迪信通

北京迪信通商貿股份有限公司

Beijing Digital Telecom Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6188)

ANNOUNCEMENT OF UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

UNAUDITED FINANCIAL HIGHLIGHTS

For the year ended 31 December 2019:

Revenue of the Group was RMB15,350,953,000 (unaudited), representing an increase of 1.97% from last year (including discontinued operations).

Net profit attributable to the owners of the parent of the Company was RMB259,202,000 (unaudited), representing a decrease of 21.34% from last year.

Basic earnings per share was RMB0.39 per share (unaudited), representing a decrease of RMB0.10 per share from last year.

The Board did not recommend any final dividend for the year ended 31 December 2019.

Since some of the provinces and cities in China have imposed restrictions to fight against COVID-19 epidemic, the audit process for the annual results of Beijing Digital Telecom Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**" or "**we**") for the year ended 31 December 2019 has not yet been completed. The unaudited annual results set out in this announcement have not been agreed with the Company's auditors. Meanwhile, the board (the "**Board**") of directors (the "**Directors**") is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019, together with comparable audited figures for the same period in 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	**2019** **RMB'000** **(Unaudited)**	2018 *RMB'000* (Audited)
CONTINUING OPERATIONS			
REVENUE	*3*	**15,350,953**	14,957,133
Cost of sales		**(13,582,076)**	(13,042,383)
Gross profit		**1,768,877**	1,914,750
Other income and gains	*3*	**70,295**	97,996
Selling and distribution expenses		**(858,016)**	(992,508)
Administrative expenses		**(324,563)**	(359,889)
Impairment losses on financial assets		**(51,855)**	(27,510)
Other expenses		**(34,896)**	(52,532)
Finance costs		**(232,712)**	(192,106)
Share of profits/(losses) of:			
Joint ventures		**(1,586)**	(4,253)
Associates		**(679)**	894
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**334,865**	384,842
Income tax expense	*4*	**(72,650)**	(78,633)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**262,215**	306,209
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**–**	15,892
PROFIT FOR THE YEAR		**262,215**	322,101
Attributable to:			
Owners of the parent		**259,202**	329,536
Non-controlling interests		**3,013**	(7,435)
		262,215	322,101
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (RMB)			
For profit for the year	*6*	**0.39**	0.49
For profit from continuing operations	*6*	**0.39**	0.48

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Year ended 31 December 2019

	Notes	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
PROFIT FOR THE YEAR		**262,215**	322,101
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(361)**	836
Share of other comprehensive income of a joint venture		**715**	151
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**354**	987
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive (loss)/income:			
Changes in fair value		**(4,568)**	1,601
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		**(4,568)**	1,601
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(4,214)**	2,588
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**258,001**	324,689
Attributable to:			
Owners of the parent		**254,990**	331,792
Non-controlling interests		**3,011**	(7,103)
		258,001	324,689

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**114,059**	130,744
Right-of-use assets		**550,002**	–
Goodwill		**68,119**	72,646
Other intangible assets		**8,459**	7,492
Investments in joint ventures		**74,349**	74,313
Investments in associates		**252,406**	37,114
Debt instrument at amortised cost		**500**	–
Equity investments designated at fair value through other comprehensive income		**35,623**	41,713
Deferred tax assets		**64,381**	40,892
Loan receivables		**–**	16,472
Total non-current assets		**1,167,898**	421,386
CURRENT ASSETS			
Inventories		**2,937,176**	2,541,787
Trade and bills receivables	*7*	**2,689,638**	2,172,337
Prepayments, other receivables and other assets		**1,717,182**	1,331,443
Financial assets at fair value through profit or loss		**100**	–
Loan receivables		**–**	40,640
Due from the controlling shareholder		**–**	35,000
Due from related parties		**76,163**	168,711
Pledged deposits		**1,687,875**	660,251
Cash and cash equivalents		**667,945**	708,548
Total current assets		**9,776,079**	7,658,717

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2019

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*8*	**1,097,525**	484,876
Other payables and accruals		**310,254**	341,922
Interest-bearing bank and other borrowings		**3,968,773**	3,066,638
Lease liabilities		**205,276**	–
Due to related parties		**432,309**	4,253
Tax payable		**427,144**	348,709
Total current liabilities		**6,441,281**	4,246,398
NET CURRENT ASSETS		**3,334,798**	3,412,319
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,502,696**	3,833,705
NON-CURRENT LIABILITIES			
Lease liabilities		**324,428**	–
NET ASSETS		**4,178,268**	3,833,705
EQUITY			
Equity attributable to owners of the parent			
Share capital		**666,667**	666,667
Reserves		**3,349,354**	3,093,663
		4,016,021	3,760,330
Non-controlling interests		**162,247**	73,375
Total equity		**4,178,268**	3,833,705

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to owners of the parent								
	Share capital *RMB'000* (Audited)	Capital reserve *RMB'000* (Audited)	Statutory reserve funds *RMB'000* (Audited)	Retained profits *RMB'000* (Audited)	Fair value reserve *RMB'000* (Audited)	Exchange fluctuation reserve *RMB'000* (Audited)	Total *RMB'000* (Audited)	Non-controlling interests *RMB'000* (Audited)	Total equity *RMB'000* (Audited)
At 31 December 2017	666,667	524,953	243,661	1,996,853	–	(1,075)	3,431,059	80,283	3,511,342
Effect of adoption of IFRS 9	–	–	–	–	(950)	–	(950)	–	(950)
Effect of adoption of IFRS 15	–	–	–	(1,571)	–	–	(1,571)	–	(1,571)
At 1 January 2018 (restated)	666,667	524,953	243,661	1,995,282	(950)	(1,075)	3,428,538	80,283	3,508,821
Profit for the year	–	–	–	329,536	–	–	329,536	(7,435)	322,101
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	–	504	504	332	836
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	1,601	–	1,601	–	1,601
Share of other comprehensive gain of a joint venture	–	–	–	–	–	151	151	–	151
Total comprehensive income for the year	–	–	–	329,536	1,601	655	331,792	(7,103)	324,689
Capital contribution by non-controlling shareholders	–	–	–	–	–	–	–	49,651	49,651
Acquisition of subsidiaries	–	–	–	–	–	–	–	(3,749)	(3,749)
Disposal of subsidiaries	–	–	–	–	–	–	–	(45,707)	(45,707)
Transfer from retained profits	–	–	32,954	(32,954)	–	–	–	–	–
At 31 December 2018	666,667	524,953	276,615	2,291,864	651	(420)	3,760,330	73,375	3,833,705

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2019

	Attributable to owners of the parent									
	Share capital *RMB'000* (Unaudited)	Capital reserve *RMB'000* (Unaudited)	Share-based payment *RMB'000* (Unaudited)	Statutory reserve funds *RMB'000* (Unaudited)	Retained profits *RMB'000* (Unaudited)	Fair value reserve *RMB'000* (Unaudited)	Exchange fluctuation reserve *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)	Non-controlling interests *RMB'000* (Unaudited)	Total equity *RMB'000* (Unaudited)
At 1 January 2019	666,667	524,953	–	276,615	2,291,864	651	(420)	3,760,330	73,375	3,833,705
Profit for the year	–	–	–	–	259,202	–	–	259,202	3,013	262,215
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(359)	(359)	(2)	(361)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(4,568)	–	(4,568)	–	(4,568)
Share of other comprehensive gain of a joint venture	–	–	–	–	–	–	715	715	–	715
Total comprehensive income for the year	–	–	–	–	259,202	(4,568)	356	254,990	3,011	258,001
Acquisition of non-controlling interests	–	(621)	–	–	–	–	–	(621)	(10,046)	(10,667)
Disposal of partial interests in subsidiaries without losing control	–	(23,973)	–	–	–	–	–	(23,973)	93,973	70,000
Share-based payments	–	–	25,295	–	–	–	–	25,295	–	25,295
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	2,114	2,114
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(180)	(180)
Transfer from retained profits	–	–	–	25,920	(25,920)	–	–	–	–	–
At 31 December 2019	666,667	500,359	25,295	302,535	2,525,146	(3,917)	(64)	4,016,021	162,247	4,178,268

* *These reserve accounts comprise the consolidated reserves of RMB3,349,354,000 (2018: RMB3,093,663,000) in the consolidated statement of financial position.*

NOTES

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**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These 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 Group for the year ended 31 December 2019. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 above. 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

(a) Adoption of IFRS 16

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, motor vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	Increase/ (decrease) *RMB'000*
Assets	
Increase in right-of-use assets	649,515
Decrease in prepayments, other receivables and other assets	(47,883)
Increase in total assets	601,632
Liabilities	
Increase in lease liabilities	601,632
Increase in total liabilities	601,632
Decrease in retained profits	–

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	**703,201**
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	14,700
Commitments relating to leases of low-value assets	–
Add: Payments for optional extension periods not recognised as at 31 December 2018	72,973
	761,474
Weighted average incremental borrowing rate as at 1 January 2019	4.93%
Discounted operating lease commitments as at 1 January 2019	601,632
Lease liabilities as at 1 January 2019	**601,632**

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers		
Sales of mobile telecommunications devices and accessories	**14,905,915**	14,451,208
Including:		
Retail of mobile telecommunications devices and accessories	**6,773,491**	7,875,083
Sales of telecommunications devices and accessories to franchisees	**2,726,784**	3,039,672
Wholesale of mobile telecommunications devices and accessories	**5,405,640**	3,536,453
Service income from mobile carriers	**312,421**	378,337
Other service fee income	**132,617**	127,588
	15,350,953	14,957,133

Disaggregated revenue information

Segments

Mobile telecommunications devices

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Geographical markets		
Mainland China	**15,023,563**	14,905,625
Spain	**322,137**	50,724
Bangladesh	**3,183**	452
India	**2,070**	332
Total revenue from contracts with customers	**15,350,953**	14,957,133
Timing of revenue recognition		
Goods transferred at a point in time	**14,905,915**	14,451,208
Services transferred over time	**445,038**	505,925
Total revenue from contracts with customers	**15,350,953**	14,957,133

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other income		
Interest income	**12,967**	42,254
Government grants *(note (a))*	**46,091**	49,772
Others	**6,447**	5,720
	65,505	97,746
Gains		
Gain on acquisition of subsidiaries	**1,929**	189
Gain on disposal of a subsidiary	**2,580**	–
Gain on disposal of items of property, plant and equipment	**281**	61
	4,790	250
	70,295	97,996

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 these government grants.

4. INCOME TAX EXPENSE

The provision for PRC current income tax is based on the 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. and Dixin Simaier Technology (Guangdong) Co., Ltd, two subsidiaries of the Company, which were taxed at preferential rates of 15% and 0%, respectively, for the year ended 31 December 2019. The major components of income tax expense are as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current:		
Tax charge for the year	**95,367**	85,929
Deferred	**(22,717)**	(7,296)
Total tax charge for the year from continuing operations	**72,650**	78,633
Total tax charge for the year from a discontinued operation	**–**	–
	72,650	78,633

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Profit before tax from continuing operations	**334,865**	384,842
Profit before tax from a discontinued operation	**–**	15,892
	334,865	400,734
Tax at the statutory tax rate	**83,716**	100,184
Lower tax rates for certain entities	**(20,828)**	(28,363)
Tax rate change effect	**(10,929)**	(1,049)
Adjustments in respect of current tax of previous periods	**798**	1,611
Losses attributable to associates and joint ventures	**566**	840
Expenses not deductible for tax	**18,597**	6,978
Tax losses utilised from previous periods	**(1,643)**	(3,211)
Tax losses not recognised	**2,373**	1,643
Tax charge at the Group's effective rate	**72,650**	78,633

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Tax charge from continuing operations at the effective rate	**72,650**	78,633
Tax charge from a discontinued operation at the effective rate	**–**	–

The share of tax attributable to associates and joint ventures amounting to RMB1,245,000 (2018: RMB365,000) and RMB824,000 (2018: RMB10,000), respectively, is included in "Share of profits/(losses) of associates and joint ventures" in the consolidated statement of profit or loss and other comprehensive income.

5. DIVIDENDS

The Directors did not propose a dividend for the year ended 31 December 2019.

6. 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 666,667,000 (2018:666,667,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

The calculation of basic earnings per share is based on:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From continuing operations	**259,202**	316,982
From a discontinued operation	**–**	12,554
	259,202	329,536
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**666,667,000**	666,667,000

7. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**2,667,684**	2,278,015
Bills receivable	**148,057**	2,389
Less: impairment	**(126,103)**	(108,067)
	2,689,638	2,172,337

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 unincorporated customers 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**2,347,021**	2,016,782
91 to 180 days	**184,140**	66,324
181 to 365 days	**109,487**	50,185
Over 1 year	**48,990**	39,046
	2,689,638	2,172,337

8. TRADE AND BILLS PAYABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**323,625**	327,359
Bills payable	**773,900**	157,517
	1,097,525	484,876

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

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**644,121**	308,797
91 to 180 days	**84,413**	160,858
181 to 365 days	**365,361**	11,467
Over 1 year	**3,630**	3,754
	1,097,525	484,876

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

9. SHARE-BASED PAYMENTS

The Group operates a share ownership plan (the "**plan**") for the purpose of providing the eligible participants the opportunity to acquire equity interests from controlling shareholder and other co-founders at a preferential price to award the past performance and contribution of the eligible participants. The eligible participants include senior management personnel of the Company's subsidiaries considered to be able to enhance the operations or the value of the Group.

The percentage of the equity interests and purchase price are solely at the discretion of the controlling shareholder.

In 2019, 25% of the equity interest in Shanghai Dixin Electronic Communication Technology Co., Ltd., 25% of the equity interest in Shanghai Chuanda Communication Technology Co., Ltd. and 25% of the equity interest in Shanghai Dixin South Communication Technology Co., Ltd. were allotted to seven eligible participants at a total consideration of RMB70,000,000 with no vesting conditions. The fair value of the granted equity interest was determined by the management using a discounted cash flow method. The difference amounted to RMB25,295,000 between the consideration and the fair value was charged to profit or loss for the year ended 31 December 2019.

10. BUSINESS COMBINATIONS

Acquisition of Beijing Penglu Network Technology Co., Ltd.

On 24 April 2019, the Group acquired a 51%-interest in Beijing Penglu Network Technology Co., Ltd. ("**Penglu Network**") from a third party. Penglu Network is engaged in online retail and IT technology development. The acquisition was made as part of the Group's strategy to expand its online sales of mobile telecommunications devices and accessories. The purchase consideration of RMB1,020,000 for the acquisition was in the form of cash.

The fair values of the identifiable assets and liabilities of Penglu Network as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Cash and cash equivalents	1,806
Prepayments, other receivables and other assets	16,826
Inventory	143
Trade and bills payables	(6,810)
Other payables and accruals	(8,833)
Total identifiable net liabilities at fair values	3,132
Non-controlling interests	(1,535)
Total net liabilities acquired	1,597
Goodwill on acquisition	(577)
	1,020
Satisfied by:	
Cash	1,020

The fair values of the acquired other receivables as at the date of acquisition approximate to their gross contractual amounts. None of these receivables are expected to be uncollectible.

Acquisition of Shenzhen Mizuan Network Technology Co., Ltd.

On 30 May 2019, the Group acquired a 70%-interest in Shenzhen Mizuan Network Technology Co., Ltd. ("**Shenzhen Mizuan**") from a third party. Shenzhen Mizuan is engaged in the after-sales service market of mobile telecommunications devices and other electronic devices. The acquisition was made as part of the Group's strategy to expand its business chain in the market of mobile telecommunications devices and accessories. The purchase consideration of RMB7 for the acquisition was in the form of cash.

The fair values of the identifiable assets and liabilities of Shenzhen Mizuan as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Property, plant and equipment	4
Other intangible assets	3,000
Other payables and accruals	(323)
Deferred tax liabilities	(750)
Total identifiable net assets at fair values	1,931
Non-controlling interests	(579)
Total net assets acquired	1,352
Goodwill on acquisition	(1,352)
	–
Satisfied by:	
Cash*	–

* *The purchase consideration in the form of cash was RMB7, which was rounded to nil thousand for presentation.*

11. DISPOSAL OF A SUBSIDIARY

	2019 *RMB'000*
Net assets disposed of:	
Property, plant and equipment	**237**
Inventories	**1,643**
Trade and bills receivables	**1,040**
Prepayments, other receivables and other assets	**4,249**
Trade and bills payables	**(2,015)**
Accruals and other payables	**(2,734)**
	2,420
Gain on disposal of a subsidiary	**2,580**
	5,000
Satisfied by:	
Cash	**–**
Cash consideration unreceived	**5,000**
	5,000

12. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 January 2020, the Company had issued 65,793,400 subscription shares in aggregate at the subscription price of HK$3.25 per subscription share to Nelson Innovation Limited (the "**Subscriber**"). The total number of 65,793,400 subscription shares issued represented 16.67% and 8.98% of the total number of issued H shares and the total number of issued shares of the Company as enlarged by the issue of the subscription shares, respectively. The gross proceeds from the subscription were HK$213,828,550.

(b) Since the outbreak of the Coronavirus Disease 2019 ("**COVID-19**") in January 2020, it continues to spread throughout China and to countries across the world. The prevention and control of the COVID-19 has been going on.

The COVID-19 has certain impacts on the business operations of the Group in particular the operation of retail stores and sales in Hubei Province as well as customer flows in China to certain degree, and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic.

The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group in year 2020.

UNAUDITED RESULTS OF THE GROUP

For the year ended 31 December 2019, the Group sold 9,733,740 mobile handsets, representing a decrease of 172,440 sets or 1.74% from 9,906,180 sets for the same period last year. Operating revenue for the year of 2019 amounted to RMB15,350,952,900 (unaudited), representing an increase of RMB296,288,960 or 1.97% from RMB15,054,663,940 for the same period last year (including discontinued operations). Net profit for the year of 2019 amounted to RMB262,215,000 (unaudited), representing a decrease of RMB59,886,470 or 18.59% from RMB322,101,470 for the same period last year.

FINAL DIVIDEND

The Board does not recommend any final dividend for the year ended 31 December 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of shareholders of the Company will be closed from 22 April 2020 to 22 May 2020 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting to be held on 22 May 2020. Shareholders are required to lodge all transfer documents, accompanied by relevant share certificates and transfer forms, with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, No. 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on 21 April 2020.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") as its own code of corporate governance. During the year ended 31 December 2019, save as disclosed in this announcement, the Company has complied with all the code provisions of the CG Code and adopted most of the best practices.

Under code provision A.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. Given Mr. Liu Donghai's background, qualifications and experience in the Company, he is considered the most suitable person to take both roles under the current circumstances. The Board is of the view that it is appropriate and in the best interests of the Company that Mr. Liu Donghai holds both positions at the current stage, as it helps to maintain the continuity of the policies and the stability and efficiency of the operation of the Company. The Board also meets regularly on a quarterly basis to review the operation of the Company led by Mr. Liu Donghai. Accordingly, the Board believes that this arrangement will not affect the balance of power and authorizations between the Board and the management of the Company. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' and supervisors' securities transactions. Having made specific enquiry with the Directors and supervisors of the Company, all of the Directors and supervisors of the Company confirmed that they have complied with the standards for securities transactions as set out in the Model Code during the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

Since some of the provinces and cities in China have imposed restrictions to fight against COVID-19 epidemic, the audit process for the annual results of the Group for the year ended 31 December 2019 has not yet been completed. The unaudited annual results set out in this announcement have not been agreed with the Company's auditors.

The Audit Committee, together with the management, has reviewed the accounting principles and practices adopted by the Group and reviewed the unaudited annual results for the year ended 31 December 2019.

The Board has considered and approved the unaudited consolidated results of the Group for the year ended 31 December 2019 as set out in this announcement.

PUBLICATION OF UNAUDITED ANNUAL RESULTS, AUDITED ANNUAL RESULTS AND 2019 ANNUAL REPORT

This unaudited annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dixintong.com).

After the completion of audit process, the Company will publish the audited annual results announcement on the respective websites of the Stock Exchange and the Company on or before 20 April 2020. Such announcement contains, among other things, the audited consolidated results for the year ended 31 December 2019 agreed with the Company's auditors and significant inconsistencies with the unaudited annual results set out in this announcement (if any).

The Company's 2019 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 and no later than 30 April 2020.

The financial information of annual results of the Group set out in this announcement is unaudited and not yet agreed with the auditors. The Board cannot guarantee the unaudited annual results have truly reflected the financial performance and condition of the Group. Shareholders and prospective investors should not place undue reliance on the unaudited annual results contained in this announcement and are advised to exercise caution when dealing with the shares of the Company.

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

Beijing, 30 March 2020

As at the date of this announcement, the executive Directors of the Company are Mr. LIU Donghai, Mr. LIU Yajun, Mr. LIU Songshan and Ms. LIU Wencui; the non-executive Directors are Mr. QI Xiangdong and Ms. XIN Xin; and the independent non-executive Directors are Mr. LV Tingjie, Mr. LV Pingbo and Mr. ZHANG Senquan.