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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
2023 FRAMEWORK AGREEMENTS
AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
FINANCIAL SERVICES FRAMEWORK AGREEMENT**

2023 FRAMEWORK AGREEMENTS

Reference is made to the announcement of the Company dated 16 September 2022 in relation to the continuing connected transactions regarding the Existing Framework Agreements entered into between the Company and Zhuhai Huafa.

As the Existing Framework Agreements will expire on 31 December 2022 and the Group intends to continue to carry on the various transactions contemplated under the Existing Framework Agreements upon the said expiry date, the Board announces that on 18 November 2022 (after trading hours), the Company has entered into the following 2023 Framework Agreements with Zhuhai Huafa:

- (1) the 2023 Store Sharing Services Framework Agreement;
- (2) the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement;
- (3) the 2023 Administrative Products Purchase and Sale Framework Agreement;
- (4) the 2023 R&D and Consultancy Services Framework Agreement; and
- (5) the 2023 Customers Referral Services Framework Agreement.

FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board announces that on 18 November 2022 (after trading hours), the Company has entered into the Financial Services Framework Agreement with Huafa Finance Company, pursuant to which, Huafa Finance Company agreed to provide certain financial services to the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huafa Technology Industry Group (and any parties acting in concert with it) and Hong Kong Huafa jointly hold, control or direct approximately 90.76% of the issued shares of the Company and both Huafa Technology Industry Group and Hong Kong Huafa are direct wholly-owned subsidiaries of Zhuhai Huafa. Thus, Zhuhai Huafa is the controlling shareholder and the connected person of the Company. Huafa Finance Company, a subsidiary of Zhuhai Huafa, is also a connected person of the Company. As such, the 2023 Framework Agreements, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the 2023 Framework Agreements, as one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the proposed annual caps for each of the Store Sharing Services, Public Works Engineering Purchase and Sale Services, sale of the Administrative Products, R&D and Consultancy Services and Customers Referral Services under the respective 2023 Framework Agreements is over 0.1% but less than 5%, each of the transactions contemplated under the 2023 Framework Agreements are subject to the reporting and announcement requirements but exempt from circular and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

In respect of the deposit services under the Financial Services Framework Agreement, as one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the proposed annual caps for the deposit services is over 0.1% but less than 5%, the provision of the deposit services by Huafa Finance Company to the Group contemplated under the Financial Services Framework Agreement is subject to the reporting and announcement requirements but exempt from circular and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

In respect of the credit services under the Financial Services Framework Agreement, as the credit services to be provided by Huafa Finance Company to the Group are entered into on normal commercial terms or better and no security over the assets of the Group will be granted in respect of the credit services, the credit services constitute financial assistance to be provided by a connected person for the benefit of the Group under the Listing Rules and can be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

A. 2023 FRAMEWORK AGREEMENTS

Reference is made to the announcement of the Company dated 16 September 2022 in relation to the continuing connected transactions regarding the Existing Framework Agreements entered into between the Company and Zhuhai Huafa (the “**Announcement**”).

As the Existing Framework Agreements will expire on 31 December 2022 and the Group intends to continue to carry on the various transactions contemplated under the Existing Framework Agreements upon the said expiry date, the Board announces that on 18 November 2022 (after trading hours), the Company has entered into the 2023 Framework Agreements with Zhuhai Huafa. The principal terms of each of the 2023 Framework Agreements are as follows:

(1) 2023 Store Sharing Services Framework Agreement

Date: 18 November 2022

Parties: (a) the Company; and
(b) Zhuhai Huafa

Duration: From 1 January 2023 to 31 December 2023

Subject matter: Pursuant to the 2023 Store Sharing Services Framework Agreement, the Group agrees to apply its existing resources at the Stores for Zhuhai Huafa Group to organise sales and promotion activities in accordance with Zhuhai Huafa Group’s requirements at the Stores, including (i) granting to the members of Zhuhai Huafa Group non-exclusive right to use certain space of the Stores for Zhuhai Huafa Group to showcase its products and services to the public and visitors at the Stores; and (ii) providing to the members of Zhuhai Huafa Group staff support, customer services support and office system and other ancillary support services at the Stores (collectively, the “**Store Sharing Services**”).

In consideration of the Store Sharing Services provided by the Group, the relevant members of Zhuhai Huafa Group agree to pay to the Group service fees for the Store Sharing Services.

Individual Store Sharing Services agreements: As the 2023 Store Sharing Services Framework Agreement only sets out the framework of the Store Sharing Services to be provided generally, in respect of the specific services to be provided by the Group, the relevant members of the Group shall enter into individual Store Sharing Services agreements to set out the scope of the Store Sharing Services, service fee charging standard and payment schedule and payment methods, etc. with relevant members of Zhuhai Huafa Group in accordance with the specific service required of each Store and after the fulfilment of the internal procurement and service processes of both parties.

The service scope shall be within that of the Store Sharing Services and the service fees per year shall not be higher than the proposed annual cap under the 2023 Store Sharing Services Framework Agreement. The terms and service fees of the individual Store Sharing Services agreements shall be negotiated and agreed through arm's length negotiations between the relevant members of the Group and the relevant members of Zhuhai Huafa Group. In the event of conflicts between the terms of the individual Store Sharing Services agreements and the 2023 Store Sharing Services Framework Agreement, the terms of the 2023 Store Sharing Services Framework Agreement shall prevail.

Payment terms: The service fees shall be charged within 15 Business Days after the completion of individual service and settled within 15 Business Days upon receipt of the relevant invoice(s). The parties may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

Termination: Either party may terminate the 2023 Store Sharing Services Framework Agreement prior to the expiration of the service period if either of the following occurs: (i) by written consent of the Company and Zhuhai Huafa; (ii) the defaulting party has committed any material breach of the representations, warranties and other terms of the 2023 Store Sharing Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2023 Store Sharing Services Framework Agreement is terminated in accordance with the provisions of law or regulation or in accordance with a judgment, ruling or decision of a court of competent jurisdiction; or (iv) the 2023 Store Sharing Services Framework Agreement and the transactions contemplated hereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2023 Store Sharing Services Framework Agreement, the relevant individual Store Sharing Services agreements shall be terminated accordingly.

Pricing policy: The terms of the individual Store Sharing Services agreements (including the service fees for the Store Sharing Services) shall be determined after arm's length negotiations between the parties, on normal commercial terms and shall be no less favourable to the Company than those terms for the provision of similar or same type of the services offered by the Group to the independent third parties.

The service fees for the Store Sharing Services shall be determined based on appropriate, reasonable and fair methods, taking into account (i) the operational cost of the relevant Store incurred by the Company (including but not limited to, among others, rental costs, management fees, staff costs, material costs and administrative costs); (ii) the location, type, quality and size of the relevant Store; (iii) the scope and standard of the Store Sharing Services to be provided; (iv) the schedule of the Store Sharing Services required; (v) the prevailing market rate of similar services; and (vi) the service fees charged by the Group on other independent third party service recipients in previous similar services provided.

For determining the prevailing market rate of the relevant service fees, the Company shall make reference to the average service quotations from not less than three independent third party service providers for providing such similar services in order to ensure that the terms of the individual Store Sharing Services agreements are fair and reasonable and no less favourable to the Company.

Historical transaction amount:

The historical transaction amount for the Store Sharing Services received by the relevant members of the Group under the Existing Store Sharing Services Framework Agreement for the period from 16 September 2022 to 31 October 2022 is RMB30 million.

Based on the information currently available to the Company's management, the estimated transaction amount for the Store Sharing Services under the Existing Store Sharing Services Framework Agreement for the period from 16 September 2022 to 31 December 2022 will be approximately RMB80 million.

Annual caps:

The proposed annual cap in respect of service fees receivable from the Store Sharing Services to be provided by the relevant members of the Group to the relevant members of Zhuhai Huafa Group under the 2023 Store Sharing Services Framework Agreement from 1 January 2023 to 31 December 2023 shall not exceed RMB120 million.

In considering the proposed service fees annual cap under the 2023 Store Sharing Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amount in respect of the provision of the Store Sharing Services for the period from 16 September 2022 to 31 December 2022 pursuant to the Existing Store Sharing Services Framework Agreement;

- (ii) the anticipated demand of Zhuhai Huafa Group in traditional sales and promotion campaigns at physical venues across different regions of the PRC in 2023 based on the discussions between the Company and Zhuhai Huafa; and
- (iii) the estimated service fees receivable by the Company with reference to (a) the expected gross floor area, human resources and support, and relevant operation costs of the Stores which will be required for the provision of Store Sharing Services by the Group for the year ending 31 December 2023, specific service scope and complexity, schedule of service required, and prevailing market rates; and (b) the expected demand for Store Sharing Services from Zhuhai Huafa Group based on the discussions between the Company and Zhuhai Huafa.

**Reasons
and benefits:**

The Group has over 700 Stores spreading across different regions of the PRC, and certain space and human resources of the Stores have not been fully utilised due to the sluggish retail industry. Leveraging on the expertise and experience of the Company to share certain space at the Stores with business partners for sales activities in return for service fees, the Board is of the view that the resources of the Stores can be utilised in a more efficient way, adding that the showcase of diversified products and services at the Stores has potentially improved the visitors traffic at the Stores, and has potentially increased the number of the public visiting the Stores to purchase the Group's products. In view of the above, the Group intends to continue to supply the Store Sharing Services to Zhuhai Huafa Group in order to enhance the revenue stream of the Company with its existing resources and thus improve its cost efficiency and operational performance.

(2) **2023 Public Works Engineering Purchase and Sale Services Framework Agreement**

Date: 18 November 2022

Parties: (a) the Company; and

(b) Zhuhai Huafa

Duration: From 1 January 2023 to 31 December 2023

Subject matter: Pursuant to the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement, the Group agrees to provide the public works engineering purchase and sale services related to the public construction projects and the supply of the related telecommunication equipment for such projects to Zhuhai Huafa Group, including but not limited to the intelligent projects and public construction equipment, communication signals (corporate lines), fibre-to-the-home and wireless signal coverage projects (collectively, the “**Public Works Engineering Purchase and Sale Services**”).

In consideration of the Public Works Engineering Purchase and Sale Services provided by the Group, the relevant members of Zhuhai Huafa Group agree to pay to the Group the service fees for the Public Works Engineering Purchase and Sale Services.

**Individual
Public Works
Engineering
Purchase and
Sale Services
agreements:**

As the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement only sets out the framework of the Public Works Engineering Purchase and Sale Services to be provided generally, in respect of the specific services to be provided by the Group, the relevant members of the Group shall enter into individual Public Works Engineering Purchase and Sale Services agreements to set out the scope of the Public Works Engineering Purchase and Sale Services, service fee charging standard, payment schedule and payment methods, etc. with relevant members of Zhuhai Huafa Group. The service fees of each individual Public Works Engineering Purchase and Sale Services agreement shall be charged in accordance with the number of projects and the service scope provided for the specific project based on the actual needs of Zhuhai Huafa Group and after the fulfilment of the internal procurement and service processes of both parties.

The service scope shall be within that of the Public Works Engineering Purchase and Sale Services and the service fees per year shall not be higher than the proposed annual cap under the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement. The terms and service fees of the individual Public Works Engineering Purchase and Sale Services agreements shall be negotiated and agreed through arm's length negotiations between the relevant members of the Group and the relevant members of Zhuhai Huafa Group. In the event of conflicts between the terms of the individual Public Works Engineering Purchase and Sale Services agreements and the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement, the terms of the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement shall prevail.

Payment terms: The service fees shall be charged within 15 Business Days after the completion of individual service and settled within 15 Business Days upon receipt of the relevant invoice(s). The parties may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

Termination: Either party may terminate the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement prior to the expiration of the service period if either of the following occurs: (i) by written consent of the Company and Zhuhai Huafa; (ii) the defaulting party has committed any material breach of the representations, warranties and other terms of the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement is terminated in accordance with the provisions of law or regulation or in accordance with a judgment, ruling or decision of a court of competent jurisdiction; or (iv) the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement and the transactions contemplated hereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement, the relevant individual Public Works Engineering Purchase and Sale Services agreements shall be terminated accordingly.

Pricing policy:

The terms of the individual Public Works Engineering Purchase and Sale Services agreements (including the service fees for the Public Works Engineering Purchase and Sale Services) shall be determined after arm's length negotiations between the parties, on normal commercial terms and shall be no less favourable to the Company than those terms for the provision of similar or same type of the services offered by the Group to the independent third parties.

The aforesaid service fees for the Public Works Engineering Purchase and Sale Services shall be determined based on appropriate, reasonable and fair methods, taking into account (i) the estimated sub-contracting costs to be incurred by the relevant members of the Group (including but not limited to, amongst other, the purchase of commodity and construction and installation services) due to the anticipated demand for the relevant public construction projects; (ii) the size of the tender; (iii) the scope and standard of the Public Works Engineering Purchase and Sale Services to be provided; (iv) the schedule of projects; (v) the services fees charged by the Group on other independent third party service recipients in previous similar services provided; and (vi) the prevailing market rate of similar services.

For determining the prevailing market rate of the relevant service fees, the Company shall make reference to the average service quotations from not less than three independent third party service providers for providing such similar services before entering into the individual Public Works Engineering Purchase and Sale Services agreements, in order to ensure that the terms of the individual Public Works Engineering Purchase and Sale Services agreements are fair and reasonable and no less favourable to the Company.

Historical transaction amount:

The historical transaction amount for the Public Works Engineering Purchase and Sale Services received by the relevant members of the Group under the Existing Public Works Engineering Purchase and Sale Services Framework Agreement for the period from 16 September 2022 to 31 October 2022 is RMB27 million.

Based on the information currently available to the Company's management, the estimated transaction amount for the Public Works Engineering Purchase and Sale Services under the Existing Public Works Engineering Purchase and Sale Services Framework Agreement for the period from 16 September 2022 to 31 December 2022 will be approximately RMB30 million.

Annual caps:

The proposed annual cap in respect of service fees receivable from the Public Works Engineering Purchase and Sale Services to be provided by the relevant members of the Group to the relevant members of Zhuhai Huafa Group from 1 January 2023 to 31 December 2023 shall not exceed RMB120 million.

In considering the proposed service fees annual cap under the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amount in respect of the provision of the Public Works Engineering Purchase and Sale Services for the period from 16 September 2022 to 31 December 2022 pursuant to the Existing Public Works Engineering Purchase and Sale Services Framework Agreement;
- (ii) Zhuhai Huafa Group's public construction and real estate development projects on hand and the expected demand in the related telecommunication equipment and services required in 2023 based on the discussions between the Company and Zhuhai Huafa; and
- (iii) estimated service fees receivable by the Company with reference to (a) the expected specific service scope and complexity of the Public Works Engineering Purchase and Sale Services and project schedule based on the procurement plan of Zhuhai Huafa Group; (b) the scope of goods and service which the Company has the capacity and channels to deliver and the relevant contracts in which the Company is likely to secure in the tendering process; and (c) the expected demand for Public Works Engineering Purchase and Sale Services from Zhuhai Huafa Group based on the discussions between the Company and Zhuhai Huafa.

**Reasons
and benefits:**

Zhuhai Huafa has core business sectors including but not limited to urban operations and real estate development. Zhuhai Huafa, through its various subsidiaries, would from time to time successfully tender for urban operation projects and real estate development projects. To fulfill the requirements of such projects, Zhuhai Huafa Group requires to obtain the Public Works Engineering Purchase and Sale Services from time to time.

Considering that the Group has the relevant expertise, personnel and supply channels of the Group in providing the relevant Public Works Engineering Purchase and Sale Services, the Group intends to continue to supply the Public Works Engineering Purchase and Sale Services to Zhuhai Huafa Group pursuant to the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement, in order to bring a stable source of income to the Group and allow the Group to maintain a long-term and stable cooperative relationship with Zhuhai Huafa Group, thereby creating synergy and mutual economic benefits between the Group and Zhuhai Huafa Group.

(3) 2023 Administrative Products Purchase and Sale Framework Agreement

Date: 18 November 2022

Parties: (a) the Company; and

(b) Zhuhai Huafa

Duration: From 1 January 2023 to 31 December 2023

Subject matter: Pursuant to the 2023 Administrative Products Purchase and Sale Framework Agreement, the Group agrees to supply administrative electronic products to Zhuhai Huafa Group for their office and administrative uses, including but not limited to office computers, tablets, e-learning equipment, smart screens, electronic epidemic prevention products (such as electronic sentinels) and other electronic equipment (collectively, the “**Administrative Products**”).

In consideration of the sale of the Administrative Products provided by the Group, the relevant members of Zhuhai Huafa Group agree to pay to the Group the purchase fees for the Administrative Products supplied.

Individual sale of Administrative Products agreements:

As the 2023 Administrative Products Purchase and Sale Framework Agreement only sets out the framework of the sale of Administrative Products generally, in respect of the specific products to be sold by the Group, the relevant members of the Group shall enter into individual sale of Administrative Products agreements to set out the model, type and quantity of Administrative Products, fee charging standard, payment schedule and payment methods, etc. with the relevant members of Zhuhai Huafa Group. The fees of each individual sale of Administrative Products agreement shall be charged in accordance with the specific model, type and quantity of the Administrative Products supplied based on the actual needs of Zhuhai Huafa Group and after the fulfilment of the internal procurement and service processes of both parties.

The scope of the sale of Administrative Products shall be within that of the 2023 Administrative Products Purchase and Sale Framework Agreement and the purchase fees per year shall not be higher than the proposed annual cap under the 2023 Administrative Products Purchase and Sale Framework Agreement. The terms and fees of the individual sale of Administrative Products agreements shall be negotiated and agreed through arm’s length negotiations between the relevant members of the Group and the relevant members of Zhuhai Huafa Group. In the event of conflicts between the terms of the individual sale of Administrative Products agreements and the 2023 Administrative Products Purchase and Sale Framework Agreement, the terms of the 2023 Administrative Products Purchase and Sale Framework Agreements shall prevail.

Payment terms: The fees shall be charged within 15 Business Days after the completion of individual sale of Administrative Products agreements and settled within 15 Business Days upon receipt of the relevant invoice(s). The parties may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

Termination: Either party may terminate the 2023 Administrative Products Purchase and Sale Framework Agreement prior to the expiration of the duration of the aforesaid agreement if either of the following occurs: (i) by written consent of the Company and Zhuhai Huafa; (ii) the defaulting party has committed any material breach of the representations, warranties and other terms of the 2023 Administrative Products Purchase and Sale Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2023 Administrative Products Purchase and Sale Framework Agreement is terminated in accordance with the provisions of law or regulation or in accordance with a judgment, ruling or decision of a court of competent jurisdiction; or (iv) the 2023 Administrative Products Purchase and Sale Framework Agreement and the transactions contemplated hereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2023 Administrative Products Purchase and Sale Framework Agreement, the relevant individual sale of Administrative Products agreements shall be terminated accordingly.

Pricing policy: The terms of the individual sale of Administrative Products agreements (including the purchase fees for the supply of the Administrative Products) shall be determined after arm's length negotiations between the parties, on normal commercial terms and shall be no less favourable to the Company than those terms for the provision of similar or same type of the products offered by the Group to the independent third parties.

The aforesaid purchase fees for the supply of the Administrative Products will be determined based on appropriate, reasonable and fair methods, taking into account (i) the estimated cost of supplying the relevant Administrative Products; (ii) the unit price of each Administrative Products which will be sold by the relevant members of the Group to independent third party customers; (iii) the size of the tender; and (iv) the prevailing market rate of similar goods.

For determining the prevailing market rate of the unit price of the Administrative Products, the Company shall make reference to, (i) if the guided-price of the Administrative Products set by manufacturers or suppliers is available, the guided-price of the Administrative Products applies; or (ii) if no guided-price is available, the average quotations from not less than three independent third party service providers for supplying such identical products before entering into the individual sale of Administrative Products agreements, in order to ensure that the terms of the individual sale of Administrative Products agreements are fair and reasonable and no less favourable to the Company.

Historical transaction amount:

The historical transaction amount for the supply of the Administrative Products received by the relevant members of the Group under the Existing Administrative Products Purchase and Sale Framework Agreement for the period from 16 September 2022 to 31 October 2022 is RMB30 million.

Based on the information currently available to the Company's management, the estimated transaction amount for the supply of the Administrative Products under the Existing Administrative Products Purchase and Sale Framework Agreement for the period from 16 September 2022 to 31 December 2022 will be approximately RMB35 million.

Annual caps:

The proposed annual cap in respect of the fees receivable from the sale of the Administrative Products to be provided by the relevant members of the Group to the relevant members of Zhuhai Huafa Group from 1 January 2023 to 31 December 2023 shall not exceed RMB120 million.

In considering the proposed annual cap under the 2023 Administrative Products Purchase and Sale Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amount in respect of the supply of the Administrative Products for the period from 16 September 2022 to 31 December 2022 pursuant to the Existing Administrative Products Purchase and Sale Framework Agreement;
- (ii) Zhuhai Huafa Group's expected demand in the Administrative Products in 2023 and the need to update and replace outdated Administrative Products based on the discussions between the Company and Zhuhai Huafa; and

- (iii) estimated fees receivable by the Group with reference to (a) the expected demand and the quantity and scope of Administrative Products to be sold to Zhuhai Huafa Group based on the procurement plan of Zhuhai Huafa and the discussions between the Company and Zhuhai Huafa; and (b) the quantity and scope of goods which the Company has the capacity and channels to supply and the relevant contracts in which the Company is likely to secure from Zhuhai Huafa Group in the tendering process.

**Reasons
and benefits:**

The Group has laid solid foundation in the 5G industry, which the Group believes will convert into more sales opportunities. As Zhuhai Huafa is a conglomerate with various subsidiaries having offices located at different places, adding the needs to replace or update office and administrative equipment to improve work efficiency from time to time, Zhuhai Huafa Group requires the supply of Administrative Products from time to time.

Leveraging on the existing expertise, personnel and supply channels in the supply of the Administrative Products, the Group intends to continue to supply the Administrative Products to Zhuhai Huafa Group with an aim to diversify the Group's customer base and enhance the revenue stream of the Group.

(4) 2023 R&D and Consultancy Services Framework Agreement

Date: 18 November 2022

Parties: (a) the Company; and

(b) Zhuhai Huafa

Duration: From 1 January 2023 to 31 December 2023

Subject matter: Pursuant to the 2023 R&D and Consultancy Services Framework Agreement, the Group agrees to provide to Zhuhai Huafa Group (i) R&D and Consultancy Services for the telecommunication retail industry and its upstream and downstream service sectors (for instance, smart residence) and associated service sectors (for instance, consumer finance); and (ii) R&D services relating to the industry information and system (collectively, the “**R&D and Consultancy Services**”).

In consideration of the R&D and Consultancy Services provided by the Group, the relevant members of Zhuhai Huafa Group agree to pay to the Group the service fees for the R&D and Consultancy Services.

**Individual R&D
and Consultancy
Services
agreements:**

As the 2023 R&D and Consultancy Services Framework Agreement only sets out the framework of the R&D and Consultancy Services to be provided generally, in respect of the specific services to be provided by the Group, the relevant members of the Group shall enter into individual R&D and Consultancy Services agreements to set out the scope of the R&D and Consultancy Services, service fee charging standard, payment schedule and payment methods, etc. with the relevant members of Zhuhai Huafa Group. The service fees of each individual R&D and Consultancy Services agreement shall be charged in accordance with the number of projects and the service scope provided for the specific project based on the actual needs of Zhuhai Huafa Group and after the fulfilment of the internal procurement and service processes of both parties.

The service scope shall be within that of the R&D and Consultancy Services and the service fees per year shall not be higher than the proposed annual cap under the 2023 R&D and Consultancy Services Framework Agreement. The terms and service fees of the individual R&D and Consultancy Services agreements shall be negotiated and agreed through arm’s length negotiations between the relevant members of the Group and the relevant members of Zhuhai Huafa Group. In the event of conflicts between the terms of the individual R&D and Consultancy Services agreements and the 2023 R&D and Consultancy Services Framework Agreement, the terms of the 2023 R&D and Consultancy Services Framework Agreement shall prevail.

Payment terms: The service fees shall be charged within 15 Business Days after the completion of individual service and settled within 15 Business Days upon receipt of the relevant invoice(s). The parties may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

Termination: Either party may terminate the 2023 R&D and Consultancy Services Framework Agreement prior to the expiration of the service period if either of the following occurs: (i) by written consent of the Company and Zhuhai Huafa; (ii) the defaulting party has committed any material breach of the representations, warranties and other terms of the 2023 R&D and Consultancy Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2023 R&D and Consultancy Services Framework Agreement is terminated in accordance with the provisions of law or regulation or in accordance with a judgment, ruling or decision of a court of competent jurisdiction; or (iv) the 2023 R&D and Consultancy Services Framework Agreement and the transactions contemplated hereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2023 R&D and Consultancy Services Framework Agreement, the relevant individual R&D and Consultancy Services agreements shall be terminated accordingly.

Pricing policy: The terms of the individual R&D and Consultancy Services agreements (including the service fees for the R&D and Consultancy Services) shall be determined after arm's length negotiations between the parties, on normal commercial terms and shall be no less favourable to the Company than those terms for the provision of similar or same type of the services offered by the Group to the independent third parties.

The aforesaid service fees for the R&D and Consultancy Services will be determined based on appropriate, reasonable and fair methods, and the following pricing policy shall be adopted in order to ensure that the terms of the individual R&D and Consultancy Services agreements are fair and reasonable and no less favourable to the Company than those available by the Group to the independent third parties.

The Company shall make reference to the service fees charged by the relevant members of the Group to the independent third parties for the provision of similar services; and where such information is not available, the relevant members of the Group and Zhuhai Huafa Group shall make reference to the average service quotations from not less than three independent third party service providers for providing such similar services.

Historical transaction amount:

The historical transaction amount for the R&D and Consultancy Services received by the relevant members of the Group under the Existing R&D and Consultancy Services Framework Agreement for the period from 16 September 2022 to 31 October 2022 is RMB5 million.

Based on the information currently available to the Company's management, the estimated transaction amount for the R&D and Consultancy Services under the Existing R&D and Consultancy Services Framework Agreement for the period from 16 September 2022 to 31 December 2022 will be approximately RMB5 million.

Annual caps:

The proposed annual cap in respect of service fees receivable from the R&D and Consultancy Services to be provided by the relevant members of the Group to the relevant members of Zhuhai Huafa Group from 1 January 2023 to 31 December 2023 shall not exceed RMB60 million.

In considering the proposed service fees annual cap under the 2023 R&D and Consultancy Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amount in respect of the provision of the R&D and Consultancy Services for the period from 16 September 2022 to 31 December 2022 pursuant to the Existing R&D and Consultancy Services Framework Agreement;
- (ii) Zhuhai Huafa Group's expected demand in the R&D and Consultancy Services in 2023 based on the discussions between the Company and Zhuhai Huafa which is expected to be higher than the demand in the R&D and Consultancy Services for the period from 16 September 2022 to 31 December 2022. As the duration of the 2023 R&D and Consultancy Services Framework Agreement is longer than that of the Existing R&D and Consultancy Services Framework Agreement, the Group expects to undertake more complex R&D and Consultancy Services Projects which will enable the Group to derive more revenue in such services; and
- (iii) estimated service fees receivable by the Company with reference to (a) the estimated number, size, indicative scope and complexity of the R&D and Consultancy Services in relation to each of the consultancy project or system R&D based on the discussion between Company and Zhuhai Huafa; and (b) the prevailing and projected market rate of the provision for similar R&D and Consultancy Services to the corporate clients in the open market.

**Reasons
and benefits:**

The Group has carried on the sale of mobile telecommunication devices and the provision of related services since 2001 and is one of the leading mobile telecommunication chain Stores in the PRC. With the expertise and experience of the Group in the sale of telecommunication products industry and long-term collaboration relationships with mobile carriers accumulated in the past, the Group has the relevant expertise, personnel and supply channels in providing the relevant R&D and Consultancy Services. Zhuhai Huafa has core business sectors including the financial industry and industrial investment and therefore its subsidiaries which engage in the financial industry and industrial development from time to time require statistical data, research reports and feasibility studies for them to assess the development, market trends and feasibility and merits of potential investment projects of various industries. Value chain of the telecommunication products industry is one of the industries which Zhuhai Huafa may need to study.

In view of the above, the Group intends to continue to provide the R&D and Consultancy Services to Zhuhai Huafa Group pursuant to the 2023 R&D and Consultancy Services Framework Agreement in order to leverage its existing experience and expertise to expand its scope of business offerings and enhance the revenue stream.

(5) **2023 Customers Referral Services Framework Agreement**

Date: 18 November 2022

Parties: (a) the Company; and

(b) Zhuhai Huafa

Duration: From 1 January 2023 to 31 December 2023

Subject matter: Pursuant to the 2023 Customers Referral Services Framework Agreement, the Group agrees to refer existing customers of the Group to Zhuhai Huafa Group by identifying and targeting existing customers of the Group and distributing to the Group's existing customers with physical or digital membership cards, entitlement cards, consumption coupons, etc., whereby the holders of the aforesaid cards or coupons are entitled to receive promotional materials from Zhuhai Huafa Group and enjoy discounts for services or products provided by Zhuhai Huafa Group (collectively, the "**Customers Referral Services**").

In consideration of the Customers Referral Services provided by the Group, the relevant members of Zhuhai Huafa Group agree to pay to the Group the service fees for the Customers Referral Services.

**Individual
Customers
Referral Services
agreements:**

As the 2023 Customers Referral Services Framework Agreement only sets out the framework of the Customers Referral Services to be provided generally, in respect of the specific services to be provided by the Group, the relevant members of the Group shall enter into individual Customers Referral Services agreements to set out the scope of the Customers Referral Services, service fee charging standard and payment methods, etc. with relevant members of Zhuhai Huafa Group in accordance with the specific service required for each project and after the fulfilment of the internal procurement and service processes of both parties.

The service scope shall be within that of the Customers Referral Services and the service fees per year shall not be higher than the annual cap under the 2023 Customers Referral Services Framework Agreement. The terms and service fees of the individual Customers Referral Services agreements shall be negotiated and agreed through arm's length negotiations between the relevant members of the Group and the relevant members of Zhuhai Huafa Group. In the event of conflicts between the terms of the individual Customers Referral Services agreements and the 2023 Customers Referral Services Framework Agreement, the terms of 2023 Customers Referral Services Framework Agreement shall prevail.

Payment terms: The service fees shall be charged within 15 Business Days after the completion of individual service and settled within 15 Business Days upon receipt of the relevant invoice(s). The parties may subsequently adopt any other payment terms by mutual agreement, but in any event, such other payment terms shall be no less favourable to the Company than those offered by the Company to any independent third parties.

Termination: Either party may terminate the 2023 Customers Referral Services Framework Agreement prior to the expiration of the service period if either of the following occurs: (i) by written consent of the Company and Zhuhai Huafa; (ii) the defaulting party has committed any material breach of the representations, warranties and other terms of the 2023 Customers Referral Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2023 Customers Referral Services Framework Agreement is terminated in accordance with the provisions of law or regulation or in accordance with a judgment, ruling or decision of a court of competent jurisdiction; or (iv) the 2023 Customers Referral Services Framework Agreement and the transactions contemplated hereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2023 Customers Referral Services Framework Agreement, the relevant individual Customers Referral Services agreements shall be terminated accordingly.

Pricing policy: The service fees for the Customers Referral Services shall be charged on the relevant members of Zhuhai Huafa Group at a fixed fee or at a percentage of transaction fee for each customer or order successfully referred by the Group to Zhuhai Huafa Group through various online and offline sales channels of the Group. The service fees for the Customers Referral Services for the individual Customers Referral Services agreements shall be determined by reference to the average service quotations from not less than three independent third party service providers for providing such similar services in order to ensure that the terms of the individual Customers Referral Services agreements are fair and reasonable and no less favourable to the Company. The service fees for the Customers Referral Services for the individual Customers Referral Services agreements shall also be determined after arm's length negotiations having taking into account (i) the prevailing market rate of similar services; (ii) the market practice of similar type of Customers Referral Services; (iii) the nature and value of the referred transaction or customer; (iv) the service fee charging standard by the Group on other independent third party service recipients in previous similar services provided; and where such information is not available, the Group shall make reference to the average service quotations from not less than three independent third party service providers for providing such similar services; and; (v) the scope and standard of the Customers Referral Services to be provided.

Historical transaction amount:

There is no historical transaction amount for the Customers Referral Services received by the relevant members of the Group under the Existing Customers Referral Services Framework Agreement for the period from 16 September 2022 to 31 October 2022.

Based on the information currently available to the Company's management, the estimated transaction amount for the Customers Referral Services under the Existing Customers Referral Services Framework Agreement for the period from 16 September 2022 to 31 December 2022 will be approximately RMB95 million. Since the transactions for the Customers Referral Services primarily take place in the last two months of the year, particularly on the online and offline shopping day in November (Double 11 shopping event), the transaction amount for the Existing Customers Referral Services Framework Agreement concentrates in the last two months of the year.

Annual caps:

The proposed annual cap in respect of service fees receivable from the Customers Referral Services to be provided by the relevant members of the Group to the relevant members of Zhuhai Huafa Group from 1 January 2023 to 31 December 2023 shall not exceed RMB120 million.

In considering the proposed service fees annual cap under the 2023 Customers Referral Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amount in respect of the provision of the Customers Referral Services for the period from 16 September 2022 to 31 December 2022 pursuant to the Existing Customers Referral Services Framework Agreement; and
- (ii) the estimated service fees receivable by the Company with reference to (a) the number of existing customers maintained by the Group at various sales channels including both online and offline channels; (b) the estimated percentage of existing online and offline customers whom the Group may successfully refer to Zhuhai Huafa Group through both online and offline channels; and (c) the expected demand for Customers Referral Services from Zhuhai Huafa Group based on discussions between the Company and Zhuhai Huafa.

**Reasons
and benefits:**

The Group has a broad and high-quality existing customer base from both online and offline sales channels. The Group's "omni-channel fulfillment" cooperation model with mainstream e-commerce platforms has become a model of online and offline cooperation in the industry. The Group has accumulated prior experience in referring its existing customers to cooperating telecommunication business partners in return for customers referral service fees. With such previous experience in customers referral and the broad customer base which the Group enjoys, coupled with the huge customer database maintained by the Group which includes the customers' age group, region of residence, purchase preferences and occupation etc., the Group is able to refer customers of the Group to various Zhuhai Huafa Group's subsidiaries based on the service and product types supplied by the relevant subsidiary and the Group's existing customers' preferences.

In view of the above, the renewal of the Customers Referral Services pursuant to 2023 Customers Referral Services Framework Agreement will provide an opportunity for the Company to continue to leverage its existing broad and high-quality customer base with Zhuhai Huafa Group by fully utilizing its current resources and clientele to generate additional income for the benefit of the Group and the Shareholders as a whole.

INTERNAL CONTROL MEASURES FOR THE 2023 FRAMEWORK AGREEMENTS

The Group will adopt internal control procedures and corporate governance measures in relation to the transactions contemplated under the 2023 Framework Agreements:

- (i) before entering into any individual agreements under the 2023 Framework Agreements, the market research department of the relevant members of the Group will be responsible for obtaining the guided-price of the relevant products or services (if any), and if no guided-price is available, obtaining quotations from at least three independent third party service providers for the sale of similar products and/or providing similar services (as the case may be) in order to ensure that the terms of the tendering documents which the Company intends to submit (if tendering process is required before individual agreements are entered) and the terms of the individual agreements under the 2023 Framework Agreements are fair and reasonable and no less favourable to the Company, or no more favourable to Zhuhai Huafa, than those offered by the Group to the independent third parties;
- (ii) the finance department of the relevant members of the Group is responsible for monitoring the fees for respective transactions contemplated under each of the individual agreements under the 2023 Framework Agreements to ensure that they are in accordance with the relevant 2023 Framework Agreements and the proposed annual caps are not exceeded. In addition, the finance department of the Company will also conduct overall review on a monthly basis. Where the finance department of the relevant members of the Group is aware of any potential non-compliance with the pricing policies or that the proposed annual caps will be exceeded, the finance department of the relevant members of the Group will escalate the matter to the senior management of the Company who will co-ordinate at the Group level to take remedial actions and ensure the basis of proposed annual caps are followed and are not exceeded;
- (iii) the senior management of the relevant members of the Group will review the draft individual agreements under the 2023 Framework Agreements and will escalate the matter to the legal department of the Company if the senior management of the relevant members of the Group is of the opinion that there is any non-compliance issue. The legal department of the Company would further review the draft individual agreements and take appropriate recommendations to ensure that such transactions are conducted within the terms of the 2023 Framework Agreements, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. After an individual agreement is approved by the legal department of the Company, the general manager or the deputy general manager of the relevant members of the Group will be responsible for monitoring individual agreements and reviewing and approving any decision required by the operation of the transactions contemplated under the 2023 Framework Agreements; and
- (iv) the independent non-executive Directors and auditors of the Company will conduct annual review on the transactions contemplated under the 2023 Framework Agreements and provide their view to the Board.

By implementing the above measures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control and procedures to ensure that any fees to be agreed pursuant to the 2023 Framework Agreements will be on normal commercial terms and no less favourable to the Group than those available from independent third parties.

B. FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board announces that on 18 November 2022 (after trading hours), the Company has entered into the Financial Services Framework Agreement with Huafa Finance Company, pursuant to which, Huafa Finance Company agreed to provide financial services to the Group.

The principal terms of the Financial Services Framework Agreement are set out as follows:

Date:	18 November 2022
Parties:	(a) the Company; and (b) Huafa Finance Company
Duration:	From 18 November 2022 to 31 December 2023
Subject matter:	Huafa Finance Company agrees to provide the following financial services to the Group pursuant to the terms and conditions of the Financial Services Framework Agreement:

- (i) the deposit services: provision of deposit services to the Group according to the requirements of the Group and formulation of optimal deposit portfolio for the Group, which include current deposit, time deposit, call deposit and agreement deposit.

The Group's daily maximum outstanding balance (including accrued interests) in Huafa Finance Company shall be RMB120 million.

- (ii) the credit services: provision of credit services to the Group according to the operation and development needs of the Group, which include but not limited to working capital loans, bill acceptance and trade financing, etc.

The credit services shall be provided by Huafa Finance Company to the Group in accordance with normal commercial terms or better. No security over the assets, security over the rights or other guarantees of the Group shall be provided for the loans. None of the Group's deposit to be placed with Huafa Finance Company shall be used as the pledge to the credit services provided by Huafa Finance Company.

The highest comprehensive credit limit of the Group that may be applied on a revolving basis shall be RMB3 billion.

The financial services received by the Group from Huafa Finance Company pursuant to the Financial Services Framework Agreement is on a non-exclusive basis, and the Group is entitled to select other financial institutions to provide the financial services at its sole discretion.

Pricing policy:

In respect of the deposit services, the deposit interest rate provided by Huafa Finance Company to the Group shall be determined by the parties after arm's length negotiations with reference to the interest rate provided by general commercial banks within the PRC for the deposits of the same type and term, but not lower than the benchmark interest rate in the same period promulgated by the PBOC for deposits of the same type and term.

In respect of the credit services, the loan interest rate granted by Huafa Finance Company to the Group is determined by the parties after arm's length negotiations, but shall not be higher than the interest rate provided by general commercial banks within PRC for the loan with the same type and term.

Annual caps:

Deposit services

The proposed caps in respect of the daily maximum outstanding balance of the deposits placed by the Group with Huafa Finance Company (including any accrued interest thereon) in Huafa Finance Company for the period from 18 November 2022 to 31 December 2022 and for the year ending 31 December 2023 are respectively as follows:

	For the period from 18 November 2022 to 31 December 2022 (RMB millions)	For the year ending 31 December 2023 (RMB millions)
Daily maximum outstanding balance of the deposits (including any accrued interest)	120	120

In arriving at the proposed caps for the provision of deposit services during the term of the Financial Services Framework Agreement, the Directors have considered the following:

- (i) the historical daily maximum outstanding deposit balance (including any accrued interest) that were maintained by the Group at its principal banks and the average daily maximum outstanding deposit balance of the Group at its principal banks as at the end of each calendar month commencing from 30 June 2021 to 30 June 2022; and
- (ii) the operating cash flow, financial and capital management requirements for the Group's working capital requirements, operation needs and business expansion in the future.

Credit services

Before entering into the Financial Services Agreement, the Group has entered into a credit agreement with Huafa Finance Company in respect of credit services. As the above credit services provided by Huafa Finance Company to the Group have been entered into on normal commercial terms or better and no security over the assets of the Group has been granted in respect of the credit services, the above credit services have been exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to the Rule 14A.90 of the Listing Rules. Save as disclosed above, before entering into the Financial Services Agreement, the Group did not conduct any transactions with Huafa Finance Company in respect of other financial services.

As the credit services to be provided by Huafa Finance Company to the Group under the Financial Services Agreement are entered into on normal commercial terms or better and no security over the assets of the Group will be granted in respect of the credit services, the credit services can be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to the Rule 14A.90 of the Listing Rules. The Group's highest comprehensive credit limit that may be applied on a revolving basis for the period from 18 November 2022 to 31 December 2023 shall be RMB3 billion. The actual credit limit that may be granted to the Group shall be subject to the approval process by Huafa Finance Company.

Reasons and benefits:

Huafa Finance Company is a non-bank financial institution regulated by CBIRC and is authorized to provide various financial services. The principal reasons for and the benefits of entering into the Financial Services Framework Agreement are as follows:

- (i) the Group can use Huafa Finance Company as a medium to facilitate more efficient deployment of funds among the Company's subsidiaries;
- (ii) the financial services promote capital liquidity within the Group, enhance the overall capital management and control of the Group, help monitor financial risks and allow for quick and accurate monitoring and regulation of the use of the Group's funds;
- (iii) the deposit service forms part of the Group's treasury activities to further support its operational and treasury needs, which helps improve the Group's efficiency of its cash management and working capital position;
- (iv) unlike the credit services provided by some other financial institutions, the credit services offered by Huafa Finance Company do not require the Group to provide any security over the assets, security over the rights or other guarantees of the Group for the loans;
- (v) the interest rates of the deposit services and the credit services offered by Huafa Finance Company to the Group will be equal to or more favourable, on a case by case basis, than those offered to the Group by independent third parties;
- (vi) the Group is expected to benefit from Huafa Finance Company's better understanding of the Group's operations which should render more expedient and efficient financial services than other commercial banks and financial institutions in the PRC;
- (vii) the Financial Services Agreement will not preclude the Group from using the financial services offered by other financial institutions which the Group has discretion in choosing as it thinks fit and appropriate in the interests of the Company and its Shareholders as a whole. When required, the Group will solicit for quotations from commercial banks and/or other financial institutions in respect of similar transactions for comparison and consideration; and
- (viii) Huafa Finance Company is regulated by CBIRC, and it provides financial services in accordance with and in compliance with the rules and operational requirements of CBIRC. In addition, capital risk can be prevented through the implementation of the risk control measures as stipulated in the Financial Services Framework Agreement.

INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

In respect of the deposit services, the Company has adopted the following internal control and monitoring procedures:

- (i) before entering into any deposit arrangements with Huafa Finance Company, the Company will negotiate with Huafa Finance Company on an arm's length basis in respect of the deposit interest rate of the deposit services, and ensure that such interest rate is determined: (1) by reference to and is not lower than the benchmark interest rate then published by the PBOC for deposits of same term and same type and, in case of any change in the benchmark deposit interest rate, the deposit interest rate to be payable by Huafa Finance Company shall be determined by reference to and not lower than such benchmark deposit interest rate; and (2) by reference to the average deposit interest rate offered by at least four other independent domestic commercial banks in the PRC for deposit services of the same term and same type on normal commercial terms. As such, the Company will be able to ensure the deposit interest rate of the deposit services will not be less favourable than that published by the PBOC and the average deposit interest rate offered by four other independent domestic commercial banks in the PRC;
- (ii) the finance department of the Company will monitor the deposit services on a daily basis to ensure the proposed annual cap will not be exceeded;
- (iii) the finance department of the Company will report to the management of the Company, giving an update of the deposit arrangements entered into with Huafa Finance Company on a monthly basis;
- (iv) Huafa Finance Company has agreed to provide data to assist the Company to monitor the daily deposit balance cap when necessary;
- (v) the Directors (including the independent non-executive Directors) will review the transactions contemplated under the Financial Services Framework Agreement and its proposed annual caps each year, to ensure that the transactions contemplated under the Financial Services Framework Agreement are conducted within the terms of the Financial Services Framework Agreement, in the ordinary and usual course of business of the Company, on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (vi) the auditor of the Company will perform annual reviews on the pricing and annual caps of such transactions.

In respect of the credit services, the Company has adopted the following internal control procedure, which include, among others, the Company will utilize a certain period of time before receiving the financing to locate at least four independent domestic commercial banks in the PRC, inquire about the financing costs, undergo a comprehensive comparison according to the preferential conditions, interest rates and financing procedures given by each independent domestic commercial bank in the PRC in the negotiation process to determine the optimal choice to ensure that the credit services offered by Huafa Finance Company to the Group are on normal commercial terms or better and no security over the Group's assets.

By implementing the above measures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control and procedures to ensure that deposit services will be conducted on normal commercial terms, fair and reasonable and no less favourable to the Group than those available from independent third parties, and the credit services will be conducted on normal commercial terms or better without security over the Group's assets.

CAPITAL RISK CONTROL MEASURES

- (i) Huafa Finance Company will ensure the safe operation of the funds management information system, all of which has passed the security test in respect of the interface of online banking of commercial banks, so as to ensure the security of the funds of the Group;
- (ii) Huafa Finance Company will ensure that it operates in strict compliance with the risk monitoring indicators for financial institutions promulgated by the CBIRC and that its major regulatory indicators, such as capital adequacy ratio, interbank borrowing ratio and liquidity ratio, will also comply with the requirements of the CBIRC;
- (iii) Zhuhai Huafa has undertaken to the CBIRC that, in the event that Huafa Finance Company is in urgent difficulty in making payment, Zhuhai Huafa will increase capital funding accordingly based on the actual need to solve such problem; and
- (iv) The capital balance of the Group exceeding the daily maximum deposit at Huafa Finance Company will be deposited into one or more commercial banks in the PRC as deposits.

INFORMATION ON THE PARTIES

The Company is a joint stock limited company incorporated in the PRC on 31 May 2001. The principal business activity of the Group is the sale of mobile telecommunications devices and accessories and the provision of related services.

Zhuhai Huafa is a state-owned conglomerate based in Zhuhai and is owned by the State-owned Asset Supervision and Administration Commission of Zhuhai Municipal People's Government* (珠海市人民政府國有資產監督管理委員會) and Department of Finance of Guangdong Province (廣東省財政廳) as to 93.51% and 6.49%, respectively. Zhuhai Huafa, through its subsidiaries, is principally engaged in four core business sectors of urban operations, real estate development, financial industry, and industrial investment, as well as two comprehensive supplementary businesses commerce and trade services and modern services.

Huafa Finance Company is a limited liability company established in the PRC and a subsidiary of Zhuhai Huafa. Huafa Finance Company is a non-bank financial institution regulated by CBIRC, and the scope of its operations mainly includes the handling of deposits, loans, settlements and other related businesses, as well as the provision of consulting and agency business such as financial and financing consulting and credit verification services, etc. The ultimate beneficial owner of Huafa Finance Company is Zhuhai Huafa.

LISTING RULES IMPLICATION

As at the date of this announcement, Huafa Technology Industry Group (and any parties acting in concert with it) and Hong Kong Huafa jointly hold, control or direct approximately 90.76% of the issued shares of the Company and both Huafa Technology Industry Group and Hong Kong Huafa are direct wholly-owned subsidiaries of Zhuhai Huafa. Thus, Zhuhai Huafa is the controlling shareholder and the connected person of the Company. Huafa Finance Company, a subsidiary of Zhuhai Huafa, is also a connected person of the Company. As such, the 2023 Framework Agreements, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the 2023 Framework Agreements, as one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the proposed annual caps for each of the Store Sharing Services, Public Works Engineering Purchase and Sale Services, sale of the Administrative Products, R&D and Consultancy Services and Customers Referral Services under the respective 2023 Framework Agreements is over 0.1% but less than 5%, each of the transactions contemplated under the 2023 Framework Agreements are subject to the reporting and announcement requirements but exempt from circular and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

In respect of the deposit services under the Financial Services Framework Agreement, as one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the proposed annual caps for the deposit services is over 0.1% but less than 5%, the provision of the deposit services by Huafa Finance Company to the Group contemplated under the Financial Services Framework Agreement is subject to the reporting and announcement requirements but exempt from circular and the independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

In respect of the credit services under the Financial Services Framework Agreement, as the credit services to be provided by Huafa Finance Company to the Group are entered into on normal commercial terms or better and no security over the assets of the Group will be granted in respect of the credit services, the credit services constitute financial assistance to be provided by a connected person for the benefit of the Group under the Listing Rules and can be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

GENERAL INFORMATION

Each of the Directors, namely Ms. Xu Jili, Ms. Xu Liping, Mr. Xie Hui, Mr. Jia Zhaojie and Ms. Pan Anran holds positions in Zhuhai Huafa and/or its subsidiaries, and Mr. Liu Donghai, a Director, shall act in accordance with the will of Huafa Technology Industry Group pursuant to a concert party agreement dated 29 January 2021, and therefore the above Directors are deemed to be materially interested in the 2023 Framework Agreements and the Financial Services Framework Agreement, and they have abstained from voting at the Board meeting for approving the transactions contemplated under the 2023 Framework Agreements and the Financial Services Framework Agreement (including the proposed annual caps). Save as disclosed above, none of the Directors has any material interest in the 2023 Framework

Agreements and the Financial Services Framework Agreement, which require them to abstain from voting at the Board meeting for approving the transactions contemplated under the 2023 Framework Agreements and the Financial Services Framework Agreement (including the proposed annual caps).

Taking into account of the relevant pricing policies, the basis for determining the proposed annual caps, the reasons for and benefits of entering into the 2023 Framework Agreements and the Financial Services Framework Agreement, the Company's internal control procedures and corporate governance as well as the capital risk control measures, the Directors (including the independent non-executive Directors) are of the view that the 2023 Framework Agreements and the Financial Services Framework Agreement (including the proposed annual caps) are entered into in the ordinary and usual course of business of the Group on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“2023 Administrative Products Purchase and Sale Framework Agreement”	the agreement for the sale of the Administrative Products dated 18 November 2022 and entered into between the Company and Zhuhai Huafa
“2023 Customers Referral Services Framework Agreement”	the agreement for the provision of the Customers Referral Services dated 18 November 2022 and entered into between the Company and Zhuhai Huafa
“2023 Framework Agreements”	collectively, the 2023 Store Sharing Services Framework Agreement, the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement, the 2023 Administrative Products Purchase and Sale Framework Agreement, the 2023 R&D and Consultancy Services Framework Agreement and the 2023 Customers Referral Services Framework Agreement
“2023 Public Works Engineering Purchase and Sale Services Framework Agreement”	the agreement for the provision of the Public Works Engineering Purchase and Sale Services dated 18 November 2022 and entered into between the Company and Zhuhai Huafa
“2023 R&D and Consultancy Services Framework Agreement”	the agreement for the provision of the R&D and Consultancy Services dated 18 November 2022 and entered into between the Company and Zhuhai Huafa
“2023 Store Sharing Services Framework Agreement”	the agreement for the provision of the Store Sharing Services dated 18 November 2022 and entered into between the Company and Zhuhai Huafa

“Administrative Products”	the administrative equipment to be sold by the Group to Zhuhai Huafa Group under the 2023 Administrative Products Purchase and Sale Framework Agreement as more particularly described in this announcement, or (as the case maybe) the administrative equipment sold by the Group to Zhuhai Huafa Group under the Existing Administrative Products Purchase and Sale Framework Agreement as more particularly described in the Announcement
“Announcement”	the announcement of the Company dated 16 September 2022 in relation to the continuing connected transactions regarding the Existing Framework Agreements entered into between the Company and Zhuhai Huafa
“Board”	the board of Directors
“Business Day(s)”	any day(s) falling within Monday to Friday inclusive but excluding any statutory holiday for all PRC citizens under PRC law, subject to PRC authority’s decision to swap between a working day (i.e. a day falling within Monday to Friday both inclusive) and a rest day (i.e. Saturday or Sunday), in which case the authority’s decision shall be conclusive
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Company”	Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Stock Exchange under stock code of 6188
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Customers Referral Services”	the services to be provided by the Group to Zhuhai Huafa Group under the 2023 Customers Referral Services Framework Agreement as more particularly described in this announcement, or (as the case maybe) the services provided by the Group to Zhuhai Huafa Group under the Existing Customers Referral Services Framework Agreement as more particularly described in the Announcement
“Directors”	the directors of the Company
“Existing Administrative Products Purchase and Sale Framework Agreement”	the agreement for the sale of the Administrative Products dated 16 September 2022 and entered into between the Company and Zhuhai Huafa

“Existing Customers Referral Services Framework Agreement”	the agreement for the provision of the Customers Referral Services dated 16 September 2022 and entered into between the Company and Zhuhai Huafa
“Existing Framework Agreements”	collectively, the Existing Store Sharing Services Framework Agreement, the Existing Public Works Engineering Purchase and Sale Services Framework Agreement, the Existing Administrative Products Purchase and Sale Framework Agreement, the Existing R&D and Consultancy Services Framework Agreement and the Existing Customers Referral Services Framework Agreement
“Existing Public Works Engineering Purchase and Sale Services Framework Agreement”	the agreement for the provision of the Public Works Engineering Purchase and Sale Services dated 16 September 2022 and entered into between the Company and Zhuhai Huafa
“Existing R&D and Consultancy Services Framework Agreement”	the agreement for the provision of the R&D and Consultancy Services dated 16 September 2022 and entered into between the Company and Zhuhai Huafa
“Existing Store Sharing Services Framework Agreement”	the agreement for the provision of the Store Sharing Services dated 16 September 2022 and entered into between the Company and Zhuhai Huafa
“Finance Services Framework Agreement”	the agreement for the provision of the deposit services and the credit services dated 18 November 2022 and entered into between the Company and Huafa Finance Company
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	the ordinary share(s) of the Company, with a par value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Huafa”	Hong Kong Huafa Investment Holdings Limited* (香港華發投資控股有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“Huafa Finance Company”	Zhuhai Huafa Group Finance Co., Ltd.* (珠海華發集團財務有限公司), a limited liability company established in the PRC and a subsidiary of Zhuhai Huafa

“Huafa Technology Industry Group”	Huafa Technology Industry Group Co., Ltd. (華發科技產業集團有限公司) (formerly known as Zhuhai Huafa Industrial Investment Holding Co., Ltd.* (珠海華發實體產業投資控股有限公司)), a limited liability company established in the PRC and a controlling shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	The People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Public Works Engineering Purchase and Sale Services”	the services to be provided by the Group to Zhuhai Huafa Group under the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement as more particularly described in this announcement, or (as the case maybe) the services provided by the Group to Zhuhai Huafa Group under the Existing Public Works Engineering Purchase and Sale Services Framework Agreement as more particularly described in the Announcement
“R&D”	research and development
“R&D and Consultancy Services”	the services to be provided by the Group to Zhuhai Huafa Group under the 2023 R&D and Consultancy Services Framework Agreement as more particularly described in this announcement, or (as the case maybe) the services provided by the Group to Zhuhai Huafa Group under the Existing R&D and Consultancy Services Framework Agreement as more particularly described in the Announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Store Sharing Services”	the services to be provided by the Group to Zhuhai Huafa Group under the 2023 Store Sharing Services Framework Agreement as more particularly described in this announcement, or (as the case maybe) the services provided by the Group to Zhuhai Huafa Group under the Existing Store Sharing Services Framework Agreement as more particularly described in the Announcement

“Stores”	the retail stores operated by the Group, including the Group’s self-operated stores, franchised-stores and other third-party retailers cooperated with the Group
“Zhuhai Huafa”	Zhuhai Huafa Group Company Limited (珠海華發集團有限公司), a state-owned enterprise owned by the State-owned Asset Supervision and Administration Commission of Zhuhai Municipal People’s Government* (珠海市人民政府國有資產監督管理委員會) and Department of Finance of Guangdong (廣東省財政廳) as to 93.51% and 6.49%, respectively, and a controlling shareholder of both Huafa Technology Industry Group and Hong Kong Huafa
“Zhuhai Huafa Group”	Zhuhai Huafa, its subsidiaries and its associates from time to time, for the purpose of this announcement, excluding the Group

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the H Shares of the Company has been suspended with effect from 9:00 a.m. on 4 June 2021 and will remain suspended until further notice. Further announcement(s) will be made by the Company regarding the restoration of the public float as and when appropriate pursuant to the Listing Rules.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
Beijing Digital Telecom Co., Ltd.
XU Jili
Chairwoman

Beijing, the PRC
18 November 2022

As at the date of this announcement, the executive Directors are Ms. XU Jili, Ms. XU Liping and Mr. LIU Donghai; the non-executive Directors are Mr. XIE Hui, Mr. JIA Zhaojie and Ms. PAN Anran; and the independent non-executive Directors are Mr. LV Tingjie, Mr. LV Pingbo and Mr. CAI Chun Fai.

* For identification purpose only