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迪信通

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 People's Republic of China with limited liability)
(Stock Code: 6188)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2014

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2014:

Revenue of the Group was RMB14,358,609,000, representing an increase by 12.07% from last year.

Net profit attributable to the equity holders of the Company was RMB318,133,000, representing an increase by 19.40% from last year.

Basic earnings of each Share was RMB0.55 per share, representing an increase by RMB0.02 per share from last year.

The board of directors (the "**Board**")/(the "**Director**") of Beijing Digital Telecom Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated results for the year ended December 31, 2014 of the Company and its subsidiaries (the "**Group**"), together with comparable figures for the same period in 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2014

	Notes	**2014** **RMB'000**	2013 *RMB'000*
Revenue	*3*	**14,358,609**	12,812,024
Cost of sales		**(12,382,017)**	(11,074,062)
Gross profit		**1,976,592**	1,737,962
Other income and gains	*3*	**40,168**	34,819
Selling and distribution expenses		**(1,091,629)**	(952,644)
Administrative expenses		**(332,981)**	(286,318)
Other expenses		**(45,932)**	(56,127)
Finance costs	*4*	**(116,996)**	(107,334)
Share of profits of a joint venture		**994**	–
Profit before tax	*5*	**430,216**	370,358
Income tax expense	*6*	**(111,856)**	(96,166)
Profit for the year and total comprehensive income		**318,360**	274,192
Attributable to:			
Owners of the parent		**318,133**	266,441
Non-controlling interests		**227**	7,751
		318,360	274,192
Earnings per share attributable to ordinary equity holders of the parent			
– Basic and diluted (RMB)	*8*	**0.55**	0.53

Details of the dividends payable and proposed for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**154,118**	170,436
Goodwill		**57,302**	57,302
Other intangible assets		**614**	885
Investment in a joint venture		**994**	–
Available-for-sale investments		**7,055**	–
Deferred tax assets		**27,864**	22,230
Total non-current assets		**247,947**	250,853
CURRENT ASSETS			
Inventories		**1,936,026**	1,617,067
Trade and bills receivable	*9*	**1,675,695**	1,252,499
Prepayments, deposits and other receivables		**894,781**	666,262
Due from related parties		**2,170**	5,300
Pledged deposits		**355,382**	514,070
Cash and cash equivalents		**335,298**	301,939
Total current assets		**5,199,352**	4,357,137
CURRENT LIABILITIES			
Trade and bills payable	*10*	**703,509**	1,078,465
Other payables and accruals		**295,768**	316,208
Interest-bearing bank borrowings		**1,903,472**	1,698,753
Due to related parties		**1,739**	1,701
Tax payable		**121,608**	69,340
Total current liabilities		**3,026,096**	3,164,467
NET CURRENT ASSETS		**2,173,256**	1,192,670
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		**2,421,203**	1,443,523
EQUITY			
Equity attributable to owners of the parent			
Share capital		**666,667**	500,000
Reserves		**1,732,867**	923,655
		2,399,534	1,423,655
Non-controlling interests		**21,669**	19,868
Total equity		**2,421,203**	1,443,523

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC-Int 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to IFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to IFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective IFRSs*

[1] Effective from July 1, 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

(a) Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in IFRS 10.

(b) The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The IAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) IFRIC-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of IFRIC-Int 21.

(e) The IFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The IFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment has had no impact on the Group.

(g) The IFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the financial statements:

IFRS 9	*Financial Instruments*[4]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[2]
Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[2]

1 Effective for annual periods beginning on or after July 1, 2014
2 Effective for annual periods beginning on or after January 1, 2016
3 Effective for annual periods beginning on or after January 1, 2017
4 Effective for annual periods beginning on or after January 1, 2018
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after January 1, 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending December 31, 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. The Group expects to adopt IFRS 15 on 1 January 2017 and is currently assessing the impact of IFRS 15 upon adoption.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of IFRSs. Except for those described in note 1.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

IFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into a business unit based on its products and services and has one reportable operating segment which is the sale of mobile telecommunications devices and accessories and the provision of related services in mainland China. Management monitors the results of the Group's operating results of its business as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

Since the Group solely operates in mainland China and all of the non-current assets of the Group are located in mainland China, no geographical segment information as required by IFRS 8 *Operating Segments* is presented.

Information about major customers

During the year, the Group had no customer from whom the revenue earned individually accounted for more than 10% of the Group's total revenue.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after allowances for returns, trade discounts and various types of government surcharges, where applicable.

An analysis of revenue, other income and gains is as follows:

Group

	Year ended December 31,	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sales of mobile telecommunications devices and accessories	**13,612,423**	12,186,395
Including:		
Retail of mobile telecommunications devices and accessories	**8,030,317**	6,862,902
Sales of telecommunications devices and accessories to franchisees	**2,162,025**	1,976,843
Wholesale of mobile telecommunications devices and accessories	**3,420,081**	3,346,650
Service income from mobile carriers	**607,000**	496,205
Other service fee income	**139,186**	129,424
	14,358,609	12,812,024
Other income and gains		
Interest income	**11,983**	11,107
Government grants *(note (a))*	**23,550**	17,997
Gain on disposal of items of property, plant and equipment	**12**	90
Others	**4,623**	5,625
	40,168	34,819

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.

4. FINANCE COSTS

An analysis of finance costs is as follows:

Group

	Year ended December 31,	
	2014	2013
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within one year	**116,996**	107,334

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

Group

	Year ended December 31,	
	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold and services provided	**12,382,017**	11,074,062
Depreciation	**90,148**	77,637
Amortisation of intangible assets	**581**	493
Lease payments under operating leases	**388,253**	324,674
Auditors' remuneration	**6,177**	5,155
Employee benefit expense		
Wages and salaries	**503,113**	420,460
Pension scheme contributions	**52,058**	45,557
	555,171	466,017
Provision for impairment of trade receivables *(note 9)*	**21,710**	37,497
Reversal for impairment of other receivables	**(1,107)**	(1,268)
Write-down of inventories to net realisable value	**19,191**	16,390
Loss on disposal of property, plant and equipment	**595**	899

6. INCOME TAX

The provision for PRC 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 January 1, 2008, except for Sichuan Yijialong Communication Technology Chain Co., Ltd., a subsidiary of the Company which was granted a tax concession and was taxed at a preferential rate 15% for the year ended December 31, 2014. The major components of income tax expense are as follows:

Group

	Year ended December 31,	
	2014	2013
	RMB'000	*RMB'000*
Current tax		
Income tax in the PRC		
for the year	**117,490**	106,179
Deferred tax	**(5,634)**	(10,013)
Total tax charge for the year	**111,856**	96,166

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

Group

	Year ended December 31,	
	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**430,216**	370,358
Tax at an applicable tax rate of 25%	**107,554**	92,590
Adjustments in respect of current tax of previous periods	**–**	616
Profit attributable to a joint venture	**(249)**	–
Tax concession for a subsidiary	**(1,032)**	–
Expenses not deductible for tax	**2,006**	2,960
Tax losses not recognised	**3,577**	–
Tax charge at the Group's effective rate	**111,856**	96,166

The share of tax attributable to a joint venture amounting to RMB249,000 (2013: nil), is included in "Share of profits of a joint venture" in the consolidated statement of profit or loss.

7. DIVIDENDS

Pursuant to the resolution of a meeting of the board of Directors on April 20, 2013, the Company proposed a dividend in an amount of RMB200,000,000, which was also subsequently approved by the Company's shareholders at an extraordinary shareholders' meeting on April 20, 2013.

The Directors did not propose a dividend for the year ended December 31, 2014.

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

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 580,365,458 (2013: 500,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year.

The calculation of basic earnings per share is based on:

Group

	Year ended December 31,	
	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**318,133**	266,441
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**580,365,458**	500,000,000

9. TRADE AND BILLS RECEIVABLE

Group

	As at December 31,	
	2014	2013
	RMB'000	*RMB'000*
Bills receivable	**–**	340
Trade receivables	**1,762,514**	1,318,133
	1,762,514	1,318,473
Less: impairment for trade receivables	**(86,819)**	(65,974)
	1,675,695	1,252,499

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 period offered to unincorporated customers is 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are unsecured and non-interest-bearing.

An aged analysis of the balance of trade and bills receivable as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

Group

	As at December 31,	
	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**1,299,643**	875,828
91 to 180 days	**199,757**	199,128
181 to 365 days	**145,387**	145,604
Over 1 year	**30,908**	31,939
	1,675,695	1,252,499

10. TRADE AND BILLS PAYABLE

Group

	As at December 31,	
	2014	2013
	RMB'000	*RMB'000*
Trade payables	**445,540**	545,434
Bill payables	**257,969**	533,031
	703,509	1,078,465

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days.

An aged analysis of the outstanding trade and bills payable as at the end of the reporting period, based on the invoice date is as follows:

Group

	As at December 31,	
	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**649,015**	1,004,864
91 to 180 days	**26,182**	33,295
181 to 365 days	**20,547**	29,644
Over 1 year	**7,765**	10,662
	703,509	1,078,465

11. EVENT AFTER THE REPORTING PERIOD

On 9 March 2015, the Company is in a preliminary stage of considering the feasibility of issuing long-term bonds. As at the date of the financial statements, no definitive legally binding agreement or contract has been entered into by the Company.

MANAGEMENT DISCUSSION & ANALYSIS

I. BUSINESS REVIEW

For the year ended December 31, 2014, the Group sold 10,627,300 mobile handsets, representing an increase by 1,063,400 sets or 11.12% compared with 9,563,900 sets for the same period last year. Operating revenue for the full year of 2014 amounted to RMB14,358,608,670, representing an increase of RMB1,546,585,610 or 12.07% from RMB12,812,023,060 for the same period last year. Net profit for the full year of 2014 amounted to RMB318,359,550, representing an increase by RMB44,167,060 or 16.11% from RMB274,192,490 for the same period last year.

II. FINANCIAL POSITION AND OPERATING RESULTS

(I) Overview

For the year ended December 31, 2014, the Group reported net profit of RMB318,359,550, which represented an increase of RMB44,167,060 or 16.11% from RMB274,192,490 for the same period in 2013. Net profit attributable to owners of the Company of the period amounted to RMB318,132,990, which represented an increase by RMB51,691,520 or 19.40% from RMB266,441,470 for the same period in 2013.

(II) Consolidated comprehensive income statement

The following table sets forth selected items in our consolidated comprehensive income statement for the periods indicated. Our operating results have fluctuated in the past and may continue to fluctuate in future. Hence direct comparison of our operating results for different periods may not be appropriate, and our past performance may not be a reliable indicator of our future operating results.

Item	For the year ended December 31,			
	2013	**2014**	**Change**	**Percentage of change**
	RMB'000	***RMB'000***	*RMB'000*	
Revenue	12,812,023.06	**14,358,608.67**	1,546,585.61	12.07%
Cost of sales	(11,074,062.33)	**(12,382,017.35)**	-1,307,955.02	11.81%
Gross profit	1,737,960.73	**1,976,591.32**	238,630.59	13.73%
Other income and gains	34,819.02	**40,167.18**	5,348.16	15.36%
Selling and distribution expenses	(952,644.29)	**(1,091,629.05)**	-138,984.76	14.59%
Administrative expenses	(286,316.65)	**(332,980.60)**	-46,663.95	16.30%
Other expenses	(56,126.83)	**(45,932.16)**	10,194.67	-18.16%
Finance costs	(107,333.94)	**(116,995.36)**	-9,661.42	9.00%
Investment gains	0	**994.28**	994.28	0
Profit before tax	370,358.04	**430,215.61**	59,857.57	16.16%
Income tax expense	(96,165.55)	**(111,856.06)**	-15,690.51	16.32%
Total net profit for the year after taxation	274,192.49	**318,359.55**	44,167.06	16.11%
Attributable to owners of the parent	266,441.47	**318,132.99**	51,691.52	19.40%
Attributable to non-controlling interests	7,751.02	**226.56**	-7,524.46	-97.08%

1. *Operating revenue*

Operating revenue of the Group for the year ended December 31, 2014 amounted to RMB14,358,608,670, representing growth of RMB1,546,585,610 or 12.07% from RMB12,812,023,060 for the same period in 2013. Revenue growth was mainly driven by growth in three areas as follows: (1) sales of mobile telecommunications devices and accessories; (2) service income from mobile carriers; and (3) other service fee income. Our sales of mobile telecommunications devices and accessories include (i) sales in our retail business including our independently operated outlets and online channels; (ii) sales in our franchised 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 and 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. Service income from mobile carriers mainly includes income from commissions received by us through selling contracted call service subscriptions and SIM cards for the mobile carriers, as well as income generated from services of staff that we send to the outlets established by the mobile carriers and operated by us. Other service fee income includes (i) management and service fees received from suppliers of products; (ii) income from value-added services; (iii) the rental fees we earn by renting counter space to third parties who provide repair services; (iv) repair and maintenance fees; and (v) franchise fees.

The following table sets forth information relating to our operating revenue as of the dates indicated:

Item	For the year ended December 31,					
	2013		**2014**		**Change**	**Percentage of change**
	RMB'000	*% of total revenue*	***RMB'000***	***% of total revenue***	*RMB'000*	
(1) Sales of mobile telecommunications devices and accessories	12,186,394.85	95.12%	**13,612,422.65**	**94.80%**	1,426,027.80	11.70%
Including: Sales from retail of mobile telecommunications devices and accessories	6,862,901.75	53.57%	**8,030,316.67**	**55.93%**	1,167,414.92	17.01%
Sales of telecommunications devices and accessories to franchisees	1,976,843.00	15.43%	**2,162,025.16**	**15.06%**	185,182.16	9.37%
Wholesale of mobile telecommunications devices and accessories	3,346,650.10	26.12%	**3,420,080.82**	**23.82%**	73,430.72	2.19%
(2) Service income from mobile carriers	496,204.38	3.87%	**607,000.09**	**4.23%**	110,795.71	22.33%
(3) Other service fee income	129,423.83	1.01%	**139,185.93**	**0.97%**	9,762.10	7.54%
Total	12,812,023.06	100.00%	**14,358,608.67**	**100.00%**	1,546,585.61	12.07%

The Group's service income from mobile carriers amounted to RMB607,000,090 for the year ended December 31, 2014, which represented an increase of RMB110,795,710 or 22.33% from RMB496,204,380 for the same period in 2013. Such growth was attributable to further cooperation with mobile carriers in 2014.

The following table sets forth our service income from each of the major mobile carriers for 2013 and 2014:

Item	For the year ended December 31,					
	2013		**2014**		**Change**	**Percentage of change**
	RMB'000	*% of total revenue*	***RMB'000***	***% of total revenue***	*RMB'000*	
China Mobile	214,394.22	43.21%	**218,541.59**	**36.00%**	4,147.37	1.93%
China Unicom	93,796.43	18.90%	**79,118.34**	**13.04%**	-14,678.09	-15.65%
China Telecom	188,013.73	37.89%	**304,357.12**	**50.14%**	116,343.39	61.88%
Dixintong Telecommunications Services	0	0	**4,983.04**	**0.82%**	4,983.04	0
Total	496,204.38	100.00%	**607,000.09**	**100.00%**	110,795.71	22.33%

"Dixintong Telecommunications Services" refers to Beijing Dixintong Telecommunications Services Co., Ltd., related party. For details of related-party transactions, please refer to the section headed "Related party transactions".

2. *Cost of sales*

The Groups' cost of sales for the year ended December 31, 2014 amounted to RMB12,382,017,350, representing an increase by RMB1,307,955,020 or 11.81% from RMB11,074,062,330 for the same period last year, which reflected mainly growth in cost of sales in tandem with growth in operating revenue.

The following table sets forth information relating to our costs of sales as of the dates indicated:

Item	For the year ended December 31,					
	2013		**2014**		**Change**	**Percentage of change**
	RMB'000	*% of total costs*	***RMB'000***	***% of total costs***	*RMB'000*	
(1) **Sales of mobile telecommunications devices and accessories**	10,994,134.64	99.28%	**12,293,112.96**	**99.28%**	1,298,978.32	11.82%
Including: Sales from retail of mobile telecommunications devices and accessories	5,801,635.62	52.39%	**6,841,164.18**	**55.25%**	1,039,528.56	17.92%
Sales of telecommunications devices and accessories to franchisees	1,932,335.30	17.45%	**2,114,732.17**	**17.08%**	182,396.87	9.44%
Wholesale of mobile telecommunications devices and accessories	3,260,163.72	29.44%	**3,337,216.61**	**26.95%**	77,052.89	2.36%
(2) **Service income from mobile carriers**	76,139.72	0.69%	**84,933.65**	**0.69%**	8,793.93	11.55%
(3) **Other service fee income**	3,787.97	0.03%	**3,970.74**	**0.03%**	182.77	4.82%
Total	11,074,062.33	100.00%	**12,382,017.35**	**100.00%**	1,307,955.02	11.81%

3. Gross profit and gross profit margin

Gross profit represents revenue net of cost of sales. The Group's gross profit for the year ended December 31, 2014 amounted to RMB1,976,591,320, representing an increase of RMB238,630,590, or 13.73%, from RMB1,737,960,730 for the same period in 2013. Our overall gross profit margins for the years ended December 31, 2013 and 2014 were 13.57% and 13.77%, respectively. Growth in our overall gross profit margin as compared with 2013 was primarily driven by growth in gross profit margin for service income from mobile carriers and other service fee income for the current period. The decline in our gross profit margin for sales of mobile telecommunications devices and accessories was primarily attributable to (1) growth in purchase cost of smart phones and 3G & 4G handsets in excess of growth in their selling prices; (2) sales of contract phones effectively lowering gross profit for the period of handset sales in order to secure carrier service income for periods subsequent to the contract period; and (3) our sales strategy of offering lower selling prices with a view to developing an online sales platform resulting in relative lower gross profit margin. The higher gross profit margin of our service income from mobile carriers and other service fee income was primarily attributable to lower sales costs incurred by such businesses.

Item	**For the year ended December 31,**							
	2013			**2014**			**Change**	
	Gross profit *RMB'000*	*% of total gross profit*	Gross profit margin	**Gross profit *RMB'000***	***% of total gross profit***	**Gross profit margin**	*RMB'000*	**Percentage of change**
(1) Sales of mobile telecommunications devices and accessories	1,192,260.21	68.60%	9.78%	**1,319,309.69**	**66.75%**	**9.69%**	127,049.48	10.66%
Including: Sales from retail of mobile telecommunications devices and accessories	1,061,266.13	61.06%	15.46%	**1,189,152.49**	**60.16%**	**14.81%**	127,886.36	12.05%
Sales of telecommunications devices and accessories to franchisees	44,507.70	2.56%	2.25%	**47,292.99**	**2.39%**	**2.19%**	2,785.29	6.26%
Wholesale of mobile telecommunications devices and accessories	86,486.38	4.98%	2.58%	**82,864.21**	**4.19%**	**2.42%**	-3,622.17	-4.19%
(2) Service income from mobile carriers	420,064.66	24.17%	84.66%	**522,066.44**	**26.41%**	**86.01%**	102,001.78	24.28%
(3) Other service fee income	125,635.86	7.23%	97.07%	**135,215.19**	**6.84%**	**97.15%**	9,579.33	7.62%
Total	1,737,960.73	100.00%	13.57%	**1,976,591.32**	**100.00%**	**13.77%**	238,630.59	13.73%

4. *Sales volume and average selling price of handsets*

The following table sets forth information about our sales of mobile handsets, sales volume and average selling price of mobile handsets during the periods indicated:

Item	**For the year ended December 31,** 2013	**2014**	**Change**	**Percentage of change**
Sales of mobile handsets *(in RMB thousands)*	11,903,493.16	**13,235,197.29**	1,331,704.13	11.19%
Sales volume *(in handsets)*	9,563,894.00	**10,627,296.00**	1,063,402.00	11.12%
Average selling price *(RMB/per handset)*	1,244.63	**1,245.40**	0.77	0.06%

5. *Other income and gains*

Other income and gains include: (1) interest income; (2) government grants; (3) gain on disposal of property, plant and equipment; and (4) others. The Group's other income and gains for the year ended December 31, 2014 amounted to RMB40,167,180, representing an increase by RMB5,348,160 or 15.36% from RMB34,819,020 for the same period in 2013, which was primarily attributable to increased government grants for 2014.

The following table sets forth information relating to other income and gains for the periods indicated:

Item	**For the year ended December 31,** 2013 *RMB'000*	**2014** ***RMB'000***	**Change** *RMB'000*	**Percentage of change**
Interest income	11,107.00	**11,982.59**	875.59	7.88%
Government grants	17,997.00	**23,550.02**	5,553.02	30.86%
Gain on disposal of property, plant and equipment	90	**12.4**	-77.60	-86.22%
Others	5,625.02	**4,622.17**	-1,002.85	-17.83%
Total	34,819.02	**40,167.18**	5,348.16	15.36%

6. *Selling and distribution expenses*

Item	**For the year ended December 31,**					
	Selling and distribution expenses		**% of total expenses**			
	2013	**2014**	2013	**2014**	**Change**	**Percentage of change**
	RMB'000	***RMB'000***			*RMB'000*	
Staff salaries	368,729.93	**424,278.53**	38.71%	**38.87%**	55,548.60	15.06%
Office expenses	21,412.79	**17,626.00**	2.25%	**1.61%**	-3,786.79	-17.68%
Travelling expenses	5,323.73	**5,623.67**	0.56%	**0.52%**	299.94	5.63%
Transportation expenses	16,067.70	**17,925.87**	1.69%	**1.64%**	1,858.17	11.56%
Business entertainment expenses	6,912.53	**5,041.66**	0.73%	**0.46%**	-1,870.87	-27.06%
Communication expenses	3,841.75	**3,205.28**	0.40%	**0.29%**	-636.47	-16.57%
Rentals and property management expenses	312,802.97	**374,921.18**	32.84%	**34.35%**	62,118.21	19.86%
Repair expenses	5,450.47	**4,543.83**	0.57%	**0.42%**	-906.64	-16.63%
Advertising and promotion expenses	87,163.69	**89,054.82**	9.15%	**8.16%**	1,891.13	2.17%
Depreciation expenses	5,088.26	**6,413.54**	0.53%	**0.59%**	1,325.28	26.05%
Amortisation of long-term deferred expenses	57,452.96	**70,809.87**	6.03%	**6.49%**	13,356.91	23.25%
Amortisation of low-cost consumables	6,563.10	**5,665.08**	0.69%	**0.52%**	-898.02	-13.68%
Market management fees	10,920.20	**14,726.38**	1.15%	**1.35%**	3,806.18	34.85%
Utilities	28,043.84	**31,836.52**	2.94%	**2.92%**	3,792.68	13.52%
Others	16,870.37	**19,956.82**	1.77%	**1.83%**	3,086.44	18.30%
Total	952,644.29	**1,091,629.05**	100.00%	**100.00%**	138,984.76	14.59%

Total selling and distribution expenses for the year ended December 31, 2014 amounted to RMB1,091,629,050, representing an increase of RMB138,984,760 or 14.59% from RMB952,644,290 for the same period in 2013, which reflected mainly growth of staff salaries, rentals and property management expenses and amortisation of long-term deferred expenses.

Total staff salaries for the year ended December 31, 2014 amounted to RMB424,278,530, representing an increase of RMB55,548,600, or 15.06% from RMB368,729,930 for the same period in 2013. Such increase was attributable to the hiring of additional marketing staff to meet the requirements of our business expansion, as well as increased average salaries and benefits for our marketing staff.

Total rentals and property management expenses for the year ended December 31, 2014 amounted to RMB374,921,180, representing an increase of RMB62,118,210, or 19.86%, from RMB312,802,970 for the same period in 2013. Such increase was attributable to the opening of new retail outlets and rental increments for certain old outlets upon expiry of leases.

Total amortisation of long-term deferred expenses for the year ended December 31, 2014 amounted to RMB70,809,870, representing an increase of RMB13,356,910 or 23.25%, from RMB57,452,960 for the same period in 2013. Such increase was attributable to increased store decoration costs in connection with the opening of new outlets and the renovation of old ones.

7. *Administrative expenses*

Item	For the year ended December 31,					
	Administrative expenses		% of total expenses			Percentage
	2013	**2014**	2013	**2014**	**Change**	**of change**
	RMB'000	***RMB'000***			*RMB'000*	
Staff salaries	97,286.68	**130,892.59**	33.98%	**39.31%**	33,605.91	34.54%
Tax expenses	6,140.22	**6,759.77**	2.14%	**2.03%**	619.55	10.09%
Office expenses	25,786.67	**24,130.24**	9.01%	**7.25%**	-1,656.43	-6.42%
Depreciation expenses	9,144.73	**10,118.14**	3.19%	**3.04%**	973.41	10.64%
Amortisation of intangible assets	492.86	**581.38**	0.17%	**0.17%**	88.52	17.96%
Amortisation of long-term deferred expenses	5,950.72	**2,805.81**	2.08%	**0.84%**	-3,144.91	-52.85%
Amortisation of low-cost consumables	3,339.99	**5,531.10**	1.17%	**1.66%**	2,191.11	65.60%
Travelling expenses	16,145.28	**15,403.98**	5.64%	**4.63%**	-741.3	-4.59%
Rental and property management fees	11,871.40	**13,332.95**	4.15%	**4.00%**	1,461.55	12.31%
Business entertainment expenses	14,336.69	**14,326.10**	5.01%	**4.30%**	-10.59	-0.07%
Communication expenses	3,218.85	**3,914.57**	1.12%	**1.18%**	695.72	21.61%
Agency fees	11,777.49	**12,074.19**	4.11%	**3.63%**	296.70	2.52%
Transportation expenses	21,841.70	**21,911.04**	7.63%	**6.58%**	69.34	0.32%
Financial institution charges	41,688.17	**38,086.06**	14.56%	**11.44%**	-3,602.11	-8.64%
Listing fees	3,396.74	**26,000.19**	1.19%	**7.81%**	22,603.45	665.45%
Others	13,898.46	**17,140.49**	4.85%	**5.15%**	3,242.03	23.33%
Total	286,316.65	**332,980.60**	100.00%	**100.00%**	46,663.95	16.30%

The Group's total administrative expenses for the year ended December 31, 2014 amounted to RMB332,980,600, representing an increase of RMB46,663,950, or 16.30%, from RMB286,316,650 for the same period in 2013. Such growth in administrative expenses was primarily attributable to the increase in staff salary and listing fees.

Total staff salaries for the year ended December 31, 2014 amounted to RMB130,892,590, representing an increase of RMB33,605,910, or 34.54%, from RMB97,286,680 for the same period in 2013. Such growth was primarily attributable to the hiring of additional management and administrative personnel to meet the requirements of our business expansion, as well as increased average salaries and benefits for our management and administrative personnel.

Total listing fees for the year ended December 31, 2014 amounted to RMB26,000,190, representing an increase of RMB22,603,450 from RMB3,396,740 for the same period in 2013, an increase of 665.45%. Such growth was attributable to the increase in various listing fees as a result of our successful listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

8. *Finance costs*

Item	For the year ended December 31, Finance costs 2013 *RMB'000*	**2014** ***RMB'000***	**Change** *RMB'000*	**Percentage of change**
Finance costs – interest expense	107,333.94	**116,995.36**	9,661.42	9.00%

The Group's total finance costs for the year ended December 31, 2014 amounted to RMB116,995,360, representing an increase of RMB9,661,420, or 9.00%, from RMB107,333,940 for the same period in 2013. Such growth in finance costs was primarily attributable to the increase in our short-term bank borrowings.

9. *Other expenses*

Other expenses included impairment losses on assets, non-operating expenses and disposal of subsidiaries. For the years ended December 31, 2013 and 2014, other expenses amounted to RMB56,126,830 and RMB45,932,160, respectively.

Item	For the year ended December 31, 2013 *RMB'000*	**2014** ***RMB'000***	**Change** *RMB'000*	**Percentage of change**
Impairment losses on assets	52,619.63	**39,794.24**	-12,825.39	-24.37%
Non-operating expenses	3,507.20	**6,137.92**	2,630.72	75.01%
Total	56,126.83	**45,932.16**	-10,194.67	-18.16%

The Group's total other expenses for the year ended December 31, 2014 amounted to RMB45,932,160, representing a decrease of RMB10,194,670 or 18.16% from RMB56,126,830 for the same period in 2013, which was mainly attributable to the decrease in impairment loss on assets for the current period, resulting from the absolute increase in the number of mobile carries for whom provisions for bad debt was made and the receivables within one year.

10. *Income tax expense*

Our income tax expenses for the stated periods included PRC Enterprise Income Tax (EIT) and deferred income tax. In accordance with the Enterprise Income Tax Implementation Regulations, our PRC subsidiaries have been required to pay tax at an income tax rate of 25% as from January 2008. During the Track Record Period, the income tax rate of 25% was applicable to all of the Group's PRC subsidiaries except 四川億佳隆通訊連鎖有限公司 and 江蘇勝多科貿有限責任公司. 四川億佳隆通訊連鎖有限公司 has been entitled to an income tax rate of 15% since 2012 as a company which is principally in an industry encouraged by the State. 江蘇勝多科貿有限責任公司 has been entitled to full exemption of income tax for the first 2 years and 50% reduction for the following 3 years from April 2014 as a software company encouraged by the State Administration of Taxation. For the years ended December 31, 2013 and 2014, our effective tax rates were 25.97% and 26.00%, respectively. During the Track Record Period, we have settled the payment of all relevant taxes and we have not been engaged in any disputes or unresolved tax matters with the taxation authorities.

The following table sets forth information relating to our income tax expense for the periods indicated:

Item	**For the year ended December 31,**			**Percentage**
	2013	**2014**	**Change**	**of change**
	RMB'000	***RMB'000***	*RMB'000*	
Income tax in the PRC for the year	106,179.00	**117,490.99**	11,311.99	10.65%
Deferred tax	-10,013.45	**-5,634.93**	4,378.52	-43.73%
Total	96,165.55	**111,856.06**	15,690.51	16.32%

The Group's total income tax expense for the year ended December 31, 2014 amounted to RMB111,856,060, representing an increase of RMB15,690,510 or 16.32% compared with total income tax expense of RMB96,165,550 for 2013. Such increase was primarily attributable to the increase in total profit before taxation.

(III) Liquidity and financial resources (current assets, financial resources)

We operate in a capital-intensive industry and we fund our working capital, capital expenditure and other funding requirements mainly through income generated from operating activities and bank borrowings.

Cash flow

Item	For the year ended December 31, 2013 *RMB'000*	**2014** ***RMB'000***
Net cash used in operating activities	-15,296.97	**-790,582.15**
Net cash used in investing activities	-107,872.14	**-81,789.73**
Net cash generated from/(used in) financing activities	-104,626.53	**905,730.52**
Net increase/(decrease) in cash and cash equivalents	-227,795.64	**33,358.64**
Cash and cash equivalents at beginning of the year	529,735.47	**301,939.83**
Cash and cash equivalents at end of the year	301,939.83	**335,298.47**

1. *Net cash used in operating activities*

Our cash generated from operating activities primarily from sales of mobile telecommunications devices and accessories. Our cash used in operating activities is primarily for purchase of telecommunications devices and accessories from suppliers, rental expenses and staff salary and compensation. Our net cash flow generated from operating activities reflects our profit before income tax, as adjusted for non-cash items, such as finance costs and depreciation of property, plant and equipment, and the effects of changes in working capital, such as increases or decreases in inventories, receivables, prepayments, trade and other payables and accruals. Although we had negative net operating cash flow of RMB790,582,150 for the year ended December 31, 2014, our Directors believe that our operating cash flow will improve after taking consideration of expected cash generated from our operation and the available banking facilities, and will not have a material adverse impact on our financial condition.

For the year ended December 31, 2014, we had net cash outflow from operating activities of RMB790,582,150, primarily due to (i) an increase in trade and bills receivables of RMB196,263,630 in connection with growth in sales of mobile phones bundled with contracted call service subscriptions as a result of closer cooperation with mobile carriers; (ii) an increase in inventories of RMB321,760,530 in connection with purchase of popular products (such as Apple iPhone 6, Apple iPhone 6 Plus and new Huawei models) in anticipation for the New Year and Chinese New Year holiday season; (iii) an increase in prepayments of RMB249,228,000 in a bid to snatch up market shares for star products such as Apple iPhone 6 and Huawei Mate7; and (iv) a decrease in payables of RMB374,956,160 following the settlement of payables due.

2. *Net cash used in investing activities*

Our net cash flow used in investing activities reflects the results of our investing activities for the period, such as purchase of property, plant, equipment and intangible assets, proceeds from disposal of property, plant and equipment, proceeds from disposal of subsidiaries and acquisition of subsidiaries.

For the year ended December 31, 2014, we had net cash outflow from investing activities of RMB81,789,730, which was primarily attributable to the purchase and construction of fixed assets and decoration costs in connection with the opening of new outlets and the renovation of old ones.

3. *Net cash generated from or used in financing activities*

Our net cash generated from (or used in) financing activities reflects the results of our financing activities for the period, such as bank loans, proceeds from other financing activities, repayment of bank loans, paid interests and payment of other financing activities.

For the year ended December 31, 2014, we had net cash inflow from financing activities of RMB905,730,520, primarily due to (i) bank loans of RMB4,018,475,660 and repayment of bank loans of RMB3,813,757,230; and (ii) cash inflow RMB657,746,360 arising from the issue of shares.

(IV) Balance Sheet Items

1. *Trade and Bills Receivable*

Our trade and bills receivables primarily consist of (i) bills receivable; (ii) trade receivable; and (iii) impairment. The following table sets forth information relating to our trade and bills receivables as of the dates indicated:

Item	**As of December 31,** 2013	**As of December 31,** **2014**	**Change**	**Percentage of change**
	RMB'000	***RMB'000***	*RMB'000*	
Bills receivable	340.00	**0**	-340.00	-100.00%
Trade receivables	1,318,132.86	**1,762,514.34**	444,381.48	33.71%
Total	1,318,472.86	**1,762,514.34**	444,041.48	33.68%
Less: Impairment for trade receivables:	65,973.91	**86,819.34**	20,845.43	31.60%
Net	1,252,498.95	**1,675,695.00**	423,196.05	33.79%

To enhance sales of our handsets and enlarge our market share, the range of credit periods granted by us – certain customers was extended from 30–90 days in 2013 to 30–120 days. Credit periods are offered to customers of volume sales of telecommunications devices and accessories. We maintain strict control over and closely monitor our outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. As our trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. We do not hold any collateral or other credit enhancements over our trade receivable balances. Our trade and bills receivables are unsecured and non-interest-bearing.

Our trade and bills receivables less impairment as of December 31, 2014 amounted to RMB1,675,695,000, representing an increase of RMB423,196,050 or 33.79%, from RMB1,252,498,950 as of December 31, 2013. Our trade receivables before deducting impairment as of December 31, 2014 amounted to RMB1,762,514,340, representing an increase of RMB444,381,480, or 33.71% from RMB1,318,132,860 as of December 31, 2013.

Such growth was primarily attributable to: (i) increased amounts receivable from franchisers in line with increased sales to franchisers as a result of increased number of franchisers; (ii) unscheduled adjustments to credit limits and credit periods for franchisers and third-party wholesale customers with good credit records in view of the concurrent launch of popular and high-margin new products such as Apple iPhone 6, Apple iPhone 6 Plus and Huawei Mate7 in the final quarter; (iii) the increase in amounts receivable from supermarket customers as a result of the extension of their settlement period granted by us; and (iv) the increase in amounts receivable from mobile carriers in line with our increased sales to such carriers.

As of March 23, 2015, approximately RMB1,579,652,320 of our trade receivables as of December 31, 2014 were subsequently settled.

Our management regularly monitors the recoverability of our overdue balances of trade and bills receivables and provides for impairment of these receivables as appropriate. Our provisions for impairment of trade and bill receivables as of December 31, 2014 amounted to RMB86,819,340, representing an increase of RMB20,845,430 or 31.60% from RMB65,973,910 as of December 31, 2013, primarily as a result of an increase in our total trade receivables from RMB1,318,132,860 as of December 31, 2013 to RMB1,762,514,340 as of December 31, 2014. Our Directors believe that our provisions for impairment on trade receivables are adequate.

The following table sets forth the aging analysis of our trade and bills receivables as of the dates indicated:

Item	**As of December 31**	
	2013	**2014**
	RMB'000	***RMB'000***
Within 90 days	875,828.00	**1,299,495.71**
91 to 180 days	199,128.00	**199,756.89**
181 to 365 days	145,604.00	**145,534.00**
Over 1 year	31,938.94	**30,908.40**
Total	1,252,498.94	**1,675,695.00**

The following table sets forth our average trade and bills receivables turnover days during the Track Record Period:

Item	For the year ended December 31,		Change	Percentage of change
	2013	**2014**	*Number of days*	
Average trade and bills receivables turnover days	29	**37**	8	27.59%

Our average trade and bills receivables turnover days increased to 37 days for 2014, which was 8 days longer than that for 2013. The increase in turnover days reflected the combined effect of: i) the 12.07% year-on-year growth in sales income for 2014; (ii) the extension of credit periods granted by us to customers from to 30–120 days as compared to 30-90 days in 2013; and (iii) the unscheduled raise in credit limits for customers.

2. *Prepayments and Other Receivables*

Our prepayments and other receivables consist of (i) prepayments; and (ii) other receivables. The following table sets forth information relating to our prepayments and other receivables as of the dates indicated:

Item	As of December 31			Percentage
	2013	**2014**	**Change**	**of change**
	RMB'000	***RMB'000***	*RMB'000*	
Prepayments	544,324.09	**793,551.81**	249,227.72	45.79%
Other receivables	128,491.04	**106,675.45**	-21,815.59	-16.98%
Total	672,815.13	**900,227.26**	227,412.13	33.80%
Less: Impairment for other receivables	6,553.04	**5,446.16**	-1,106.88	-16.89%
Net	666,262.09	**894,781.10**	228,519.01	34.30%

Our prepayments represent our prepayments to suppliers of mobile telecommunications devices and accessories and prepaid rental payments to our lessors. Our prepayments as of December 31, 2014 amounted to RMB793,551,810, representing an increase of RMB249,227,720, or 45.79%, from RMB544,324,090 as of December 31, 2013. Such increase was primarily due to prepayments for suppliers of Apple, Samsung and Huawei mobile phones at the end of the year.

3. *Impairment of Trade and Other Receivables*

Our provision policy for impairment of trade and other receivables is based on ongoing evaluation of the collectability and aging analysis of the outstanding receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

Based on the aforesaid policy for provision, the Directors are of the view that we have made sufficient provisions for the impairment of trade and other receivables.

4. *Inventory*

Our inventories consist primarily of (i) merchandise for sale and (ii) consumables. The following table sets forth information relating to our inventories as of the dates indicated:

Item	**As of December 31**			**Percentage**
	2013	**2014**	**Change**	**of change**
	RMB'000	***RMB'000***	*RMB'000*	
Merchandise for resale	1,631,915.71	**1,953,644.89**	321,729.18	19.71%
Consumables	1,541.47	**1,572.82**	31.35	2.03%
Total	1,633,457.18	**1,955,217.71**	321,760.53	19.70%
Less: Provision against inventories	16,390.08	**19,191.24**	2,801.16	17.09%
Total	1,617,067.10	**1,936,026.47**	318,959.37	19.72%

Our inventories as of December 31, 2014 amounted to RMB1,936,026,470, representing an increase of RMB318,959,370 or 19.72% as compared with RMB1,617,067,100 as of December 31, 2013. Such increase was primarily attributable to (i) the increase in purchases in preparation for the New Year and Chinese New Year holiday season driven by the launch of new products Apple iPhone6, Apple iPhone6 Plus and Huawei Mate7 at the year end; and (ii) higher prices of smart phones purchased, such as Apple iPhone6, Apple iPhone 6 Plus and Huawei Mate7.

The following table sets forth the aging analysis of our inventories as of the dates indicated:

Period	As of December 31			Percentage
	2013	**2014**	Change	of change
	RMB'000	***RMB'000***	*RMB'000*	
Within 30 days	1,412,854.63	**1,897,622.12**	484,767.49	34.31%
31 to 60 days	179,818.08	**29,286.91**	-150,531.17	-83.71%
60 to 90 days	21,809.24	**7,090.90**	-14,718.34	-67.49%
Over 90 days	18,975.23	**21,217.78**	2,242.55	11.82%
Total	1,633,457.18	**1,955,217.71**	321,760.53	19.70%

The following table sets forth the average inventory turnover days during the Track Record Period:

Item	As of December 31		Change in number of days	Percentage of change
	2013	**2014**		
Average inventory turnover days	47	**52**	5	10.64%

Our inventory turnover days increased from 47 as of December 31, 2013 to 52 as of December 31, 2014, primarily due to (i) the increase in purchases in preparation for the New Year and Chinese New Year holiday season driven by the launch of new products Apple iPhone6, Apple iPhone6 Plus and Huawei Mate7 at the year end; and (ii) higher prices of smart phones purchased, such as Apple iPhone6, Apple iPhone 6 Plus and Huawei Mate7, resulting in increased inventory balance as at the end of the period which affected the average inventory turnover days.

5. *Trade and Bills Payables*

Our trade and bills payables consist of (i) trade payables; and (ii) bills payables. The following table sets forth information relating to our trade and bills payables as of the dates indicated:

Item	As of December 31			Percentage
	2013	**2014**	Change	of change
	RMB'000	***RMB'000***	*RMB'000*	
Trade payables	545,433.99	**445,540.08**	-99,893.91	-18.31%
Bills payables	533,031.00	**257,968.75**	-275,062.25	-51.60%
Total	1,078,464.99	**703,508.83**	-374,956.16	-34.77%

The following table sets forth the aging analysis of our trade and bills payables as of the dates indicated:

Item	As of December 31 2013	2014	Change	Percentage of change
	RMB'000	***RMB'000***	*RMB'000*	
Within 90 days	1,004,864.11	**649,014.80**	-355,849.31	-35.41%
91 to 180 days	33,295.25	**26,182.06**	-7,113.19	-21.36%
181 to 365 days	29,644.08	**20,547.11**	-9,096.97	-30.69%
Over 1 year	10,661.55	**7,764.86**	-2,896.69	-27.17%
Total	1,078,464.99	**703,508.83**	-374,956.16	-34.77%

The following table sets forth our average trade and bills payables turnover days during the Track Record Period:

Item	For the year ended December 31, 2013	2014	Change in number of days	Percentage of change
Average trade and bills payables turnover days	29	**26**	-3	-10.34%

Our trade payables are non-interest bearing and are normally settled within 30–45 days. Our trade and bills payables as of December 31, 2014 amounted to RMB703,508,830, representing a decrease by RMB374,956,160 or 34.77% from RMB1,078,464,990 as of December 31, 2013. The decline was primarily attributable to the adoption of the prepayment method for the year in respect of the purchase of Apple, Huawei and Samsung products, which accounted for the bulk of our purchases.

6. *Other Payables and Accruals*

Other payables and accruals consist of (i) advances from customers; (ii) payroll and welfare payables; (iii) accrued expenses; and (iv) other payables. The following table sets forth information relating to our other payables and accruals as of the dates indicated:

Item	**As of December 31**			**Percentage**
	2013	**2014**	**Change**	**of change**
	RMB'000	***RMB'000***	*RMB'000*	
Advances from customers	136,075.41	**89,848.59**	-46,226.82	-33.97%
Payroll and welfare payables	39,874.83	**60,219.85**	20,345.02	51.02%
Accrued expenses	40,403.05	**38,882.21**	-1,520.84	-3.76%
Other payables	99,854.00	**106,817.58**	6,963.58	6.97%
Total	316,207.29	**295,768.23**	-20,439.06	-6.46%

Our advances from customers represent advance payments by customers for their purchases. Our advances from customers as of December 31, 2014 amounted to RMB89,849,590, representing a decrease of RMB46,226,820 or 33.97% from RMB136,075,410 as of December 31, 2013. The decline was primarily attributable to our request of prepayments from new customers with a view to ensuring supply for existing customers and exercising prudence in new customer development.

Our payroll and welfare payables represent accrued payroll and welfare expenses to our employees. Our payroll and welfare payables as of December 31, 2014 amounted to RMB60,219,850, representing an increase of RMB20,345,020 or 51.02% from RMB39,874,830 as of December 31, 2013. Such increase was primarily due to an increase in salary and compensation for our staff.

Our accrued expenses represent accrued interest expenses on bank loans, rental expenses and advertising expenses. Our accrued expenses as of December 31, 2014 amounted to RMB38,882,210, representing a decrease of RMB1,520,840 or 3.76% from RMB40,403,050 as of December 31, 2013. Such decline was primarily attributable to the decrease in advancements for advertising expenses.

Our other payables as of December 31, 2014 amounted to RMB106,817,580, representing an increase of RMB6,963,580 or 6.97% from RMB99,854,000 as of December 31, 2013. Such growth was primarily attributable to our closer cooperation with mobile carriers resulting in the increase in bundled contract call service subscriptions collected from users on behalf of mobile carriers.

7. *Net Current Assets Position*

The following table sets forth our current assets and liabilities as of the dates indicated:

Item	As of December 31			Percentage
	2013	**2014**	**Change**	**of change**
	RMB'000	***RMB'000***	*RMB'000*	
Current assets				
Inventories	1,617,067.10	**1,936,026.47**	318,959.37	19.72%
Trade and bills receivables	1,252,498.94	**1,675,695.00**	423,196.06	33.79%
Prepayments, deposits and other receivables	666,262.09	**894,781.10**	228,519.01	34.30%
Amount due from a related party	5,300.00	**2,169.53**	-3,130.47	-59.07%
Pledged deposits	514,069.65	**355,381.83**	-158,687.82	-30.87%
Cash and cash equivalents	301,939.73	**335,298.47**	33,358.74	11.05%
Total current assets	4,357,137.51	**5,199,352.40**	842,214.89	19.33%
Current liabilities				
Interest-bearing loans	1,698,753.36	**1,903,471.79**	204,718.43	12.05%
Trade and bills payables	1,078,464.99	**703,508.83**	-374,956.16	-34.77%
Other payables and accruals	316,207.29	**295,768.23**	-20,439.06	-6.46%
Tax payable	69,339.74	**121,607.41**	52,267.67	75.38%
Amount due to a related party	1,701.48	**1,739.50**	38.02	2.23%
Total current liabilities	3,164,466.86	**3,026,095.76**	-138,371.10	-4.37%
Net current assets	1,192,670.65	**2,173,256.64**	980,585.99	82.22%

Our net current assets as of December 31, 2014 amounted to RMB2,173,256,640, representing an increase of RMB980,585,990 or 82.22% from RMB1,192,670,650 as of December 31, 2013. Such growth was primarily attributable to our enhanced ability in debt repayment for the year ended December 31, 2014.

8. *Capital expenditure*

For the year ended December 31, 2014, the Group's capital expenditure amounted to RMB75,269,610, which was incurred mainly in relation to purchase and construction of fixed assets and decoration costs in connection with the opening of new outlets and the renovation of old ones.

9. *Related party transactions*

We enter into various transactions with related parties, including companies controlled by our Controlling Shareholders and a joint venture. The following table sets forth information relating to our transactions with related parties during the periods indicated:

Item	For the year ended December 31,			Percentage
	2013	**2014**	**Change**	**of change**
	RMB'000	***RMB'000***	*RMB'000*	
Joint venture entity:				
Sales of goods	12.52	**0**	-12.52	-100.00%
Purchase of goods	51.37	**250.33**	198.96	387.31%
Carriers' commission	0	**0**	0	0
Companies controlled by the Controlling Shareholders:				
Sales of goods	0	**443.63**	443.63	0
Purchase of goods	0	**844.55**	844.55	0
Carriers' commission	0	**4,983.04**	4,983.04	0
All related parties				
Sales of goods	12.52	**443.63**	431.11	3,443.37%
Purchase of goods	51.37	**1,094.88**	1,043.51	2,031.36%
Carriers' commission	0	**4,983.04**	4,983.04	0

The transaction with a joint venture entity represented trade receivables from and payables to Hollard – D. Phone (Beijing) Technology Development Co., Ltd. (和德信通(北京)科技發展公司) in connection with purchase of mobile phone insurances. The transaction with a company controlled by the controlling shareholder represented trade receivables from and payables to Beijing Dixintong Telecommunications Services Co., Ltd. in connection with the purchase and sales of handsets and the sales of phone number cards as agent. We expect to continue transactions with this entity. Our Directors are of the opinion that such related party transactions were based on normal commercial terms and conducted on an arm's length basis.

10. Indebtedness – Bank borrowings

Bank Borrowings

During the Track Record Period and up to December 31, 2014, all of our bank borrowings were short term in nature and repayable within one year. The following table sets forth our outstanding borrowing as of the dates indicated:

Item	**As of December 31,**	
	2013	**2014**
	RMB'000	***RMB'000***
Bank loans:		
Unsecured, repayable within one year	271,000.00	**1,446,386.79**
Secured and guaranteed by controlling shareholders, repayable within one year	485,949.15	**457,085.00**
Guaranteed by controlling shareholders, repayable within one year	941,804.21	**0**
Total	1,698,753.36	**1,903,471.79**
The bank loans bear interest at rates per annum in the range of	5.60%–7.80%	**5.60%–7.80%**

During the Track Record Period, we entered into various loan agreements with banks to finance our business operations and expansion. These bank loans were repayable within one year or on demand. These bank loans were variable-rate bank loans which carry interest at the People's Bank of China benchmark rate plus a premium. We used these bank loans mainly to purchase mobile telecommunications devices and accessories. These bank loans are secured by pledge of assets, including time deposits or property, plant and equipment, trade receivables, or guaranteed by our Controlling Shareholders. Our Controlling Shareholders ceased to provide any guarantee in 2014.

Our bank loans as of December 31, 2014 amounted to RMB1,903,471,790, representing an increase of RMB204,718,430 or 12.05% from RMB1,698,753,360 as of December 31, 2013. Such increase was primarily due to (i) our need for purchasing more mobile telecommunications devices and accessories as a result of our sales growth driven by our business expansion, and (ii) the financing need resulting from some suppliers not granting credit periods to us and requiring prepayments or current payments.

We are subject to certain customary restrictive covenants pursuant to our loan agreements with the banks. Subject to certain exceptions and waivers, these covenants may restrict our ability to (i) incur additional indebtedness; (ii) make major change to our corporate structure, such as to undertake or encourage joint venture, mergers and acquisitions, consolidations, reduction of registered share capital and reorganisations or to make other changes such as liquidation or dissolution, (iii) sell, transfer or dispose material assets; and (iv) make investments and engage in certain transactions with affiliates or subsidiaries.

Our Directors confirm that during the Track Record Period and up to the date of this announcement, we did not have any material default in payment of trade and non-trade payables and bank borrowings, nor did we breach any financial covenants. Save as disclosed herein, the agreements under our banking borrowings do not contain any covenant that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors also confirm that as of the date of this announcement, we did not have any plan to raise material external debt financing. Except as disclosed in "Financial Information – Indebtedness" above, we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as of December 31, 2014, being the latest practicable date for our indebtedness statement.

(V) Key financial ratios

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

Item	**As of December 31,**			**Percentage**
	2013	**2014**	**Change**	**of change**
Current ratio	1.38	**1.72**	0.34	24.64%
Gearing ratio	49.18%	**39.31%**	-9.87%	-20.07%
Net debt-to-equity ratio	96.76%	**64.77%**	-31.99%	-33.06%

Current ratio is our current assets divided by our current liabilities at the end of each financial period. Our current ratio remained relatively steady during the Track Record Period.

Gearing ratio is net debt divided by net debt and total equity at the end of each financial period and multiplied by 100%. Net debt includes interest-bearing bank loans, less cash and cash equivalents. Our gearing ratio decreased from 49.18% as of December 31, 2013 to 39.31% as of December 31, 2014, this decrease was primarily to the Company's higher growth in total equity than in net debt for 2014. Total equity as of December 31, 2014 amounted to RMB2,421,203,430, representing an increase by RMB977,680,540 or 67.73% as compared with RMB1,443,522,890 as of December 31, 2013, and growth in total equity was primarily attributable to growth in net profit and the increase in shareholding equity capital for 2014. The Group's total retained profit for the year ended December 31, 2014 amounted to RMB1,064,565,050, representing an increase by RMB286,297,030 or 36.79% as compared with total net profit of RMB778,268,020 for the same period in 2013. Share capital as of December 31, 2014 amounted to RMB666,667,000, representing an increase by RMB166,667,000 or 33.33% compared with RMB500,000,000 as of December 31, 2013. Capital reserve as of December 31, 2014 amounted to RMB528,263,360, representing an increase by RMB491,079,360 or 1,320.67% as compared with RMB37,184,000 as of December 31, 2013. This was attributable to the increase in shareholding equity capital as a result of the acquisition of finance resources following the successful listing of the Company in Hong Kong in July 2014. Net debt as of December 31, 2014 amounted to RMB1,568,173,520, representing an increase by RMB171,359,990 or 12.27% as compared with RMB1,396,813,530 as of December 31, 2013. Our net debt reflected mainly the 12.05% increase in interest-bearing bank borrowings from RMB1,698,753,360 as of December 31, 2013 to RMB1,903,471,790 as of December 31, 2014.

Net debt-to-equity ratio equals net debt divided by total equity as of the end of the period and multiplied by 100%. Our net debt-to-equity ratio as of December 31, 2014 was 64.77%, which was 31.99% lower than 96.76% as of December 31, 2013, representing a reduction ratio of 33.06%. This reflected primarily attribute to the Company's higher growth in total equity than in net debt for 2014. Total equity as of December 31, 2014 amounted to RMB2,421,203,430, representing an increase by RMB977,680,540 or 67.73% as compared with RMB1,443,522,890 as of December 31, 2013, and growth in total equity was primarily attributable to growth in net profit and the increase in shareholding equity capital for 2014. The Group's total retained profit for the year ended December 31, 2014 amounted to RMB1,064,565,050, representing an increase by RMB286,297,030 or 36.79% as compared with total net profit of RMB778,268,020 for the same period in 2013. Share capital as of December 31, 2014 amounted to RMB666,667,000, representing an increase by RMB166,667,000 or 33.33% compared with RMB500,000,000 as of December 31, 2013. Capital reserve as of December 31, 2014 amounted to RMB528,263,360, representing an increase by RMB491,079,360 or 1,320.67% as compared with RMB37,184,000 as of December 31, 2013. This was attributable to the increase in shareholding equity capital as a result of the acquisition of finance resources following the successful listing of the Company in Hong Kong in July 2014. Net debt as of December 31, 2014 amounted to RMB1,568,173,520, representing an increase by only 12.27% compared with RMB1,396,813,530 as of December 31, 2013. Our net debt reflected mainly the increase in interest-bearing bank borrowings from RMB1,698,753,360 as of December 31, 2013 by only 12.05% to RMB1,903,471,790 as of December 31, 2014.

(VI) Listing expenses

For the year ended December 31, 2014, we incurred listing expenses of approximately RMB73,151,920, out of which RMB3,396,740 was charged to administrative expenses for 2013, RMB26,000,190 was charged to administrative expenses for 2014 and RMB43,754,990 was capitalised. We estimate we will further incur listing expenses of approximately RMB3,597,860 for the six months ending June 30, 2015, which will be charged to administrative expenses.

(VII) Material acquisitions and disposals

For the year ended December 31, 2014, the Group had no material acquisitions and disposals.

(VIII) Contingent liabilities

As of December 31, 2014, the Group had no contingent liabilities of a material nature.

(IX) Use of proceeds

As of July 31, 2014, we had completed the global public issue of 166,667,000 ordinary shares (H shares) in Hong Kong at an issue price of HK$5.30 per share, raising proceeds with an aggregate amount of HK$883,335,100. As of July 31, 2014, the issue proceeds had been placed in a special account.

The following table sets forth details of funds in the dedicate account for issue proceeds as of the date indicated:

As of December 31, 2014		**Unit:**	*HK$'000*
Account holder	**Banker**	**Account number**	**Balance**
Beijing Digital Telecom Co., Ltd.	Standard Chartered Bank (Hong Kong) Limited	44717867377	12,589.63

As of December 31, 2014, HK$870,745,470 out of the net proceeds had been applied. As of December 31, 2014, the balance of the special account for issue proceeds amounted to HK$12,589,630 (including interest accruing on the special account of HK$8,150).

To regulate the management of issue proceeds and protect investors' interests, the Company has formulated the "Regulations for the Management of Issues Proceeds of Beijing Digital Telecom Co., Ltd." to set out specific provisions for the deposit, utilisation, management of fund application and supervision of use.

In accordance with the plan for the public issue, proceeds from the public issue of shares will be applied as to approximately 56% in the expansion of our retail and distribution network, approximately 14% in the repayment of bank loans, approximately 9% in the upgrade of information systems for further enhancement of our management ability, approximately 7% in the upgrade of existing outlets and establishment of new call centers and new after-sales services system in the PRC, approximately 6% in multi-functional mobile Internet projects and approximately 8% as working capital and for other general corporate purpose. The applications of our issue proceeds as at the date indicated are set out in the following table:

	Year ended December 31, 2014	
Item	**Amount paid**	**Percentage**
	RMB'000	
Expansion of retail and distribution network	472,414.94	54.25%
Repayment of bank borrowings	118,703.28	13.63%
Upgrade of information system to further improve management capability	55,584.09	6.38%
Upgrade of existing outlets and establishment of new call centers and new after-sales services system in the PRC	34,472.32	3.96%
Undertaking multi-functional mobile Internet projects	44,060.18	5.06%
Working capital and other general corporate purpose	78,010.00	8.97%
Payment of listing agency fees	67,500.66	7.75%
Total	870,745.47	100.00%

III. BUSINESS OUTLOOK FOR 2015

The growth of 3G users slowing down in 2014, while the growth of 4G users was gaining pace. To increase our sales and market share by capitalising on opportunities presented by the rapid growth of 4G users, we will focus, in 2015, our efforts on the following areas:

(1) To develop our retail outlets and distribution network steadily by creating additional operating nodes in third-tier cities and below, strengthening cooperation with large shopping malls and supermarkets and seizing opportunities to establish our presence in new business districts.

(2) To further enhance our cooperation with the three major mobile carriers by increasing our sales efforts to raise contract sales in absolute number and percentage and by establishing stronger presence in the operating houses under the cooperation with mobile carriers, in order to increase received fees and add value for the Company.

(3) To reduce management cost by streamlining our organisational structure, and to improve management efficiency and minimise management cost by promoting resource integration and performance assessment.

(4) To persist in our full-hearted loyalty to customers and increase the sales of peripheral accessories for smart phones to increase monetisation from individual customers.

(5) To position ourselves as "personal mobile phone consultant" in our endeavour to ensure customer satisfaction, shifting our focus from "selling mobile phones" to "providing services" with a commitment to build ourselves into a personal mobile phone consultant for consumers and an industry benchmark for customer services.

(6) To enhance the innovation of our profit model and identify new sources of profit growth, to broaden our coverage of the industry chain and further enhance mergers with different industries through vigorous innovation, and to conduct well-organised taxation planning.

FINAL DIVIDEND

The Board does not recommend any final dividend for the year ended December 31, 2014.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of shares who are eligible to attend and vote at the forthcoming annual general meeting to be held on June 2, 2015, the register of members of the Company will be closed from May 1, 2015 to June 2, 2015, both days inclusive. To be eligible to attend and vote at the said annual general meeting, unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on April 30, 2015.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited as its own code of corporate governance. Since the listing of the Company on July 8, 2014 (the "**Listing Date**") and up to the date of this announcement, the Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct for Directors' and supervisors' securities transactions. Having made specific enquiry with the Directors and supervisors all of the Directors and supervisors confirmed that they have complied with the required standards as set out in the Model Code since the Listing Date and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this announcement.

AUDITOR

The 2014 financial statements of the Company prepared in accordance with the International Financial Reporting Standards have been audited by Ernst & Young. The Company has appointed Ernst & Young as the Company's auditors since the date of preparation of its listing. A resolution to reappoint Ernst & Young as the Company's international auditors will be proposed at the forthcoming annual general meeting to be held on June 2, 2015.

AUDIT COMMITTEE

The Audit Committee, together with management and external auditor, have reviewed the accounting principles and practices adopted by the Group and received the annual results of the Group for the year ended December 31, 2014.

PUBLICATION OF ANNUAL RESULTS AND 2014 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dixintong.com). The Company's 2014 annual report containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and will be published on the respective websites of the Stock Exchange and the Company in due course.

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

Beijing, the People's Republic of China, March 25, 2015

As at the date of this announcement, the executive directors of the Company are Mr. LIU Donghai, Mr. LIU Yajun, Mr. LIU Songshan, Ms. LIU Wencui and Ms. LIU Hua; the non-executive director is Mr. WANG Lin; and the independent non-executive directors are Mr. LV Tingjie, Mr. LENG Rongquan and Mr. Vincent Man Choi, LI.