奇点国际有限公司

QIDIAN INTERNATIONAL CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1280)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

(in RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2023	2022
Revenue	**140,737**	128,452
Gross profit	**24,392**	15,653
Gross profit margin	**17.3%**	12.2%
Profit/(loss) before tax	**85,556**	(32,472)
Profit/(loss) for the period	**85,520**	(32,466)
Profit/(loss) for the period attributable to owners of the Company	**86,612**	(31,775)
Basic earning/(loss) per share (RMB)	**0.40**	(0.14)

The board (the "**Board**") of directors (the "**Directors**") of Qidian International Co., Ltd. (the "**Company**") herewith announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022. The unaudited condensed consolidated interim results of the Group have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**Unaudited 30 June 2023 RMB'000**	Audited 31 December 2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**7,701**	87,472
Right-of-use assets		**618**	15,693
Investment properties		**24,975**	33,035
Intangible assets		**—**	718
Equity investment designated at fair value through other comprehensive income		**—**	600
		33,294	137,518
Current assets			
Inventories		**52,132**	41,647
Trade and bills receivables	3	**4,574**	3,956
Prepayments, deposits and other receivables	4	**28,138**	38,899
Restricted bank deposits		**8,850**	8,058
Cash and cash equivalents		**33,267**	8,359
		126,961	100,919
Total assets		**160,255**	238,437
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	5	**29,174**	29,174
Reserves		**(431,064)**	(517,676)
		(401,890)	(488,502)
Non-controlling interests		**17,598**	17,786
Total equity		**(384,292)**	(470,716)

	Notes	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	8	**406,898**	433,345
Lease liabilities		**4,882**	8,433
Provision for reinstatement costs		**311**	311
		412,091	442,089
Current liabilities			
Trade and bills payables	6	**23,540**	123,821
Accruals and other payables	7	**28,836**	38,488
Contract liabilities		**17,965**	19,115
Borrowings	8	**—**	8,886
Lease liabilities		**8,238**	10,577
Other current liabilities		**53,560**	53,560
Provision for litigations		**—**	12,280
Provision for reinstatement costs		**317**	337
		132,456	267,064
Total liabilities		**544,547**	709,153
Total equity and liabilities		**160,255**	238,437
Net current liabilities		**(5,495)**	(166,145)

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2023

	Notes	Unaudited Six months ended 30 June **2023** RMB'000	2022 RMB'000
Revenue	9	**140,737**	128,452
Cost of sales		**(116,345)**	(112,799)
Gross profit		**24,392**	15,653
Other income	10	**4,018**	3,061
Other gains, net	11	**103,405**	452
Selling and marketing expenses		**(21,995)**	(18,978)
Administrative expenses		**(12,241)**	(20,802)
Operating profit/(loss)		**97,579**	(20,614)
Finance income		**128**	102
Finance costs		**(12,151)**	(11,960)
Finance costs – net	13	**(12,023)**	(11,858)
Profit/(loss) before income tax	12	**85,556**	(32,472)
Income tax (expense)/credit	14	**(36)**	6
Profit/(loss) for the period		**85,520**	(32,466)
Attributable to:			
– Equity holders of the Company		**86,612**	(31,775)
– Non-controlling interests		**(1,092)**	(691)
		85,520	(32,466)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	15	**0.40**	(0.14)
Dividends	16	**—**	—

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Total comprehensive income/(loss) for the period	**85,520**	(32,466)
Attributable to:		
– Equity holders of the Company	**86,612**	(31,775)
– Non-controlling interest	**(1,092)**	(691)
	85,520	(32,466)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. The address of its registered office is the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The principal place of business of the Group is located at 6/F, Huiyin Building No. 539 Wenchang Zhong Road, Yangzhou City, Jiangsu Province, PRC.

The Company is principally engaged in investment holding. The principal activities of the Group are retail of household appliance, mobile phones, computers, import and general merchandise and provision of maintenance and installation services and liquor business in the People's Republic of China (the "**PRC**").

The shares of the Company ("**Shares**") were listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 25 March 2010.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and equity investment designated at fair value through other comprehensive income which are measured at fair value, and in accordance to Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2022 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**").

The condensed consolidated interim financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company and all values are rounded to the nearest thousands (RMB'000), unless otherwise indicated.

In preparing these condensed consolidated interim financial statements, the Directors have considered the operation of the Group as a going concern notwithstanding that the Group's current liabilities exceeded its current assets by approximately RMB5,495,000 as at 30 June 2023. These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors considered that it is appropriate to adopt the going concern basis in preparing these condensed consolidated interim financial statements, having given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as a going concern. The ability of the Group to continue as a going concern depends on the ongoing availability of finance to the Group, including the financial support from the parent company of a substantial shareholder of the Company.

The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the foreseeable future after taking into consideration of the following:

(i) The Company obtained financial support from 重慶聖商信息科技有限公司 (Chongqing Saint Information Technology Co., Ltd.*) ("**Chongqing Saint**"), the parent company of a substantial shareholder of the Company (i.e. Noble Trade International Holdings Limited), under which Chongqing Saint has given an irrevocable undertaking that it would provide financial support (including financial support provided) to the Group to meet its financial obligations for a maximum amount of RMB400 million for a period of 18 months from the date of approval of the audited financial statements for the year ended 31 December 2022.

(ii) The Group will continue to carry out cost control measurement in the forthcoming years, including but not limited to reducing discretionary expenses and administrative costs.

Based on the Group's cash flow projections, which cover a period of twelve months from the date of the approval of these condensed consolidated interim financial statements and taking into account the available financial resources, the Directors are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these condensed consolidated interim financial statements. Accordingly, the Directors consider that it is appropriate to prepare these condensed consolidated interim financial statements on a going concern basis.

Should the Group be unable to continue its business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated interim financial statements.

* For identification purpose only

Application of new and amendments to HKFRSs

Except for the application of new and amendments to HKFRSs issued by the HKICPA that are effective for the annual periods beginning on or after 1 January 2023, the principal account policies used in the preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2023 are consistent with those adopted in the preparation of audited financial statements for the year ended 31 December 2022.

For the six months ended 30 June 2023, the Group has applied all new and amendments to HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on or after 1 January 2023. The application of the new and amendments to HKFRSs has had no material impact on the Group's financial performance and positions for the current/prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Group has not early adopted any new and amendments to HKFRSs that have been issued by the HKICPA but are not yet effective.

3. TRADE AND BILLS RECEIVABLES

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Trade receivables	**5,052**	24,460
Less: Provision for impairment	**(478)**	(20,504)
Trade receivables, net	**4,574**	3,956

The credit terms granted to customers by the Group ranges from 30 days to 90 days.

The ageing analysis of trade receivables based on invoice date, before provision for impairment, as at the end of the reporting period is as follows:

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
0 - 90 days	**3,194**	3,668
91 - 365 days	**841**	271
1 year - 2 years	**444**	480
2 years - 3 years	**355**	766
Over 3 years	**218**	19,275
Total	**5,052**	24,460

All trade receivables are denominated in RMB and their carrying amounts were approximate to their fair values as at the end of the reporting period.

The maximum exposures of the Group to credit risk from trade receivables as at the end of the reporting period were the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

4. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited	Audited
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Prepayments to suppliers	**24,063**	36,062
Deposits	**1,010**	855
Value added tax recoverable	**—**	4
Staff advances	**725**	261
Others	**2,340**	1,717
	28,138	38,899

The prepayments, deposits and other receivables of the Group are denominated in RMB and their carrying amounts were approximate to their fair values as at the end of the reporting period.

5. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	Par value	Number of ordinary Shares	Nominal value of ordinary Shares USD	Equivalent nominal value of ordinary Shares RMB'000
Authorised:				
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	US$0.02	600,000,000	12,000,000	72,444
Issued and fully paid				
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023		219,279,744	4,385,594	29,174

6. TRADE AND BILLS PAYABLES

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Trade payables	**15,690**	115,871
Bills payable	**7,850**	7,950
	23,540	123,821

Most of the principal suppliers require prepayment for goods purchase. The credit period granted by the Group's principal suppliers ranges from 15 to 60 days for both reporting periods.

Ageing analysis of trade payables based on invoice date as at the end of the reporting period is as follows:

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
0 - 30 days	**5,961**	6,009
31 - 90 days	**2,315**	1,794
91 - 365 days	**4,547**	3,062
1 year - 2 years	**104**	1,730
2 years -3 years	**248**	4,473
Over 3 years	**2,515**	98,803
	15,690	115,871

The trade and bills payables are denominated in RMB and their carrying amounts were approximate to their fair values as at the end of the reporting period.

7. ACCRUALS AND OTHER PAYABLES

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Salary and welfare payables	**1,699**	2,018
Accrued expenses	**20,918**	13,369
Deposits	**773**	3,885
Value added tax and other tax payables	**389**	14,159
Others	**5,057**	5,057
	28,836	38,488

8. BORROWINGS

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Non-current		
Other borrowings	**406,898**	433,345
	406,898	433,345
Current		
Other borrowings	**—**	8,886
	—	8,886
	406,898	442,231

9. REVENUE

Revenue represents fair value of the consideration received or receivable for goods sold in normal course of business to customers, net of discounts and sales related taxes.

Disaggregation of revenue from contracts with customers is as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Types of goods and services		
Sales of home appliance	**121,667**	126,815
Sales of liquor	**17,235**	—
Rendering of services		
– Maintenance and installation service	**1,835**	1,637
Total revenue	**140,737**	128,452
Timing of revenue recognition		
A point in time	**140,737**	128,452

10. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Rental income from investment properties	**120**	1,868
Maintenance and repairment service	**—**	228
Activities income	**1,387**	—
Other	**2,511**	965
	4,018	3,061

11. OTHER GAIN, NET

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
(Loss)/gain on disposal of property, plant and equipment	**(1,369)**	12
Gain on disposal of subsidiaries	**104,185**	—
Reversal for obsolescence on inventories	**125**	135
Reversal for impairment on trade and other receivables	**182**	53
Other	**282**	252
	103,405	452

12. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cost of merchandise sold	**116,122**	112,586
Employee benefit expenses - including the Directors' emoluments	**17,061**	11,678
Amortisation of right-of-use assets	**283**	10,815
Depreciation of property, plant and equipment	**2,237**	3,621
Depreciation of investment properties	**787**	461
Amortisation of intangible assets	**—**	75
Reversal for obsolescence on inventories	**(125)**	(135)
Reversal for impairment on trade receivables	**(182)**	(53)

13. FINANCE COSTS – NET

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Finance costs		
– Interest expenses on bank borrowings	**—**	38
– Interest expenses on advances from third parties and related parties	**9,861**	9,754
– Interest expenses on bonds payables	**562**	510
– Net foreign exchange loss	**1,140**	49
Interest expenses on lease liabilities	**588**	1,609
	12,151	11,960
Finance income		
– Interest income on bank deposits	**(128)**	(102)
Finance costs – net	**12,023**	11,858

14. INCOME TAX (EXPENSE)/CREDIT

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
PRC enterprise and withholding income taxes		
– Income tax expenses/(credit)	**36**	(6)

(a) Hong Kong profits tax

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong for the six months ended 30 June 2023 (2022: Nil).

(b) PRC enterprise income tax

Under the Corporate Income Tax Law of the PRC, the enterprise income tax rate applicable to the subsidiaries of the Company located in mainland China is 25% (2022: 25%).

15. EARNING/(LOSS) PER SHARE

Basic and diluted earning/(loss) per share is calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Unaudited Six months ended 30 June	
	2023	2022
Profit/(loss) attributable to equity holders of the Company (RMB'000)	**86,612**	(31,755)
Weighted average number of ordinary shares in issue ('000)	**219,280**	219,280
Basic and diluted earning/(loss) per share (RMB)	**0.40**	(0.14)

The computation of diluted earning/(loss) per share for the six months ended 30 June 2023 and 2022 did not assume the exercise of share options and settlement in ordinary shares for the other liabilities arising from the contingent consideration arrangements in prior years as such assumed exercise would decrease the earning/(loss) per share for both of the six months ended 30 June 2023 and 2022.

16. INTERIM DIVIDENDS

No interim dividend was declared during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil) and the Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2023, under the combined effect of the release of the previous pentup demand, policy support and low base, China's macroeconomic recovery logged a rapid increase, with varying degree alleviating on multiple pressures from shrinking demand, supply shocks and weakening expectations, showing the operating characteristics of " bottom out".

BUSINESS REVIEW

On 9 June, four departments including the Ministry of Commerce jointly issued the *Notice on Promoting Green Smart Home Appliances Consumption in 2023* (《關於做好2023年促進綠色智能家電消費工作的通知》), in relation to the arrangement of work regarding promoting green smart home appliances consumption in 2023, which is, in the context of the continued recovery of the consumer market, conductive to stabilizing the overall consumption of home appliances and further releases consumption potential of green smart home appliances.

On 19 June, the *2023 China's Liquor Market Interim Research Report* (《2023中國白酒市場中期研究報告》) released by the China Alcoholic Drinks Association claimed that the liquor industry saw a structural recovery in the first half of the year, and transitioned from an era of capacity development to stock-based competition. Despite various issues such as high inventory and price inversion exist, it still presents a rational growing trend on the whole.

As a diversified retail sales enterprise integrating home appliance retail sales and liquor business, the Group continuously promotes optimization and improvement in various aspects such as alliance among different industries, aftersales and logistics support, enterprise culture, informatization system, digitalization and internal control system. The Group continuously promotes work in the aspects below:

1. UNDER DIFFERENTIATION OF DOMESTIC DEMAND, FOCUSING ON MARKETING AND PAYING ATTENTION TO MARKETING RETURN OF EMERGING CHANNELS

Under the macro environment of the slowdown of economic growth and frequent black swan events, corporates of consumer goods are facing greater challenges, which brings larger demand for differentiated and refined operations. Post-pandemic channels are changing obviously. In terms of online channels, traditional shelves' flow is decreasing, while channels like Douyin are rising rapidly and in the process of the development bonus period, and the content platform of Xiaohongshu has become the recommendation blue ocean of home appliances category. In terms of offline channels, despite pressures during the pandemic, there is an integration tendency of home appliance channel front-loading with home construction materials, constantly refining and expanding lower tier markets.

The Group, as a chain retailer in the third- and fourth-tier cities in the PRC, on the one hand, further explores channels for marketing, and on the other hand, promotes the transformation of various channels. In particular, the Group enhances offline customer experience through redecorating all stores, with comfortable, cozy offline experience as a breakthrough point, which speeds up the integration of multiple channels such as live streaming, short video, wechat community etc, so as to improve the Group's retail performance.

2. DEVELOPING THE MAOTAI-FLAVOR LIQUOR BUSINESS AND STEADILY EXPLORING MAOTAI-FLAVOR LIQUOR SALES MARKET

According to the *Report of China's Maotai-flavor Liquor Industry Development* (《中國醬酒產業發展報告》), in 2022, the production capacity of China's Maotai-flavor Liquor was approximately 700,000 kiloliters, increased by 16.7% year-on-year, accounted for approximately 10.43% of China's total liquor production of 6,712,000 kiloliters, and achieved sales income of RMB210 billion, increased by 10.5% year-on-year, representing approximately 31.69% of China's total liquor sales income, with profits of approximately RMB87 billion, increased by 11.5% year-on-year, which accounted for approximately 39.51% of China's total liquor profit of RMB220.17 billion. "Maotai-flavor Liquor craze" is regarded as a significant structural adjustment within the liquor industry, which have changed liquor brand, category, flavor and price as well as other patterns.

During the reporting period, the Company opened Maotai-flavor Liquor business line on top of home appliances retail business, diversified its retail business and developed a secondary growth curve for business growth, thus steadily enhancing the profitability of the Company. Guizhou Renhuai Guofeng Liquor Company Limited (貴州仁懷國峰酒業有限公司) ("Guizhou Guofeng"), a subsidiary of the Company in liquor industry, launched the exclusive Guofeng Maotai-flavor Liquor (國峰醬酒), which aims at mid-to-high-end market. Being overseen by various China liquor consultants in production technology processes, the Guofeng Maotai-flavor Liquor has guaranteed quality and higher value of collection and tasting. Currently, the Guofeng Maotai-flavor Liquor has gradually formed a multi-channel sales model, which consists of offline distributors + online store, livestreaming, sales on social media communities and private e-commerce. It will grasp the development potential opportunities of Maotai-flavor liquor, attract related distributors, increase sales and steadily improve the Company's performance.

3. GEARING UP THE MARKET SHARE OF DIVERSIFIED HOME APPLIANCES UNDER THE BACKGROUND OF SUPPLY-AND-DEMAND UPGRADING

On the policy front, as a result of the PRC's efforts to strengthen the fundamental role of consumption in economic development, high-quality consumption has been comprehensively promoted. On the demand front, there were 180 million new middle-class consumers in China, and the number of middle-class families reached 33.20 million. On the technology front, with the rapid development of 5G and the Internet of Things, the penetration of high-end home appliances has accelerated. Under various favorable policies, potential customers are being gradually guided to mid-to-high-end home appliances.

In such context, during the reporting period, the Group focused on selecting healthy and smart home appliances, and placed particular emphasis on the integration and systematic construction of technical functions of home appliances, while adhering to the concept of a comfortable home and promoting the sale of green and environmental-friendly home appliances. Meanwhile, the Group adjusted its product selection strategy in a timely manner. Under the guidance of the policy of building a smart home ecosystem, it spent more effort in selecting healthy and smart home appliances with extra emphasis on the health and smart functions and product personalization demands. As a part of its diversified home appliance marketing strategy, the Group introduced mid-to-high-end products for white home appliances (such as refrigerators, washing machines and air-conditioners) and continuously introduced integrated stoves, dishwashers and embedded products for kitchen appliances.

FINANCIAL REVIEW

REVENUE

For the six months ended 30 June 2023, the Group's revenue was approximately RMB140.7 million, representing an increase of 9.5% from approximately RMB128.5 million for the six months ended 30 June 2022.

Turnover of the Group comprising revenues by operations is as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Types of goods and services		
Sales of home appliances	**121,667**	126,815
Sales of liquor	**17,235**	—
Maintenance and installation service	**1,835**	1,637
Total revenue	**140,737**	128,452

COST OF SALES

For the six months ended 30 June 2023, the cost of sales of the Group was approximately RMB116.3 million, increased by 3.1% from approximately RMB112.8 million for the six months ended 30 June 2022, which was due to an increase of sales volume.

GROSS PROFIT

For the six months ended 30 June 2023, the gross profit of the Group was approximately RMB24.4 million, increased by 55.4% from approximately RMB15.7 million for the six months ended 30 June 2022.

OTHER INCOME

For the six months ended 30 June 2023, other income recorded by the Group amounted to approximately RMB4.0 million, representing an increase of 29.0% in comparison to approximately RMB3.1 million for the six months ended 30 June 2022.

OTHER GAINS

For the six months ended 30 June 2023, the Group recorded other net gains of approximately RMB103.4 million, of which the revenue of disposal of subsidiaries amounted to approximately RMB104.2 million, as compared to approximately RMB0.5 million for the six months ended 30 June 2022.

SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2023, the Group's total selling and marketing expenses amounted to approximately RMB22.0 million, representing an increase of 15.8% from approximately RMB19.0 million for the six months ended 30 June 2022.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2023, the Group's total administrative expenses amounted to approximately RMB12.2 million, decreased by 41.3% from approximately RMB20.8 million for the six months ended 30 June 2022.

OPERATING PROFIT

For the six months ended 30 June 2023, the operating profit amounted to approximately RMB97.6 million, increased by 573.8% from the operating loss of approximately RMB20.6 million for the six months ended 30 June 2022.

FINANCE COSTS-NET

For the six months ended 30 June 2023, the net financial cost of the Group amounted to approximately RMB12.0 million, representing an increase of 0.8% in comparison to approximately RMB11.9 million for the six months ended 30 June 2022.

PROFIT BEFORE INCOME TAX

For the six months ended 30 June 2023, the profit before income tax amounted to approximately RMB85.6 million, while the loss before income tax was approximately RMB32.5 million for the six months ended 30 June 2022.

INCOME TAX EXPENSE

For the six months ended 30 June 2023, the income tax expense of the Group amounted to approximately RMB36,000, while the income tax credit was approximately RMB6,000 for the six months ended 30 June 2022.

REVENUE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The revenue attributable to equity holders of the Company for the six months ended 30 June 2023 was approximately RMB86.6 million, while there was loss attributable to equity holders of approximately RMB31.8 million for the six months ended 30 June 2022.

CASH AND CASH EQUIVALENTS

As at 30 June 2023, the Group's cash and cash equivalents were approximately RMB33.3 million, representing an increase of 296.4% from approximately RMB8.4 million as at 31 December 2022.

INVENTORIES

As at 30 June 2023, the Group's inventories amounted to approximately RMB52.1 million, representing an increase of 25.2% from approximately RMB41.6 million as at 31 December 2022.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2023, prepayments, deposits and other receivables of the Group amounted to approximately RMB28.1 million, representing a decrease of 27.8% from approximately RMB38.9 million as at 31 December 2022.

TRADE AND BILLS RECEIVABLES

At 30 June 2023, trade and bills receivables of the Group amounted to approximately RMB4.6 million, representing an increase of 15% from approximately RMB4.0 million as at 31 December 2022.

TRADE AND BILLS PAYABLES

At 30 June 2023, trade and bills payables of the Group amounted to approximately RMB23.5 million, representing a decrease of 81.0% from approximately RMB123.8 million as at 31 December 2022.

GEARING RATIO AND THE BASIS OF CALCULATION

As at 30 June 2023, gearing ratio of the Group was 339.8%, in comparison to 297.4% as at 31 December 2022. The gearing ratio is equal to total liabilities divided by the sum of total equity and total liabilities.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2023, the Group's cash and cash equivalents (excluding the restricted cash) were approximately RMB33.3 million (31 December 2022: approximately RMB8.4 million).

The net current liabilities of the Group were approximately RMB5.5 million (31 December 2022: approximately RMB166.1 million), which consisted of current assets of approximately RMB127.0 million (31 December 2022: approximately RMB100.9 million) and current liabilities of approximately RMB132.5 million (31 December 2022: approximately RMB267.1 million).

The Group manages its capital structure to finance its overall operation by using different sources of funds. As at 30 June 2023, the interest-bearing borrowings of the Group amounted to approximately RMB406.9 million, decreased from approximately RMB433.3 million as at 31 December 2022. As at 30 June 2023, the Group's borrowings were denominated in RMB and Hong Kong Dollar with fixed interest rate ranging from 4.5% to 6.5%.

PLEDGING OF ASSETS

As at 30 June 2023, certain land use rights, buildings and investment properties with a total net book value of approximately RMB32.9 million had been pledged.

INVESTMENT PROPERTIES

The Group's investment properties as of 30 June 2023 represent certain properties receiving rental income during the reporting period. Details of the investment properties of the Group as at 30 June 2023 are as follows:

Address	Existing Use	Term of Lease
Building 6-10, No. 277 Wenchang Middle Road, Guangling District, Yangzhou, Jiangsu, PRC	Shop	Medium-term lease

FOREIGN CURRENCIES AND TREASURY POLICY

All the income and the majority of expenses of the Group were denominated in RMB. During the six months ended 30 June 2023, the Group has not entered into any forward contracts to hedge its exposure to foreign exchange risk. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting appropriate foreign currency hedging policy in the future.

LITIGATION AND CONTINGENCIES

As at 30 June 2023, the Group had no significant contingent liabilities.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023.

EMPLOYMENT AND REMUNERATION POLICY

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed with reference to the prevailing market rates in the region. Our management receives a fixed sum of basic salary and a discretionary performance bonus after annual/monthly/quarterly assessments.

The remuneration of other employees comprises basic salary and an attractive sum of monthly performance bonuses. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group participates in different social welfare plans for the employees.

HUMAN RESOURCES

As at 30 June 2023, the Group had 255 employees, decreased by 4.5% from 267 employees as at 31 December 2022.

SIGNIFICANT INVESTMENTS

As at 30 June 2023, the Group did not hold any significant investments, the fair value of which accounted for more than 5% of the Group's total assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, the Group did not have any plans for future material investments and capital assets with established and legally enforceable contracts for the coming year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group disposed all of the equity interests in 揚州來泰商貿集團有限公司 and its subsidiaries during the six months ended 30 June 2023.

FUTURE OUTLOOK

According to the Central Economic Work Conference in December 2022, in 2023, we will adhere to the principle of "steadiness", seek progress while maintaining stability, continue to implement a proactive fiscal policy and a prudent monetary policy, and maintain reasonable and sufficient liquidity. Proactive fiscal and prudent monetary policies support economic growth, which is a favorable pre-signal for the retail industry.

1. THE RECOVERY OF REAL ESTATE INDUSTRY STIMULATES THE MARKETING OF LARGE APPLIACES

In the first four months of 2023, the sales area of commercial housing in China has decreased by 0.4% year-on-year, and the completed area has increased by 18.80% year-on-year, showing signs of recovery. At present, the real estate completion side maintains a rapid recovery speed, the sales side has cooled down, and the new construction and investment development are still sluggish. It is expected that there will still be stimulus measures in the follow-up policy to promote the steady recovery of real estate industry, boost the demand for home appliances, and drive the sentiment of the real estate chain to improve.

Home appliances have strong decoration attributes and are a typical industry of the latter real estate cycle. From the perspective of the transmission chain, large home appliance products such as kitchen appliances and white home appliances are more affected by real estate, while small home appliance products are relatively less affected. In general, the growth in the size of the home appliance market can be divided into volume and price growth, of which volume growth is mainly divided into new demand and renewal demand. The performance of real estate mainly affects the new housing demand in volume growth, as well as the increase in the household appliance ownership in existing homes and renewal demand.

In the future, the Group will, on the one hand, focus on analysing macro and relevant industry policies, and study the impact of policies on home appliance products. On the other hand, the Group will adjust its marketing strategies in a timely manner, and appropriately increase the sales of kitchen appliances, white appliances and other major home appliances according to the policies and increase sales.

2. STIMULATED BY TERMINAL DEMAND, CONTINUING TO STRENGTHEN THE INTEGRATION OF ONLINE AND OFFLINE CHANNELS

The "Government Work Report" in March 2023 mentioned that we must adhere to the strategy of expanding domestic demand, rely on the advantages of a significant scale market, focus on expanding consumption and effective investment, and continue to increase support for bulk consumption such as automobiles and home appliances. It specifically emphasized the further in-depth integration of dual-end consumption, aiming to increase the proportion of online market retail sales in total social consumption by nearly 12 percentage points to 27.2%, continued to promote the construction of urban and rural convenience commerce, and continuously improve the rural express logistics distribution system. Based on the goal of developing of online retail and improving the construction of the township logistics system in the Report, it is believed that the online and sinking market expansion of home appliances will continue to accelerate in the future, and continue to open up room for industry growth.

Stimulated by the demand for retail terminals, as a diversified retailer of home appliances in third- and fourth-tier cities, the Group will make full use of the policy dividends, and under the expansion of consumer demand, it will increase its efforts to promote channel reform, focus on the integration of online and offline channels, fully leverage on their own advantages of online and offline channels and be committed to improving the retail performance of home appliances.

3. GRASPING THE OPPORTUNITY OF UPGRADING SMART HOME APPLIANCES AND ENHANCING THE DEVELOPMENT POTENTIAL OF THE SINKING MARKET

Since 2022, 13 departments including the Ministry of Commerce have introduced several measures to promote the consumption of green smart home appliances, which have played an active role in stabilizing the overall consumption of home appliances and releasing the consumption potential of green smart home appliances. From January to May 2023, the retail sales of household appliances and audio-visual equipment for units above the designated size was RMB313.3 billion, basically returning to the level of the same period last year.

The home appliance market is changing from supply-driven to demand-driven. Consumers have strong demand for upgraded consumption of green smart home appliances, and there is huge potential in sinking markets such as rural areas. In this context, the Group will fully grasp the opportunities for the upgrading and development of green smart home appliances, explore and study the development potential of the rural sinking market, actively deploy the rural sinking market, actively participate in large-scale home appliance consumption promotion activities to increase sales, expand market share, and enhance brand influence and reputation.

4. THE ONLINE AND OFFLINE EFFORTS IN MAOTAI-FLAVOR LIQUOR AREA CONTINUOUSLY IMPROVE RESULTS AND PROFITABILITY

According to the data from Lanjinger (藍鯨財經), the sales income of Maotai-flavor liquor industry will amount to RMB255.6 billion by 2026, with the average annual growth rate maintaining at 6.50%. As the Central Economic Work Conference held at the end of 2022 took the recovery of consumption as the primary development strategy, the Maotai-flavor liquor industry will embrace development opportunities under the economic recovery.

According to the "2023-2028 In-Depth Analysis and Investment Value Research and Consultation Report of the Maotai-flavor Liquor Industry (《2023-2028年醬香型白酒行業深度分析及投資價值研究諮詢報告》)" by the Zero Power Intelligence Research Institute (中研普華研究院), it is shown that 2023 will be a watershed in the development of Chinese liquor. In the context of a market where brand potential continues to strengthen, market competition will be unprecedentedly fierce.

In view of the multiple opportunities and challenges in the sustainable development of Maotai-flavor liquor industry, by making best use of the special nature of Maotai-flavor liquor, such as high social, strong demand, stable customer base and increasingly young customers, the Company will put efforts on online shopping malls, live broadcasts, private domain e-commerce and offline distributors, including reshaping consumption occasion, expanding customer source, innovating package design, brand operational ability and digital marketing, pay attention to consumer interaction, finally form a perfect closed loop of win-win, co-creation and sharing between distributors and consumers, and steadily enhance the competitiveness and market share of Maotai-flavor liquor.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to enhancing corporate governance, and the Board reviews and updates all necessary measures from time to time in order to promote good corporate governance.

Throughout the six months ended 30 June 2023, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in the Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the deviation from the code provision C.2.1 of the CG Code. Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As at the date of this announcement, Mr. Yuan Li acted as an executive Director and the chairman of the Board, and assumed the interim duties and responsibilities of the chief executive following the resignation of Ms. Liu Simei on 23 September 2022. However, having considered the nature and extent of the Company's operations, and Mr. Yuan Li's in-depth knowledge and experience in the industry and familiarity with the operations of the Company, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors on the Board offering independent perspectives, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances thereby facilitating the execution of the Group's business strategies and boosting effectiveness of its operation, as well as enabling more effective planning and better execution of long-term strategies.

AUDIT COMMITTEE

During the six months ended 30 June 2023, the Audit Committee comprises the independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi, including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise.

As of the date of this announcement, the composition of the Audit Committee is in compliance with relevant requirements of the Listing Rules. The Audit Committee has adopted the terms of reference in line with the CG Code issued by the Stock Exchange. The principal duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained a sufficient public float throughout the period from 1 January 2023 to 30 June 2023, and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Up to the date of this announcement, apart from the daily business activities of the Company, there has been no significant event after the reporting period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The 2023 Interim Report of the Company will be dispatched to shareholders of the Company and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hyjd.com in due course. This announcement can also be accessed on these websites.

By Order of the Board
Qidian International Co., Ltd.
Yuan Li
Chairman

Yangzhou, PRC, 31 August 2023

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors, namely Mr. Yuan Li, Mr. Xu Xinying and Mr. Zhuang Liangbao; one non-executive Director, namely Ms. Xu Honghong, and three independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi.