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北京迪信通商貿股份有限公司

Beijing Digital Telecom Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6188)

**CONNECTED TRANSACTION
DISPOSAL OF 70% OF THE EQUITY INTERESTS
IN SHENZHEN DIGITONE**

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 31 December 2018, the Company and Digital Science & Technology entered into the Equity Transfer Agreement, pursuant to which, the Company agreed to dispose of and Digital Science & Technology agreed to purchase 70% of the equity interests in Shenzhen DIGITONE for a consideration of RMB35 million.

Immediately after the completion of the Equity Transfer Agreement, the Company will cease to hold any equity interest in Shenzhen DIGITONE, and Shenzhen DIGITONE therefore will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Digital Science & Technology directly holds 31.71% of the equity interests in the Company, and Digital Science & Technology is held as to 84.72%, 5.06%, 3.93%, 5.06% and 1.23% by Mr. Liu Donghai, Ms. Liu Hua, Ms. Liu Wencui, Ms. Liu Yongmei and Ms. Liu Wenli respectively. Mr. Liu Donghai, Ms. Liu Hua, Ms. Liu Wencui, Ms. Liu Yongmei and Ms. Liu Wenli are siblings, and Ms. Liu Wencui indirectly holds 1.12% of the equity interests in the Company through her non-wholly owned holding company Rong Feng Tai. Since Digital Science & Technology directly and indirectly holds 32.83% of the equity interests in the Company, it is a controlling shareholder as defined under the Listing Rules, and thus is a connected person of the Company. Therefore, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Equity Transfer Agreement is more than 0.1% but less than 5%, such transaction shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 31 December 2018, the Company and Digital Science & Technology entered into the Equity Transfer Agreement, pursuant to which, the Company agreed to dispose of and Digital Science & Technology agreed to purchase 70% of the equity interests in Shenzhen DIGITONE. The principal terms of the Equity Transfer Agreement are set out as follows:

Date:	31 December 2018
Parties:	(1) The Company (as the transferor) (2) Digital Science & Technology (as the transferee)
Subject matter:	The Company agreed to dispose of its 70% of the equity interests in Shenzhen DIGITONE to Digital Science & Technology
Consideration and payment:	The consideration for the transfer is RMB35 million which shall be settled in cash by Digital Science & Technology to the Company. Digital Science & Technology shall pay 50% of the consideration within 10 days upon the Equity Transfer Agreement was entered into, and shall settle the remaining consideration before 30 January 2019.
Pricing basis:	The consideration was determined with reference to the appraised value of the net assets of Shenzhen DIGITONE as at 31 October 2018 (appraisal base date). The appraised value of the net assets of Shenzhen DIGITONE by ValueLink Consultants is RMB49.9 million.
Completion:	The Company shall complete the relevant procedures for change of industrial and commercial registration within 30 days upon Digital Science & Technology made its first payment for the equity transfer to the designated account of the Company. Immediately after the completion of the Equity Transfer Agreement, the Company will cease to hold any equity interest in Shenzhen DIGITONE, and Shenzhen DIGITONE therefore will cease to be a subsidiary of the Company.

INFORMATION ON SHENZHEN DIGITONE

Shenzhen DIGITONE is a limited liability company incorporated in the PRC on 21 October 2014. As at the date of this announcement, Shenzhen DIGITONE is held as to 70% and 30% by the Company and Shenzhen Shang Zhi Chuang Zhan Investment Holding Co., Limited (深圳商置創展投資控股有限公司), respectively. Shenzhen DIGITONE is principally engaged in the investment business. With group-based operation, brand-oriented management and an outstanding professional team, the company extensively invests in various fields such as real estate, amusement park industry and vacation apartment, striving to become the most competitive and influential investor and operator in fields such as real estate, amusement park industry and vacation apartment in the PRC.

The key financial data of Shenzhen DIGITONE for the two years ended 31 December 2017 and the six months ended 30 June 2018, which were prepared under the PRC Accounting Standards for Business Enterprises, are set out as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the six months ended 30 June 2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	(Audited)	(Audited)	(Unaudited)
Revenue	3,300,971	3,495,145	1,747,572
Profit/(Loss) before tax	(675,887)	405,737	81,577
Profit/(Loss) after tax	(675,887)	405,737	81,577

According to the financial data of Shenzhen DIGITONE prepared under the PRC Accounting Standards for Business Enterprises, the unaudited total assets and net assets of Shenzhen DIGITONE as at 30 June 2018 amounted to RMB118,726,174 and RMB48,652,330, respectively.

FINANCIAL IMPACT OF THE EQUITY TRANSFER AGREEMENT

Immediately after the completion of the Equity Transfer Agreement, Shenzhen DIGITONE will cease to be a subsidiary of the Company, and its financial data will not be consolidated into the financial statements of the Group.

It is expected that the Company will recognize a net gain (before tax) of approximately RMB9 million from the Disposal, which is estimated based on the combined net assets value and the appraised net assets value by ValueLink Consultants of 70% of the equity interests in Shenzhen DIGITONE as at 31 October 2018. The net proceeds from the Disposal (net of payable expenses for the Disposal) are estimated to be approximately RMB35 million. The above estimates are for illustration purposes only and are subject to the review and confirmation by the auditor of the Company. It is expected that the net proceeds from the Disposal will be used for operating expenses of the principal business of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Company considers that it can realise certain investment gains from the Disposal for the Group. Since its establishment, the Company has been principally engaged in the telecommunications retail business and all the gains from the Disposal will be invested in channel building and product upgrade for better development of the principal business.

The Directors (excluding Directors required to abstain from voting but including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since Mr. Liu Donghai and Ms. Liu Wencui are interested in Digital Science & Technology and Mr. Liu Songshan, Mr. Liu Donghai and Ms. Liu Wencui are siblings, Mr. Liu Donghai, Ms. Liu Wencui and Mr. Liu Songshan have abstained from voting on the relevant resolution in respect of considering and approving the Equity Transfer Agreement at the Board meeting. Save as disclosed above, no other Director has any material interest in the Equity Transfer Agreement.

INFORMATION ON THE COMPANY AND DIGITAL SCIENCE & TECHNOLOGY

The Company

The Company is a joint stock limited company incorporated in the PRC on 31 May 2001. The principal business activity of the Company is the sale of telecommunications devices at home and abroad.

Digital Science & Technology

Digital Science & Technology is a limited liability company incorporated in the PRC on 26 May 2005, and the controlling shareholder of the Company. Digital Science & Technology mainly engages in domestic investment business, which involves communications, real estate, intelligent manufacturing and other fields.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Digital Science & Technology directly holds 31.71% of the equity interests in the Company, and Digital Science & Technology is held as to 84.72%, 5.06%, 3.93%, 5.06% and 1.23% by Mr. Liu Donghai, Ms. Liu Hua, Ms. Liu Wencui, Ms. Liu Yongmei and Ms. Liu Wenli respectively. Mr. Liu Donghai, Ms. Liu Hua, Ms. Liu Wencui, Ms. Liu Yongmei and Ms. Liu Wenli are siblings, and Ms. Liu Wencui indirectly holds 1.12% of the equity interests in the Company through her non-wholly owned holding company Rong Feng Tai. Since Digital Science & Technology directly and indirectly holds 32.83% of the equity interests in the Company, it is a controlling shareholder as defined under the Listing Rules, and thus is a connected person of the Company. Therefore, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Equity Transfer Agreement is more than 0.1% but less than 5%, such transaction shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors of the Company
“Company”	Beijing Digital Telecom Co., Ltd., a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Digital Science & Technology”	Digital Science & Technology Group Limited (迪信通科技集團有限公司), a limited liability company incorporated in the PRC and the controlling shareholder of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 70% of the equity interests in Shenzhen DIGITONE by the Company to Digital Science & Technology pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 31 December 2018 entered into between the Company and Digital Science & Technology, pursuant to which, the Company agreed to dispose of and Digital Science & Technology agreed to purchase 70% of the equity interests in Shenzhen DIGITONE
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People's Republic of China

“RMB”	RMB, the lawful currency of the PRC
“Rong Feng Tai”	Beijing Rong Feng Tai Management and Consulting Company Limited (北京融豐泰管理諮詢有限公司), a limited liability company incorporated in the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Shenzhen DIGITONE”	Shenzhen DIGITONE Investment Holdings Co., Limited (深圳迪信通投資控股有限公司), a limited liability company incorporated in the PRC, and held as to 70% by the Company and 30% by Shenzhen Shang Zhi Chuang Zhan Investment Holding Co., Limited (深圳商置創展投資控股有限公司) as at the date of this announcement
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“ValueLink Consultants”	ValueLink Management Consultants (Beijing) Limited (藍策管理諮詢(北京)有限公司), an independent valuer
“%”	per cent

By order of the Board
Beijing Digital Telecom Co., Ltd.
LIU Donghai
Chairman

Beijing, the PRC
31 December 2018

As at the date of this announcement, the executive Directors are Mr. LIU Donghai, Mr. LIU Yajun, Mr. LIU Songshan and Ms. LIU Wencui; the non-executive Directors are Mr. QI Xiangdong and Ms. XIN Xin; and the independent non-executive Directors are Mr. LV Tingjie, Mr. BIAN Yongzhuang and Mr. ZHANG Senquan.