迪信通
D.PHONE
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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2024:

The revenue of the Group amounted to RMB9,535,821,000, representing an increase of 4.22%, as compared to the revenue of the Group of RMB9,149,602,000 for the same period of last year.

The net loss attributable to owners of the parent of the Company for the period amounted to RMB29,267,000, representing an increase of 10.71%, as compared to the net loss attributable to owners of the parent of the Company of RMB26,436,000 for the same period of last year.

The basic loss per share amounted to RMB0.03/share, representing a decrease of RMB0.01/share, as compared to a basic loss per share of RMB0.04/share for the same period of last year.

The Board (the "**Board**") of Directors (the "**Director(s)**") of Beijing Digital Telecom Co., Ltd. (the "**Company**" or "**Digital Telecom**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (together, the "**Group**" or "**we**") for the six months ended 30 June 2024 together with the comparable figures for the same period of 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		Unaudited	Unaudited
	Notes	***RMB'000***	*RMB'000*
REVENUE	*5*	**9,535,821**	9,149,602
Cost of sales		**(9,201,551)**	(8,801,457)
Gross profit		**334,270**	348,145
Other income and gains	*5*	**29,125**	23,769
Selling and distribution expenses		**(194,333)**	(206,677)
Administrative expenses		**(96,217)**	(98,860)
Impairment losses on financial assets		**(23,884)**	(30,032)
Other expenses		**342**	(358)
Finance costs		**(76,479)**	(68,774)
Share of losses and profits of:			
Joint ventures		**(3,886)**	(4,674)
Associates		**3,518**	(3,851)
LOSS BEFORE TAX	*6*	**(27,544)**	(41,312)
Income tax (expense)/credit	*7*	**(1,533)**	8,401
LOSS FOR THE PERIOD		**(29,077)**	(32,911)
Attributable to:			
Owners of the parent		**(29,267)**	(26,436)
Non-controlling interests		**190**	(6,475)
		(29,077)	(32,911)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)			
For loss for the period	*8*	**(0.03)**	(0.04)

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
(LOSS) FOR THE PERIOD	**(29,077)**	(32,911)
OTHER COMPREHENSIVE LOSS		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss/(income) of a joint venture	**(4,666)**	5,242
Exchange differences on translation of foreign operations	**(24)**	(7,379)
OTHER COMPREHENSIVE (LOSS) FOR THE PERIOD, NET OF TAX	**(4,690)**	(2,137)
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	**(33,767)**	(35,048)
Attributable to:		
Owners of the parent	**(33,957)**	(28,573)
Non-controlling interests	**190**	(6,475)
	(33,767)	(35,048)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2024

	Note	**30 June 2024 Unaudited** *RMB'000*	31 December 2023 Audited *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**47,957**	46,425
Right-of-use assets		**198,510**	209,061
Other intangible assets		**1,113**	1,393
Investments in joint ventures		**30,630**	31,777
Investments in associates		**34,179**	38,065
Equity investments designated at fair value through other comprehensive income		**20,000**	20,000
Total non-current assets		**332,389**	346,721
CURRENT ASSETS			
Inventories		**478,756**	331,484
Trade and bills receivables	*9*	**2,168,848**	2,043,052
Prepayments, other receivables and other assets		**2,399,653**	1,953,808
Financial assets at fair value through profit or loss		**412,447**	443,377
Due from related parties		**743,829**	698,840
Pledged deposits		**2,530,321**	1,797,640
Cash and cash equivalents		**234,183**	717,266
Total current assets		**8,968,037**	7,985,467

	Note	**30 June 2024 Unaudited** *RMB'000*	31 December 2023 Audited *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*10*	**613,267**	413,067
Other payables and accruals		**784,803**	651,229
Interest-bearing bank and other borrowings		**4,601,669**	3,965,644
Lease liabilities		**83,288**	44,120
Due to related parties		**2,977,438**	3,015,159
Tax payable		**27,238**	27,996
Total current liabilities		**9,087,703**	8,117,215
NET CURRENT LIABILITIES		**(119,666)**	(131,748)
TOTAL ASSETS LESS CURRENT LIABILITIES		**212,723**	214,973
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**80,000**	–
Deferred tax liabilities		**254**	333
Lease liabilities		**122,256**	170,660
Total non-current liabilities		**202,510**	170,993
NET ASSETS		**10,213**	43,980
EQUITY			
Equity attributable to owners of the parent:			
Issued capital		**886,460**	886,460
Reserves		**(849,807)**	(815,848)
		36,653	70,612
Non-controlling interests		**(26,440)**	(26,632)
TOTAL EQUITY		**10,213**	43,980

1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China (the "**PRC**"). The registered office of the Company is located at Room 24603, 46th Floor, -4 to 45th Floor 101, Building 1, No. 20 Courtyard, Lize Road, Fengtai District, Beijing, the PRC.

The Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the sales of mobile telecommunications devices and accessories and the provision of related services.

During the reporting period, Huafa Group (including Zhuhai Huafa Technology Industry Group Co., Ltd. (formerly known as Zhuhai Huafa Industrial Investment Holding Co., Ltd.) and Hong Kong Huafa Investment Holdings Limited, hereinafter refer to as "**Huafa Group**") held approximately 56.00% of the Company's equity interests in total, and together with a concert party agreement entered into between Zhuhai Huafa Technology Industry Group Co., Ltd., Digital Science & Technology Group Limited and Mr. Liu Donghai on 8 April 2024, jointly controlled approximately 74.99% of the total voting right of the Company.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRS(s)**") for the first time for the financial information during the current period.

Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any. The amendments did not have any significant impact on the Group's financial statements.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact on the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has one reportable operating segment, which is the sales of mobile telecommunications devices and accessories.

Management monitors the Group's operating results of its business as a whole for the purpose of making decisions about resource allocation and performance assessment.

Information about major customers

During the reporting period, the Group had no customers from whom the revenue was earned individually contributing to more than 10% of the Group's total revenue for the reporting period.

5. REVENUE, OTHER INCOME AND GAINS

(a) Revenue

An analysis of revenue is as follows:

Segments

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Types of goods or services		
Sales of mobile telecommunications devices and accessories	**9,168,948**	8,779,801
Including:		
Retail of mobile telecommunications devices and accessories	**2,422,652**	1,788,547
Sales of telecommunications devices and accessories to franchisees	**244,983**	247,313
Wholesales of mobile telecommunications devices and accessories	**6,501,313**	6,743,941
Sales of automobiles	**35,833**	45,104
Service income from mobile carriers	**111,578**	126,625
Revenue from provision of online and offline sales and marketing services*	**58,113**	122,161
Other service fee income	**161,349**	75,911
Total revenue from contracts with customers	**9,535,821**	9,149,602

* The Group generated service income for providing services to Huafa Group.

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	**9,204,781**	8,824,905
Services transferred over time	**331,040**	324,697
Total revenue from contracts with customers	**9,535,821**	9,149,602
Geographical markets		
Mainland China	**9,535,821**	9,050,755
Spain	**–**	94,700
Hong Kong	**–**	4,147
Total revenue from contracts with customers	**9,535,821**	9,149,602

(b) Other income and gains

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Other income		
Interest income	**14,605**	21,134
Government grants *(Note (a))*	**3,617**	2,030
Others	**10,903**	605
	29,125	23,769

Note (a): The amount represents grants received from local PRC government authorities by the Group's subsidiaries in connection with certain financial subsidies and tax refunds to support local businesses. There are no unfulfilled conditions and other contingencies attached to the government grants.

6. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Cost of inventories sold and services provided	**9,201,551**	8,801,457
Depreciation of property, plant and equipment	**7,065**	10,503
Amortisation of intangible assets	**305**	567
Depreciation of right-of-use assets	**56,027**	49,460
Interest on lease liabilities	**4,019**	4,997
Impairment of financial assets:		
Impairment and write-down of trade receivables	**14,739**	4,805
Impairment and write-down of other receivables	**6,219**	16,853
Impairment of amount due from related parties	**2,926**	8,374
Fair value gain on financial assets at fair value through profit or loss	**(3,147)**	(9,241)
Reversal and write-down of inventories	**(516)**	(801)
Impairment of property, plant and equipment	**–**	89
Impairment of right-of-use assets	**–**	225
Loss on disposal of property, plant and equipment	**13**	18

7. INCOME TAX

The provision for current income tax is based on a statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for Sichuan Yijialong Communication Technology Chain Co., Ltd., a subsidiary of the Company, which was subject to tax at preferential rate of 15% for the period of six months ended 30 June 2024. The major components of income tax (expense)/credit are as follows:

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current:		
Charge for the period	**1,612**	(8,286)
Deferred tax	**(79)**	(115)
Total tax expense/(credit) for the period	**1,533**	(8,401)

Note: For losses in the prior period, tax credit is recognised up to the recoverable amount which represent unpaid tax provision brought forward. No deferred tax assets and accordingly tax credit was recognised for the losses in excess of the amount in the prior period. In the opinion of the directors, it is not probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the reporting periods.

The Group had no potentially dilutive ordinary shares in issue during the reporting periods. The calculation of the basic loss per share is based on:

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation	**(29,267)**	(26,436)
Shares		
Weighted average number of ordinary shares	**886,460,400**	732,460,400

9. TRADE AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade receivables	**2,956,164**	2,824,061
Bills receivable	**49,903**	41,471
Less: impairment of trade receivables	**(837,219)**	(822,480)
	2,168,848	2,043,052

The Group grants different credit periods to customers. The Group's retail sales to consumers are cash sales. Credit periods are offered to customers of volume sales of telecommunications devices and accessories. The credit periods offered to customers of volume sales are considered on a case-by-case basis.

The Group maintains strict control over and closely monitors its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the balance of trade and bills receivables as at the end of the reporting periods, based on the invoice date and net of provisions, is as follows:

	30 June 2024	31 December 2023
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 90 days	**512,914**	663,848
91 to 180 days	**254,716**	209,894
Over 180 days	**1,401,218**	1,169,310
	2,168,848	2,043,052

10. TRADE AND BILLS PAYABLES

	30 June 2024	31 December 2023
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade payables	**613,267**	413,067

An ageing analysis of the balance of trade and bills payables as at the end of the reporting periods, based on the invoice date, is as follows:

	30 June 2024	31 December 2023
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 90 days	**77,181**	323,672
91 to 180 days	**150,314**	1,851
Over 180 days	**385,772**	87,544
	613,267	413,067

11. DIVIDENDS

The directors did not propose an interim dividend for the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

For the six months ended 30 June 2024, the Group sold 2,473,000 mobile handsets, representing an increase of 266,000 sets or 12.05%, as compared to the sales of 2,207,000 mobile handsets for the same period in 2023. Operating revenue for the first half of 2024 amounted to RMB9,535,821,000, representing an increase of RMB386,219,000 or 4.22%, as compared to that of RMB9,149,602,000 for the same period of 2023. In the first half of 2024, the net loss attributable to owners of the parent of the Company for the six months ended 30 June 2024 amounted to RMB29,267,000, representing an increase of RMB2,831,000 or 10.71%, as compared to the net loss attributable to owners of the parent of the Company of RMB26,436,000 for the same period of 2023.

II. FINANCIAL POSITION AND OPERATING RESULTS

(I) Overview

For the six months ended 30 June 2024, the Group recorded a net loss of RMB29,077,000, as compared to a net loss of RMB32,911,000 for the same period in 2023, representing a period-on-period decrease of 11.65%, among which, the net loss attributable to owners of the parent of the Company for the six months ended 30 June 2024 amounted to RMB29,267,000, representing a period-on-period increase of RMB2,831,000 or 10.71%, as compared to the net loss attributable to owners of the parent of the Company of RMB26,436,000 for the same period of 2023. The basic loss per share amounted to RMB0.03/share, representing a decrease of RMB0.01/share, as compared to a basic loss per share of RMB0.04/share for the same period of last year.

1. Operating revenue

The Group's operating revenue for the six months ended 30 June 2024 amounted to RMB9,535,821,000, representing an increase of RMB386,219,000, or 4.22%, as compared to that of RMB9,149,602,000 for the same period of 2023. The increase in revenue was mainly due to an increase in revenue from retail business of independent stores and an increase in revenue from retail business under the livestreaming business. Our sales of mobile telecommunications devices and accessories include (i) sales in our retail business; (ii) sales in our franchise business; and (iii) sales in our wholesale business. Revenue from our retail business includes revenue from sales of mobile telecommunications devices and accessories in our independent stores, store-in-store outlets, stores in cooperation with the mobile carriers, and online sales platforms. Revenue from our franchise business includes revenue from sales of mobile telecommunications devices and accessories to our franchisees. Revenue from our wholesale business includes revenue from sales of mobile telecommunications devices and accessories we distribute to mobile carriers and other third-party retailers.

The Group's revenue from sales of mobile telecommunications devices and accessories amounted to RMB9,168,948,000 for the six months ended 30 June 2024, representing an increase of RMB389,147,000 or 4.43%, as compared with that of RMB8,779,801,000 for the same period in 2023.

The Group's service income from mobile carriers amounted to RMB111,578,000 for the six months ended 30 June 2024, representing a decrease of RMB15,047,000 or 11.88%, as compared with that of RMB126,625,000 for the same period in 2023.

The Group's revenue from provision of online and offline sales and marketing services and other services for the six months ended 30 June 2024 amounted to RMB219,462,000 in total, representing an increase of RMB21,390,000, or 10.80%, as compared with those of RMB198,072,000 in total for the six months ended 30 June 2023. Among which, revenue from other services increased by RMB85,438,000, which was mainly attributable to the significant growth in revenue from the government and enterprise business during the period based on the Company's channel advantages. In the future, the Company will expand its channel advantages in an all-round way to provide sales services to more customers.

The Group's revenue from sales of automobiles for the six months ended 30 June 2024 amounted to RMB35,833,000, representing a decrease of RMB9,271,000, or 20.55%, as compared with the revenue of RMB45,104,000 from sales of automobiles for the six months ended 30 June 2023.

2. Cost of sales

The Group's cost of sales for the six months ended 30 June 2024 amounted to RMB9,201,551,000, representing an increase of RMB400,094,000, or 4.55%, as compared to that of RMB8,801,457,000 for the same period of 2023, which was mainly due to the increase in operating revenue.

3. Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2024 amounted to RMB334,270,000, representing a decrease of RMB13,875,000, or 3.99%, as compared to that of RMB348,145,000 for the same period in 2023. Our overall gross profit margins for the six months ended 30 June 2024 and 2023 were 3.51% and 3.81%, respectively. Our overall gross profit margins remained stable.

4. Other income and gains

Other income and gains include (i) interest income; (ii) government grants; and (iii) others. The Group's other income and gains for the six months ended 30 June 2024 amounted to RMB29,125,000, representing an increase of RMB5,356,000, or 22.53%, as compared to that of RMB23,769,000 for the same period in 2023. The increase in other income and gains was mainly due to the increase in the gain on fair value changes and such increase was partially offset by the decrease in interest income in the first half of 2024.

5. Selling and distribution expenses

The Group's total selling and distribution expenses for the six months ended 30 June 2024 amounted to RMB194,333,000, representing a decrease of RMB12,344,000, or 5.97%, as compared to that of RMB206,677,000 for the same period in 2023. Selling and distribution expenses remained stable as compared to the same period of last year.

6. Administrative expenses

The Group's total administrative expenses for the six months ended 30 June 2024 amounted to RMB96,217,000, representing a decrease of RMB2,643,000, or 2.67%, as compared to that of RMB98,860,000 for the same period in 2023. The administrative expenses remained stable as compared to the same period of last year.

7. Finance costs

The Group's total finance costs for the six months ended 30 June 2024 amounted to RMB76,479,000, representing an increase of RMB7,705,000, or 11.20%, as compared to that of RMB68,774,000 for the same period in 2023. The increase in finance costs was due to the increase in the amount of borrowings as compared to the same period of last year.

8. Other expenses

Our other expenses mainly include impairment and write-down of inventories. The Group's other expenses for the six months ended 30 June 2024 amounted to RMB-342,000, as compared to that of RMB358,000 for the same period in 2023. The relevant change was mainly due to the reversal of impairment of inventories.

9. Income tax (expense)/credit

The Group's total income tax expense for the six months ended 30 June 2024 amounted to RMB1,533,000, as compared to an income tax credit of RMB8,401,000 for the same period in 2023. The relevant changes were mainly due to the fact that certain subsidiaries had achieved taxable profits during the period.

10. Indebtedness – bank and other borrowings

As of 30 June 2024, our bank borrowings were primarily bank loans and other borrowings which were short term and long term in nature. The following table sets forth our outstanding borrowings as at the dates indicated:

	As of 30 June 2024 (Unaudited) ***RMB'000***	As of 31 December 2023 (Audited) *RMB'000*
Current		
Bank loans:		
Unsecured, repayable within one year	**1,313,869**	1,095,644
Secured, repayable within one year	**3,287,800**	1,670,000
Other loans:		
Unsecured, repayable within one year	**–**	275,000
Secured, repayable within one year	**–**	925,000
	4,601,669	3,965,644
Long-term		
Unsecured, repayable after one year	**80,000**	–
Total	**4,681,669**	3,965,644

(II) Capital expenditure

For the six months ended 30 June 2024, the Group's capital expenditure amounted to RMB17,476,000, which was incurred mainly in relation to the purchase and construction of fixed assets and decoration expenses in connection with the opening of new outlets and the renovation of old ones.

(III) Key financial ratios

The following table sets out our current ratio, gearing ratio and net debt-to-equity ratio as of the dates indicated:

Items	**As at 30 June 2024**	As at 31 December 2023	**Change**	**Percentage of change**
Current ratio	**0.99**	0.98	0.01	1.02%
Gearing ratio	**99.86%**	99.30%	0.56%	0.57%
Net debt-to-equity ratio	**43,547.30%**	7,386.03%	36,161.27%	489.59%

Current ratio is current assets divided by current liabilities at the end of each financial period. As at 30 June 2024, our current ratio was 0.99, representing an increase of 0.01 percentage point, or 1.02%, as compared to that of 0.98 as at 31 December 2023.

Gearing ratio is net debt divided by the sum of net debt and total equity at the end of each financial period and multiplied by 100%. Net debt includes interest-bearing bank and other borrowings, lease liabilities, etc., less cash and cash equivalents. As at 30 June 2024, our gearing ratio was 99.86%, representing an increase of 0.56 percentage point, or 0.57%, as compared to that of 99.30% as at 31 December 2023. The increase was mainly due to the increase in bank loan.

Net debt-to-equity ratio equals net bank debt divided by total equity at the end of the period and multiplied by 100%. As at 30 June 2024, our net debt-to-equity ratio was 43,547.30%, representing an increase of 36,161.27 percentage points, or 489.59%, as compared to that of 7,386.03% as at 31 December 2023. The increase was mainly due to the increase in bank loan.

(IV) Material acquisitions and disposals

During the six months ended 30 June 2024, the Group had no material acquisitions and disposals.

(V) Contingent liabilities

During the six months ended 30 June 2024, the Group had no contingent liabilities.

(VI) Foreign exchange rate risks

The Group's businesses are mainly located in Mainland China, and the majority of transactions are conducted in Renminbi. Most of the Group's assets and liabilities are denominated in Renminbi. The Group's exposure to foreign currency risk relates to the Group's bank deposits and other receivables denominated in United States dollars and Hong Kong dollars. The Group has not hedged its foreign exchange rate risks.

(VII) Pledge of assets

As at 30 June 2024, the Group had pledged deposits amounting to RMB2,530,321,000 and financial assets at fair value through profit or loss amounting to RMB412,447,000.

(VIII) Material investments

For the six months ended 30 June 2024, the Group had no other material investment.

(IX) Equity arrangements

For the six months ended 30 June 2024, no equity subscription was conducted by the Group. As of the date of this announcement, no equity scheme was made by the Group.

(X) Share capital

During the six months ended 30 June 2024, there was no change in the Company's share capital structure.

(XI) Material events after the reporting period

As of the date of this announcement, the Group has no material events after 30 June 2024 that are required to be disclosed.

(XII) Employees and remuneration policy

As at 30 June 2024, the Group had a total of 2,478 employees (30 June 2023: 2,521). Salary expenses and employees' benefit expenses were approximately RMB150,521,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately RMB152,965,000). Remunerations for the Group's existing employees include salaries, performance-based bonus, social insurance and housing provident fund. The Group has also conducted various trainings for employees, including professional qualification training, product and business information training, and management skills training, which are conducted mainly in three ways through online learning, seminars and conferences and skill-specific training programmes.

III. BUSINESS OUTLOOK FOR THE SECOND HALF OF 2024

The second half of 2024 is a new crossroad for Digital Telecom. The expected recovery and growth of the 3C industry did not materialise and the market was relatively stable in the first half of the year, with Digital Telecom outperforming the market but not achieving a breakout. At the same time, in conjunction with the strategy adjustment to the business of Huafa Group, Digital Telecom has also made selection of the direction and optimization in relation to the new track. Although the growth of the main business is under pressure and the new business is still in the incubation period, Digital Telecom is confident that it will exceed the expectations and fully accomplish the business targets for 2024:

(I) We are expanding the layout for offline and grasping growth for online to further build the most competitive omni-channel system. In terms of offline retailing, while continuing the moderate expansion strategy of the first half of the year, Digital Telecom will actively search for high-quality outlets in first- to third-tier cities to reasonably increase the number of outlets under the premise of guaranteed operating efficiency and improve store density in production areas. At the same time, we continue to focus on the quality of outlet operations to improve the success rate and survival rate of newly opened outlets. In terms of new retail, Digital Telecom has diversified its channel layout and business cooperation model. On the one hand, we strengthen our supply chain and sales capacity in private channels such as banks and airlines; on the other hand, we serve mainstream e-commerce platforms such as Taobao, Kuaishou and TikTok through the business of "one-piece delivery". Further, by relying on its own network advantages and operational quality, Digital Telecom's nationwide outlets have become the most important omni-channel partners in the local life segment of platforms, such as TikTok, Kuaishou and Meituan, in addition to JD.

(II) We will strengthen our 1+N, with retail as the foundation and government and enterprise as the breakthrough. Besides the cell phone business, Digital Telecom has always insisted on constantly looking for opportunities, strengthening the 1+N business model and improving business output. On the basis of the retailer 1.0 recycling platform previously built in conjunction with Everything New Life Group（萬物新生集團）, we are upgrading and launching version 2.0 of the bidding recycling platform, striving to reach new heights on the basis of the doubling of the recycling business that has already been achieved so far last year. At the same time, we will seize the opportunity of launching flagship new products of our core brands in the second half of the year and make every effort to enhance the ratio of fusion products to increase the Group's revenue. Relying on the customer relationships and resources accumulated over the years, we have successfully opened up a number of tracks in the government and enterprise business based on the retail business. In the second half of the year, we will strive to stabilize the existing business categories, such as number cards and data and information communication technology, and make every effort to expand the new business with great growth potential, such as arithmetic servers, and to turn the government and enterprise business into a new segment with significant scale and profit contribution.

(III) We will make reasonable adjustment to the new business strategy by deeply participating in the photovoltaic industry chain. In the second half of 2024, Digital Telecom will further participate in the household photovoltaic ("**PV**") industry chain by penetrating upward from the original agency to the supply chain trade and downward to the power plant holding. With the deepening of its participation, Digital Telecom will continue to enrich the participation mechanism of the cooperation model of the PV business, fully explore the growth potential of this business, and build it into our second growth driver. As for new energy vehicles, we will consider scaling down the business in automotive retail and export based on comprehensive considerations on several aspects, such as Digital Telecom's business development and strategic planning.

(IV) Insist on reducing costs and improving efficiency, we strive for "progress amidst stability". We all carry out the guiding ideology of "cost reduction and efficiency enhancement" and implement the relevant actions in our daily work whether from the front office business end or the back office support end. With strict requirements for ourselves and our partners in terms of expenses and business exploration, we aim to stabilise or reduce cost while continuously improving the gross profit output and business revenue. Under the premise of "stability", we can fully stimulate the enthusiasm of all the staff to innovate and forge ahead by way of encouraging the advancement and rewarding the benchmark, so as to realize a catch-up atmosphere and ultimately achieve the overall improvement of the Group's efficiency.

USE OF PROCEEDS FROM THE SUBSCRIPTION OF H SHARES OF THE COMPANY

As disclosed in the announcement of the Company dated 1 September 2023 and the circular of the Company dated 8 September 2023 (the "**Circular**"), on 1 September 2023, the Company entered into the subscription agreements with YBN Investments Limited and Unicorn Link Group Limited (together, the "**Subscribers**"), pursuant to which the Company has conditionally agreed to allot and issue to the Subscribers, a total of 154,000,000 new H shares of the Company (the "**Subscription Shares**") at HK$1.70 per H share in three tranches (the **"Subscriptions**").

Given that all three tranches of the Subscription Shares have been fully subscribed by the Subscribers, the gross proceeds from all three tranches of the Subscriptions amounted to approximately HK$261.80 million, and the net proceeds from all three tranches of the Subscriptions, after deducting related professional fees and all related expenses of approximately HK$1.05 million, amounted to approximately HK$260.75 million. For details of the Subscriptions, please refer to the announcements of the Company dated 1 September 2023, 25 September 2023, 28 September 2023 and 22 December 2023 and the Circular.

As disclosed in the Circular, the Company intended to utilise all the net proceeds from the Subscriptions for general working capital of the Group (including repayment of bank loans in relation to general operations). It was expected that the net proceeds from the Subscriptions would be utilised within one year after the completion of all three tranches of the Subscriptions. As at 30 June 2024, the net proceeds raised from the Subscriptions have been fully utilised according to its plan on the use of proceeds as stated in the Circular. The following table sets out the utilisation of the net proceeds from the Subscriptions up to 30 June 2024:

Item	**Approximate amount of net proceeds utilised as at 31 December 2023** *HK$ million*	**Approximate amount of net proceeds utilised for the six months ended 30 June 2024** *HK$ million*	**Approximate amount of net proceeds unutilised as at 30 June 2024** *HK$ million*
General working capital (including repayment of bank loans in relation to general operations)	0	260.75	0

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2024.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. During the six months ended 30 June 2024, save as disclosed below, the Company has complied with all applicable code provisions as set out in the CG Code and adopted most of the recommended best practices.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Xu Jili ("**Ms. Xu**") as the chairwoman and president of the Company, which has the same role and responsibility as the chief executive officer but with a different job title. The Board considers that it is appropriate and in the best interests of the Company for Ms. Xu to hold both positions which are conducive to maintaining the operational efficiency of the Company. The Board also meets on a regular basis to review the operations of the Company led by Ms. Xu. Accordingly, the Board believes that such arrangement will not affect the balance of power and authorisation between the Board and management of the Company. The Company will continue reviewing and enhancing its corporate governance codes to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the securities transactions for its Directors and supervisors (the "**Supervisors**"). Specific enquiries have been made to all Directors and Supervisors, and each of the Directors and Supervisors has confirmed that he/she has complied with the standard requirements set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board has established an audit committee of the Company (the "**Audit Committee**") currently consisting of two independent non-executive Directors, namely Mr. Cai Chun Fai (chairman) and Mr. Lv Tingjie, and one non-executive Director, namely Ms. Pan Anran.

The Audit Committee, together with the management of the Company, has reviewed the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.dixintong.com), respectively. The 2024 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and will be made available on the website of the Stock Exchange and the Company, respectively, in due course.

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

Beijing, the PRC
23 August 2024

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.