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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)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF 44% EQUITY INTEREST OF  
THE TARGET COMPANY**

**INTRODUCTION**

The Board is pleased to announce that on 23 September 2022, the Company, the Purchaser and the Target Company entered into the Equity Transfer Agreement.

**THE EQUITY TRANSFER AGREEMENT**

On 23 September 2022, (i) the Company, as the vendor; (ii) the Purchaser, as the purchaser; and (iii) the Target Company entered into the Equity Transfer Agreement, pursuant to which, inter alia, the Company has agreed to transfer 44% equity interest of the Target Company to the Purchaser at the Consideration pursuant to the terms of the Equity Transfer Agreement.

Upon Completion, the Purchaser and the Company will hold 95% and 5% of the equity interest of the Target Company respectively.

## **THE SHAREHOLDERS AGREEMENT**

As a condition precedent to the Completion, the Company will enter into the Shareholders Agreement with the Purchaser and the Target Company at or before the Completion, which will supersede and replace the existing shareholders agreement and its supplemental agreement(s) previously entered into by the parties.

The Shareholders Agreement sets out the respective rights and obligations of the Purchaser and the Company after the Completion for the management and administration of the affairs of the Target Company.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in the Listing Rules) for the transactions contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules but exempt from circular and shareholders' approval requirements.

## **THE EQUITY TRANSFER AGREEMENT**

On 23 September 2022, (i) the Company, as the vendor; (ii) the Purchaser, as the purchaser; and (iii) the Target Company entered into the Equity Transfer Agreement, pursuant to which, inter alia, the Company has agreed to transfer 44% equity interest of the Target Company to the Purchaser at the Consideration pursuant to the terms of the Equity Transfer Agreement.

### **The principal terms of the Equity Transfer Agreement are as follows:**

**Date:** 23 September 2022

**Parties:**

- (i) the Company, as the vendor
- (ii) the Purchaser, as the purchaser
- (iii) the Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, both the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **Assets to be disposed:**

Pursuant to the Equity Transfer Agreement, the Company has agreed to transfer 44% equity interest of the Target Company to the Purchaser.

**Consideration:**

The Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms with reference to (i) the audited net asset value of the Target Company as at 31 December 2021 of approximately RMB401,555,000; (ii) the valuation in respect of the market value of 100% equity interest in the Target Company as at 31 December 2021 of approximately RMB399,650,000, and the corresponding valuation of 44% equity interest in the Target Company of approximately RMB175,846,000, as appraised by an independent professional valuer based on asset-based approach; and (iii) the aggregate registered share capital of the Target Company of RMB400,000,000 which has remained the same since its establishment, and the corresponding registered share capital of 44% equity interest in the Target Company of RMB176,000,000.

The Purchaser shall pay the Consideration to a bank account designated by the Company within ten (10) working days after the date of Completion.

**Conditions precedent:**

The obligation by the Purchaser to pay to the Company the Consideration is conditional upon the fulfilment or waiver by the Purchaser in its sole discretion (as the case may be) of the following conditions precedent:

1. The parties to the Equity Transfer Agreement having signed and delivered the Transaction Documents.
2. The representations and warranties made by the Company in the Equity Transfer Agreement remaining true, accurate, complete and not misleading from (and including) the date of the Equity Transfer Agreement to (and including) the date of Completion.
3. Both the Company and the Target Company having performed or complied with their commitments, obligations and agreements under the Transaction Documents that should be performed or complied with on or before the date of Completion.
4. There are no legal, regulatory or governmental proceedings pending or threatened by any party that could result in the prohibition, restriction, or other obstruction of the Disposal, in whole or in part, or otherwise propose object, claim or seek other relief, or may impose restrictions or conditions on the Disposal or otherwise interfere with the Disposal.
5. There is no effective PRC law or other applicable law or any agreement, contract or document that prohibits or restricts the completion of the Disposal, or has a material adverse effect on the normal operation of the Target Company.
6. From (and including) the date of the Equity Transfer Agreement to (and including) the date of Completion, there having been no adverse change in the financial condition, prospects, operating results, general business conditions, equity or value of major assets of the Target Company, nor has any events or facts that may cause such changes occurred.

7. The board of directors and the shareholders of the Target Company having approved: (1) the Disposal and the signing of the Transaction Documents; and (2) the change of director, supervisor and senior management to reflect the new management of the Target Company after the Completion pursuant to the Shareholders Agreement.
8. The Purchaser having received evidence to its satisfaction that all required approvals, authorizations, licenses, registrations, filings, permits, annual inspections from any government or third party (if applicable), orders, exemptions, certificates and consents required for the transactions contemplated by the Equity Transfer Agreement, including but not limited to the filing of a concentration of undertakings declaration for the Disposal and obtaining of approval from relevant government departments to implement the Disposal by relevant parties, have been obtained.
9. The Target Company having completed the industrial and commercial change registration procedures for the transfer of equity interest of the Target Company and the change of directors, supervisors and senior management (if applicable) as stipulated in the Equity Transfer Agreement.
10. The Target Company having signed the labour contract termination agreement with relevant personnel in the form as set out in the Equity Transfer Agreement. From 1 January 2022 to the date of the termination of the labour contract between the relevant personnel and the Target Company, the salaries, 2021 annual bonuses, social insurance and housing funds contributed by the Target Company for the relevant personnel and costs corresponding to other welfare benefits undertaken by the Target Company shall be borne by the Company, and the Company shall have paid back the corresponding amount to the Target Company in the manner agreed by the Purchaser.
11. The internal decision-making body of the Purchaser having passed resolutions to approve the Transaction Documents and the Disposal.
12. The internal decision-making body of the Company having passed resolutions to approve the Transaction Documents and the Disposal.
13. The Company having delivered a signed closing certificate to the Purchaser confirming that all of the aforementioned conditions precedent (except for condition precedent (11) above) have been fulfilled.

Upon Completion, the Purchaser and the Company will hold 95% and 5% of the equity interest of the Target Company respectively.

## **SHAREHOLDERS AGREEMENT**

Pursuant to the Equity Transfer Agreement, the Company, the Purchaser and the Target Company will also enter into the Shareholders Agreement at or before the Completion, which will supersede and replace the existing shareholders agreement and its supplemental agreement(s) previously entered into by the parties.

**The principal terms of the Shareholders Agreement are as follows:**

**Date:** 23 September 2022

**Parties:** (i) the Company  
(ii) the Purchaser  
(iii) the Target Company

**Management:**

The Target Company shall not have a board of directors, but shall have one (1) executive director and one (1) supervisor appointed by the Purchaser.

**Customary shareholders' rights and obligations:**

The Shareholders Agreement contains customary terms on restriction on transfer, right of first refusal, co-sale right and pre-emptive right in respect of the remaining 5% equity interest of the Target Company held by the Company.

**INFORMATION ON THE TARGET COMPANY**

**The Target Company**

The Target Company is a company established in the PRC with limited liability on 2 September 2019. The Target Company was established pursuant to a joint venture agreement between the Company and the Purchaser on 26 July 2019 with a registered capital of RMB400 million, of which RMB196 million was contributed by the Company, representing 49% of the registered capital and RMB204 million was contributed by the Purchaser, representing 51% of the registered capital. Reference is made to the announcement of the Company dated 26 July 2019. Its scope of business mainly includes the sales of computer, communications and consumer electronics products, and operator related business.

Key financial data of the Target Company for the two years ended 31 December 2020 and 2021 are set out below:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
	<i>RMB('000)</i>	<i>RMB('000)</i>
	(Audited)	(Audited)
Revenue	2,559,637	4,528,790
Profit before tax	1,046	4,071
Profit after tax	294	3,053

According to the audited financial statements of the Target Company for the year ended 31 December 2021, the audited net assets of the Target Company as at 31 December 2020 and 31 December 2021 amounted to RMB398.5 million and RMB401.6 million respectively.

## **FINANCIAL IMPACT OF THE DISPOSAL**

Immediately following the Completion, the Target Company will cease to be an associate of the Company. The financial results of the Target Company will not be consolidated with the financial statements of the Group whether before or immediately after the Completion.

Based on the Consideration, the Group does not expect any gains or losses to be generated from the Disposal. However, the actual gain or loss arising from the Disposal to be recognised by the Company will depend on the actual net carrying value of the net assets of the Target Company recorded on the Company's financial statements at the date of Completion and is subject to final audit to be performed by the Company's auditor.

It is expected that the proceeds from the Disposal will be applied towards the general working capital of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

The Company originally established the Target Company with the Purchaser in order to facilitate both parties' cooperation with each other in finance, consumer electronics products, technology, logistics and other fields, improve the internal cash flow condition of the Company, reduce the inventories turnover days, and guarantee the timely supply of products.

The Purchaser expressed interest in purchasing 44% equity interest of the Target Company held by the Company, and after careful consideration, the Directors reached the conclusion that it would be in the best interests of the Company to sell the 44% equity interest of the Target Company that it holds to the Purchaser while retaining the remaining 5% of the equity interest of the Target Company such that the Company may recover substantially all the original investment cost in the Target Company for application on the Company's other business activities. In addition, the Company retains minority equity interest in the Target Company to maintain cooperation relationship with the Purchaser through the Target Company which will also continue to be a supplier of the Company.

The Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement was entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE COMPANY AND THE PURCHASER**

### **The Company**

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

## **The Purchaser**

The Purchaser is a company established in the PRC with limited liability on 13 October 2017. The principal business activity of the Purchaser is the development and services of network technologies.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ultimate beneficial owner of the Purchaser is JD.com, Inc., a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 9618) and on NASDAQ (stock code: JD). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, both the Purchaser and its ultimate beneficial owners are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in the Listing Rules) for the transactions contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules but are exempt from circular and shareholders' approval requirements.

## **DEFINITIONS**

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

<b>“Board”</b>	the board of directors of the Company
<b>“Company”</b>	Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司), a joint stock limited company established in the PRC, the H shares of which are listed on the Stock Exchange
<b>“Completion”</b>	the completion of the disposal and purchase of 44% equity interest in the Target Company held by the Company pursuant to the terms of the Equity Transfer Agreement
<b>“Consideration”</b>	RMB176,000,000
<b>“Director(s)”</b>	director(s) of the Company
<b>“Disposal”</b>	the disposal by the Company of 44% equity interest in the Target Company to the Purchaser pursuant to the Equity Transfer Agreement
<b>“Equity Transfer Agreement”</b>	the equity transfer agreement dated 23 September 2022 entered into between the Company, the Purchaser and the Target Company, pursuant to which, the Company agreed to dispose of, and the Purchaser agreed to purchase, 44% equity interest in the Target Company



“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, for the purpose of this announcement, excludes Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Suqian Jiashi Information Technology Co., Ltd.* (宿遷嘉時信息技術有限公司), a limited liability company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders Agreement”	the shareholders agreement to be entered into between the Company, the Purchaser and the Target Company at or before the Completion, which supersedes and replaces the existing shareholders agreement and its supplemental agreement(s) previously entered into by the parties
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Jingdixin Technology Co., Ltd.* (北京京迪信科技有限公司), a limited liability company established in the PRC
“Transaction Documents”	the Equity Transfer Agreement, the Shareholders Agreement, the new articles of association of the Target Company in the form as set out in the Equity Transfer Agreement, and any other agreements or documents related to the Disposal

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

Beijing, the PRC  
23 September 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