



北京迪信通商貿股份有限公司
Beijing Digital Telecom Co., Ltd.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 06188

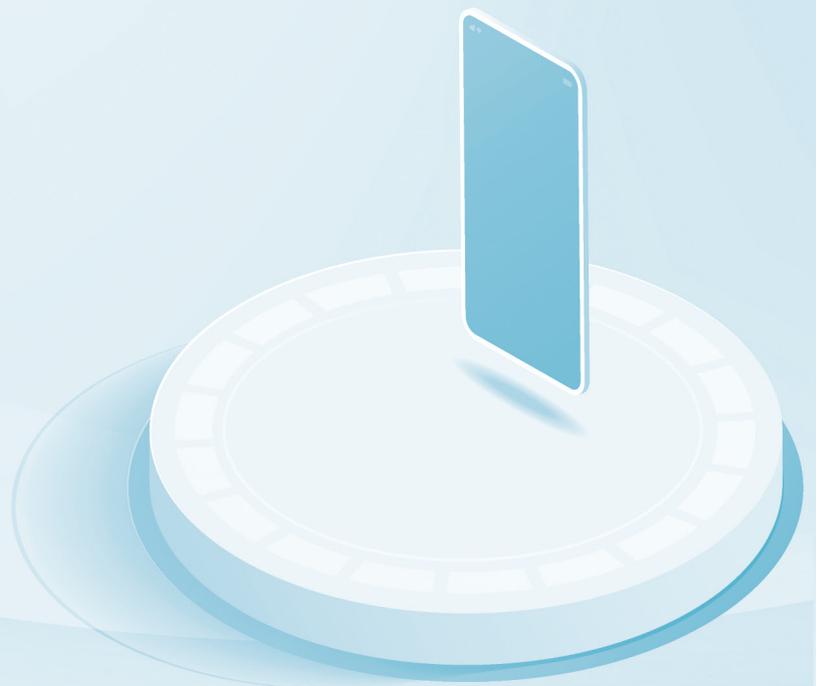
2024

INTERIM REPORT



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COMPANY PROFILE

Beijing Digital Telecom Co., Ltd. (the “**Company**” or “**Digital Telecom**”) was founded in 2001 and has been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 06188) since 2014.

As at 30 June 2024, the Company had over 100 subsidiaries (collectively referred to as the “**Group**” or “**we**”) and had opened more than 650 independently operated outlets and franchised outlets in 20 provinces and 4 municipalities over China. Since its establishment, the Company has been committed to the sales and service of mobile telecommunications terminals. With its extensive offline sales channels and online sales platform, the Company provides a series of comprehensive services to consumers, ranging from the sales of mobile phone hardware and accessories, provision of value-added services for software, and provision of personalized services for mobile phones and after-sales services.

To better adapt to the development environment of the retail industry under the new situation at home and abroad, the Group has steadily improved the strategies for “strengthening new retails” and “firming up 1+N”, actively launched new retail business, diversified merchandise sales business through multi-channel operation system and multi-dimensional service model, so as to consolidate market competitiveness and brand influence. While the existing business was consolidated, the development road devoted to exploring transformation and upgrade in relation to laying out a new field for new energy business has achieved the initial improvement. Household photovoltaic business has now made a breakthrough in Dai County, Shanxi Province and promoted the reproduction model, and has been gradually landed in Jiangsu, Hubei and other provinces.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Xu Jili (*Chairwoman*)
Ms. Xu Liping
Mr. Liu Donghai

Non-executive Directors

Mr. Xie Hui
Mr. Jia Zhaojie
Ms. Pan Anran

Independent Non-executive Directors

Mr. Lv Tingjie
Mr. Lv Pingbo
Mr. Cai Chun Fai

Supervisors

Mr. Gao Zhiqiang (*Chairman*)
Mr. Li Wanlin
Mr. Liu Zhenlong

JOINT COMPANY SECRETARIES

Mr. Huang Mingqiang
Ms. Ng Sau Mei

AUTHORIZED REPRESENTATIVES

Ms. Xu Liping
Ms. Ng Sau Mei

AUDIT COMMITTEE

Mr. Cai Chun Fai (*Chairman*)
Ms. Pan Anran
Mr. Lv Tingjie

NOMINATION COMMITTEE

Ms. Xu Jili (*Chairwoman*)
Mr. Lv Pingbo
Mr. Cai Chun Fai

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Cai Chun Fai (*Chairman*)
Ms. Xu Liping
Mr. Lv Pingbo

STRATEGY COMMITTEE

Ms. Xu Jili (*Chairwoman*)
Ms. Xu Liping
Mr. Liu Donghai
Mr. Xie Hui
Mr. Jia Zhaojie

LEGAL ADVISERS

As to Hong Kong law:
Bird & Bird
6/F, The Annex, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

As to PRC law:
Zhong Lun Law Firm
22-31/F, South Tower of CP Center
20 Jinhe East Avenue
Chaoyang District
Beijing
PRC

REGISTERED OFFICE

Room 24603, 46th Floor
-4 to 45th Floor 101
Building 1, No. 20 Courtyard, Lize Road
Fengtai District
Beijing
PRC

HEADQUARTER

Room 24603, 46th Floor
-4 to 45th Floor 101
Building 1, No. 20 Courtyard, Lize Road
Fengtai District
Beijing
PRC

CORPORATE INFORMATION *(Continued)*

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

6188

COMPANY'S WEBSITE

www.dixintong.com

AUDITOR

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

PRINCIPAL BANKS

China Minsheng Banking Corp., Ltd.
(Jingguang Sub-branch, Beijing)
Ground Floor HS01, Lanbao International
House No. 3, Xidawang Road
Chaoyang District
Beijing
PRC

China Merchants Bank Co., Ltd.
(West Third Ring Sub-branch, Beijing)
1/F, Yindu Building, No. 67 Fucheng Road
Haidian District
Beijing
PRC

China Citic Bank Corporation Limited
(Zhuhai Branch)
No. 1, Jingshan Road, Xiangzhou District
Zhuhai
Guangdong Province
PRC

Ping An Bank Co., Ltd.
(Business Department, Zhuhai Branch)
No. 288 Hongshan Road, Xiangzhou District
Zhuhai
Guangdong Province
PRC

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Consolidated Statement of Profit or Loss		
Revenue	9,535,821	9,149,602
Gross profit	334,270	348,145
(Loss) for the period	(29,077)	(32,911)
Attributable to:		
Owners of the parent	(29,267)	(26,436)
Non-controlling interests	190	(6,475)
(Loss) per share attributable to ordinary equity holders of the parent		
– Basic and diluted (RMB/share)	(0.03)	(0.04)
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)

FINANCIAL HIGHLIGHTS *(Continued)*

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
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Consolidated Statement of Financial Position

Non-current assets	332,389	346,721
Current assets	8,968,037	7,985,467
Total assets	9,300,426	8,332,188
Current liabilities	9,087,703	8,117,215
Total assets less current liabilities	212,723	214,973
Non-current liabilities	202,510	170,993
Net assets	10,213	43,980
Share capital	886,460	886,460
Reserves	(849,807)	(815,848)
Equity attributable to owners of the parent	36,653	70,612
Non-controlling interests	(26,440)	(26,632)

	For the six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000

Consolidated Statement of Cash Flows

Net cash flows (used in) operating activities	(89,395)	(277,188)
Net cash flows from/(used in) investing activities	28,740	(644,682)
Net cash flows (used in)/from financing activities	(422,428)	911,827
Net (decrease) in cash and cash equivalents	(483,083)	(10,043)
Cash and cash equivalents at the beginning of the period	717,266	224,133
Effect of foreign exchange rate changes, net	–	328
Cash and cash equivalents at the end of the period	234,183	214,418

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 in 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 in 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 in 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 in 2023. The increase in revenue was mainly due to an increase in revenue from retail business of independent outlets 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 outlets, store-in-store outlets, outlets 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 in 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 of 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 at 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%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 operating 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 currency 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 report, 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 report, 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 outlet 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- (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 carry out the guiding ideology of “cost reduction and efficiency enhancement” and implement the relevant actions in all 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.

OTHER INFORMATION

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.

OTHER INFORMATION *(Continued)*

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OF ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors, supervisors (the “**Supervisor(s)**”) and chief executive (the “**Chief Executive**”) of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

Interests in the Company:

Name of Director	Type of shares	Nature of interests	Number of shares/ underlying shares held (long position/ short position/ lending pool)	Percentage of the relevant class of share capital (%) <i>(Note 1)</i>	Percentage of the total share capital (%) <i>(Note 1)</i>
Liu Donghai <i>(Note 2)</i>	Domestic shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10

OTHER INFORMATION *(Continued)*

Notes:

1. The percentage is calculated with the total number of 886,460,400 shares of the Company in issue as at 30 June 2024, comprising 337,700,000 domestic shares of the Company (the “**Domestic Shares**”) and 548,760,400 H shares of the Company (the “**H Shares**”).
2. To the best of the Directors’ knowledge after due enquiry, as at 30 June 2024, Digital Science & Technology Group Limited (“**Digital Science & Technology**”) directly held 168,362,098 Domestic Shares, and Liu Donghai, Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli (collectively, the “**Liu Family**”) jointly held the entire equity interest in Digital Science & Technology. Accordingly, pursuant to the SFO, the Liu Family were deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology.

In addition, Beijing Di Er Tong Consulting Company Limited (“**Di Er Tong**”) and Digital Science & Technology, together with the Liu Family, entered into an acting-in-concert agreement (the “**Original Concert Party Agreement**”) with Zhuhai Huafa Technology Industry Group Co., Ltd. (“**Huafa Technology Industry Group**”, formerly known as Zhuhai Huafa Industrial Investment Holding Co., Ltd.) on 29 January 2021. The term of the Original Concert Party Agreement expired on 7 April 2024. On 8 April 2024, Huafa Technology Industry Group, Digital Science & Technology and Liu Donghai entered into a three-year acting-in-concert agreement (the “**New Concert Party Agreement**”), pursuant to which Digital Science & Technology and Liu Donghai agreed to continue to take concerted action with and act in accordance with the will of Huafa Technology Industry Group in relation to any shares of the Company that Digital Science & Technology and/or Liu Donghai held directly or indirectly, for certain matters of the Company. In addition, Digital Science & Technology will continue to entrust the voting rights in respect of its 168,362,098 Domestic Shares in the Company held by Digital Science & Technology to Huafa Technology Industry Group during the term of the New Concert Party Agreement. The New Concert Party Agreement became effective on 8 April 2024, and Di Er Tong, Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli ceased to be parties acting in concert under the New Concert Party Agreement. Accordingly, pursuant to the SFO, Liu Donghai was deemed to be interested in 169,337,902 Domestic Shares held by Huafa Technology Industry Group.

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors and Chief Executive had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, to the knowledge of the Directors, the following persons (other than the Directors, Supervisors and Chief Executive) had interests or short positions in the shares or underlying shares of the Company which fell to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and were recorded in the register to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Type of shares	Nature of interests	Number of shares/underlying shares held (long position/short position/lending pool)	Percentage of the relevant class of share capital (%) <i>(Note 1)</i>	Percentage of the total share capital (%) <i>(Note 1)</i>
Liu Yongmei <i>(Note 2)</i>	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Hua <i>(Note 2)</i>	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Wenli <i>(Note 2)</i>	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Wencui <i>(Note 2)</i>	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Songshan <i>(Note 2)</i>	Domestic Shares	Person acting in concert	337,700,000 (long position)	100.00	38.09
Di Er Tong <i>(Note 2)</i>	Domestic Shares	Person acting in concert	337,700,000 (long position)	100.00	38.09

OTHER INFORMATION *(Continued)*

Name of shareholder	Type of shares	Nature of interests	Number of shares/underlying shares held (long position/ short position/ lending pool)	Percentage of the relevant class of share capital (%) <i>(Note 1)</i>	Percentage of the total share capital (%) <i>(Note 1)</i>
Digital Science & Technology <i>(Note 2)</i>	Domestic Shares	Beneficial owner	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Huafa Technology Industry Group <i>(Note 3)</i>	Domestic Shares	Beneficial owner	169,337,902 (long position)	50.14	19.10
		Person acting in concert	168,362,098 (long position)	49.86	18.99
Zhuhai Huafa Group Company Limited (“ Zhuhai Huafa ”) <i>(Note 3)</i>	Domestic Shares	Interest of controlled corporation	337,700,000 (long position)	100.00	38.09
	H Shares	Interest of controlled corporation	327,057,912 (long position)	59.60	36.89
Hong Kong Huafa Investment Holdings Limited (“ Hong Kong Huafa ”) <i>(Note 3)</i>	H Shares	Beneficial owner	327,057,912 (long position)	59.60	36.89
Dawn Galaxy International Limited <i>(Note 4)</i>	H Shares	Beneficial owner	42,000,000 (long position)	7.65	4.74
YBN Investments Limited <i>(Note 5)</i>	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
YBN International Holdings Limited <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
YBN Holdings Limited <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Taihe Dali Investment Hongkong Limited <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69

OTHER INFORMATION *(Continued)*

Name of shareholder	Type of shares	Nature of interests	Number of shares/underlying shares held (long position/short position/lending pool)	Percentage of the relevant class of share capital (%) <i>(Note 1)</i>	Percentage of the total share capital (%) <i>(Note 1)</i>
Wang Wei <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
CITIC International Assets Management Limited <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
CITIC International Financial Holdings Limited <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
China CITIC Bank Corporation Limited <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
CITIC Limited <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
CITIC Group Corporation <i>(Note 5)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Unicorn Link Group Limited <i>(Note 6)</i>	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
Xi Yue Cultural Industry Investment Fund L.P. ("Xi Yue Fund L.P.") <i>(Note 6)</i>	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
Glorious Maple Limited <i>(Note 6)</i>	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
Yeung Wan Yiu <i>(Note 6)</i>	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Vital Vision Limited <i>(Note 6)</i>	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69

Notes:

- The percentage is calculated with the total number of 886,460,400 shares of the Company in issue as at 30 June 2024, comprising 337,700,000 Domestic Shares and 548,760,400 H Shares.

OTHER INFORMATION (Continued)

- To the best of the Directors' knowledge after due enquiry, as at 30 June 2024, Digital Science & Technology directly held 168,362,098 Domestic Shares, and the Liu Family jointly held the entire equity interest in Digital Science & Technology. Accordingly, pursuant to the SFO, the Liu Family were deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology. In addition, Huafa Technology Industry Group, Digital Science & Technology and Liu Donghai entered into the New Concert Party Agreement. Accordingly, pursuant to the SFO, (i) Liu Donghai was deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology and 169,337,902 Domestic Shares held by Huafa Technology Industry Group; and (ii) each of Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli was deemed to be interested in 337,700,000 Domestic Shares held by Digital Science & Technology.

Given that the Original Concert Party Agreement has been expired on 7 April 2024, each of Di Er Tong, Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli was no longer a concert party under the New Concert Party Agreement, and Di Er Tong ceased to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO as Di Er Tong ceased to be a member of a concert party group under the New Concert Party Agreement. However, as there was no notification by Di Er Tong to cease to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO after the relevant event and as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, Di Er Tong remained registered as a substantial shareholder of the Company as at 30 June 2024.

- Huafa Technology Industry Group directly held 169,337,902 Domestic Shares. In addition, Huafa Technology Industry Group entered into the New Concert Party Agreement with Digital Science & Technology and Liu Donghai on 8 April 2024. Accordingly, pursuant to the SFO, Huafa Technology Industry Group was deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology. Zhuhai Huafa directly held 93.06% equity interest in Huafa Technology Industry Group. Accordingly, pursuant to the SFO, Zhuhai Huafa was deemed to be interested in 337,700,000 Domestic Shares held by Huafa Technology Industry Group. Hong Kong Huafa directly held a total of 327,057,912 H Shares, while Zhuhai Huafa directly held 100% equity interest in Hong Kong Huafa. Accordingly, pursuant to the SFO, Zhuhai Huafa was deemed to be interested in 327,057,912 H Shares held by Hong Kong Huafa.
- To the best of the Directors' knowledge after due enquiry, following the closing of the mandatory conditional offer for H Shares on 3 June 2021, Dawn Galaxy International Limited was no longer a substantial shareholder of the Company as it had made a valid acceptance for the offer. However, as there was no notification to cease to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO after the relevant event and as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO, Dawn Galaxy International Limited remained registered as a substantial shareholder of the Company as at 30 June 2024.
- To the best of the Directors' knowledge after due enquiry, as at 30 June 2024, YBN Investments Limited directly held 77,000,000 H Shares. YBN Investments Limited was wholly owned by YBN International Holdings Limited, which was in turn owned as to 70.00% by YBN Holdings Limited. Accordingly, pursuant to the SFO, each of YBN International Holdings Limited and YBN Holdings Limited was deemed to be interested in 77,000,000 H Shares held by YBN Investments Limited.

YBN Holdings Limited was directly owned as to approximately 46.75% by CITIC International Assets Management Limited, which was in turn directly owned as to 46.00% by CITIC International Financial Holdings Limited. CITIC International Financial Holdings Limited was a direct wholly-owned subsidiary of China CITIC Bank Corporation Limited, which was in turn directly owned as to approximately 64.14% by CITIC Financial Holdings Co., Ltd. CITIC Financial Holdings Co., Ltd. was indirectly and wholly owned by CITIC Limited through its wholly-owned subsidiary, CITIC Corporation Limited. CITIC Limited was directly owned as to approximately 25.60% and 27.52% by CITIC Glory Limited and CITIC Polaris Limited, respectively, both of which were the wholly-owned subsidiaries of CITIC Group Corporation. Accordingly, pursuant to the SFO, each of CITIC International Assets Management Limited, CITIC International Financial Holdings Limited, China CITIC Bank Corporation Limited, CITIC Financial Holdings Co., Ltd., CITIC Corporation Limited, CITIC Limited and CITIC Group Corporation was deemed to be interested in 77,000,000 H Shares held by YBN Investments Limited.

In addition, YBN Holdings Limited was also directly owned as to approximately 38.25% by Taihe Dali Investment Hongkong Limited, which was in turn directly owned as to approximately 55.60% by Wang Wei. Accordingly, pursuant to the SFO, each of Taihe Dali Investment Hongkong Limited and Wang Wei was deemed to be interested in 77,000,000 H Shares held by YBN Investments Limited.

- To the best of the Directors' knowledge after due enquiry, as at 30 June 2024, Unicorn Link Group Limited directly held 77,000,000 H Shares, and Xi Yue Fund L.P. wholly owned Unicorn Link Group Limited. The limited partner of Xi Yue Fund L.P. was United Wealth Ventures Limited, which was wholly owned by Glorious Maple Limited, which was owned as to 70.00% by Yeung Wan Yiu. The general partner of Xi Yue Fund L.P. was Vital Vision Limited. Accordingly, pursuant to the SFO, Xi Yue Fund L.P., Glorious Maple Limited and Vital Vision Limited were deemed to be interested in 77,000,000 H Shares held by Unicorn Link Group Limited.

Save as disclosed above, as at 30 June 2024, there was no other person (other than the Directors, Supervisors and Chief Executive) to the Directors' knowledge who had any interests or short positions in the shares or underlying shares of the Company which fell to be noticed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which have been recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION *(Continued)*

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

On 28 January 2021, Digital Science & Technology pledged 63,270,000 Domestic Shares (representing approximately 8.60% of the total issued shares of the Company as at 31 December 2020) to Beijing Jingdixin Technology Company Limited (“**Jingdixin**”), an investee company of the Company, as a guarantee for the delivery credit facility of approximately RMB380,000,000 provided by Jingdixin to the Company.

The pledged shares are part of the Domestic Shares which are subject to the entrustment arrangement in accordance with the Original Concert Party Agreement expired on 7 April 2024 and the New Concert Party Agreement signed on 8 April 2024, where Digital Science & Technology has entrusted all Domestic Shares held by it to Huafa Technology Industry Group, a controlling shareholder of the Company, such that Digital Science & Technology and Liu Donghai shall continue to take concerted action with and act in accordance with the will of Huafa Technology Industry Group for certain matters of the Company.

DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, during the six months ended 30 June 2024, neither the Company nor any of its subsidiaries was a party to any arrangement that would enable the Directors or the Supervisors to acquire benefits by means of acquisition of any shares or debentures in the Company or any other body corporate, and none of the Directors or the Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the shares in or debentures of the Company or any other body corporate or had exercised any such right.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules 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 (a position which serves the same role and responsibility as the chief executive officer but with 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 practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors’ and Supervisors’ securities transactions. 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.

OTHER INFORMATION *(Continued)*

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, have reviewed the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2024 and this interim report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Mr. Liu Zhenlong, the employee representative Supervisor, has concurrently served as the general manager of Wenzhou D-phone Electronic Communication Technology Co., Ltd.* (温州迪信通电子通信技术有限公司) (“**Wenzhou Company**”), a wholly-owned subsidiary of the Company since April 2024. He has ceased to be the general manager of offline operation centre of the Company and been re-designated as the general manager of Beijing D-phone Electronic Communication Technology Co., Ltd.* (北京迪信通电子通信技术有限公司) (“**Beijing Company**”), a wholly-owned subsidiary of the Company since July 2024, and is fully responsible for the day-to-day operation and management of Wenzhou Company and Beijing Company.

Save as disclosed in this report, as at the date of this report, there is no change in any information of the Directors, Supervisors and Chief Executive which were required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

ACKNOWLEDGEMENT

The Company would like to express its sincere gratitude to its customers and shareholders for their continued support and trust, and would like to take this opportunity to thank the Board, the management team and staff of the Group for their outstanding contributions and tireless efforts.

By order of the Board

Xu Jili

Chairwoman

Beijing, 23 August 2024

* For identification purposes only

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 Unaudited RMB'000	2023 Unaudited 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		(76,497)	(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/share)			
Loss for the period	8	(0.03)	(0.04)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME (Continued)**

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
(LOSS) FOR THE PERIOD	(29,077)	(32,911)
OTHER COMPREHENSIVE LOSS <i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
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

		30 June 2024	31 December 2023
	<i>Notes</i>	Unaudited RMB'000	Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	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
		<hr/>	<hr/>
Total non-current assets		332,389	346,721
CURRENT ASSETS			
Inventories		478,756	331,484
Trade and bills receivables	10	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	17	743,829	698,840
Pledged deposits	11	2,530,321	1,797,640
Cash and cash equivalents	11	234,183	717,266
		<hr/>	<hr/>
Total current assets		8,968,037	7,985,467
CURRENT LIABILITIES			
Trade and bills payables	13	613,267	413,067
Other payables and accruals		784,803	651,229
interest-bearing bank and other borrowings	12	4,601,669	3,965,644
Lease liabilities		83,288	44,120
Due to related parties	17	2,977,438	3,015,159
Tax payable		27,238	27,996
		<hr/>	<hr/>
Total current liabilities		9,087,703	8,117,215
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(119,666)	(131,748)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		212,723	214,973
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 June 2024

		30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	80,000	–
Deferred tax liabilities		254	333
Lease liabilities		122,256	170,660
		<hr/>	<hr/>
Total non-current liabilities		202,510	170,993
		<hr/>	<hr/>
NET ASSETS			
		10,213	43,980
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent:			
Share capital	14	886,460	886,460
Reserves		(849,807)	(815,848)
		<hr/>	<hr/>
		36,653	70,612
Non-controlling interests		<hr/>	<hr/>
		(26,440)	(26,632)
		<hr/>	<hr/>
TOTAL EQUITY		10,213	43,980
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent									Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Statutory reserve funds RMB'000	Retained profits RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non- controlling interests RMB'000	
Six months ended 30 June 2024:										
At 31 December 2023 (Audited)	886,460	750,806	25,295	313,765	(1,849,637)	(38,707)	(17,370)	70,612	(26,632)	43,980
(Loss) for the period	-	-	-	-	(29,267)	-	-	(29,267)	190	(29,077)
Other comprehensive (loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(24)	(24)	-	(24)
Share of other comprehensive (loss) of a joint venture	-	-	-	-	-	-	(4,666)	(4,666)	-	(4,666)
Total comprehensive (loss) for the period	-	-	-	-	(29,267)	-	(4,690)	(33,957)	190	(33,767)
At 30 June 2024 (Unaudited)	886,460	750,806	25,295	313,765	(1,878,904)	(38,707)	(22,060)	36,655	(26,442)	10,213

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2024

	Attributable to owners of the parent									Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Statutory reserve funds RMB'000	Retained profits RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non- controlling interests RMB'000	
Six months ended 30 June 2023:										
At 31 December 2022 (Audited)	732,460	635,392	25,295	313,765	(1,219,592)	(38,707)	(20,048)	428,565	9,348	437,913
(Loss) for the period	-	-	-	-	(26,436)	-	-	(26,436)	(6,475)	(32,911)
Other comprehensive (loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(7,379)	(7,379)	-	(7,379)
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	5,242	5,242	-	5,242
Total comprehensive (loss) for the period	-	-	-	-	(26,436)	-	(2,137)	(28,573)	(6,475)	(35,048)
At 30 June 2023 (Unaudited)	732,460	635,392	25,295	313,765	(1,246,028)	(38,707)	(22,185)	399,992	2,873	402,865

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before tax	(27,544)	(41,312)
Adjustments for:		
Finance costs	76,479	68,774
Interest income	(14,605)	(20)
Share of profits and losses of joint ventures and associates	329	8,525
Impairment and write-down of trade receivables	14,739	4,805
Impairment and write-down of other receivables	6,219	16,853
Provision for impairment of amounts due from related parties (Reversal) and write-down of inventories	2,926 (5,159)	8,374 (801)
Impairment of property, plant and equipment	–	89
Impairment of right-of-use assets	–	225
Fair value (gain) on financial assets at fair value through profit or loss	(3,147)	(9,241)
Depreciation of property, plant and equipment	7,064	10,503
Depreciation of right-of-use assets	56,028	49,460
Amortisation of intangible assets	305	567
Loss on disposal of items of property, plant and equipment	–	18
Foreign exchange (gain)	(3,138)	(328)
Loss on disposal of items of (increase) in trade and bills receivables	(140,537)	(232,166)
(Increase) in prepayments, other receivables and other assets	(208,040)	(269,189)
Decrease in pledged deposits	–	760
Increase in inventories	(142,114)	(6,344)
Increase/(decrease) in trade and bills payables	200,200	(28,805)
Increase in other payables and accruals	153,036	170,453
Increase in other long-term payables	–	1,668
(Increase)/decrease in amounts due from related parties	(61,502)	4,787
Increase/(decrease) in amounts due to related parties	678	(33,406)
Cash (used in) operations	(87,783)	(275,751)
Income tax paid	(1,612)	(1,437)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	(89,395)	(277,188)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(2,277)	(8,184)
Additions to other intangible assets	–	(69)
Proceeds from disposal of items of property, plant and equipment	87	1,457
Sale/(purchase) of financial products by bank	22,053	(637,906)
Interest received	8,877	20
	<hr/>	<hr/>
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	28,740	(644,682)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	4,226,319	3,160,015
Loan from related parties	887,402	1,188,996
(Increase) in pledged deposits	(674,574)	(641,100)
Repayment of bank loans and other borrowings	(3,789,305)	(1,573,539)
Repayment of loan from related parties	(935,709)	(1,101,376)
Principal portion of lease payments	(60,047)	(58,026)
Interest paid	(76,514)	(63,143)
	<hr/>	<hr/>
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	(422,428)	911,827
	<hr/>	<hr/>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(483,083)	(10,043)
Cash and cash equivalents at the beginning of the period	717,266	224,133
Effect of foreign exchange rate changes, net	–	328
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	234,183	214,418
	<hr/>	<hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 interest 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	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (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.

30 June 2024

5. REVENUE, OTHER INCOME AND GAINS

(a) Revenue

An analysis of revenue is as follows:

Segments

	For the six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited 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 mobile 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.

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5. REVENUE, OTHER INCOME AND GAINS (Continued)**(a) Revenue (Continued)**

An analysis of revenue is as follows: (Continued)

Segments (Continued)

	For the six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited 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 Unaudited RMB'000	2023 Unaudited 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.

30 June 2024

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 RMB'000	Unaudited 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 amounts 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 RMB'000	Unaudited RMB'000
Current:		
Charge/(credit) 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 recognized 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.

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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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with a cost of RMB17,476,000 (for the six months ended 30 June 2023: RMB8,184,000).

Property, plant and equipment with a net book value of RMB194,000 were disposed of by the Group during the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB1,475,000), resulting in a net loss on disposal of RMB35,000 (for the six months ended 30 June 2023: a net loss on disposal of RMB18,000).

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10. TRADE AND BILLS RECEIVABLES

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited 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 Unaudited RMB'000	31 December 2023 Audited 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

30 June 2024

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprised of the following:

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Cash and bank balances	234,183	717,266
Pledged time deposits	2,530,321	1,797,640
	2,764,504	2,514,906
Less: Pledged time deposits		
Pledged for bank borrowings	50,000	50,000
Pledged for bank acceptance notes	2,035,321	1,720,500
Other pledged deposits	445,000	27,140
	234,183	717,266
Cash and cash equivalents, denominated in RMB	234,183	717,266

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12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 Unaudited RMB'000	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
Non-current		
Unsecured, repayable after one year	80,000	–
	4,681,669	3,965,644

Note (a): The bank and other loans bear interest at rates ranging from 1.30% to 3.80% (2023: 1.15% to 6.00%) per annum.

Note (b): The Group's bank loans are secured by pledged deposits, which had an aggregate carrying value of RMB2,530,321,000 (2023: RMB1,770,500,000), and financial assets at fair value through profit or loss, which had a carrying value of RMB412,447,000 (2023: RMB443,377,000).

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13. TRADE AND BILLS PAYABLES

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited 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 Unaudited RMB'000	31 December 2023 Audited 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

14. SHARE CAPITAL

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Registered, issued and fully paid: 886,460,400 ordinary shares of RMB1 each (2023: 886,460,400 shares)	886,460	886,460

15. CONTINGENCY

At the end of the reporting period, the Group had no material contingencies.

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16. COMMITMENTS

At the end of the reporting period, the Group had no significant capital commitments.

17. RELATED PARTY TRANSACTIONS

- (a) The Group had the following main transactions with related parties during the reporting periods. The transaction prices were determined based on prices at which the Group transacted with independent third party customers and suppliers.

	For the six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Companies controlled/significantly influenced by		
Huafa Group:		
Sales of goods	61,266	43,392
Purchases of automobiles	–	45,089
Revenue from provision of online and offline sales and marketing services	58,113	122,161
Financing received (Note (i))	896,528	1,188,996
Financing repaid (Note (i))	935,709	1,101,376
Joint ventures:		
Guangzhou Zhongqi Energy Technology Co., Ltd.		
Purchases of goods	17,496	261,785
Sales of goods	35,735	–

Note (i): The interest rate ranged from 2.15% to 6.00%, which approximates the market interest rate.

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17. RELATED PARTY TRANSACTIONS (Continued)**(b) Major outstanding balances with related parties:**

	30 June 2024 Unaudited RMB'000	31 December 2023 Audited RMB'000
Trade in nature balances		
Due from:		
Companies controlled/significantly influenced by Huafa Group (Note (ii))	293,265	329,354
Companies controlled/significantly influenced by the Liu Family	1,450	1,462
Guangzhou Zhongqi Energy Technology Co., Ltd.	64,525	54,082
Due to:		
Beijing Jingdixin Technology Co., Ltd.	–	312
Financing in nature balances		
Due to:		
Companies controlled/significantly influenced by Huafa Group (Note (ii))	2,717,402	2,636,076
Other non-trade in nature balances		
Due from:		
Companies controlled/significantly influenced by the Liu Family	306,281	306,147
Guangzhou Zhongqi Energy Technology Co., Ltd.	–	5,292
Due to:		
Companies controlled/significantly influenced by the Liu Family	–	265,413

Note (ii): Other than the loan from Huajin International Commercial Factoring (Zhuhai) Co., Ltd. and Zhuhai Huafa Group Finance Co., Ltd., all other related party balances are unsecured, interest free, and payable on demand.

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, pledged deposits, financial assets at fair value through profit or loss, trade receivables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, the current portion of interest-bearing bank and other borrowings, trade and bills payables, financial liabilities included in other payables and accruals, and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of lease liabilities and interest-bearing loans and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 were assessed to be insignificant.

The fair values of unlisted equity investments which had recent history of share transactions are based on observable market transaction prices. The fair values of other unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to sales (EV/Sales) multiple and price to book value (P/B) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	20,000	20,000
Financial assets at fair value through profit or loss	–	412,447	–	412,447
Bills receivable	–	49,903	–	49,903
	–	462,350	20,000	482,350

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	20,000	20,000
Financial assets at fair value through profit or loss	–	443,377	–	443,377
Bills receivable	–	41,471	–	41,471
	–	484,848	20,000	504,848

30 June 2024

19. DIVIDENDS

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

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 23 August 2024.