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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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

AUDITED FINANCIAL HIGHLIGHTS

For the year ended 31 December 2025:

The revenue of the Group amounted to RMB16,544,002,000, representing a decrease of 8.17% as compared to the revenue of the Group of RMB18,016,358,000 for the year ended 31 December 2024.

The net loss attributable to owners of the parent of the Company amounted to RMB1,439,555,000, representing an increase of 4.76% as compared to the net loss attributable to owners of the parent of the Company of RMB1,374,142,000 for the year ended 31 December 2024.

The basic loss per Share amounted to RMB1.62/Share, as compared to the basic loss per Share of RMB1.55/Share for the year ended 31 December 2024.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Beijing Digital Telecom Co., Ltd. (the “**Company**” or “**Digital Telecom**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (together, the “**Group**” or “**we**”) for the year ended 31 December 2025 together with the audited comparable figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	3	16,544,002	18,016,358
Cost of sales		<u>(16,080,235)</u>	<u>(17,345,447)</u>
Gross profit		463,767	670,911
Other income and gains	3	76,374	132,805
Selling and distribution expenses		(401,281)	(411,209)
Administrative expenses		(182,983)	(184,919)
Impairment losses on financial assets		(1,160,695)	(1,415,066)
Other expenses		(37,584)	(25,820)
Finance costs		(209,951)	(173,908)
Share of profits/(losses) of:			
Joint ventures		4,422	1,739
Associates		(3,347)	1,284
		<u>(3,347)</u>	<u>1,284</u>
(LOSS) BEFORE TAX		(1,451,278)	(1,404,183)
Income tax (expenses)	4	<u>(16,822)</u>	<u>(2,031)</u>
(LOSS) FOR THE YEAR		<u>(1,468,100)</u>	<u>(1,406,214)</u>
Attributable to:			
Owners of the parent	6	(1,439,555)	(1,374,142)
Non-controlling interests		(28,545)	(32,072)
		<u>(1,468,100)</u>	<u>(1,406,214)</u>
(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (RMB)			
For (loss) for the year		<u>(1.62)</u>	<u>(1.55)</u>

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

Year ended 31 December 2025

	2025	2024
	RMB'000	RMB'000
(LOSS) FOR THE YEAR	<u>(1,468,100)</u>	<u>(1,406,214)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	–	(6)
Share of other comprehensive income/(loss) of joint ventures	<u>1,383</u>	<u>(4,343)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>1,383</u>	<u>(4,349)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>1,819</u>	<u>2,218</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>1,819</u>	<u>2,218</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>3,202</u>	<u>(2,131)</u>
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR	<u>(1,464,898)</u>	<u>(1,408,345)</u>
Attributable to:		
Owners of the parent	<u>(1,436,353)</u>	<u>(1,376,273)</u>
Non-controlling interests	<u>(28,545)</u>	<u>(32,072)</u>
	<u>(1,464,898)</u>	<u>(1,408,345)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2025*

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		41,728	46,987
Right-of-use assets		160,633	194,829
Other intangible assets		1,373	1,857
Investments in joint ventures		34,980	29,174
Investments in associates		35,301	38,647
Equity investments designated at fair value through other comprehensive income		25,383	22,957
		<hr/>	<hr/>
Total non-current assets		299,398	334,451
CURRENT ASSETS			
Inventories		481,179	386,526
Trade and bills receivables	7	940,748	2,353,252
Prepayments, other receivables and other assets	8	1,424,136	1,672,476
Financial assets at fair value through profit or loss		21,000	204,466
Pledged deposits		2,349,454	2,135,073
Cash and cash equivalents		1,844,225	3,309,731
		<hr/>	<hr/>
Total current assets		7,060,742	10,061,524
CURRENT LIABILITIES			
Trade and bills payables	9	210,416	927,001
Other payables and accruals		1,220,498	725,488
Interest-bearing bank and other borrowings		6,988,469	8,353,093
Lease liabilities		66,161	95,162
Tax payable		32,250	26,718
		<hr/>	<hr/>
Total current liabilities		8,517,794	10,127,462
NET CURRENT (LIABILITIES)		(1,457,052)	(65,938)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,157,654)	268,513
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2025*

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	124,800	72,800
Deferred tax liabilities	1,403	842
Lease liabilities	90,593	103,613
	<hr/>	<hr/>
Total non-current liabilities	216,796	177,255
	<hr/>	<hr/>
NET (LIABILITIES)/ASSETS	(1,374,450)	91,258
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Share capital	886,460	886,460
Reserves	(3,642,851)	(2,206,498)
	<hr/>	<hr/>
	(2,756,391)	(1,320,038)
Non-controlling interests	1,381,941	1,411,296
	<hr/>	<hr/>
TOTAL EQUITY	(1,374,450)	91,258
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NOTES TO CONSOLIDATED FINANCIAL STATEMENT

31 December 2025

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, China.

During the year, 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.

In the opinion of the directors of the Company, before Zhuhai Huafa Technology Industry Group Co., Ltd. (formerly known as Zhuhai Huafa Industrial Investment Holding Co., Ltd.) and Hong Kong Huafa Investment Holdings Limited (collectively referred to as “Huafa Group”) became the controlling shareholders of the Company (the “New Controlling Shareholders” or the “Controlling Shareholders”), the former controlling shareholders of the Company (the “Former Controlling Shareholders”) were Mr. Liu Donghai, Mr. Liu Songshan, Ms. Liu Hua, Ms. Liu Wencui, Ms. Liu Yongmei and Ms. Liu Wenli, who are siblings (the “Liu Family”). Huafa Group acquired 67.77% of the Company’s equity interests from the Liu Family and other minority shareholders in 2021, and under a concert party agreement with the Liu Family, controlled a total voting rights of 90.76% of the Company therefrom.

The Company completed the issuances of H shares to two independent subscribers in December 2023, therefore the percentage of issued shares of the Company held by the Controlling Shareholders has been diluted and the public float has been increased.

As at 31 December 2025, 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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) as 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 wealth management products and 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.

Going concern

During the year ended 31 December 2025, the Group incurred a net loss of RMB1.47 billion and, as of 31 December 2025, the Group had net current liabilities of RMB1.46 billion and net liabilities of RMB1.37 billion.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

In view of the above circumstances, a cash flow projection has been prepared by the management, and the Directors have given careful consideration to the Group’s future liquidity requirements, operating performance and available sources of financing in assessing the Group’s ability to operate as a going concern.

The following plans and measures have been implemented or are in the process of implementing to effectively manage the Group's working capital and enhance its financial position:

- a) The Group has obtained a revolving credit facility of RMB5 billion granted by Zhuhai Huafa Group Finance Co., Ltd., a subsidiary of Zhuhai Huafa Group Company Limited, of which RMB2.4 billion was unutilised as at 31 December 2025; as well as a financial support letter provided by Zhuhai Huafa Group Finance Co. Ltd., which undertakes to provide continuing financial support to the Group to enable it to meet its liabilities as and when they fall due for at least the next twelve months from 31 December 2025. The maturity date of the revolving credit facility is 20 November 2026, and it is expected to be renewed upon expiration;
- b) The Group has obtained a maximum guarantee of RMB5 billion granted by Zhuhai Huafa Group Company Limited with a maturity date of September 2027. Under this maximum guarantee, Zhuhai Huafa Group Company Limited provides general guarantees to facilitate the Group to obtain credit facilities from third-party commercial banks; the Group also obtained a financial support letter provided by Zhuhai Huafa Group Company Limited in addition to the letter from Zhuhai Huafa Group Finance Co., Ltd. as set out in (a) above, which undertakes to provide continuing financial support to the Group to enable it to meet its liabilities as and when they fall due for at least the next twelve months from 31 December 2025;
- c) Subsequent to the reporting period, up to this report date, except for the short-term borrowings of about RMB2 billion obtained as planned, the Group had also obtained long term bank borrowings of RMB144 million, with maturity dates ranging from June 2027 to January 2029;
- d) The Group is undertaking ongoing negotiation for renewal of existing banking facilities and external financing, including but not limited to, obtaining further banking facilities; and;
- e) The Group remains committed to improve operating cash flows in the near future by implementing various strategies to improve the Group's income from sale of goods and rendering services and putting extra efforts on the collection of outstanding trade receivables and other receivables; as well as considering potential downside risk factors, analyzing working capital sensitivities and identifying mitigating actions that could be taken to further reduce cash expenditure and meet operating cashflow.

In respect of the financial support from Zhuhai Huafa Group Company Limited and Zhuhai Huafa Group Finance Co., Ltd. as disclosed above, the Directors are of the view that they possess the necessary financial capacity to fulfil the funding needs of the Group as and when necessary, taking into account in particular that (i) the background of Zhuhai Huafa Group Company Limited as a state-owned conglomerate based in Zhuhai, principally engaged in four core business sectors of urban operations, real estate development, financial industry and industrial investment, as well as commerce and trade services and modern services; (ii) Zhuhai Huafa Group Finance Co., Ltd. is a subsidiary of Zhuhai Huafa Group Company Limited and a non-bank financial institution regulated by the National Financial Regulatory Administration; and (iii) their respective sound financial performance and conditions.

The Directors have reviewed the Group's cashflow projection prepared by the management, and they are of the opinion that, after taking into account the measures implemented or being implemented, the Group will have sufficient working capital to finance its operation and to meet its financial obligations for at least the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the Directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

Whether the Group will be able to generate adequate cashflows to continue as a going concern would depend on the successful outcome of the above measures.

Should the above measures cannot be successfully implemented, the Group may be unable to continue as a going concern, in which case, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured 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).

Generally, there is a presumption that a majority of voting rights result in control. When the Company has 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 the related assets, liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

An analysis of other income and gains is as follows:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Interest income	66,794	66,841
Government grants	2,861	5,890
Others	6,719	42,080
	<hr/>	<hr/>
Total other income	76,374	114,811
	<hr/>	<hr/>
Gains		
Fair value gain on financial assets at fair value through profit or loss	–	1,918
Gain on disposal of subsidiaries	–	12,930
Gain on foreign exchange	–	3,146
	<hr/>	<hr/>
Total gains	–	17,994
	<hr/>	<hr/>
Total other income and gains	76,374	132,805
	<hr/> <hr/>	<hr/> <hr/>

4. INCOME TAX EXPENSES

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current		
Tax charge for the year	16,868	2,261
Deferred	(46)	(230)
	<hr/>	<hr/>
Total tax expenses for the year	16,822	2,031
	<hr/> <hr/>	<hr/> <hr/>

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	(1,451,278)	(1,404,183)
	<hr/>	<hr/>
Tax at the statutory tax rate	(362,820)	(351,046)
Lower tax rates for certain entities	9,130	105
Adjustments in respect of current tax of previous periods	11,134	732
(Profit)/losses attributable to associates and joint ventures	(305)	(756)
Expenses not deductible for tax	292	269
Tax losses not recognised	359,391	352,727
	<hr/>	<hr/>
Tax expense at the Group's effective rate	16,822	2,031
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5. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	<u>(1,439,555)</u>	<u>(1,374,142)</u>
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year	<u>886,460,400</u>	<u>886,460,400</u>

7. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables	2,734,773	3,583,822
Bills receivable	54,558	3,620
Impairment	<u>(1,848,583)</u>	<u>(1,234,190)</u>
Net carrying amount	<u>940,748</u>	<u>2,353,252</u>
Trade receivables including:		
Due from related parties	285,629	842,511
Others	600,561	1,507,121

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 and others. 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 the 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.

The average maturity period of bills receivable is one to six months, and bills receivable were neither past due nor impaired and provision assessed to be minimal.

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	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	376,944	1,587,493
1 – 2 years	203,605	273,059
Over 2 years	305,641	489,080
	<hr/>	<hr/>
Total	886,190	2,349,632
	<hr/> <hr/>	<hr/> <hr/>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	1,234,190	826,586
Impairment losses	856,479	739,159
Amount written off as uncollectible	(242,086)	(331,555)
	<hr/>	<hr/>
At end of year	1,848,583	1,234,190
	<hr/> <hr/>	<hr/> <hr/>

The increase in the provision for impairment loss of balances is attributable to: 1) the decline in the fair value of the pledged asset backings; 2) the deteriorating creditworthiness of the counterparties, detailed as following:

For the counterparties related to sales of telecommunications devices and accessories, the Group classified the related trade receivables and other receivables as following three categories:

- (1) Category A counterparties: For balances from counterparties with strong creditworthiness, such as companies controlled/significantly influenced by Zhuhai Huafa Group; associates and joint ventures, state-owned telecom operators, the Group made an impairment at approximately 1.05% loss rate based on the historical and industry loss experience. As of 31 December 2025, the original carrying amount of such trade receivables is RMB402 million, with an allowance for bad debts of RMB4 million.
- (2) Category B counterparties: Except for the balances from Category A and Category C counterparties, the receivables from normal and ordinary course of the Group's business, and the credit risk increases with the age of the receivables. Accordingly, the Group applies an ageing-based approach by grouping receivables according to their ageing profiles and calculating the ECL using the corresponding ECL rate, which takes into account historical loss rates, average default rates, average migration rates, forward-looking adjustments (including projected gross domestic product ("GDP") growth scenarios), and other relevant factors.

The parameters of the ECL model are as follows:

Basis of selection/calculation method

Risk Portfolio	In accordance with IFRS 9, receivables are assessed for impairment on the basis of expected credit losses, and a provision is recognised by considering the credit risk characteristics of different customers. This approach employs a common risk profile and an impairment matrix derived from an ageing portfolio.
Average migration rate	Using the distribution of the ageing profile of receivables for the past three years and the current year, the migration rates for each age group in 2023, 2024, and 2025 were calculated separately. The average of these migration rates from the past three years was then used as the current year's average migration rate for the receivables.
Average default rate	Determine the default rate for all receivables aged more than two years for each of the years 2023, 2024, and 2025 and then compute the average of these three annual default rates to obtain the multi-year average.
Historical loss rate	The formula for calculating the historical loss rate is: (Average migration rate per age group) x (average default rate) x 100%.
Forward-looking adjustment factor	The Group calculates credit loss rates under different scenarios based on the trends between historical default probabilities, default loss rates and GDP growth rates, taking into account future GDP growth rates, and uses the weighted average of the credit loss rates under different scenarios and the rate of change of the current loss rate as the forward-looking adjustment factor.
Expected credit loss rate	The formula for calculating the ECL rate is: (Historical loss rate per age group) x (1+ forward-looking adjustment factor)

The Group calculates the average migration rate for counterparties and applies a 100% average default rate to receivables aged more than two years, drawing on the distribution of each age group from 2023 to 2025 and considering actual business environment. From this, the Group derives the historical loss rate and, after factoring in GDP growth across various scenarios, applies a 5% forward-looking adjustment. This revised figure then forms the basis for determining the ECL rate. Based on the above, the provision in an amount of RMB311 million was made for the category B trade receivables.

Set out below is the information about the credit risk exposure on the Group's category B trade receivables using a provision matrix:

As at 31 December 2025

	Aging			Total
	Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	10.1%	36.0%	100.0%	58.3%
Gross carrying amount (RMB'000)	177,823	98,618	257,751	534,192
Expected credit losses (RMB'000)	17,944	35,512	257,751	311,207

(3) Category C counterparties: balances from counterparties with past problems or historical issues

(i) *Guaranteed Category C trade receivables and other receivables*

As set out in note 1. Huafa Group acquired a controlling interest in the Company, and became the New Controlling Shareholders in 2021. In order to facilitate the smooth transition of the Group's business to the new management team of the New Controlling Shareholders and the collection of trade and other receivables arising from doing business with the Group under the management team of the Former Controlling Shareholders, the Former Controlling Shareholders agreed to collect and provide guarantees for the collection of certain trade and other receivables in the aggregate amount of approximately RMB2.23 billion (the "Guaranteed Receivables") in 2021. The guarantees (the "Guarantees") are secured by certain assets pledged by the Former Controlling Shareholders, and the general personal guarantee of Mr. Liu Donghai.

As at 31 December 2025, the Guaranteed Category C trade receivables and other receivables had a gross carrying amount of approximately RMB629 million and RMB883 million, respectively, with an ageing period of over three years and with extremely low recoverability from themselves. For the purpose of measuring credit losses, the expected cash flows from collateral held and other credit enhancements were included.

The Group assessed the fair value of the asset backings of the Former Controlling Shareholder by engaging external independent appraisers to perform valuations of properties and equity investments, incorporating downstream transaction taxes and fees into the assessment and then assessed whether there are any shortfall should be recognised as impairment provision for the Guaranteed Category C trade receivables and other receivables.

The pledged asset backings of the Former Controlling Shareholder included property assets, investments, payables due to the Liu Family and the Company's shares owned by the Liu Family are appraised at an estimated fair value of RMB639 million as at 31 December 2025.

As such, the provision for impairment loss in an amount of RMB364 million was made for the Guaranteed Category C trade receivables, and a provision of an amount of RMB509 million was made for the Guaranteed Category C other receivables as at 31 December 2025.

(ii) *Non-Guaranteed Category C trade receivables*

For the Non-Guaranteed Category C balances from counterparties with past problems or historical issues, as those counterparties are unreachable or experiencing significant financial difficulties, and most aging are over 3 years, the Group considered that the recoverability to be extremely low and made full ECL provision as at 31 December 2025 for such non-guaranteed trade receivables with original carrying amount of RMB1,170 million.

8. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<i>Notes</i>	As at 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Prepayments		796,476	734,657
Deposits	(a)	79,416	103,991
Other assets		84,563	104,885
Interest receivables		49,139	20,807
Other receivables	(b)	1,544,559	1,620,256
		2,554,153	2,584,596
Impairment allowance		(1,130,017)	(912,120)
Total		1,424,136	1,672,476
Including:			
Due from related parties		308,723	308,483
Others		1,115,413	1,363,993

Notes:

(a) Deposits

The balance represents deposit to counterparties during daily business. Except for certain doubtful deposits amounting to RMB10 million at stage 3 which were proven to be uncollectible and full provision has been made, the credit risk of remaining balances of deposits are not significantly increase and at stage 1, management considered that these balances would be recoverable after related transaction closed, therefore, the Group made an impairment at approximately 1% loss rate based on the historical and industry loss experience

The movements in the loss allowance for impairment of deposits are as follows:

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	10,900	10,673
Impairment losses	(172)	227
At end of year	10,728	10,900

(b) **Other receivables**

As described in note 7, the balance represents Category B other receivables and Category C other receivables.

The movements in the loss allowance for impairment of other receivables recognised for the 12-month ECLs and lifetime ECLs are as follows

	As at 31 December 2025			
	Stage 1 12-month ECLs <i>RMB'000</i>	Stage 2 Lifetime ECLs (not yet credit- impaired) <i>RMB'000</i>	Stage 3 Lifetime ECLs (credit- impaired) <i>RMB'000</i>	Total <i>RMB'000</i>
Opening balance	10,000	9,562	881,658	901,220
Impairment losses	(6,075)	(7,457)	317,921	304,389
Amount written-off as uncollectible	–	–	(86,320)	(86,320)
Closing balance	<u>3,925</u>	<u>2,105</u>	<u>1,113,259</u>	<u>1,119,289</u>

The increase in the provision for impairment loss of balances is attributable to: 1) the decline in the fair value of the pledged asset backings; 2) the deteriorating creditworthiness of the counterparties, detailed as following:

(1) *Category B other receivables*

Except for Category C other receivables, for other general receivables which arise in the normal and ordinary course of the Group's business as described in note 7, the credit risk increases with the age of the receivables. Accordingly, the Group applies an ageing-based approach by grouping receivables according to their ageing profiles and calculating the ECL using the corresponding ECL rate, which takes into account historical loss rates, average default rates, average migration rates, forward-looking adjustments (including projected GDP growth scenarios), and other relevant factors. The provision for impairment loss in an amount of RMB111 million was made for Category B other receivables as at 31 December 2025.

Set out below is the information about the credit risk exposure on Category B other receivables using a provision matrix as at 31 December 2025:

As at 31 December 2025

	Aging			Total
	Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	7.5%	36.0%	100.0%	68.0%
Gross carrying amount (<i>RMB'000</i>)	52,446	5,846	104,838	163,130
Expected credit losses (<i>RMB'000</i>)	3,925	2,105	104,838	110,868

(2) *Category C other receivables*

(i) Guaranteed Category C other receivables

Details of impairment of Guaranteed Category C other receivables are set out in note 7.

(ii) Non-Guaranteed Category C other receivables

For the Non-Guaranteed Category C balances from counterparties with past problems or historical issues, as those counterparties are unreachable or experiencing significant financial difficulties, and most aging are over 3 years, the Group considered that the recoverability to be extremely low and made full ECL provision as at 31 December 2025 for such non-guaranteed other receivables with original carrying amount of RMB499 million.

9 TRADE AND BILLS PAYABLES

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	121,266	145,844
Bills payables	89,150	781,157
	<hr/>	<hr/>
Total	210,416	927,001
	<hr/> <hr/>	<hr/> <hr/>

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	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	158,021	503,580
91 to 180 days	8,238	364,156
181 to 365 days	12,965	4,537
Over 1 year	31,192	54,728
	<hr/>	<hr/>
Total	210,416	927,001
	<hr/> <hr/>	<hr/> <hr/>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

For the year ended 31 December 2025, the Group sold 3,428,000 mobile handsets, representing a decrease of 912,000 sets or 21.01% from 4,340,000 sets for the year ended 31 December 2024. Operating revenue of the Group for the year ended 31 December 2025 amounted to RMB16,544,002,000, representing a decrease of RMB1,472,356,000 or 8.17% from the operating revenue of RMB18,016,358,000 for the year ended 31 December 2024. Net loss for the year ended 31 December 2025 amounted to RMB1,468,100,000, representing an increase of RMB61,886,000 or 4.40% from the net loss of RMB1,406,214,000 for the year ended 31 December 2024.

II. FINANCIAL POSITION AND OPERATING RESULTS

(i) Overview

For the year ended 31 December 2025, the Group recorded a net loss of RMB1,468,100,000, representing an increase of RMB61,886,000 or 4.40% from a net loss of RMB1,406,214,000 for the year ended 31 December 2024. The net loss attributable to the owners of the parent of the Company for the year ended 31 December 2025 was RMB1,439,555,000, representing an increase of RMB65,413,000 or 4.76% from the net loss attributable to the owners of the parent of the Company of RMB1,374,142,000 for the year ended 31 December 2024.

1. *Operating revenue*

For the year ended 31 December 2025, operating revenue of the Group amounted to RMB16,544,002,000, representing a decrease of RMB1,472,356,000 or 8.17% from the operating revenue of RMB18,016,358,000 for the year ended 31 December 2024. The decrease in operating revenue was primarily due to a decline in sales of mobile telecommunications devices and accessories during the year ended 31 December 2025. Our sales of mobile telecommunications devices and accessories include (i) sales in our retail business including our independently operated outlets and online channels; (ii) sales in our 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 independently operated outlets and store-in-store outlets, stores in cooperation with the mobile carriers and online sales platforms. Revenue from our franchise business includes revenue from sales of mobile telecommunications devices and accessories to our franchisees. Revenue from our wholesale business includes revenue from sales of mobile telecommunications devices and accessories we distribute to mobile carriers and other third-party retailers, and revenue from sales of photovoltaic equipment. Our service income from mobile carriers are primarily derived from the share of the call charges of the mobile carriers.

Other service fee income includes (i) management fees and service fees received from suppliers; (ii) income from value-added services; (iii) the rental fees we received by renting counter space to third parties who provide repair services; (iv) income from the service business; and (v) income from franchisees' services.

The Group's revenue from sales of mobile telecommunications devices and accessories amounted to RMB15,104,850,000 for the year ended 31 December 2025, representing a decrease of RMB917,742,000 or 5.73% as compared with the revenue from sales of mobile telecommunications devices and accessories of RMB16,022,592,000 for the year ended 31 December 2024.

The Group's service income from mobile carriers amounted to RMB205,791,000 for the year ended 31 December 2025, representing a decrease of RMB2,993,000 or 1.43% as compared with the service income from mobile carriers of RMB208,784,000 for the year ended 31 December 2024.

The Group's revenue from provision of online and offline sales and marketing services, other service fee income and rental income amounted to RMB280,853,000 in aggregate for the year ended 31 December 2025, representing a decrease of RMB247,463,000 or 46.84% as compared with that of RMB528,316,000 for the year ended 31 December 2024. Of which, for the year ended 31 December 2025, revenue from online and offline sales and marketing services amounted to RMB59,923,000, representing a decrease of RMB176,422,000 or 74.65% as compared to RMB236,345,000 for the year ended 31 December 2024. This was primarily due to the persistently sluggish offline market environment, which led to a reduction in the scale of offline channel promotion activities.

The Group's revenue from sales of photovoltaic equipment for the year ended 31 December 2025 was RMB672,643,000, representing a decrease of RMB119,498,000 or 15.09% as compared with the revenue from sales of photovoltaic equipment of RMB792,141,000 for the year ended 31 December 2024.

2. Cost of sales

The Group's cost of sales for the year ended 31 December 2025 amounted to RMB16,080,235,000, representing a decrease of RMB1,265,212,000 or 7.29% as compared with the cost of sales of RMB17,345,447,000 for the year ended 31 December 2024. The decrease in cost of sales was in line with the decrease in our operating revenue.

3. *Gross profit and gross profit margin*

Gross profit represents operating revenue net of cost of sales. For the year ended 31 December 2025, gross profit of the Group amounted to RMB463,767,000, representing a decrease of RMB207,144,000 or 30.88% from the gross profit of RMB670,911,000 for the year ended 31 December 2024. Our overall gross profit margins for the years ended 31 December 2024 and 2025 were 3.72% and 2.80%, respectively. The decrease in the overall gross profit margin as compared to that for the year ended 31 December 2024 was due to lower gross profit margin rate from sales of mobile telecommunications devices and accessories caused by fierce market competition in 2025.

4. *Other income and gains*

Other income and gains mainly include: (i) interest income; (ii) government grants; and (iii) others. The Group's other income and gains for the year ended 31 December 2025 amounted to RMB76,374,000, representing a decrease of RMB56,431,000 or 42.49% from RMB132,805,000 for the year ended 31 December 2024. The decrease was primarily due to the absence of gain on disposal of subsidiaries and reversal of accrued litigation liabilities in 2025.

5. *Selling and distribution expenses*

Total selling and distribution expenses of the Group for the year ended 31 December 2025 amounted to RMB401,281,000, representing a decrease of RMB9,928,000 or 2.41% as compared with the total selling and distribution expenses of RMB411,209,000 for the year ended 31 December 2024. The selling and distribution expenses for the year ended 31 December 2025 remained relatively stable as compared to that for the year ended 31 December 2024.

6. *Administrative expenses*

The Group's total administrative expenses for the year ended 31 December 2025 amounted to RMB182,983,000, representing a decrease of RMB1,936,000 or 1.05% as compared with the total administrative expenses of RMB184,919,000 for the year ended 31 December 2024. The administrative expenses for the year ended 31 December 2025 remained relatively stable as compared to that for the year ended 31 December 2024.

7. *Impairment losses on financial assets*

For the year ended 31 December 2025, the Group recorded the impairment losses on financial assets amounted to RMB1,160,695,000, representing a decrease of RMB254,371,000 or 17.98% as compared with the impairment losses on financial assets of RMB1,415,066,000 for the year ended 31 December 2024. Such decrease was primarily due to a decrease in the impairment loss of other receivables and deposits during the year ended 31 December 2025.

The impairment losses on financial assets represent the impairment of trade receivables amounted to RMB856,479,000 (2024: RMB739,159,000), impairment of other receivables and deposits amounted to RMB304,216,000 (2024: RMB675,907,000).

The trade receivables, other receivables due from third-party and the amounts due from related parties were impaired, mainly due to the fact that the consumer sentiment remained subdued in the People's Republic of China (the "PRC") and continued to weigh on the domestic retail industry of the sale of mobile telecommunications devices and accessories in 2025. Coupled with the sluggish domestic retail industry and weak consumer sentiment in the PRC in 2025, the rapid growth of e-commerce platforms has intensified market competition for physical stores in the telecommunications industry. This competition is particularly fierce among the younger generation, who tend to purchase telecommunications products online. As a result, consumers have shifted from offline channels to online platforms, leading to significant changes in the industry landscape. During the performance of specific collectability review by the Group, certain customers and counterparties were found to be under liquidity pressure and/or have difficulties in repaying the trade and other receivables on time and there is an increase in ageing of the trade and other receivables due to various reasons such as poor operating results.

Such receivables due from third-party mainly arose during the ordinary and usual course of the Group's business, which were recognized at the time prior to the change of control of the Group in 2021, and were primarily related to (i) payment made to third-party customers and suppliers which aimed to facilitate the Group's channel exploitation of the sales channels and offline branded outlets and their future business cooperation, and such payment was utilized as start-up cost of these sales channels; and (ii) the payment made on behalf of third-party franchisees such as prepaying store value telephone card to mobile carriers. Such amount due from related parties mainly arose during the ordinary and usual course of the Group's business.

For details of the impairment assessment method, please refer to notes 7 and 8 to the financial statements from pages 11 to 17 of this announcement.

8. Other expenses

Our other expenses mainly include impairment loss on inventory and liquidated damages and fines for store closure. For the years ended 31 December 2024 and 2025, our other expenses amounted to RMB25,820,000 and RMB37,584,000, respectively, representing a year-on-year increase of RMB11,764,000 or 45.56%, which was primarily due to an increase on liquidated damages for store closure in 2025.

9. Finance costs

The Group's total finance costs for the year ended 31 December 2025 amounted to RMB209,951,000, representing an increase of RMB36,043,000 or 20.73% as compared with the total finance costs of RMB173,908,000 for the year ended 31 December 2024. The increase was mainly due to an increase in financing borrowings from third party financial institutions.

10. Income tax expenses

The Group's total income tax expenses for the year ended 31 December 2025 amounted to RMB16,822,000, while the total income tax expenses for the year ended 31 December 2024 amounted to RMB2,031,000. This increase was mainly due to the adjustments in respect of current tax of previous periods.

(ii) Liquidity and capital resources (current assets, financial resources)

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

The Group's cash and cash equivalents have decreased from RMB3,309,731,000 as at 31 December 2024 to RMB1,844,225,000 as at 31 December 2025, which was primarily due to the repayment of loans from related parties.

(iii) Balance sheet items

1. Trade and bills receivables

To enhance the sales of our mobile handsets and enlarge our market share, we granted different credit periods to some customers in 2025, and certain amount of trade receivables were guaranteed by the Former Controlling Shareholders. Our retail sales to customers were 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.

We maintain strict control over and closely monitor the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management of the Company. In view of the aforementioned and the fact that our trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

As at 31 December 2025, the trade and bills receivables after deduction of impairment amounted to RMB940,748,000, representing a decrease of RMB1,412,504,000 or 60.02% from RMB2,353,252,000 as at 31 December 2024.

As at 31 December 2025, the gross trade receivables amounted to RMB2,734,773,000, representing a decrease of RMB849,049,000 or 23.69% from RMB3,583,822,000 as at 31 December 2024.

As at 31 December 2025, the bills receivables amounted to RMB54,558,000, representing an increase of RMB50,938,000 or 1,407.13% from RMB3,620,000 as at 31 December 2024, which was mainly due to the increase in adoption of bills settlement.

2. *Prepayments, other receivables and other assets*

Our prepayments, other receivables and other assets, net of impairment as at 31 December 2025 amounted to RMB1,424,136,000, representing a decrease of RMB248,340,000 or 14.85% from RMB1,672,476,000 as at 31 December 2024.

Our prepayments and deposits mainly represent our prepayments to suppliers of mobile telecommunications devices and accessories and prepaid rental payments to lessors. Our prepayments and deposits before impairment as at 31 December 2025 amounted to RMB875,892,000, representing an increase of RMB37,244,000 or 4.44% from RMB838,648,000 as at 31 December 2024. The increase was mainly due to the reasonable arrangement of procurement payment according to the market demand. Our other receivables before impairment as at 31 December 2025 amounted to RMB1,544,559,000, representing a decrease of RMB75,697,000 or 4.67% from RMB1,620,256,000 as at 31 December 2024.

3. *Impairment of trade and other receivables*

The provision for impairment loss of trade and other receivables balances is mainly attributable to: (1) the decline in the fair value of the pledged asset backings of the Former Controlling Shareholders; (2) the deteriorating creditworthiness of the counterparties.

For details of the impairment assessment method, please refer to notes 7 and 8 to the financial statements from pages 11 to 17 of this announcement.

4. *Inventories*

Our inventories as at 31 December 2025 amounted to RMB481,179,000, representing an increase of RMB94,653,000 or 24.49% from RMB386,526,000 as at 31 December 2024, which was mainly due to an increase in the Group's numbers of stores.

5. Trade and bills payables

Our trade payables are non-interest bearing and are normally settled within 30 to 60 days. Our trade and bills payables as at 31 December 2025 amounted to RMB210,416,000, representing a decrease of RMB716,585,000 or 77.30% from RMB927,001,000 as at 31 December 2024. The decrease in trade and bills payables for the year was mainly attributable to the decrease in purchases as a result of the scaling down of the Group's business size during the year.

6. Other payables and accruals

Our other payables and accruals consist of (i) contract liabilities; (ii) payroll and welfare payables; (iii) accrued expenses; (iv) other payables; and (v) accrued liabilities.

Our other payables and accruals as at 31 December 2025 amounted to RMB1,220,498,000, representing an increase of RMB495,010,000 or 68.23% from RMB725,488,000 as at 31 December 2024. Such increase was mainly due to the increase in the Group's business deposits with certain customers and suppliers.

7. Net current liabilities position

Our net current liabilities as at 31 December 2025 amounted to RMB1,457,052,000, representing an increase of RMB1,391,114,000 or 2,109.73% from the net current liabilities of RMB65,938,000 as at 31 December 2024. Such change was mainly due to the decrease in cash and cash equivalents and trade and bills receivables and the increase in other payables and accruals in 2025.

8. Capital expenditure

For the year ended 31 December 2025, the Group's capital expenditure amounted to RMB23,132,000, which was incurred mainly in relation to purchase and construction of fixed assets, intangible assets and decoration costs in connection with the opening of new outlets and the renovation of old ones.

9. Interest-bearing bank and other borrowings

Our bank borrowings and other borrowings were primarily short-term in nature, and we also had long-term bank borrowings.

The following table sets forth our outstanding borrowings as at the dates indicated:

	31 December 2025		31 December 2024	
	Maturity date	RMB'000	Maturity date	RMB'000
Current				
Bank loans:				
Unsecured, repayable within one year	2026	4,118,700	2025	6,092,693
Secured, repayable within one year	2026	1,785,469	2025	1,558,400
Other borrowings:				
Unsecured, repayable within one year	2026	270,000	2025	80,000
Secured, repayable within one year	2026	814,300	2025	622,000
		<u>6,988,469</u>		<u>8,353,093</u>
Long-term				
Bank borrowings:				
Secured, repayable after one year	2027	124,800	2026	72,800
		<u>7,113,269</u>		<u>8,425,893</u>

(iv) Key financial ratios

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

Key financial ratios

Items	As at 31 December			Percentage of change
	2025	2024	Change	
Current ratio	0.83	0.99	-0.16	-16.16%
Gearing ratio	133.93%	98.31%	35.62%	36.23%
Net debt-to-equity ratio	-180.52%	465.89%	-646.41%	-138.75%

Current ratio is current assets divided by current liabilities as at the end of each financial period. Our current ratio as at 31 December 2025 was 0.83, representing a decrease of 0.16 or 16.16% from 0.99 as at 31 December 2024. Such decrease was mainly due to a significant reduction in current assets.

Gearing ratio is net debt divided by the sum of net debt and total equity as 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. Our gearing ratio as at 31 December 2025 was 133.93%, representing an increase of 35.62 percentage points or 36.23% from 98.31% as at 31 December 2024. Such increase was primarily due to an increase in borrowings and a decrease in total equity.

Net debt-to-equity ratio equals to net debt divided by total equity as at the end of the financial period and multiplied by 100%. Our net debt-to-equity ratio as at 31 December 2025 was -180.52%, representing a decrease of 646.41 percentage points or 138.75% from 465.89% as at 31 December 2024. Such decrease was mainly due to a significant decrease in total equity.

(v) Material acquisitions and disposals

For the year ended 31 December 2025, the Group had no material acquisitions and disposals.

(vi) Contingent liabilities

For the year ended 31 December 2025, the Group did not have any material contingent liabilities.

(vii) Foreign exchange rate risks

The Group's operating businesses are mainly located in the Chinese mainland, 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 the foreign exchange rate risk.

(viii) Restricted assets

As at 31 December 2025, except for the pledged deposits amounted to RMB2,349,454,000, there were no other restricted assets.

(ix) Material investments

The Group did not have any material investment during the year ended 31 December 2025.

(x) Employees, remuneration and training programmes for employees

For the year ended 31 December 2025, the Group had 2,615 employees (2024: 2,733). Salary costs and employees' benefit expenses of the Group amounted to approximately RMB302,009,000 for the year ended 31 December 2025. Remuneration for the Group's existing employees include salaries, performance-based bonus, social insurance, housing provident fund and other benefits.

In order to improve the overall quality of employees, the operation efficiency of the Group and the quality of the services, the Group has already held and will continue to hold various training programmes for employees, including training on professional quality, corporate culture, exchange of product and business information, and management skills for middle and senior management members. The trainings are carried out in various forms, mainly in three ways through online learning, seminars and conferences and on-site skill specific training programmes.

(xi) Future material investment

Except as disclosed in this announcement, as at the date of this announcement, the Group does not have any material investment plan in the near future.

(xii) Material events after the financial year ended 31 December 2025

As at the date of this announcement, the Group does not have any material events after the financial year ended 31 December 2025.

(xiii) Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

III. BUSINESS OUTLOOK FOR 2026

Year 2026 is a crucial year for Digital Telecom to seek breakthroughs by focusing on its core business and pursue transformation by leveraging its capabilities. In the face of multiple challenges – a rapidly changing international landscape, continuously rising industry costs, and persistently weak consumer spending – Digital Telecom will first leverage its nationwide distribution network advantage. On the one hand, it will promote the successful implementation of local government subsidy programmes in multiple regions; on the other hand, it will closely follow the new retail trend of online and offline synergy, thereby strengthening and expanding the scale of its core business. Furthermore, it will undertake a comprehensive transformation of its retail footprint centred on its core business, a repositioning of its distribution function, the development of full-category supply chain services beyond its core business, and the advancement of innovative government-facing corporate business initiatives. In the new year, Digital Telecom will adopt a progressive spirit to develop its front-end business and a rigorous and pragmatic approach to enhance its refined management standards, ensuring the high-quality achievement of its annual targets:

(i) Expand product categories, refine services, increase business formats, and comprehensively improve the operational quality and output efficiency of the core retail business

In terms of offline retail operations, the national subsidy policy remains the core driver, with regional industrial policies will serve as a strong complement. To further enhance customer loyalty, Digital Telecom will refine its store categorisation and, based on the attributes of customer groups corresponding to different store types, boldly explore new products and services to comprehensively improve the refined operational level and profitability of its stores. In terms of online retail operations, it will continue to pursue the operational strategy of “securing authorisations, expanding channels, and increasing product categories”, while continuously strengthen cooperation with mainstream e-commerce platforms. At the same time, it will actively embrace new business formats such as instant retail, promptly responding to new changes in customer demand. In terms of private domain operations, it will expand its internally developed private domain, combined with national subsidy support, into an “ecological private domain” jointly operated with numerous small and medium-sized merchants. This aligns with Huafa Group’s “Better Life Ecosystem” strategy, comprehensively enhancing the perceived value and revenue conversion for private domain customers.

(ii) Leverage strengths, foster multi-party collaboration, actively empower small and medium-sized merchants across regions, build an ecosystem, and expand the scale of the core business

Amidst a turbulent international situation, and given the reality of sudden increases in industry costs and further suppressed consumer appetite for mobile phone upgrades, Digital Telecom will collaborate with manufacturers, telecom operators, and various local commercial management organisations. It will explore effective pathways to transform Digital Telecom’s industry position and accessible industry resources into empowerment for small and medium-sized merchants across regions. This aims to form a close alliance between these merchants and Digital Telecom – spanning supply chain to policy support, products to services, and operations – to help small and medium-sized merchants improve their operational capabilities, jointly build an industry ecosystem, and achieve an effective expansion of Digital Telecom’s core business scale.

(iii) Strategically position new product categories in advance, steadily explore new models such as agency and distribution, and promote business transformation

Facing categories related to, but not overlapping with, mobile phones – such as whole-home smart solutions, AI terminal devices (including AI glasses), and embodied robots – Digital Telecom is not only focusing on its traditional strength in retail but has also begun active exploration in the fields of distribution and agency. With regard to innovative business already underway, Digital Telecom will continue to collaborate with Huafa Properties to provide whole-home smart products and services within its construction and sales projects, whilst continuously exploring project opportunities with government and corporate clients in related sectors like chips and memory. With regard to innovative business yet to be explored, Digital Telecom will effectively expand the agency scale for leading AI eyewear brands and establish comprehensive cooperation with leading brands in embodied robotics. Leveraging its established operational network and sales system across various regions, it will assist these robotics brands in penetrating both the B2B and B2C markets. Beyond this, by drawing on its long-established strengths and capabilities in the mobile phone supply chain, Digital Telecom will also fully engage in sub-sectors within the mobile phone industry, such as equipment rental, providing a comprehensive suite of platform services – including supply chain and financing – to various mainstream brands in the sector.

(iv) Unwaveringly pursue cost reduction and efficiency enhancement, safeguarding business expansion through refined management

In 2026, Digital Telecom will continue to deepen its efforts in cost reduction and efficiency enhancement. On one front, it will persistently advance regional integration at the frontline level, reducing the scale of support functions and improving the efficiency of the support system. On another front, it will continuously improve the turnover efficiency of products and funds in areas such as supply chain and capital management, reducing inventory carrying costs and capital usage costs, thereby consistently enhancing internal operational efficiency. Concurrently, through measures such as job rotation for personnel and system enhancements, it will strengthen business and finance integration, striking a balance between increasing business flexibility and ensuring adequate financial support with manageable risks. At the same time, Digital Telecom will continuously elevate its level of refined management, adhering to the principle that risk control precedes business expansion, supported by digital infrastructure and full-process monitoring, and underpinned by an efficient decision-making mechanism involving process review and timely adjustments. Through these measures, it aims to achieve improving business returns and reduced risk exposure, ensuring the full accomplishment of Digital Telecom's targets for 2026.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own code of corporate governance. During the year ended 31 December 2025, save as disclosed below, the Company has complied with all the 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**”) serves as the chairwoman and president of the Company. The position of the president has the same role and responsibility as the chief executive officer but with a different job title. The Board is of the view that it is appropriate and in the best interests of the Company that Ms. Xu holds both positions as it helps to maintain the efficiency of the operations 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions conducted by its Directors and supervisors (the “**Supervisor(s)**”). 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 year ended 31 December 2025 (or, in respect of the Supervisors, for the period from 1 January 2025 until the abolition of the supervisory committee of the Company on 21 October 2025).

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including any sale of treasury shares within the meaning under the Listing Rules). As of 31 December 2025, the Company did not hold any treasury shares.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the annual results announcement of the Group have been agreed by the Group's auditor, Ernst & Young ("EY"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2025. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by EY on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is extract of the independent auditor's report from the external auditor of the Company:

"OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB1.47 billion during the year ended 31 December 2025 and, as of that date, the Group had net current liabilities of RMB1.46 billion and net liabilities of RMB1.37 billion. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

AUDIT COMMITTEE

The audit committee of the Company, together with the management and external auditor of the Company, has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2025.

This annual results announcement is based on the audited consolidated financial statements of the Group for the year ended 31 December 2025, as agreed with the auditor of the Company.

The Board has considered and approved the audited consolidated financial results of the Group for the year ended 31 December 2025 as set out in this annual results announcement.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND 2025 ANNUAL REPORT

This announcement of audited annual results will be available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.dixintong.com), respectively. The 2025 Annual Report of the Company containing all the information required by the Listing Rules will be made available to the shareholders on the respective websites of the Stock Exchange and the Company.

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

Beijing, the PRC
31 March 2026

As at the date of this announcement, the executive Directors are Ms. XU Jili, Ms. XU Liping, Mr. LIU Liang and Mr. LIU Donghai; the non-executive Directors are Mr. JIA Zhaojie and Ms. PAN Anran; and the independent non-executive Directors are Mr. LV Tingjie, Mr. LV Pingbo and Mr. CAI Chun Fai.