

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO
(1) SUPPLEMENTAL AGREEMENT TO 2023 ADMINISTRATIVE
PRODUCTS PURCHASE AND SALE FRAMEWORK AGREEMENT**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
(2) 2024–2026 FRAMEWORK AGREEMENTS
AND
(3) 2024–2026 FINANCIAL SERVICES
FRAMEWORK AGREEMENT**

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
(4) EVENT PLANNING SERVICES FRAMEWORK AGREEMENT
AND
(5) AUTOMOTIVE WHOLESALE AND EXPORT SERVICES
FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 18 November 2022 in relation to the continuing connected transactions regarding the 2023 Framework Agreements and the 2023 Financial Services Framework Agreement.

**SUPPLEMENTAL AGREEMENT TO 2023 ADMINISTRATIVE PRODUCTS
PURCHASE AND SALE FRAMEWORK AGREEMENT**

On 25 September 2023 (after trading hours), the Company has entered into the Supplemental Agreement with Zhuhai Huafa to amend certain terms of the 2023 Administrative Products Purchase and Sale Framework Agreement with effect from 25 September 2023. Pursuant to the Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the scope of administrative products to be sold by the Group to Zhuhai Huafa Group shall be expanded to include the Administrative and Promotional Products for the office and promotional use of Zhuhai Huafa Group, including but not limited to electronic equipment, gift for promotional purpose and non-cash staff benefit products, with effect from 25 September 2023.

2024–2026 FRAMEWORK AGREEMENTS

As the 2023 Framework Agreements will expire on 31 December 2023 and the Group intends to continue to carry on the various transactions contemplated under the 2023 Framework Agreements upon the said expiry date, the Board announces that on 25 September 2023 (after trading hours), the Company has entered into the following 2024–2026 Framework Agreements with Zhuhai Huafa:

- (1) the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement;
- (2) the 2024–2026 Store Sharing Services Framework Agreement;
- (3) the 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement;
- (4) the 2024–2026 R&D and Consultancy Services Framework Agreement; and
- (5) the 2024–2026 Customers Referral Services Framework Agreement.

2024–2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the 2023 Financial Services Framework Agreement will expire on 31 December 2023 and the Group intends to continue to receive certain financial services from Huafa Finance Company contemplated under the 2023 Financial Services Framework Agreement upon the said expiry date, the Board announces that on 25 September 2023 (after trading hours), the Company has entered into the 2024–2026 Financial Services Framework Agreement with Huafa Finance Company.

EVENT PLANNING SERVICES FRAMEWORK AGREEMENT

On 25 September 2023 (after trading hours), the Company has entered into the Event Planning Services Framework Agreement with Zhuhai Huafa, pursuant to which the Group agreed to provide certain event planning services to Zhuhai Huafa Group.

AUTOMOTIVE WHOLESALE AND EXPORT SERVICES FRAMEWORK AGREEMENT

On 25 September 2023 (after trading hours), the Company has entered into the Automotive Wholesale and Export Services Framework Agreement with Zhuhai Huafa Automobile, pursuant to which (i) the Group agreed to provide certain Revenue-related Automotive Wholesale and Export Services to Zhuhai Huafa Automobile; and (ii) Zhuhai Huafa Automobile agreed to provide certain Procurement-related Automotive Wholesale 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 total number of issued shares of the Company, and both Huafa Technology Industry Group and Hong Kong Huafa are subsidiaries of Zhuhai Huafa. Accordingly, Zhuhai Huafa is the controlling shareholder and the connected person of the Company. Huafa Finance Company and Zhuhai Huafa Automobile, both being the subsidiaries of Zhuhai Huafa, are also the connected persons of the Company.

As such, each of the Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement, the Automotive Wholesale and Export Services Framework Agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the proposed annual caps under the respective Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, deposit services under the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement is over 0.1% but less than 5%, as such, the transactions contemplated under the respective Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, deposit services under the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement 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 credit services under the 2024–2026 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, fair and reasonable 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 will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

SUPPLEMENTAL AGREEMENT TO 2023 ADMINISTRATIVE PRODUCTS PURCHASE AND SALE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 18 November 2022 in relation to the continuing connected transaction regarding the 2023 Administrative Products Purchase and Sale Framework Agreement, which will expire on 31 December 2023.

On 25 September 2023 (after trading hours), the Company has entered into the Supplemental Agreement with Zhuhai Huafa to amend certain terms of the 2023 Administrative Products Purchase and Sale Framework Agreement with effect from 25 September 2023 as follows:

- (i) The name of the original agreement was “Administrative Products Purchase and Sale Framework Agreement”, which is now amended to “Administrative and Promotional Products Purchase and Sale Services Agreement”, and the names appearing in the original agreement are replaced accordingly.
- (ii) In the original agreement, the service scope was that “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”, which is now amended to “the Group agrees to supply administrative and promotional products to Zhuhai Huafa Group for the office and promotional use, including but not limited to electronic equipment, gift for promotional purpose and non-cash staff benefit products”.

Save as the above amendments pursuant to the Supplemental Agreement, all other terms and conditions of the 2023 Administrative Products Purchase and Sale Framework Agreement (including the proposed annual caps) remain unchanged and in full force and effect.

2024–2026 FRAMEWORK AGREEMENTS

As the 2023 Framework Agreements will expire on 31 December 2023 and the Group intends to continue to carry on the various transactions contemplated under the 2023 Framework Agreements upon the said expiry date, the Board announces that on 25 September 2023 (after trading hours), the Company has entered into the 2024–2026 Framework Agreements with Zhuhai Huafa. The principal terms of each of the 2024–2026 Framework Agreements are as follows:

(1) **2024–2026 ADMINISTRATIVE AND PROMOTIONAL PRODUCTS PURCHASE AND SALE FRAMEWORK AGREEMENT**

The principal terms of the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement are as follows:

Date: 25 September 2023

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

Duration: From 1 January 2024 to 31 December 2026

Subject matter: Pursuant to the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement, the Group agrees to supply administrative and promotional products to Zhuhai Huafa Group for the office and promotional use, including but not limited to electronic equipment, gift for promotional purpose and non-cash staff benefit products (collectively, the “**Administrative and Promotional Products**”).

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

Individual sale of Administrative and Promotional Products agreements:

As the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement only sets out the framework of the sale of Administrative and Promotional 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 and Promotional Products agreements to set out the model, type and quantity of Administrative and Promotional 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 and Promotional Products agreement shall be charged in accordance with the specific model, type and quantity of the Administrative and Promotional 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 and Promotional Products shall be within that of the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement and the purchase fees per year shall not be higher than each of the proposed annual caps under the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement. The terms and fees of the individual sale of Administrative and Promotional 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 and Promotional Products agreements and the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement, the terms of the 2024–2026 Administrative and Promotional 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 and Promotional 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 2024–2026 Administrative and Promotional 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 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2024–2026 Administrative and Promotional 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 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement and the transactions thereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement, the relevant individual sale of Administrative and Promotional Products agreements shall be terminated accordingly.

Pricing policy:

The terms of the individual sale of Administrative and Promotional Products agreements (including the purchase fees for the supply of the Administrative and Promotional 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 products offered by the Group to the independent third parties.

The aforesaid purchase fees for the supply of the Administrative and Promotional Products will be determined based on appropriate, reasonable and fair methods, taking into account (i) the estimated cost of supplying the relevant Administrative and Promotional Products; (ii) the unit price and the quantity of each Administrative and Promotional Products which will be sold by the relevant members of the Group to the relevant members of Zhuhai Huafa Group; (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 and Promotional Products, the Company shall make reference to, (i) if the guided-price of the Administrative and Promotional Products set by manufacturers or suppliers is available, the guided-price of the Administrative and Promotional 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 and quantity before entering into the individual sale of Administrative and Promotional Products agreements, in order to ensure that the terms of the individual sale of Administrative and Promotional Products agreements are fair and reasonable and no less favourable to the Company.

Historical transaction amount:

The historical transaction amounts for the supply of the administrative products received by the relevant members of the Group under the 2022 Administrative Products Purchase and Sale Framework Agreement and the 2023 Administrative Products Purchase and Sale Framework Agreement for the period from 16 September 2022 to 31 December 2022 and from 1 January 2023 to 22 September 2023 were RMB80.91 million and RMB87.43 million, respectively.

Based on the information currently available to the Company's management, the estimated transaction amount for the supply of the administrative products received by the relevant members of the Group under the 2023 Administrative Products Purchase and Sale Framework Agreement for the year from 1 January 2023 to 31 December 2023 will be approximately RMB120 million.

Proposed annual caps:

The proposed annual caps in respect of service fees receivable from the sale of Administrative and Promotional Products by the relevant members of the Group to the relevant members of Zhuhai Huafa Group under the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement for the years ending 31 December 2024, 2025 and 2026 are set out below:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB millions)</i>	<i>(RMB millions)</i>	<i>(RMB millions)</i>
Total service fees for the sale of Administrative and Promotional Products	120	120	120

In arriving at the above proposed annual caps under the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amounts in respect of the supply of the administrative products pursuant to the 2022 Administrative Products Purchase and Sale Framework Agreement and the 2023 Administrative Products Purchase and Sale Framework Agreement;

- (ii) Zhuhai Huafa Group's expected demand in the Administrative and Promotional Products between 2024 and 2026 and the need to update and replace outdated Administrative and Promotional Products based on the discussions between the Company and Zhuhai Huafa; and
- (iii) the estimated fees receivable by the Group with reference to (a) the expected demand and the quantity and scope of Administrative and Promotional 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 for entering into the Supplemental Agreement and the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement:

The Group has established a strong foundation in the 5G industry, and the Group believes that this will translate into increased sales opportunities. As Zhuhai Huafa is a conglomerate with various subsidiaries having offices located at different places, coupled with their demand in promoting their businesses and staff benefits and updating office and administrative equipment to improve work efficiency from time to time, Zhuhai Huafa Group requires the supply of Administrative and Promotional Products from time to time.

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

(2) 2024–2026 STORE SHARING SERVICES FRAMEWORK AGREEMENT

Date: 25 September 2023

Parties: (a) the Company; and

(b) Zhuhai Huafa

Duration: From 1 January 2024 to 31 December 2026

Subject matter: Pursuant to the 2024–2026 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, Zhuhai Huafa and the relevant members of Zhuhai Huafa Group agree to pay the Group service fees for the Store Sharing Services.

Individual Store Sharing Services agreements:

As the 2024–2026 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 fees 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 each of the proposed annual caps under the 2024–2026 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 2024–2026 Store Sharing Services Framework Agreement, the terms of the 2024–2026 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 2024–2026 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 2024–2026 Store Sharing Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2024–2026 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 2024–2026 Store Sharing Services Framework Agreement and the transactions thereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2024–2026 Store Sharing Services Framework Agreement, the relevant individual Store Sharing Service 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 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 and the progress of the services; (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 amounts for the Store Sharing Services received by the relevant members of the Group under the 2022 Store Sharing Services Framework Agreement and the 2023 Store Sharing Services Framework Agreement for the period from 16 September 2022 to 31 December 2022 and from 1 January 2023 to 22 September 2023 were RMB106.80 million and RMB62.16 million, respectively.

Based on the information currently available to the Company's management, the estimated transaction amount for the Store Sharing Services under the 2023 Store Sharing Services Framework Agreement for the year from 1 January 2023 to 31 December 2023 will be approximately RMB120 million.

**Proposed
annual caps:**

The proposed annual caps 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 2024–2026 Store Sharing Services Framework Agreement for the years ending 31 December 2024, 2025 and 2026 are set out below:

	For the year ending 31 December		
	2024 <i>(RMB millions)</i>	2025 <i>(RMB millions)</i>	2026 <i>(RMB millions)</i>
Total service fees for the Store Sharing Services	120	120	120

In arriving at the above proposed annual caps under the 2024–2026 Store Sharing Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amounts in respect of the provision of the Store Sharing Services pursuant to the 2022 Store Sharing Services Framework Agreement and the 2023 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 between 2024 and 2026 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, manpower 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 years ending 31 December 2024, 2025 and 2026, specific service scope and complexity, schedule of services required, and prevailing market rates; and (b) the expected demand for Store Sharing Services from Zhuhai Huafa Group based on discussions between the Company and Zhuhai Huafa.

Reasons and benefits: The Group operates more than 700 Stores across various regions in the PRC. However, due to the sluggish overall retail industry, some of the Stores have not fully utilized their space and workforce. To optimize these resources, the Company intends to continue to collaborate with business partners and allow them to utilize certain space within the Stores for sales activities in exchange for service fees. The Board is of the view that this initiative will result in more efficient utilization of Store resources, and by showcasing a diverse range of products and services at the Stores will improve visitor traffic at the Stores, which may in turn increase the chance of the public visiting the Stores to purchase the Group's products. Considering these factors, the Group intends to continue providing Store Sharing Services to Zhuhai Huafa Group. 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 Group's revenue stream by leveraging its existing resources, thereby improving its cost efficiency and operational performance.

(3) 2024–2026 PUBLIC WORKS ENGINEERING PURCHASE AND SALE SERVICES FRAMEWORK AGREEMENT

Date: 25 September 2023

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

Duration: From 1 January 2024 to 31 December 2026

Subject matter: Pursuant to the 2024–2026 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 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 2024–2026 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 fees 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 each of the proposed annual caps under the 2024–2026 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 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement, the terms of the 2024–2026 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 2024–2026 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 2024–2026 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 2024–2026 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 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement and the transactions thereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2024–2026 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 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, among others, 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; and (v) 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 amounts for the Public Works Engineering Purchase and Sale Services received by the relevant members of the Group under the 2022 Public Works Engineering Purchase and Sale Services Framework Agreement and the 2023 Public Works Engineering Purchase and Sale Services Framework Agreement for the period from 16 September 2022 to 31 December 2022 and from 1 January 2023 to 22 September 2023 were RMB2.69 million and RMB70.23 million, respectively. The aforesaid relatively low historical transaction amount for the period from 16 September 2022 to 31 December 2022 has been recognised, mainly because the settlement date has lagged behind the relevant Public Works Engineering Purchase and Sale Services provided by the Group during the aforesaid period.

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 2023 Public Works Engineering Purchase and Sale Services Framework Agreement for the year from 1 January 2023 to 31 December 2023 will be approximately RMB100.00 million.

**Proposed
annual caps:**

The proposed annual caps 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 under the 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement for the years ending 31 December 2024, 2025 and 2026 are set out below:

	For the year ending 31 December		
	2024 <i>(RMB millions)</i>	2025 <i>(RMB millions)</i>	2026 <i>(RMB millions)</i>
Total service fees for the Public Works Engineering Purchase and Sale Services	120	120	120

In arriving at the above proposed annual caps under the 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amounts in respect of the provision of the Public Works Engineering Purchase and Sale Services pursuant to the 2022 Public Works Engineering Purchase and Sale Services Framework Agreement and the 2023 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 between 2024 and 2026 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 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.

Leveraging on 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 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement. The Company is of the view that the Public Works Engineering Purchase and Sale Services contemplated under the 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement will provide a stable source of income to the Group and enable the Group to foster a strong strategic and business relationship with Zhuhai Huafa Group, thereby creating synergy and mutual economic benefits between the Group and Zhuhai Huafa Group.

(4) 2024–2026 R&D AND CONSULTANCY SERVICES FRAMEWORK AGREEMENT

Date: 25 September 2023

Parties: (a) the Company; and

(b) Zhuhai Huafa

Duration: From 1 January 2024 to 31 December 2026

Subject matter: Pursuant to the 2024–2026 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, Zhuhai Huafa and the relevant members of Zhuhai Huafa Group agree to pay the Group the service fees for the R&D and Consultancy Services.

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

As the 2024–2026 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 fees 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 each of the proposed annual caps under the 2024–2026 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 2024–2026 R&D and Consultancy Services Framework Agreement, the terms of the 2024–2026 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 2024–2026 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 2024–2026 R&D and Consultancy Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2024–2026 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 2024–2026 R&D and Consultancy Services Framework Agreement and the transactions thereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2024–2026 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 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 amounts for the R&D and Consultancy Services received by the relevant members of the Group under the 2022 R&D and Consultancy Services Framework Agreement from 16 September 2022 to 31 December 2022 were RMB31.61 million. There is no historical transaction amount for the R&D and Consultancy Services received by the relevant members of the Group under the 2023 R&D and Consultancy Services Framework Agreement for the period from 1 January 2023 to 22 September 2023, since the relevant individual R&D Consultancy Services agreements have been entered into by the parties later this year and thus the settlement has not taken place during the aforesaid period.

Based on the information currently available to the Company's management, the estimated transaction amount for the R&D and Consultancy Services under the 2023 R&D and Consultancy Services Framework Agreement for the year from 1 January 2023 to 31 December 2023 will be approximately RMB20 million.

**Proposed
annual caps:**

The proposed annual caps 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 under the 2024–2026 R&D and Consultancy Services Framework Agreement for the years ending 31 December 2024, 2025 and 2026 are set out below:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB millions)</i>	<i>(RMB millions)</i>	<i>(RMB millions)</i>
Total service fees for the R&D and Consultancy Services	60	60	60

In arriving at the above proposed annual caps under the 2024–2026 R&D and Consultancy Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amounts in respect of the provision of the R&D and Consultancy Services pursuant to the 2022 R&D and Consultancy Services Framework Agreement and the 2023 R&D and Consultancy Services Framework Agreement;
- (ii) Zhuhai Huafa Group’s expected demand in the R&D and Consultancy Services between 2024 and 2026 based on the discussions between the Company and Zhuhai Huafa; 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: Since 2001, the Group has been actively engaged in the sales of mobile telecommunications devices and the provision of related services. As a prominent mobile telecommunications chain store in the PRC, the Group has gained extensive expertise and experience in the telecommunications products industry. Over the years, the Group has built long-term collaborative relationships with mobile carriers, further strengthening its position in the market.

Given its background, the Group possesses the necessary expertise, skilled personnel, and well-established supply channels to provide the R&D and Consultancy Services. Zhuhai Huafa, with its core business sectors in the financial industry and industrial investment, occasionally requires statistical data, research reports, and feasibility studies to evaluate the development, market trends, and viability of potential investment projects across various industries. The telecommunications products industry falls within the scope of industries that Zhuhai Huafa may need to study as part of their value chain analysis.

In light of the above, the Group intends to continue to provide the R&D and Consultancy Services to Zhuhai Huafa Group pursuant to the 2024–2026 R&D and Consultancy Services Framework Agreement in order to leverage its existing experience and expertise to enhance the revenue stream of the Group.

(5) 2024–2026 CUSTOMERS REFERRAL SERVICES FRAMEWORK AGREEMENT

Date: 25 September 2023

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

Duration: From 1 January 2024 to 31 December 2026

Subject matter: Pursuant to the 2024–2026 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 the Group the service fees for the Customers Referral Services.

Individual Customers Referral Services agreements: As the 2024–2026 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 fees 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 each of the proposed annual caps under the 2024–2026 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 2024–2026 Customers Referral Services Framework Agreement, the terms of 2024–2026 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 2024–2026 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 2024–2026 Customers Referral Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the 2024–2026 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 2024–2026 Customers Referral Services Framework Agreement and the transactions thereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the 2024–2026 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 fees 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:

The historical transaction amounts for the Customers Referral Services received by the relevant members of the Group under the 2022 Customers Referral Services Framework Agreement and the 2023 Customers Referral Services Framework Agreement for the period from 16 September 2022 to 31 December 2022 and from 1 January 2023 to 22 September 2023 were RMB90 million and RMB60 million, respectively.

Based on the information currently available to the Company's management, the estimated transaction amount for the Customers Referral Services under the 2023 Customers Referral Services Framework Agreement for the year from 1 January 2023 to 31 December 2023 will be approximately RMB120 million.

**Proposed
annual caps:**

The proposed annual caps 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 under the 2024–2026 Customers Referral Services Framework Agreement for the years ending 31 December 2024, 2025 and 2026 are set out below:

	For the year ending 31 December		
	2024 <i>(RMB millions)</i>	2025 <i>(RMB millions)</i>	2026 <i>(RMB millions)</i>
Total service fees for the Customers Referral Services	120	120	120

In arriving at the above proposed annual caps under the 2024–2026 Customers Referral Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the historical transaction amounts in respect of the provision of the Customers Referral Services pursuant to the 2022 Customers Referral Services Framework Agreement and the 2023 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 customer base derived from both online and offline sales channels. The Group’s “omni-channel fulfilment” collaboration model with major e-commerce platforms has emerged as a prominent example of successful online and offline synergy within the industry. Drawing from past experiences, the Group has effectively referred its existing customers to telecommunications business partners in return for customer referral service fees.

Given the Group's vast customer base and the comprehensive customer database it maintains, including information such as age group, residential region, purchase preferences, and occupation, the Group is well-equipped to refer its customers to various subsidiaries of Zhuhai Huafa Group. This referral process takes into account the specific services and product types offered by each subsidiary, aligning with the preferences of the Group's existing customers.

In light of these factors, the renewal of the Customers Referral Services pursuant to the 2024–2026 Customers Referral Services Framework Agreement presents an opportunity for the Company to continue leveraging its extensive and high-quality customer base in collaboration with Zhuhai Huafa Group. By fully utilizing its current resources and clientele, the Group can generate additional income to benefit the Group as a whole and the Shareholders.

2024–2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the 2023 Financial Services Framework Agreement will expire on 31 December 2023 and the Group intends to continue to receive certain financial services from Huafa Finance Company contemplated under the 2023 Financial Services Framework Agreement upon the said expiry date, the Board announces that on 25 September 2023 (after trading hours), the Company has entered into the 2024–2026 Financial Services Framework Agreement with Huafa Finance Company.

The principal terms of the 2024–2026 Financial Services Framework Agreement are set out as follows:

Date: 25 September 2023

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

Duration: From 1 January 2024 to 31 December 2026

Subject matter: Huafa Finance Company agrees to provide the following financial services to the Group pursuant to the terms and conditions of the 2024–2026 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 2024–2026 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.

Historical transaction amount: The historical transaction amounts between the Group and Huafa Finance Company in respect of the deposit services during the term under the 2023 Financial Services Agreement are set out below:

**Historical daily maximum outstanding
balance of the deposits
(including any accrued interest)
(RMB millions)**

For the period from 18 November 2022 to 31 December 2022	102
For the period from 1 January 2023 to 22 September 2023	40

**Proposed
annual caps:**

Deposit services

The proposed annual 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 years ending 31 December 2024, 2025 and 2026 are set out below:

	For the year ending 31 December		
	2024 (RMB millions)	2025 (RMB millions)	2026 (RMB millions)
Daily maximum outstanding balance of the deposits (including any accrued interest)	120	120	120

In arriving at the above proposed annual caps for the provision of deposit services during the term of the 2024–2026 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 with Huafa Finance Company and each of its principal banks; and
- (ii) the operating cash flow, financial and capital management requirements for the Group's working capital and operation needs and business expansion in the future.

Credit services

As the credit services to be provided by Huafa Finance Company to the Group under the 2024–2026 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 proposed annual caps in respect of the highest comprehensive credit limit that may be applied on a revolving basis for three years ending 31 December 2024, 2025 and 2026 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 NAFR and is authorized to provide various financial services. The principal reasons for and the benefits of entering into the 2024–2026 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 2024–2026 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 NAFR, and it provides financial services in accordance with and in compliance with the rules and operational requirements of NAFR. In addition, capital risk can be prevented through the implementation of the risk control measures as stipulated in the Financial Services Framework Agreement.

EVENT PLANNING SERVICES FRAMEWORK AGREEMENT

On 25 September 2023 (after trading hours), the Company has entered into the Event Planning Services Framework Agreement with Zhuhai Huafa, pursuant to which the Group agreed to provide certain Event Planning Services to Zhuhai Huafa Group.

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

Date: 25 September 2023

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

Duration: From 25 September 2023 to 24 September 2026

Subject matter: Pursuant to the Event Planning Services Framework Agreement, the Group agrees to provide event planning services to Zhuhai Huafa Group at time and place designated by the relevant member of Zhuhai Huafa Group (such as the real-estate sales center), including but not limited to pre-event planning, organisation and delivery of personnel, materials and other resources for the event, and on-site maintenance during the execution and hosting of the event (collectively, the “**Event Planning Services**”).

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

**Individual Event
Planning
Services:**

As the Event Planning Services Framework Agreement only sets out the framework of the Event Planning 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 Event Planning Services agreements to set out the scope of the Event Planning 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 Event Planning 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 Event Planning Services and the service fees per year shall not be higher than each of the proposed annual caps under the Event Planning Services Framework Agreement. The terms and service fees of the individual Event Planning 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 Event Planning Services agreements and the Event Planning Services Framework Agreement, the terms of the Event Planning Services Framework Agreement shall prevail.

Payment terms:

The service fees shall be charged after the completion of individual service and settled within 45 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 Event Planning 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 Event Planning Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the Event Planning 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 Event Planning Services Framework Agreement and the transactions hereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the Event Planning Services Framework Agreement, the relevant individual Event Planning Services agreements shall be terminated accordingly.

Pricing policy:

The terms of the individual Event Planning Services agreements (including the service fees for the Event Planning 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 Event Planning Services shall be determined based on appropriate, reasonable and fair methods, taking into account (i) the nature, location, scale and marketing strategy of the relevant project; (ii) the corresponding efforts and the expected costs (including staff costs, material and production costs and administrative costs) required; (iii) the prevailing market rate of similar services; (iv) the service fees charged by the Group on other independent third party service recipients in previous similar services provided; and (v) the service fees charged on the relevant members of Zhuhai Huafa Group by other service providers in previous similar transactions.

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 Event Planning Services agreements are fair and reasonable and no less favourable to the Company.

**Proposed
annual caps:**

The proposed annual caps in respect of service fees receivable from Event Planning Services to be provided by the relevant members of the Group to the relevant members of Zhuhai Huafa Group under the Event Planning Services Framework Agreement for the following specified period/years are set out below:

	For the period from 25 September 2023 to 31 December 2023 (RMB millions)	For the year ending 31 December 2024 (RMB millions)	For the year ending 31 December 2025 (RMB millions)	For the period from 1 January 2026 to 24 September 2026 (RMB millions)
Total service fees for the Event Planning Services	50	120	120	120

In arriving at the above proposed annual caps under the Event Planning Services Framework Agreement, the Directors have considered a number of factors including:

- (i) Zhuhai Huafa Group's expected demand in the scope of the Event Planning Services during the term of the Event Planning Services Framework Agreement and their project plans based on the discussions between the Company and Zhuhai Huafa; and
- (ii) estimated service fees receivable by the Company with reference to (a) the estimated size, indicative scope and complexity of the Event Planning Services in relation to each of the project based on the discussion between Company and Zhuhai Huafa; (b) the prevailing and projected market rate of the provision for similar Event Planning Services to the corporate clients in the open market; (c) the scope of 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.

**Reasons and
benefits:**

Since the establishment of the Group in 2001, the Group has been focusing on the sales of mobile telecommunication devices and the provision of related services, in particular the retail sales sector. While the Group has endeavoured to enhancing the competitive edge of its core business, it has been continuously seeking business channels and pursuing new business opportunities. With its proficient personnel, expertise, and experience in event planning accumulated through its consumer-facing business, the Group is well-equipped to provide the Event Planning Services.

Zhuhai Huafa, on the other hand, operates in core business segments such as real estate development and urban operations. Zhuhai Huafa, through its various subsidiaries, would successfully secure real estate development projects and urban operation contracts from time to time. In order to facilitate the marketing effort of the property sales, Zhuhai Huafa Group requires the Event Planning Services by service providers from time to time. By leveraging its capabilities of event planning targeting for consumers, the Group can effectively support Zhuhai Huafa Group in fulfilling its needs for marketing strategies and plans in the context of real estate development projects and urban operations.

In view of the above, the Company is of the view that the Event Planning Services contemplated under the Event Planning Services Framework Agreement will provide an opportunity for the Company to expand its business offerings and enhance its revenue stream.

AUTOMOTIVE WHOLESALE AND EXPORT SERVICES FRAMEWORK AGREEMENT

On 25 September 2023 (after trading hours), the Company has entered into the Automotive Wholesale and Export Services Framework Agreement with Zhuhai Huafa Automobile, pursuant to which (i) the Group agreed to provide certain Revenue-related Automotive Wholesale and Export Services to Zhuhai Huafa Automobile; and (ii) Zhuhai Huafa Automobile agreed to provide certain Procurement-related Automotive Wholesale Services to the Group.

The principal terms of the Automotive Wholesale and Export Services Framework Agreement are set out as follows:

Date: 25 September 2023

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

Duration: From 25 September 2023 to 24 September 2026

Subject matter: **Revenue-related Automotive Wholesale and Export Services**

Pursuant to the Automotive Wholesale and Export Services Framework Agreement, the Group agrees to provide the following wholesale and export services relating to automobiles and automobile-related products to Zhuhai Huafa Automobile:

- (i) Wholesale of automobiles and automobile-related products: according to Zhuhai Huafa Automobile's business requirements, the relevant members of the Group agree to purchase wholesale automobiles and automobile-related products from independent third party suppliers/manufacturers/distributors and resell such wholesale products to Zhuhai Huafa Automobile; and
- (ii) Provision of export-related services for automobiles and automobile-related products: the relevant members of the Group agree to handle the export-related warehousing or agency matters to support Zhuhai Huafa Automobile in its export of the automobiles and automobile-related products business.

(collectively, the “**Revenue-related Automotive Wholesale and Export Services**”).

In consideration of the wholesale of automobiles and automobile-related products sold by the Group to Zhuhai Huafa Automobile, Zhuhai Huafa Automobile agrees to pay to the relevant members of the Group the purchase fees for the wholesale automobiles and automobile-related products.

In consideration of the provision of the export-related services for automobiles and automobile-related products by the Group to Zhuhai Huafa Automobile, Zhuhai Huafa Automobile agrees to pay to the Group service fees for the provision of the export-related services for automobiles and automobile-related products.

Procurement-related Automotive Wholesale Services

Pursuant to the Automotive Wholesale and Export Services Framework Agreement, leveraging on the broad customer base of the Group, the relevant members of the Group agree to procure from Zhuhai Huafa Automobile the wholesale automobiles and automobile-related products for which Zhuhai Huafa Automobile is an authorised distributor (the “**Procurement-related Automotive Wholesale Services**”) for reselling to interested customers of the Group.

In consideration of the provision of the Procurement-related Automotive Wholesale Services from Zhuhai Huafa Automobile to the Group, the relevant members of the Group agree to pay to Zhuhai Huafa Automobile the procurement costs for the automobiles and automobile-related products purchased.

(the Revenue-related Automotive Wholesale and Export Services and the Procurement-related Automotive Wholesale Services are collectively referred in this announcement as the “**Automotive Wholesale and Export Services**”)

**Individual
Automotive
Wholesale and
Export Services:**

As the Automotive Wholesale and Export Services Framework Agreement only sets out the framework of the Automotive Wholesale and Export Services to be provided or procured generally:

- (i) in respect of both the wholesale of automobiles and automobile-related products sold by the Group to Zhuhai Huafa Automobile and the provision of the Procurement-related Automotive Wholesale Services from Zhuhai Huafa Automobile to the Group, the relevant members of the Group shall enter into individual agreements to set out the model, type and quantity of the automobiles and automobile-related products, fee charging standard, payment schedule and payment methods, etc. with Zhuhai Huafa Automobile. The fees of each individual agreement shall be charged in accordance with the specific model, type and quantity of the automobiles and automobile-related products to be supplied or procured based on the actual needs of the Group and Zhuhai Huafa Automobile (as the case may be) and after the fulfilment of the internal procurement and service processes of both parties; and
- (ii) in respect of the specific export-related services for automobiles and automobile-related products to be provided by the Group, the relevant members of the Group shall enter into individual Automotive Wholesale and Export Services agreements to set out the scope of the specific export-related services for automobiles and automobile-related products, service fee charging standard, payment schedule and payment methods, etc. with Zhuhai Huafa Automobile. The service fees of each individual Automotive Wholesale and Export 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 Automobile and after the fulfilment of the internal procurement and service processes of both parties.

The service scope shall be within that of the Automotive Wholesale and Export Services and each of the Revenue-related Automotive Wholesale and Export Services and the Procurement-related Automotive Wholesale Services per year shall not be higher than each of the proposed annual caps under the Automotive Wholesale and Export Services Framework Agreement. The terms and service fees of the individual Automotive Wholesale and Export Services agreements shall be negotiated and agreed through arm's length negotiations between the relevant members of the Group and Zhuhai Huafa Automobile. In the event of conflicts between the terms of the individual Automotive Wholesale and Export Services agreements and the Automotive Wholesale and Export Services Framework Agreement, the terms of the Automotive Wholesale and Export Services Framework Agreement shall prevail.

Payment terms:

The fees shall be charged within 15 Business Days after the completion of individual Automotive Wholesale and Export Services 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 Automotive Wholesale and Export 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 Automobile; (ii) the defaulting party has committed any material breach of the representations, warranties and other terms of the Automotive Wholesale and Export Services Framework Agreement, and such breach cannot be remedied in the reasonable opinion of the non-breaching party; (iii) the Automotive Wholesale and Export 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 Automotive Wholesale and Export Services Framework Agreement and the transactions hereunder fail to comply with the applicable Listing Rules requirements in relation to connected transactions.

Upon termination of the Automotive Wholesale and Export Services Framework Agreement, the relevant individual Automotive Wholesale and Export Services agreements shall be terminated accordingly.

Pricing policy:

The terms of the individual Automotive Wholesale and Export Services agreements (including the fees for the Automotive Wholesale and Export Services) shall be determined after arm's length negotiations between the parties and on normal commercial terms. The aforesaid terms shall be no less favourable to the Group (as service provider) than those terms for the provision of similar or same type of the products or services offered by the Group to the independent third parties, or the aforesaid terms shall be no less favourable to the Group (as service recipient) than those terms offered by the independent third parties on the same or similar products or services offered by the independent third parties to the Group.

In relation to both the wholesale of automobiles and automobile-related products sold by the Group to Zhuhai Huafa Automobile and the provision of the Procurement-related Automotive Wholesale Services from Zhuhai Huafa Automobile to the Group, the fees shall be determined based on appropriate, reasonable and fair methods, taking into account (i) the estimated cost of selling the relevant automobiles and automobile-related products by the Group to Zhuhai Huafa Automobile or Zhuhai Huafa Automobile to the Group (as the case may be); (ii) the unit price and the quantity of the automobiles and automobile-related products; (iii) the size of the tender; and (iv) the prevailing market rate of similar products.

For determining the prevailing market rate of the unit price of the automobiles and automobile-related products in the wholesale business, the Company shall make reference to (i) if the guided-price of the automobiles and automobile-related products set by independent third party manufacturers or suppliers is available, the guided-price of the relevant automobiles and automobile-related products applies; or (ii) if no guided-price is available, average quotations from less than three independent third party service providers for supplying such identical or similar products and quantity before entering into the individual Automotive Wholesale and Export Services agreements, in order to ensure that the terms of the individual Automotive Wholesale and Export Services agreements are fair and reasonable and no less favourable to the Company.

In relation to the provision of export-related services for automobiles and automobile-related products by the Group to Zhuhai Huafa Automobile, the relevant members of the Group 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 shall make reference to the average service quotations from not less than three independent third party service providers for providing such similar services.

**Proposed
annual caps:**

The proposed annual caps in respect of (i) the fees receivable from the Revenue-related Automotive Wholesale and Export Services to be provided by the relevant members of the Group to Zhuhai Huafa Automobile and (ii) the fees payable for the Procurement-related Automotive Wholesale Services to be provided by Zhuhai Huafa Automobile to the Group under the Automotive Wholesale and Export Services Framework Agreement for the following specified period/years are set out below:

	For the period from 25 September 2023 to 31 December 2023 <i>(RMB millions)</i>	For the year ending 31 December 2024 <i>(RMB millions)</i>	For the year ending 31 December 2025 <i>(RMB millions)</i>	For the period from 1 January 2026 to 24 September 2026 <i>(RMB millions)</i>
Fees receivable from the Revenue-related Automotive Wholesale and Export Services	20	60	60	60
Fees payable for the Procurement-related Automotive Wholesale Services	60	60	60	60
Total fees for the Automotive Wholesale and Export Services	80	120	120	120

In arriving at the above proposed annual caps in respect of the fees receivable from the Revenue-related Automotive Wholesale and Export Services under the Automotive Wholesale and Export Services Framework Agreement, the Directors have considered a number of factors including:

- (i) Zhuhai Huafa Automobile's expected demand in the scope of the Revenue-related Automotive Wholesale and Export Services during the term of the Automotive Wholesale and Export Services Framework Agreement based on the discussions between the Company and Zhuhai Huafa Automobile; and

- (ii) estimated fees receivable by the Company with reference to (a) the procurement plan of Zhuhai Huafa Automobile in relation to the Revenue-related Automotive Wholesale and Export Services and (b) the estimated size, quantity, indicative scope and complexity of the Revenue-related Automotive Wholesale and Export Services in relation to the specific products and services based on the discussion between the Company and Zhuhai Huafa Automobile.

In arriving at the above proposed annual caps in respect of the fees payable for the Procurement-related Automotive Wholesale Services under the Automotive Wholesale and Export Services Framework Agreement, the Directors have considered a number of factors including:

- (i) the Group's capability and channel in securing orders from its customers in purchasing the automobiles and automobile-related products, and the expected quantity of the automobiles and automobile-related products to be sold to the interested customers based on the discussions between the Company and the potential customers; and
- (ii) estimated fees payable by the Company to Zhuhai Huafa Automobile with reference to (a) the estimated quantity, model and type of the automobiles and automobile-related products which will be purchased from Zhuhai Huafa Automobile; and (b) the prevailing market rate of the unit price of the purchase of the similar or same type of automobiles and automobile-related products in the open market.

Reasons and benefits: As disclosed in the interim results announcement of the Company dated 25 August 2023, the Group has derived new source of revenue of RMB45,104,000 from sales of automobiles generated as a result of the Group's active development of new energy vehicle sales business for the six months ended 30 June 2023.

In the second half of 2023, the Group will continue to explore opportunities in automobile business. In the automobile business, with the opening of new energy vehicle outlets in Beijing, Guangzhou and Zhuhai, the Company has been accumulating experience in the retail and distribution of new energy vehicles, and has begun to leverage and utilise the customer resources accumulated through its mobile handset sales network. In the automobile import and export business, the Company's endeavours in Xinjiang have started to yield positive results. Building upon this success, the Company will dedicate its efforts in the second half of 2023 to continuously expanding the scale of its automobile procurement and sales, warehousing, agency services, as well as import and export operations for Central Asia.

Given the Group's broad customer base, strong market development capabilities and customer sourcing channels, the Group expects to secure orders of the automobiles and automobile-related products from its interested customers. In addition, as the Group expects to be engaged as authorised distributors of some automobile brands or manufacturers, the capabilities of the Group to source automobiles and automobile-related products for customers (including Zhuhai Huafa Automobile) are expected to be enhanced.

On the other hand, Zhuhai Huafa Automobile has over 30 years of experience in the automotive industry and serves as an authorised distributor for various renowned automotive brands. It has established long-term and business relationships with major automobile manufacturers/suppliers. As such, Zhuhai Huafa Automobile can provide an ample supply of high-quality and cost-effective automobiles and automobile-related products to fulfill certain trade orders secured by the Group. In addition, given that Zhuhai Huafa Automobile has recently obtained the qualification for export of second-hand cars in Guangdong Province, it is expected that Zhuhai Huafa Automobile will be able to secure a number of orders of automobile related products from overseas customers. The Group plans to leverage its automotive resources on Zhuhai Huafa Automobile's export demand. In the event that the Group has the competitiveness and capability to source the automobiles or automobile-related products with a competitive price in the market, the Group will source the automobiles or automobile-related products for which Zhuhai Huafa Automobile is not the authorised distributor for reselling such products to Zhuhai Huafa Automobile. In addition, the Group will offer export-related warehousing and agency services related to the automobiles and automobile-related products to Zhuhai Huafa Automobile.

In light of the above factors, the Company is of the view that the Automotive Wholesale and Export Services contemplated under the Automotive Wholesale and Export Services Framework Agreement will provide an opportunity for the Company to further develop its new business in the automobile industry and enhance its revenue stream.

INTERNAL CONTROL MEASURES FOR THE 2024–2026 FRAMEWORK AGREEMENTS, AND THE NEW CCT FRAMEWORK AGREEMENTS

The Group will adopt internal control procedures and corporate governance measures in relation to the transactions contemplated under the 2024–2026 Framework Agreements and the New CCT Framework Agreements:

- (i) before entering into any individual agreements under the 2024–2026 Framework Agreements and the New CCT 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 2024–2026 Framework Agreements and the New CCT Framework Agreements are fair and reasonable and no less favourable to the Company, or no more favourable to Zhuhai Huafa or Zhuhai Huafa Automobile (as the case may be), 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 2024–2026 Framework Agreements and the New CCT Framework Agreements to ensure that they are in accordance with the relevant 2024–2026 Framework Agreements and the New CCT Framework Agreements and the proposed annual caps thereof 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 2024–2026 Framework Agreements and the New CCT 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 2024–2026 Framework Agreements and the New CCT 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 2024–2026 Framework Agreements and the New CCT Framework Agreements; and

- (iv) the independent non-executive Directors and auditors of the Company will conduct annual review on the transactions contemplated under the 2024–2026 Framework Agreements and the New CCT 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 2024–2026 Framework Agreements and the New CCT Framework Agreements will be on normal commercial terms, fair and reasonable and no less favourable to the Group than those available from independent third parties.

INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES FOR THE 2024–2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

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 caps will not be exceeded;
- (iii) the finance department of the Company will report to the senior 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 2024–2026 Financial Services Framework Agreement and its proposed annual caps each year, to ensure that the transactions contemplated under the 2024–2026 Financial Services Framework Agreement are conducted within the terms of the 2024–2026 Financial Services Framework Agreement, 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 independent non-executive Directors and the auditor of the Company will perform annual reviews on the pricing and annual caps of such transactions contemplated under the 2024–2026 Financial Services Framework Agreement.

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, fair and reasonable 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 FOR THE 2024–2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

- (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 NAFR 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 NAFR;
- (iii) Zhuhai Huafa has undertaken to the NAFR 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, the 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 established 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 of 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 NAFR, 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.

Zhuhai Huafa Automobile is a limited liability company established in the PRC and a subsidiary of Zhuhai Huafa. The scope of its operations mainly include sale of automobiles, retail and wholesale of automobile-related spare parts and motor vehicle repair and maintenance. The ultimate beneficial owner of Zhuhai Huafa Automobile 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 total number of issued shares of the Company, and both Huafa Technology Industry Group and Hong Kong Huafa are subsidiaries of Zhuhai Huafa. Accordingly, Zhuhai Huafa is the controlling shareholder and the connected person of the Company. Huafa Finance Company and Zhuhai Huafa Automobile, both being the subsidiaries of Zhuhai Huafa, are also the connected persons of the Company.

As such, each of the Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement, the Automotive Wholesale and Export Services Framework Agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the proposed annual caps under the respective Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, deposit services under the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement is over 0.1% but less than 5%, as such, the transactions contemplated under the respective Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, deposit services under the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement 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 credit services under the 2024–2026 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, fair and reasonable 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 will 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 Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement, and they have abstained from voting at the Board meeting for approving the transactions contemplated under the Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement (including the proposed annual caps). Save as disclosed above, none of the Directors has any material interest in the Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement, which require them to abstain from voting at the Board meeting for approving the transactions contemplated under the Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export 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 Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export 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 Amended 2023 Administrative Products Purchase and Sale Framework Agreement, the 2024–2026 Framework Agreements, the 2024–2026 Financial Services Framework Agreement, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement (including the proposed annual caps) are entered into in the ordinary and usual course of business of the Group (except the 2024–2026 Financial Services Framework Agreement), on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the H Shares 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.

DEFINITIONS

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

“2022 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
“2022 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
“2022 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
“2022 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
“2022 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
“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 Financial 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

“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
“2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement”	the agreement for the sale of the Administrative and Promotional Products dated 25 September 2023 and entered into between the Company and Zhuhai Huafa
“2024–2026 Customers Referral Services Framework Agreement”	the agreement for the provision of the Customers Referral Services dated 25 September 2023 and entered into between the Company and Zhuhai Huafa
“2024–2026 Financial Services Framework Agreement”	the agreement for the provision of the deposit services and the credit services dated 25 September 2023 and entered into between the Company and Huafa Finance Company
“2024–2026 Framework Agreements”	collectively, the 2024–2026 Store Sharing Services Framework Agreement, the 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement, the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement, the 2024–2026 R&D and Consultancy Services Framework Agreement and the 2024–2026 Customers Referral Services Framework Agreement
“2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement”	the agreement for the provision of the Public Works Engineering Purchase and Sale Services dated 25 September 2023 and entered into between the Company and Zhuhai Huafa

“2024–2026 R&D and Consultancy Services Framework Agreement”	the agreement for the provision of the R&D and Consultancy Services dated 25 September 2023 and entered into between the Company and Zhuhai Huafa
“2024–2026 Store Sharing Services Framework Agreement”	the agreement for the provision of the Store Sharing Services dated 25 September 2023 and entered into between the Company and Zhuhai Huafa
“Administrative and Promotional Products”	The administrative and promotional products to be sold by the Group to Zhuhai Huafa Group under the 2024–2026 Administrative and Promotional Products Purchase and Sale Framework Agreement as more particularly described in this announcement
“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 announcement of the Company dated 18 November 2022
“Amended 2023 Administrative Products Purchase and Sale Framework Agreement”	2023 Administrative Products Purchase and Sale Framework Agreement (as amended and supplemented by the Supplemental Agreement)
“Automotive Wholesale and Export Services”	collectively, the Procurement-related Automotive Wholesale Services and the Revenue-related Automotive Wholesale and Export Services
“Automotive Wholesale and Export Services Framework Agreement”	the agreement for the provision of the Automotive Wholesale and Export Services dated 25 September 2023 and entered into between the Company and Zhuhai Huafa Automobile
“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
“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 whose H Shares are listed on the Stock Exchange, stock code: 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 2024–2026 Customers Referral Services Framework Agreement as more particularly described in this announcement
“Directors”	the directors of the Company
“Event Planning Services”	the services to be provided by the Group to Zhuhai Huafa Group under the Event Planning Services Framework Agreement as more particularly described in this announcement
“Event Planning Services Framework Agreement”	the agreement for the provision of the Event Planning Services dated 25 September 2023 and entered into between the Company and Zhuhai Huafa
“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”	Zhuhai Huafa Technology Industry Group Co., Ltd. (珠海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
“NAFR”	National Financial Regulatory Administration (國家金融監督管理總局)

“New CCT Framework Agreements”	collectively, the Event Planning Services Framework Agreement and the Automotive Wholesale and Export Services Framework Agreement
“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
“Procurement-related Automotive Wholesale Services”	the procurement of the Group in relation to the wholesale automobiles and automobile-related products from Zhuhai Huafa Automobile for which Zhuhai Huafa Automobile is an authorised distributor pursuant to the Automotive Wholesale and Export Services Framework Agreement as more particularly described in this announcement
“Public Works Engineering Purchase and Sale Services”	the services to be provided by the Group to Zhuhai Huafa Group under the 2024–2026 Public Works Engineering Purchase and Sale Services Framework Agreement as more particularly described in this 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 2024–2026 R&D and Consultancy Services Framework Agreement as more particularly described in this announcement
“Revenue-related Automotive Wholesale and Export Services”	the provision of the wholesale and export services relating to automobiles and automobile-related products by the Group to Zhuhai Huafa Automobile pursuant to the Automotive Wholesale and Export Services Framework Agreement as more particularly described in this 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 2024–2026 Store Sharing Services Framework Agreement as more particularly described in this announcement

“Store(s)”	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
“Supplemental Agreement”	the supplemental agreement to the 2023 Administrative Products Purchase and Sale Framework Agreement dated 25 September 2023 and entered into between the Company and Zhuhai Huafa
“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 the Company
“Zhuhai Huafa Automobile”	Zhuhai Huafa Automobile Sales Co. Ltd.* (珠海華發汽車銷售有限公司), a limited liability company established in the PRC and a subsidiary of Zhuhai Huafa
“Zhuhai Huafa Group”	Zhuhai Huafa, its subsidiaries and its 30% controlled companies (as defined under the Listing Rules) from time to time, for the purpose of this announcement, excluding the Group

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

Beijing, the PRC
25 September 2023

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