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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)

ISSUE OF NEW H SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 26 July 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for 65,793,400 Subscription Shares in aggregate at the Subscription Price of HK\$3.25 per Subscription Share.

The total number of 65,793,400 Subscription Shares to be issued pursuant to the Subscription Agreement with the total nominal value of RMB65,793,400 represents (i) 20% of the existing number of issued H Shares of the Company, and approximately 9.87% of the existing number of issued Shares of the Company at the date of this announcement; and (ii) approximately 16.67% of the then total number of issued H Shares of the Company (assuming that there is no change in the total number of issued H Shares of the Company other than the Subscription Shares from the date of the Subscription Agreement to Completion), and approximately 8.98% of the then total number of issued Shares of the Company (assuming that there is no change in the total number of the issued Shares of the Company other than the Subscription Shares from the date of the Subscription Agreement to Completion), in each case, as enlarged by the issue of the Subscription Shares. The Subscription Shares will be issued under the General Mandate.

The gross proceeds from the Subscription will be HK\$213,828,550. After deducting expenses of the Subscription payable by the Company, the net proceeds from the Subscription will be approximately HK\$211,766,049. The Company intends to utilize the net proceeds from the Subscription for goods procurement and daily operations.

Completion of the Subscription is subject to the fulfillment of a number of conditions. As such, the Subscription may or may not proceed. Further announcement(s) will be issued by the Company as and when appropriate in accordance with the Listing Rules. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out as follows:

Date

26 July 2019

Parties

- (1) The Company, as the issuer
- (2) Nelson Innovation Limited, as the Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, the Subscriber and its ultimate beneficial owner(s) are third parties independent from the Company and its connected persons.

It is expected that the Subscriber will not become a Substantial Shareholder of the Company as a result of the Subscription.

Subscription Shares

The 65,793,400 Subscription Shares.

The total number of 65,793,400 Subscription Shares to be issued pursuant to the Subscription Agreement with the total nominal value of RMB65,793,400 represents (i) 20% of the existing number of issued H Shares of the Company, and approximately 9.87% of the existing number of issued Shares of the Company at the date of this announcement; and (ii) approximately 16.67% of the then total number of issued H Shares of the Company (assuming that there is no change in the total number of issued H Shares of the Company other than the Subscription Shares from the date of the Subscription Agreement to Completion), and approximately 8.98% of the then total number of issued Shares of the Company (assuming that there is no change in the total number of the issued Shares of the Company other than the Subscription Shares from the date of the Subscription Agreement to Completion), in each case, as enlarged by the issue of the Subscription Shares.

Subscription Price

The Subscription Price is HK\$3.25 per Subscription Share, and the Total Subscription Price is HK\$213,828,550.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other things, the financial account of the Company for the year ended 31 December 2018, the historical trading prices of H Shares, the market conditions and the confidence of the Subscriber in the results performance of the Company.

The Subscription Price of HK\$3.25 per Subscription Share represents:

- (1) a premium of approximately 16.49% to the closing price of HK\$2.79 per H Share as quoted on the Hong Kong Stock Exchange on 26 July 2019, being the date of the Subscription Agreement;
- (2) a premium of approximately 20.37% to the average closing price of HK\$2.70 per H Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement; and
- (3) a premium of approximately 18.18% to the average closing price of HK\$2.75 per H Share as quoted on the Hong Kong Stock Exchange for the last 20 consecutive trading days immediately preceding the date of the Subscription Agreement.

After deducting expenses of the Subscription payable by the Company, the net price per Subscription Share will be approximately HK\$3.22.

Accumulated profits

The accumulated undistributed profits of the Company before the issue of the Subscription Shares shall belong to both old and new Shareholders upon the issue of the Subscription Shares in accordance with the Articles of Association and the applicable laws and regulations.

Precedent conditions

Completion is subject to the satisfaction of the following precedent conditions:

- (1) the Listing Committee of the Hong Kong Stock Exchange has approved and permitted the Subscription Shares to be listed and traded on the Hong Kong Stock Exchange (if such listing approval and permission are subject to any condition(s), such condition(s) shall be subject to the written consent from the Subscriber), and such approvals remain in full force at the Completion Date;
- (2) the Company has obtained all necessary approvals, consents, filings and reports from the PRC governmental bodies and regulatory authorities (collectively referred to as the “**Regulatory Approvals**”) for the issue of the Subscription Shares, including but not limited to the approval of the China Securities Regulatory Commission, and the Regulatory Approvals remain in full force at the Completion Date;
- (3) all necessary internal approval procedures in relation to the Subscription have been completed by the Subscriber, and such approvals remain in full force at the Completion Date;
- (4) H Shares of the Company are not delisted, and they are continuously listed on the Hong Kong Stock Exchange prior to the Completion Date (other than any temporary suspension or halt to trading lasting no more than three Business Days for the publication of announcements regarding Subscription Agreement);
- (5) any representations and warrants made by the Company under the Subscription Agreement remain accurate, true, complete and not misleading as at the date of the Subscription Agreement and the Completion Date, and the Company has fully performed all of its obligations which should be performed under the Subscription Agreement on or before the Completion Date;
- (6) the Company and its subsidiaries have no material adverse change since the date of the Subscription Agreement;
- (7) any representations and warrants made by the Subscriber under the Subscription Agreement remain accurate, true, complete and not misleading as at the date of the Subscription Agreement and the Completion Date, and the Subscriber has fully performed all of its obligations which should be performed under the Subscription Agreement on or before the Completion Date;
- (8) the Subscriber and its subsidiaries have no material adverse change since the date of the Subscription Agreement; and
- (9) the Subscription Agreement has not been terminated in accordance with the terms set out therein.

The Company shall use its commercially reasonable endeavors to satisfy the above precedent conditions as soon as possible before the Long Stop Date.

The satisfaction of all precedent conditions shall be notified in writing by the Company to the Subscriber within three Business Days after all the above precedent conditions have been satisfied, and such notice shall specify the Completion Date.

In the event that the precedent conditions are not fulfilled (or waived) by the Long Stop Date, the parties to the Subscription Agreement shall negotiate and discuss satisfaction conditions and a later completion date that both parties may agree in writing. If the parties fail to agree on such later date, any party to the Subscription Agreement has the right to immediately terminate the Subscription Agreement by written notice to the other party.

Payment

Upon the Completion of the Subscription, the Subscriber shall pay the Total Subscription Price to the Company in cash by direct transfer.

Completion

Completion shall take place at the specified date and time as set out in the abovementioned written notice from the Company to the Subscriber, being not earlier than the tenth Business Day after the date when such written notice has been delivered by the Company to the Subscriber, or such other date as may be agreed to in writing between the Company and the Subscriber. In the event that the Company fails to deliver the relevant written notice in accordance with the above, the Subscriber may complete the Subscription on the tenth Business Day after a written notice in relation to the satisfaction of all precedent conditions has been delivered to the Company by the Subscriber.

Ranking of the Subscription Shares

The Subscription Shares, when issued, will rank *pari passu* in all respects among themselves and with other H Shares of the Company issued prior to the Completion Date.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued under the General Mandate. Under the General Mandate, the Company is authorized to issue new H Shares not exceeding 20% of the total number of issued H Shares of the Company as at the date of the 2018 AGM of the Company held on 5 June 2019, being a total of 65,793,400 new H Shares. As at the date of this announcement, no new H Shares have been issued under the General Mandate. The Subscription is therefore not subject to Shareholders' approval.

LISTING APPLICATION

An application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after Completion of the Subscription (assuming that there is no change in the total number of the issued Shares of the Company other than the Subscription Shares from the date of the Subscription Agreement to Completion):

	As at the date of this announcement		Immediately after Completion of the Subscription	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
Domestic Shareholders	337,700,000	50.65%	337,700,000	46.10%
H Shareholders				
– Digital China Group Co., Ltd. ⁽²⁾	158,350,000	23.75%	158,350,000	21.62%
– The Subscriber	–	–	65,793,400	8.98%
– Other public Shareholders	170,617,000	25.60%	170,617,000	23.29%
Total	<u>666,667,000</u>	<u>100.00%</u>	<u>732,460,400</u>	<u>100.00%</u>

Notes:

1. The above number of Shares and percentages have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
2. As at the date of this announcement, Digital China Group Co., Ltd., a Substantial Shareholder of the Company, indirectly holds 158,350,000 H Shares of the Company through Digital China (China) Limited and Digital China (HK) Limited, its wholly-owned subsidiaries.

Upon Completion of the Subscription, the Shares held by the Subscriber will be considered as being held “in public hands” under the Listing Rules.

As at the date of this announcement, based on publicly available information and to the Directors’ knowledge, the Company has maintained a public float ratio of above 25% which satisfies the requirements under Rule 8.08(1) of the Listing Rules. The Company will continue to comply with the public float requirement under Rule 8.08(1) of the Listing Rules during the application process for the issue of the Subscription Shares and after Completion of the Subscription.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company is actively seeking ways to strengthen its capital base and facilitate its strategic business development from time to time. The Directors (including independent non-executive Directors) consider that the Subscription will help the Company optimize its capital structure and improve its net assets to meet the capital needs. As the relevant matters of the Subscription still take time to be implemented and produce the expected benefits, the Company's performance this year will not be significantly impacted.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Subscription will be HK\$213,828,550. After deducting expenses of the Subscription payable by the Company, the net proceeds from the Subscription will be approximately HK\$211,766,049, i.e. the net price per Subscription Share will be approximately HK\$3.22.

The Company intends to utilize the net proceeds from the Subscription for goods procurement and daily operations.

FUND RAISING EXERCISE FOR THE PAST 12 MONTHS

The Company has not conducted any fund raising exercise on any issue of equity securities in the past 12 months preceding the date of this announcement.

INFORMATION ON THE COMPANY AND THE SUBSCRIBER

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.

The Subscriber

Nelson Innovation Limited is a company incorporated in the British Virgin Islands with limited liability on 17 July 2019. It is principally engaged in the investment holding business. As at the date of this announcement, Nelson Innovation Limited is an indirect wholly owned subsidiary of JD.com, Inc. (listed on NASDAQ, stock code: JD). JD.com, Inc. is a leading technology-driven e-commerce company and retail infrastructure service provider in the PRC.

GENERAL

Completion of the Subscription is subject to the fulfilment of a number of conditions. As such, the Subscription may or may not proceed. Further announcement(s) will be issued by the Company as and when appropriate in accordance with the Listing Rules. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“2018 AGM”	the 2018 annual general meeting of the Company held on 5 June 2019 to consider and approve, among other things, the General Mandate
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board”	the board of directors of the Company
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for the transaction of normal banking business
“Company”	Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange
“Completion”	the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the completion date of the Subscription, please refer to the section headed “Completion” in this announcement for the specific agreed terms
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares of the Company, with a nominal value of RMB1.00, which are subscribed for or credited as fully paid in RMB
“General Mandate”	means the general mandate granted to the Board by the Shareholders at the 2018 AGM to allot, issue and deal with additional Domestic Shares and/or H Shares not exceeding 20% of the total number of Domestic Shares and/or H Shares of the Company as at the date of the 2018 AGM

“H Share(s)”	the overseas listed foreign share(s) of the Company, with a par value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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
“Long Stop Date”	The date of the six month after the date of signing of the Subscription Agreement (or such other date as the parties may mutually agree in writing)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share of RMB1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the share of the Company
“Subscriber”	Nelson Innovation Limited
“Subscription”	the subscription for the Subscription Shares by the Subscriber upon the terms and subject to the conditions set out in the Subscription Agreement
“Subscription Agreement”	the share subscription agreement entered into between the Company and the Subscriber on 26 July 2019 (after trading hours)
“Subscription Price”	the Subscription Price of HK\$3.25 per Subscription Share
“Subscription Share(s)”	65,793,400 new H Shares in aggregate to be issued to the Subscriber pursuant to the Subscription Agreement, each H Share is a “Subscription Share”
“Subsidiaries”	has the meaning ascribed to it under the Listing Rules

“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Total Subscription Price”	HK\$213,828,550, being the amount of the Subscription Price multiplied by the number of the Subscription Shares
“%”	per cent

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

Beijing, the PRC
26 July 2019

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. LV Pingbo and Mr. ZHANG Senquan.