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北京迪信通商貿股份有限公司

Beijing Digital Telecom Co., Ltd.

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

(Stock Code: 6188)

**CONNECTED TRANSACTION
DISPOSAL OF 25% OF THE EQUITY INTERESTS IN
SHANGHAI SUBSIDIARIES**

EQUITY TRANSFER AGREEMENTS

The Board is pleased to announce that on 15 July 2019, the Company and the Transferees entered into the Equity Transfer Agreements respectively, pursuant to which, the Company agreed to dispose of and the Transferees agreed to purchase 25% of the equity interests in each of Shanghai Subsidiaries for a consideration of RMB70 million in total.

Immediately after the completion of the Equity Transfer Agreements, the Company will hold 75% of the equity interests in each of Shanghai Subsidiaries, and thus Shanghai Subsidiaries will remain as subsidiaries of the Company, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Shanghai Subsidiaries is the Company's wholly-owned subsidiary. Mr. Zhou Qing serves as the general manager of Shanghai Subsidiaries, and thus is a connected person of the Company. Therefore, each of the transactions contemplated under the Equity Transfer Agreements entered into between the Company and Mr. Zhou Qing constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as one transaction if they are all completed within a 12-month period or are otherwise related. As the parties of each of the Equity Transfer Agreements entered into between the Company and Mr. Zhou Qing are the same and the transactions under such Equity Transfer Agreements are identical in nature, such transactions shall be aggregated. As the highest applicable percentage ratio of such Equity Transfer Agreements upon aggregation is more than 0.1% but less than 5%, such transactions shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, a series of transactions will be aggregated and treated as one transaction if they are all completed within a 12-month period or are otherwise related. As the Transferees of the Equity Transfer Agreements are all management members of Shanghai Subsidiaries and the transactions under the Equity Transfer Agreements are identical in reasons and nature, such transactions shall be aggregated. As the highest applicable percentage ratio of the Equity Transfer Agreements upon aggregation is less than 5%, such transactions do not constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. However, for the purpose of enabling the Shareholders of the Company to have a more comprehensive understanding on the transactions under the Equity Transfer Agreements, the Company voluntarily complies with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

EQUITY TRANSFER AGREEMENTS

The Board is pleased to announce that on 15 July 2019, the Company and the Transferees entered into the Equity Transfer Agreements, pursuant to which, the Company agreed to dispose of and the Transferees agreed to purchase 25% of the equity interests in each of Shanghai Subsidiaries for a consideration of RMB70 million in total. Each of the Equity Transfer Agreements was signed on conditions independent of one another and those agreements shall be completed independently. Although the principal terms of each of the Equity Transfer Agreements are similar or identical, they are applicable to the terms of each of the Equity Transfer Agreements and shall be completed independently. The principal terms of the Equity Transfer Agreements are set out as follows:

Date:

15 July 2019

Parties	Subject of the Transfer	Consideration	Payment
(1) The Company (as the transferor) (2) Mr. Zhou Qing (as the transferee)	13.5% of the equity interests in Shanghai Chuanda Communication held by the Company	The consideration is RMB10.800 million, which shall be settled in cash by Mr. Zhou Qing to the Company.	Commencing from the date of entering into the Equity Transfer Agreements, Mr. Zhou Qing shall pay 12.5% of the aforesaid consideration by way of bank transfer before 31 December each year, and shall fully settle the aforesaid consideration within 8 years.
	13.5% of the equity interests in Shanghai Dixin Electronic held by the Company	The consideration is RMB20.520 million, which shall be settled in cash by Mr. Zhou Qing to the Company.	
	13.5% of the equity interests in Shanghai Dixin South held by the Company	The consideration is RMB6.480 million, which shall be settled in cash by Mr. Zhou Qing to the Company.	

Parties	Subject of the Transfer	Consideration	Payment
(1) The Company (as the transferor) (2) Mr. Li Kai (as the transferee)	2.9% of the equity interests in Shanghai Chuanda Communication held by the Company	The consideration is RMB2.320 million, which shall be settled in cash by Mr. Li Kai to the Company.	Commencing from the date of entering into the Equity Transfer Agreements, Mr. Li Kai shall pay 12.5% of the aforesaid consideration by way of bank transfer before 31 December each year, and shall fully settle the aforesaid consideration within 8 years.
	2.9% of the equity interests in Shanghai Dixin Electronic held by the Company	The consideration is RMB4.408 million, which shall be settled in cash by Mr. Li Kai to the Company.	
	2.9% of the equity interests in Shanghai Dixin South held by the Company	The consideration is RMB1.392 million, which shall be settled in cash by Mr. Li Kai to the Company.	
(1) The Company (as the transferor) (2) Ms. Zhou Yujing (as the transferee)	1.8% of the equity interests in Shanghai Chuanda Communication held by the Company	The consideration is RMB1.440 million, which shall be settled in cash by Ms. Zhou Yujing to the Company.	Commencing from the date of entering into the Equity Transfer Agreements, Ms. Zhou Yujing shall pay 12.5% of the aforesaid consideration by way of bank transfer before 31 December each year, and shall fully settle the aforesaid consideration within 8 years.
	1.8% of the equity interests in Shanghai Dixin Electronic held by the Company	The consideration is RMB2.736 million, which shall be settled in cash by Ms. Zhou Yujing to the Company.	
	1.8% of the equity interests in Shanghai Dixin South held by the Company	The consideration is RMB0.864 million, which shall be settled in cash by Ms. Zhou Yujing to the Company.	
(1) The Company (as the transferor) (2) Mr. Yang Zhiyong (as the transferee)	1.8% of the equity interests in Shanghai Chuanda Communication held by the Company	The consideration is RMB1.440 million, which shall be settled in cash by Mr. Yang Zhiyong to the Company.	Commencing from the date of entering into the Equity Transfer Agreements, Mr. Yang Zhiyong shall pay 12.5% of the aforesaid consideration by way of bank transfer before 31 December each year, and shall fully settle the aforesaid consideration within 8 years.
	1.8% of the equity interests in Shanghai Dixin Electronic held by the Company	The consideration is RMB2.736 million, which shall be settled in cash by Mr. Yang Zhiyong to the Company.	
	1.8% of the equity interests in Shanghai Dixin South held by the Company	The consideration is RMB0.864 million, which shall be settled in cash by Mr. Yang Zhiyong to the Company.	

Parties	Subject of the Transfer	Consideration	Payment
(1) The Company (as the transferor) (2) Ms. Chen Xiujun (as the transferee)	1.5% of the equity interests in Shanghai Chuanda Communication held by the Company	The consideration is RMB1.200 million, which shall be settled in cash by Ms. Chen Xiujun to the Company.	Commencing from the date of entering into the Equity Transfer Agreements, Ms. Chen Xiujun shall pay 12.5% of the aforesaid consideration by way of bank transfer before 31 December each year, and shall fully settle the aforesaid consideration within 8 years.
	1.5% of the equity interests in Shanghai Dixin Electronic held by the Company	The consideration is RMB2.280 million, which shall be settled in cash by Ms. Chen Xiujun to the Company.	
	1.5% of the equity interests in Shanghai Dixin South held by the Company	The consideration is RMB0.720 million, which shall be settled in cash by Ms. Chen Xiujun to the Company.	
(1) The Company (as the transferor) (2) Mr. Jiao Liping (as the transferee)	1.5% of the equity interests in Shanghai Chuanda Communication held by the Company	The consideration is RMB1.200 million, which shall be settled in cash by Mr. Jiao Liping to the Company.	Commencing from the date of entering into the Equity Transfer Agreements, Mr. Jiao Liping shall pay 12.5% of the aforesaid consideration by way of bank transfer before 31 December each year, and shall fully settle the aforesaid consideration within 8 years.
	1.5% of the equity interests in Shanghai Dixin Electronic held by the Company	The consideration is RMB2.280 million, which shall be settled in cash by Mr. Jiao Liping to the Company.	
	1.5% of the equity interests in Shanghai Dixin South held by the Company	The consideration is RMB0.720 million, which shall be settled in cash by Mr. Jiao Liping to the Company.	
(1) The Company (as the transferor) (2) Mr. Li Yonggang (as the transferee)	2% of the equity interests in Shanghai Chuanda Communication held by the Company	The consideration is RMB1.600 million, which shall be settled in cash by Mr. Li Yonggang to the Company.	Commencing from the date of entering into the Equity Transfer Agreements, Mr. Li Yonggang shall pay 12.5% of the aforesaid consideration by way of bank transfer before 31 December each year, and shall fully settle the aforesaid consideration within 8 years.
	2% of the equity interests in Shanghai Dixin Electronic held by the Company	The consideration is RMB3.040 million, which shall be settled in cash by Mr. Li Yonggang to the Company.	
	2% of the equity interests in Shanghai Dixin South held by the Company	The consideration is RMB0.960 million, which shall be settled in cash by Mr. Li Yonggang to the Company.	

Pricing basis:

The consideration was determined with reference to the net assets of Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South as of 31 May 2019, respectively.

Completion:

The Company shall complete the relevant procedures for change of industrial and commercial registration within 30 days after entering into the Equity Transfer Agreements.

INFORMATION ON SHANGHAI SUBSIDIARIES***Shanghai Chuanda Communication***

Shanghai Chuanda Communication is a company incorporated in the PRC with limited liability on 24 April 2008. As at the date of this announcement, Shanghai Chuanda Communication is a wholly-owned subsidiary of the Company. Shanghai Chuanda Communication is principally engaged in the sale of mobile telecommunications devices.

The key financial data of Shanghai Chuanda Communication for the two years ended 31 December 2018, which were prepared under the PRC Accounting Standards for Business Enterprises, are set out as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>RMB</i>	<i>RMB</i>
	(Audited)	(Audited)
Revenue	285,292,805.10	381,912,078.36
Profit before tax	4,092,614.30	4,260,193.75
Profit after tax	3,069,460.71	3,195,145.72

According to the financial data of Shanghai Chuanda Communication prepared under the PRC Accounting Standards for Business Enterprises, the unaudited total assets and net assets of Shanghai Chuanda Communication as at 31 December 2018 amounted to RMB127,225,771.50 and RMB78,529,028.99, respectively.

Shanghai Dixin Electronic

Shanghai Dixin Electronic is a company incorporated in the PRC with limited liability on 5 September 2000. As at the date of this announcement, Shanghai Dixin Electronic is a wholly-owned subsidiary of the Company. Shanghai Dixin Electronic is principally engaged in the sale of mobile telecommunications devices.

The key financial data of Shanghai Dixin Electronic for the two years ended 31 December 2018, which were prepared under the PRC Accounting Standards for Business Enterprises, are set out as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>RMB</i>	<i>RMB</i>
	(Audited)	(Audited)
Revenue	1,314,239,258.98	1,434,841,784.32
Profit before tax	15,220,389.09	14,104,128.93
Profit after tax	11,397,165.97	10,531,797.38

According to the financial data of Shanghai Dixin Electronic prepared under the PRC Accounting Standards for Business Enterprises, the unaudited total assets and net assets of Shanghai Dixin Electronic as at 31 December 2018 amounted to RMB349,133,763.88 and RMB148,741,743.88, respectively.

Shanghai Dixin South

Shanghai Dixin South is a company incorporated in the PRC with limited liability on 27 December 2000. As at the date of this announcement, Shanghai Dixin South is a wholly-owned subsidiary of the Company. Shanghai Dixin South is principally engaged in the sale of mobile telecommunications devices.

The key financial data of Shanghai Dixin South for the two years ended 31 December 2018, which were prepared under the PRC Accounting Standards for Business Enterprises, are set out as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>RMB</i>	<i>RMB</i>
	(Audited)	(Audited)
Revenue	94,032,323.78	94,742,164.51
Profit before tax	1,482,180.26	1,416,954.76
Profit after tax	1,111,635.19	1,062,716.22

According to the financial data of Shanghai Dixin South prepared under the PRC Accounting Standards for Business Enterprises, the unaudited total assets and net assets of Shanghai Dixin South as at 31 December 2018 amounted to RMB55,045,055.66 and RMB45,671,842.08, respectively.

FINANCIAL IMPACT OF THE EQUITY TRANSFER AGREEMENTS

Immediately after the completion of the Equity Transfer Agreements, the Company will hold 75% of the equity interests in each of Shanghai Subsidiaries, and thus Shanghai Subsidiaries will remain as subsidiaries of the Company, and their financial information shall continue to be consolidated into the financial statements of the Group.

It is expected that the Disposals of the Company will incur net loss (before tax) of approximately RMB13.87 million, which is estimated on the basis of the aggregate net assets of the disposal of 25% of the equity interests in Shanghai Subsidiaries on 31 May 2019. Gain from the Disposals of RMB70 million will be used as operating expenses of the principal business of the Company.

The actual amount of gain or loss due to the Disposals to be recorded by the Company shall be subject to the review and final audit by the Company's auditors.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENTS

To motivate the key members of the management team of Shanghai Subsidiaries, the Company proposes these Disposals to promote a continuous and prosperous development of the business in Shanghai and of the Group. The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreements are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As the equity incentive scheme involved in the Disposals does not constitute a grant of new shares of the Company or any of its subsidiaries or options of other new securities, it is not required to comply with the provisions of Chapter 17 of the Listing Rules.

DIRECTORS' OPINION

As at the date of this announcement, none of the Directors has any material interest in the Equity Transfer Agreements. Therefore, none of the Directors is required to abstain from voting at the meeting of the Board approving the transactions contemplated under the Equity Transfer Agreements.

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

INFORMATION ON THE COMPANY AND THE TRANSFEREES

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.

Mr. Zhou Qing

As at the date of this announcement, Mr. Zhou serves as the vice general manager of the Company as well as the general manager of Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South. As Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South are wholly-owned subsidiaries of the Company, and thus Mr. Zhou Qing is a connected person of the Company. In addition, Mr. Zhou holds 9.71% of the shares of Chengmai Dixin which in turn holds 2.62% of the shares of the Company.

Mr. Li Kai

As at the date of this announcement, Mr. Li serves as the chief financial officer of Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South. Mr. Li holds 1.94% of the shares of Chengmai Dixin which in turn holds 2.62% of the shares of the Company.

Ms. Zhou Yujing

As at the date of this announcement, Ms. Zhou serves as the vice general manager of Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South.

Mr. Yang Zhiyong

As at the date of this announcement, Mr. Yang serves as the vice general manager of Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South.

Ms. Chen Xiujun

As at the date of this announcement, Ms. Chen serves as the department manager of Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South.

Mr. Jiao Liping

As at the date of this announcement, Mr. Jiao serves as the department manager of Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South.

Mr. Li Yonggang

As at the date of this announcement, Mr. Li serves as the vice general manager of Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, save as Mr. Zhou Qing, all the other Transferees are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Shanghai Subsidiaries is the Company's wholly-owned subsidiary. Mr. Zhou Qing serves as the general manager of Shanghai Subsidiaries, and thus is a connected person of the Company. Therefore, each of the transactions contemplated under the Equity Transfer Agreements entered into between the Company and Mr. Zhou Qing constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as one transaction if they are all completed within a 12-month period or are otherwise related. As the parties of each of the Equity Transfer Agreements entered into between the Company and Mr. Zhou Qing are the same and the transactions under such Equity Transfer Agreements are identical in nature, such transactions shall be aggregated. As the highest applicable percentage ratio of such Equity Transfer Agreements upon aggregation is more than 0.1% but less than 5%, such transactions shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, a series of transactions will be aggregated and treated as one transaction if they are all completed within a 12-month period or are otherwise related. As the Transferees of the Equity Transfer Agreements are all management members of Shanghai Subsidiaries and the transactions under the Equity Transfer Agreements are identical in reasons and nature, such transactions shall be aggregated. As the highest applicable percentage ratio of the Equity Transfer Agreements upon aggregation is less than 5%, such transactions do not constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. However, for the purpose of enabling the Shareholders of the Company to have a more comprehensive understanding on the transactions under the Equity Transfer Agreements, the Company voluntarily complies with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Chengmai Dixin”	Chengmai Dixin Changqing Investment Centre (Limited Partnership) (澄邁迪信長青投資中心(有限合夥人)), a limited partnership incorporated in the PRC
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposals”	Pursuant to the Equity Transfer Agreements, the Company disposes of 25% of equity interests in each of Shanghai Subsidiaries to the Transferees
“Equity Transfer Agreements”	21 equity transfer agreements dated 15 July 2019 entered into between the Company and the Transferees, pursuant to which, the Company agreed to dispose of and the Transferees agreed to purchase 25% of equity interests in each of Shanghai Subsidiaries for a total consideration of RMB70 million
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Chuanda Communication”	Shanghai Chuanda Communication Technology Co., Ltd. (上海川達通信技術有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company

“Shanghai Dixin Electronic”	Shanghai Dixin Electronic Communication Technology Co., Ltd. (上海迪信電子通信技術有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Shanghai Dixin South”	Shanghai Dixin South Communication Technology Co., Ltd. (上海迪信南方通信技術有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Shanghai Subsidiaries”	collectively, Shanghai Chuanda Communication, Shanghai Dixin Electronic and Shanghai Dixin South
“Shareholder(s)”	holder(s) of the shares of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transferees”	Mr. Zhou Qing (周清), Mr. Li Kai (李凱), Ms. Zhou Yujing (周玉靜), Mr. Yang Zhiyong (楊志勇), Ms. Chen Xiujun (陳秀俊), Mr. Jiao Liping (焦立平) and Mr. Li Yonggang (李勇剛)
“%”	per cent

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

Beijing, the PRC
15 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.