board will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, such beneficial owners should note that the above arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. Investors whose Shares are held by a nominee (or which are deposited in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar by 4:30 p.m. on Friday, 11 August 2017.

Share Certificates for Rights Shares and Refund Cheques for Rights Issue

Subject to the fulfilment (or, as applicable, waived) of the conditions of the Rights Issue, share certificates for fully-paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on or before Monday, 18 September 2017. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 18 September 2017 by ordinary post to the applicants at their own risk.

Application for Listing and Dealings

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. Save as (i) the 26,361,000 units of outstanding TDR of the Company listed on the Taiwan Stock Exchange Corporation as at the date of this announcement and each unit of TDR represents half a Share; and (ii) the proposed application to the Taiwan Stock Exchange Corporation and the Central Bank of the Republic of China (Taiwan) and/or other relevant authorities by the Company in relation to the listing of additional units of TDR, representing not more than 3,295,125 Rights Shares to be issued by the Company, on the Taiwan Stock Exchange Corporation, no part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought, is listed, or dealt in, on any other stock exchange. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as the existing Shares which is 1,000 Shares in one board lot.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the

payment of stamp duty and any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day after the date of the transaction. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date	:	21 July 2017
Underwriter	:	Value Global
Number of Rights Shares underwritten	:	The Rights Issue is fully underwritten by the Underwriter. The Underwriter has agreed to underwrite the Untaken Shares.
Underwriter's Commission	:	No underwriting commission is payable to the Underwriter.

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Company, the size of the Rights Issue, and the current and expected market conditions. The Directors (other than Mr. Guo) consider that the terms of the Underwriting Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Rights Issue

The Rights Issue is conditional on (i) the fulfillment (or, as applicable, waiver) of the conditions of the Underwriting Agreement referred to in this section, and (ii) the Underwriting Agreement not being terminated by the Underwriter in accordance with its terms. The Underwriting Agreement is conditional upon:

- (1) the listing approval from the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject only to allotment and despatch of the appropriate documents of title) having been obtained prior to the commencement of trading of the nil-paid Rights Shares, and such permission not being withdrawn or revoked prior to the Latest Termination Time;

- (2) the Stock Exchange issuing a certificate authorising registration of the Prospectus with the Registrar of Companies in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Despatch Date and, following registration of the Prospectus with the Registrar of Companies in Hong Kong, a copy of the Prospectus having been submitted to the Stock Exchange for publication on its website not later than the Despatch Date;
- (3) a duly certified copy of the Prospectus (and other required documents) having been lodged with the Registrar of Companies in Hong Kong not later than the Despatch Date, and the Registrar of Companies in Hong Kong issuing a confirmation of registration letter on or before the Despatch Date;
- (4) posting of the Issue Documents to the Qualifying Shareholders on the Despatch Date; and
- (5) compliance with and performance of all undertakings and obligations of the Underwriter pursuant to the Underwriting Agreement.

The Company shall use its best endeavours to procure the fulfilment of the conditions (except for item (5), which is incapable of being waived by the Underwriter) under the Underwriting Agreement by the due time and/or date referred to in each case in the Underwriting Agreement (or if no date is specified, by the Latest Termination Time) and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by the Underwriter in accordance with the terms of the Underwriting Agreement and by the Stock Exchange in connection with the listing of the Rights Shares.

If any of the above conditions (except for item (5), which is incapable of being waived by the Underwriter) of the Underwriting Agreement is not fulfilled, or waived if permitted by the terms of the Underwriting Agreement in whole or in part by the Underwriter, by the specified time and date or the date on which the Latest Termination Time occurs, the Underwriting Agreement shall terminate (save in respect of certain rights or obligations under the Underwriting Agreement) and the Rights Issue will not proceed.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Termination Time, if:

- (1) the Company commits any material breach of or omits to observe any of the obligations or undertakings under the Underwriting Agreement that have a material adverse effect on the success of the Rights Issue;
- (2) the Company, after any matter or event referred to in the Underwriting Agreement has occurred or come to the attention of the Underwriter, fails promptly to send out any announcement or circular (after the despatch of the Issue Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company;
- (3) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially

adverse in the context of the Rights Issue after the signing of the Underwriting Agreement;

- (4) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (5) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of the Group as a whole which is material in the context of the Rights Issue;
- (6) any event or circumstances in the nature of force majeure including but without limitation any act of God, war, riot, public disorder, civil commotion, fire, flood, terrorism or strike occurred after the signing of the Underwriting Agreement in or affecting Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (7) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Share generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
- (8) there is any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group); or
- (9) any statement contained in the Issue Documents has become and been discovered to be untrue, incorrect, incomplete or misleading in any material aspect, or matters have arisen or have been discovered which would, if the Issue Documents was to be issued at the time, constitute a material omissions therefrom.

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party to the Underwriting Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

REASONS FOR THE RIGHTS ISSUE AND USE OF THE PROCEEDS

Having considered other fund raising alternatives available to the Group, such as bank borrowings, or equity financing such as placing or subscription of new Shares, or open offer, and taken into account the costs and benefits of each of the alternatives, the Directors (other than Mr. Guo) are of the view that Rights Issue is the preferred means for the Group. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to raising interest rates. Placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate and

the funds to be raised by placing of new Shares under a general mandate would likely be less than that of the Rights Issue. Rights Issue allows the Group to improve its financial position and enlarge its capital base to support the long-term development of the Group without subject to additional interest burden. In addition, Shareholders will be given an option to sell their nil-paid rights in the market if they do not intend to subscribe for the Rights Shares under the Rights Issue, as compared to an open offer. Having considered the above-mentioned, the Directors (other than Mr. Guo) are of the view that the Rights Issue is the most viable method for fund raising and the net proceeds of the Rights Issue will maintain the Company's existing financial strength and thus enhance the Group's financial resilience.

The Directors (other than Mr. Guo) believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole, for the reasons mentioned above. The estimated expenses in relation to the Rights Issue, including financial, legal and other professional expenses, of approximately HK\$6.8 million, will be borne by the Company. The estimated net proceeds of the Rights Issue will be approximately HK\$1.335 billion after the deduction of all estimated expenses of approximately HK\$6.8 million (based on the number of Shares in issue as at the date of this announcement and assuming that no new Shares have been allotted or issued on or before the Record Date), or approximately HK\$1.448 billion after the deduction of all estimated expenses of approximately HK\$6.8 million (based on the number of Shares in issue as at the date of this announcement and assuming that new Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options). The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be not less than approximately HK\$3.97 and not more than approximately HK\$3.99.

The Board has been actively exploring business opportunities in order to diversify the Group's existing businesses and expand into new business. To fulfill the Group's mission and vision pertaining to the "Digitalised China", the Group will expand into various industries with the help of cloud computing, healthcare technologies, artificial intelligence and big data technologies. The Board currently intends to use the net proceeds of the Rights Issue in the following manner:

- about 59% of the net proceeds (approximately HK\$782 million) to finance an investment in China Healthcare Big Data Technology Development Group Ltd.* (中國健康醫療大數據科技發展集團公司), an entity in China which principally engages in the development and application of big data analysis in the healthcare industry (the "**Healthcare Big Data Investment**") or any other potential investments and acquisitions as and when any suitable opportunity is identified. As at the date of this Announcement, the Company has not identified any specific investment other than the Healthcare Big Data Investment;
- about 35% of the net proceeds (approximately HK\$469 million) for the repayment of debt and interest expenses, of which: (a) approximately HK\$183 million for the repayment of principal and interest expenses to Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司) due in October 2017 which bear interest rates ranging from 4.5% to 5%; and (b) approximately HK\$286 million for the repayment of principal and interest expenses to Western Securities Co., Ltd. (西部證券股份有限公司) due in October 2017 which bear interest rates ranging from 5.3% to 5.8%; and
- about 6% of the net proceeds (approximately HK\$84 million) for the Group's general working capital purpose.

Assuming the maximum number of Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options, additional net proceeds of approximately HK\$113 million will result from the increase in the number of Rights Shares. Such additional net proceeds are intended by the Board to be used as general working capital of the Group.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Rights Issue are and will be as follows:

Scenario 1:

Assuming no new Shares (other than the Rights Shares) have been allotted or issued on or before completion of the Rights Issue.

	As at the Record Date ¹		Immediately after completion of the Rights Issue (assuming all Rights Shares have been taken up by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no Rights Shares have been taken up by the Qualifying Shareholders)	
	No of Shares	Approximate %	No of Shares	Approximate %	No of Shares	Approximate %
Mr. Guo ²	140,194,052	10.4%	175,242,565	10.4%	140,194,052	8.4%
Directors ³	5,379,658	0.4%	6,724,572	0.4%	5,379,658	0.3%
Public	1,196,235,871	89.2%	1,495,294,839	89.2%	1,196,235,871	71.3%
Underwriter ⁴	-	-	-	-	335,452,395	20.0%
Total	1,341,809,581	100.0%	1,677,261,976	100.0%	1,677,261,976	100.0%

Notes:

1. Assuming no change in shareholdings from the Last Trading Day.
2. Among Mr. Guo's interest, 69,414,286 Shares were beneficially held by Kosalaki Investments Limited, of which Mr. Guo holds 100% interest. According to the SFO, Mr. Guo is deemed to be interested in the Shares held by Kosalaki Investments Limited as well as any Shares held by the Underwriter, of which Mr. Guo is a controlling shareholder. For the purpose of this table, the interests of Mr. Guo shall exclude any interests in the Company held by the Underwriter.
3. For the purpose of this table, the interests of the Directors shall exclude the interests of Mr. Guo.
4. As at the date of this Announcement, the Underwriter does not hold any Shares in the Company.

Scenario 2:

Assuming new Shares have been allotted and issued on or before the Record Date pursuant to the full exercise of all outstanding Share Options but otherwise no other Shares (other than the Rights Shares) have been allotted and issued on or before completion of the Rights Issue.

	As at the Record Date ¹		Immediately after completion of the Rights Issue (assuming all Rights Shares have been taken up by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no Rights Shares have been taken up by the Qualifying Shareholders)	
	No of Shares	Approximate %	No of Shares	Approximate %	No of Shares	Approximate %
Mr. Guo ²	152,694,052	10.5%	190,867,565	10.5%	152,694,052	8.4%
Directors ³	30,391,658	2.1%	37,989,572	2.1%	30,391,658	1.7%
Public	1,271,689,871	87.4%	1,589,612,339	87.4%	1,271,689,871	69.9%
Underwriter ⁴	-	-	-	-	363,693,895	20.0%
Total	1,454,775,581	100.0%	1,818,469,476	100.0%	1,818,469,476	100.0%

Notes:

1. *Assuming no change in shareholdings from the Last Trading Day except for the allotment of Shares due to the exercise of Share Options in full.*
2. *Among Mr. Guo's interest, 69,414,286 Shares were beneficially held by Kosalaki Investments Limited, of which Mr. Guo holds 100% interest. According to the SFO, Mr. Guo is deemed to be interested in the Shares held by Kosalaki Investments Limited as well as any Shares held by the Underwriter, of which Mr. Guo is a controlling shareholder. For the purpose of this table, the interests of Mr. Guo shall exclude any interests in the Company held by the Underwriter.*
3. *For the purpose of this table, the interests of the Directors shall exclude the interests of Mr. Guo.*
4. *As at the date of this Announcement, the Underwriter does not hold any Shares in the Company.*

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

The expected timetable of the Rights Issue is set out below:

Last day of dealings in Shares on a cum-rights basis	Wednesday, 9 August 2017
First day of dealings in Shares on an ex-rights basis	Thursday, 10 August 2017
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 11 August 2017
Book closure period (both days inclusive).....	Monday, 14 August 2017 to Friday, 18 August 2017
Record Date	Friday, 18 August 2017
Issue Documents expected to be despatched on	Wednesday, 23 August 2017
First day of dealings in nil-paid Rights Shares	Friday, 25 August 2017
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 30 August 2017
Last day of dealings in nil-paid Rights Shares.....	Monday, 4 September 2017

Latest time for acceptance of and payment for the Rights Shares
and for application and payment for
excess Rights Shares4:00 p.m. on Thursday, 7 September 2017

Latest time for termination of the Underwriting
Agreement..... 4:00 p.m. on Friday, 8 September 2017

Publication of announcement of results of the Rights Issue
and excess application Friday, 15 September 2017

Despatch of refund cheques (if any) in respect of unsuccessful or
partially unsuccessful excess application for excess Rights Shares
on or beforeMonday, 18 September 2017

Despatch of Certificates for fully-paid Rights Shares
on or beforeMonday, 18 September 2017

First day of dealings in fully-paid Rights Shares 9:00 a.m. on Tuesday, 19 September 2017

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by agreement between the Company and the Underwriter. Any changes to the anticipated timetable for the Rights Issue will be published or notified to Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the Final Acceptance Date, the dates mentioned in the section headed “Expected Timetable of the Rights Issue” above may be affected. The Company will notify the Shareholders by way of an announcement of any change to the expected timetable as soon as practicable.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

Save for the issue and allotment of 58,119,000 Shares on 21 December 2016 and 35,214,000 Shares on 18 January 2017 pursuant to the Subscription Agreement which raised approximately HK\$511 million, the Company has not undertaken any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement. The aforementioned proceeds have been used by the Group as intended.

TAXATION

Qualifying Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

INFORMATION ON THE GROUP

The Company and the Group are principally engaged in businesses commanding high added value and growth potential such as Internet urban services, Internet agriculture, Internet healthcare, Internet manufacturing, Internet taxation, Internet logistics and related Internet financial services, developed on the basis of its core Sm@rt City operations through the provision of IT services and operations in combination with various industry applications, leveraging its technological expertise in the Internet, Cloud Computing and Big Data.

CONNECTED TRANSACTIONS

Mr. Guo, the Chairman and an executive Director, holds 140,194,052 Shares, representing approximately 10.45% of the total number of the existing issued Shares as at the date of this announcement. Mr. Guo also directly holds 90% of the total issued shares of the Underwriter. Hence, the Underwriter is an associate of a connected person of the Company under the Listing Rules. Accordingly, the Underwriter is a connected person of the Company, and the entering into of the Underwriting Agreement by the Company with the Underwriter constitutes a connected transaction for the Company under the Listing Rules.

Pursuant to Rule 14A.92(2)(b) of the Listing Rules, as arrangements have been made in relation to excess applications in compliance with Rule 7.21 of the Listing Rules and given that no underwriting commission is payable to the Underwriter such that the applicable percentage ratios in respect of the underwriting commission are less than 0.1%, the transactions contemplated under the Underwriting Agreement is exempted from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Guo, being the controlling shareholder of the Underwriter and a connected person of the Company, had abstained from voting on the relevant resolutions of the Board approving the Underwriting Agreement and the transactions contemplated thereunder.

GENERAL

The Prospectus or Issue Documents, as appropriate, containing further information on the Rights Issue will be despatched to Shareholders as soon as practicable. Shareholders and potential investors should exercise caution in dealing in the Shares.

Pursuant to Rule 7.19(6)(a) of the Listing Rules, since the Rights Issue would increase the total number of issued Shares by no more than 50%, the Rights Issue is not conditional on approval by the Shareholders.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As at the date of this announcement, there were outstanding Share Options in respect of 112,966,000 Shares. Assuming the full exercise of all outstanding subscription rights attaching to

the aforesaid Share Options of which new Shares have been allotted and issued on or before the Record Date, a total of 112,966,000 new Shares would fall to be allotted and issued, which would result in the allotment and issuance of 28,241,500 additional Rights Shares.

As a result of the Rights Issue, the exercise price of and/or the number of Shares to be issued under the outstanding Share Options may be adjusted in accordance with the terms of the 2002 Share Option Scheme and/or the 2011 Share Option Scheme. The Company will engage the Company's auditors to review and determine the relevant adjustments and make further announcement on the appropriate adjustments (if any) and the date they are to take effect in due course.

WARNING OF THE RISKS OF DEALINGS IN SHARES AND RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 10 August 2017. Dealings in the Rights Shares in the nil-paid form are expected to take place from Friday, 25 August 2017 to Monday, 4 September 2017 (both dates inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the Underwriting Agreement on the occurrence of certain events. Please refer to the section headed "Underwriting Arrangements - Termination of the Underwriting Agreement" in this announcement for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

Any Shareholder or other person dealing in Shares or other securities of the Company up to the date when the conditions of the Rights Issue (as set out under the section headed "Underwriting Arrangements - Conditions of the Rights Issue" in this announcement) are fulfilled (or, as applicable, waived) (and the date on which the right of termination of the Underwriter under the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Friday, 25 August 2017 to Monday, 4 September 2017 (both days inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed and are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares. If in any doubt, Shareholders and other persons contemplating dealing in securities of the Company are recommended to exercise caution and consult their professional advisers. Any buying or selling of the securities of the Company from now up to the date on which the conditions of the Rights Issue are fulfilled or, as applicable, waived, and any buying or selling of nil-paid Rights Shares, is at each investor's own risk that the Rights Issue may not become unconditional or may not proceed.

DEFINITIONS

- "2002 Share Option Scheme" : the share option scheme adopted by the Company on 18 July 2002
- "2011 Share Option Scheme" : the share option scheme adopted by the Company on 15 August 2011
- "Board" : the board of Directors

“business day”	:	any day (other than a Saturday, a Sunday, a public holiday or a day on which tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which licensed banks in Hong Kong are generally open for business
“CCASS”	:	the Central Clearing and Settlement System established and operated by HKSCC
“ChinaClear”	:	China Securities Depository and Clearing Corporation Limited
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	:	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
“Company”	:	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
“controlling shareholder(s)”	:	has the meaning ascribed to it under the Listing Rules
“Despatch Date”	:	Wednesday, 23 August 2017 or such later date as may be agreed between the Company and the Underwriter for the despatch of the Issue Documents
“Directors”	:	the directors of the Company
“EAF(s)”	:	the excess application form(s) for use by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) who wish to apply for excess Rights Shares
“Final Acceptance Date”	:	the last date for acceptance and payment in respect of provisional allotments and for application and payment for excess Rights Shares under the Rights Issue, which is currently scheduled to be on Thursday, 7 September 2017 or such other date as the Company and the Underwriter may agree
“Group”	:	the Company and its subsidiaries
“HK\$”	:	Hong Kong dollars
“HKSCC”	:	Hong Kong Securities Clearing Company Limited
“Hong Kong”	:	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Documents”	:	the Prospectus, PAL(s) and EAF(s)

“IT”	:	information technology
“Last Closing Price”	:	the closing price of HK\$5.68 per Share as quoted on the Stock Exchange on the Last Trading Day
“Last Day for Transfer”	:	Friday, 11 August 2017, being the last date for lodging transfer of Shares prior to the closure of register of members of the Company
“Last Trading Day”	:	Friday, 21 July 2017, being the last full trading day for the Shares before the release of this announcement
“Latest Termination Time”	:	4:00 p.m. on the next business day after the Final Acceptance Date, or such other date as the Company and the Underwriter may agree
“Latest Time for Acceptance”	:	a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	:	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Guo”	:	Mr. Guo Wei, the Chairman and an executive Director of the Company and is the controlling shareholder and a director of the Underwriter
“Non-Qualifying Shareholder(s)”	:	the Overseas Shareholder(s) to whom the Directors (other than Mr. Guo), based on legal advice to be provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of legal restrictions under the laws of the relevant jurisdictions, any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions, or practicality to extend the Rights Issue to them
“Overseas Shareholder(s)”	:	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown in the register of members of the Company is/are outside Hong Kong
“PAL(s)”	:	the provisional allotment letter(s) for the Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	:	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and

Taiwan

- “PRC Southbound Trading Investors” : the PRC investors who hold the shares of Hong Kong listed companies through ChinaClear as nominee under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect
- “Prospectus” : the prospectus to be issued by the Company in relation to the Rights Issue
- “Qualifying Shareholder(s)” : Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company at 4:30 p.m. on the Record Date
- “Record Date” : Friday, 18 August 2017, or such other date as the Company and the Underwriter may agree, being the date for determining entitlements to participate in the Rights Issue
- “Registrar” : the Company’s Hong Kong share registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
- “Rights Issue” : the proposed issue by the Company of the Rights Shares at the Subscription Price by way of rights on the basis of one (1) Rights Share for every four (4) Shares held as at 4:30 p.m. on the Record Date
- “Rights Share” : not less than 335,452,395 new Shares and not more than 363,693,895 new Shares to be issued and allotted under the Rights Issue
- “SFO” : the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
- “Share Option(s)” : the option(s) to subscribe for Share(s) granted under the 2002 Share Option Scheme and/or the 2011 Share Option Scheme
- “Share(s)” : share(s) of the Company with a par value of HK\$0.10
- “Shareholder(s)” : holder(s) of Shares(s)
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “Subscribers” : has the meaning as ascribed to it pursuant to the announcement published by the Company dated 5 September 2016 and the circular published by the

	Company dated 30 September 2016, respectively
“Subscription Agreement”	: share subscription agreement dated 5 September 2016 entered into among the Company and the Subscribers, the principal terms of which were set out in the announcement and the circular of the Company dated 5 September 2016 and 30 September 2016, respectively
“Subscription Price”	: the subscription price of HK\$4 per Rights Share
“TDR”	: the Taiwan depository receipts, each unit of which representing half a Share, issued by First Commercial Bank and listed on the Taiwan Stock Exchange Corporation on 24 November 2010
“Underwriter”	: Value Global, and as at the date of this Announcement, the Underwriter does not hold any Shares in the Company
“Underwriting Agreement”	: the underwriting agreement dated 21 July 2017 entered into between the Company and the Underwriter in relation to the Rights Issue
“Untaken Shares”	: means those (if any) of the Rights Shares for which duly completed PAL(s) or EAF(s) have not been lodged for acceptance, or received, as the case may be, on or before the Latest Time for Acceptance, including (if any) such Rights Shares to which the Non-Qualifying Shareholders would have otherwise been entitled to under the Rights Issue
“US” or “United States”	: the United States of America, its territories and possessions, any state of the United States, and the District of Columbia
“Value Global”	Value Global Investments Limited, a company incorporated in the British Virgin Islands with limited liability, owned as to 90% by Mr. Guo and 10% by Mr. Denis Shing Fai YIP, an executive Director
“%”	: Percentage

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

Hong Kong, 21 July 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. Denis Shing Fai YIP (Chief Executive Officer and 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

Website: www.dcholdings.com.hk

** For identification purpose only*