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神州數字

China Binary Sale Technology Limited

神州數字銷售技術有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8255)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF APPROXIMATELY 5.2% INTEREST IN THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 20 October 2017 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire approximately 5.2% equity interest in the Target Company at a consideration of approximately RMB15.0 million, which shall be settled in cash.

GEM LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but exempt from Shareholders' approval under the GEM Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

Principal terms of the Sale and Purchase Agreement are as follows:

Date: 20 October 2017

Parties

Vendor: Mr. Sun

Purchaser: 新疆九域數字創業投資有限公司 (Xinjiang Nine Domain Digital Venture Capital Limited*), an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 1,325,000 shares, representing approximately 5.2% equity interest in the Target Company.

As at the date of this announcement, the Vendor held approximately 71.2% equity interests in the Target Company. After Completion, the Vendor will hold approximately 66.0% equity interests in the Target Company.

Consideration

The consideration payable by the Purchaser was approximately RMB15.0 million (equivalent to approximately RMB11.3 per share), which shall be settled in cash upon Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor and was determined with reference to, including but not limited to, the prevailing market price of the share of the Target Company quoted on National Equities Exchange and Quotations ("NEEQ") in the PRC as at the date of the Sale and Purchase Agreement, which was RMB14.5 per share, and the prospects of the Target Company.

The consideration will be funded by the Group's internal resources.

The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and that the entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Completion

Completion shall take place immediately upon entering into the Sale and Purchase Agreement.

Upon Completion, the Group's interests in the Target Company will be accounted as investment in available-for-sale financial assets, and its financials will not be consolidated into the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is listed on NEEQ (stock code: 831766) in January 2015. It is principally engaged in provision of technical service as smart payment solutions provider and digital multimedia business with customers such as financial institutions, micro- to small-sized businesses and retail consumers.

Below set out the consolidated financials of the Target Company and its subsidiaries prepared under the PRC GAAP for the two years ended 31 December 2016 and the six months ended 30 June 2017 extracted from the annual reports and interim report published on NEEQ:

	For the year ended 31 December		For the six months ended 30 June
	2015	2016	2017
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(audited)	(audited)	(unaudited)
Revenue	16,348,634	9,339,653	13,011,129
(Loss)/Profit before tax	(3,778,838)	(6,563,359)	6,682,065
(Loss)/Profit after tax	(3,973,146)	(6,563,359)	5,375,181

As at 30 June 2017, the net assets value of the Target Company and its subsidiaries was approximately RMB23,730,405.

Based on the above, the Board (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable, and has been entered into after arm's length negotiation and was on normal commercial terms that are in the interest of the Company and its Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in providing online transaction services by facilitating transactions between online game operators and online game users, and providing mobile top-up service to mobile subscribers in the PRC. In view of the fast growing online financing market in the PRC, the Group intends to leverage on its expertise in online transaction service for online game operators, online game users and mobile subscribers to online lending service. As such, in January 2015 and October 2015, the Group has made a strategic investment of approximately RMB3 million and RMB15.3 million in Beijing Zhangzhong Technology Co., Ltd. (北京掌眾科技有限公司), which provides peer-to-peer internet financing.

GEM LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of approximately 5.2% equity interest in the Target Company
“Board”	the board of Directors
“Company”	China Binary Sale Technology Limited, a company incorporated in the Cayman Islands, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	the completion of the Acquisition upon fulfillment of the conditions precedent as contemplated in the Sale and Purchase Agreement
“connected person(s)”	has the meanings as ascribed thereto under the GEM Listing Rules
“Consideration”	a sum of approximately RMB15.0 million payable by the Purchaser to the Vendor in cash pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries is/are third parties independent of and not connected with the Company, its subsidiaries and its connected persons in accordance with the GEM Listing Rules
“Mr. Sun”	Mr. Sun Lei (孫雷), a resident of the PRC, an Independent Third Party
“PRC GAAP”	generally accepted accounting principles of the PRC in effect as modified from time to time
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Taiwan, Hong Kong and Macau Special Administrative Region
“Purchaser”	Xinjiang Nine Domain Digital Venture Capital Limited* (新疆九域數字創業投資有限公司), which is wholly-owned by Beijing Tianjiyilian Technology Co., Ltd.* (北京天機移聯科技有限公司), and is an indirect wholly-owned subsidiary of the Company by virtue of a series of structured contracts
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	1,325,000 ordinary shares of the Target Company, representing approximately 5.2% of the equity interests in the Target Company as at the date of this announcement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 20 October 2017, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase approximately 5.2% equity interests in the Target Company

“Shareholder(s)”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of the share of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	珠海三木科技股份有限公司 (Zhuhai Sanmu Technology Co., Ltd*), a company incorporated in the PRC, the issued shares of which are listed on the National Equities Exchange and Quotations in the PRC (stock code: 831766)
“Vendor”	Mr. Sun
“%”	per cent.

For and on behalf of
China Binary Sale Technology Limited
Sun Jiangtao
Executive Director and Chief Executive Officer

Beijing, the People’s Republic of China, 20 October 2017

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Sun Jiangtao (*Chief Executive Officer*) and Mr. Tang Bin

Non-executive Directors

Mr. Wei Zhonghua (*Chairman*), Mr. Li Jianguang and Mr. Lan Xi

Independent Non-executive Directors

Mr. Hou Dong, Mr. He Qinghua and Mr. Yang Haoran

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.shenzhoufu.hk.

* For identification purpose only