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## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “**Director(s)**” or the “**Board**”) of Digital China Holdings Limited (神州數碼控股有限公司\*) (the “**Company**” or “**DC Holdings**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period for 2023 as follows:

### FINANCIAL HIGHLIGHTS

|  | Six months ended 30 June<br>(Unaudited) |                 | Year-on-year<br>change |
|--|---|-----------------|------------------------|
|  | 2024<br>RMB'000                         | 2023<br>RMB'000 |                        |
| Revenue  | <b>7,014,343</b>                        | 6,677,315       | 5.05%                  |
| Of which: Big Data Products and Solutions<br>revenue | <b>1,277,132</b>                        | 1,091,815       | 16.97%                 |
| Big Data Products and Solutions revenue share        | <b>18%</b>                              | 16%             | 2%                     |
| Profit attributable to equity holders of the parent  | <b>10,808</b>                           | 40,355          | (73.22%)               |

The Board has declared an Interim Dividend of HK1.0 cent per Share for the six months ended 30 June 2024 to the Shareholders whose names appear on the register of members of the Company on Monday, 23 September 2024. The Interim Dividend will be payable on or about Monday, 14 October 2024.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

|   | Notes | Six months ended 30 June<br>(Unaudited) |                 |
|---|-------|---|-----------------|
|   |       | 2024<br>RMB'000                         | 2023<br>RMB'000 |
| <b>Revenue</b>  | 3     | <b>7,014,343</b>                        | 6,677,315       |
| Cost of sales and services  |       | <b>(6,056,885)</b>                      | (5,568,210)     |
| Gross profit  |       | <b>957,458</b>                          | 1,109,105       |
| Other income and gains  | 3     | <b>70,545</b>                           | 241,069         |
| Selling and distribution expenses   |       | <b>(390,346)</b>                        | (372,930)       |
| Administrative expenses   |       | <b>(171,162)</b>                        | (155,245)       |
| Other expenses, net   |       | <b>(441,235)</b>                        | (462,135)       |
| Finance costs   |       | <b>(68,900)</b>                         | (59,413)        |
| Share of losses of associates and joint ventures  |       | <b>(17,095)</b>                         | (192,155)       |
| <b>(Loss) profit before tax</b>   | 4     | <b>(60,735)</b>                         | 108,296         |
| Income tax credit (expense)   | 5     | <b>11,395</b>                           | (27,621)        |
| <b>(Loss) profit for the period</b>   |       | <b>(49,340)</b>                         | 80,675          |
| Attributable to:  |       |   |                 |
| Equity holders of the parent  |       | <b>10,808</b>                           | 40,355          |
| Non-controlling interests   |       | <b>(60,148)</b>                         | 40,320          |
|   |       | <b>(49,340)</b>                         | 80,675          |
| <b>Earnings per share attributable to equity holders of the parent (expressed in RMB per share)</b> | 7     |   |                 |
| Basic   |       | <b>0.0073</b>                           | 0.0270          |
| Diluted   |       | <b>0.0073</b>                           | 0.0265          |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

|  | (Unaudited)     |                 |
|--|-----------------|-----------------|
|  | 2024            | 2023            |
|  | RMB'000         | RMB'000         |
| <b>(Loss) profit for the period</b>  | <b>(49,340)</b> | <b>80,675</b>   |
| <b>Other comprehensive (expense) income</b>  |                 |                 |
| <i>Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:</i>               |                 |                 |
| Exchange differences arising on translation of financial statements of foreign operations                          | (10,144)        | (25,611)        |
| Share of other comprehensive expense of associates   | -               | (18,663)        |
| Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods                   | <b>(10,144)</b> | <b>(44,274)</b> |
| <i>Other comprehensive (expense) income that will not be reclassified to profit or loss in subsequent periods:</i> |                 |                 |
| Net fair value changes on financial assets measured at fair value through other comprehensive income               | (2,507)         | 25,157          |
| Income tax effect  | 623             | 1,069           |
| Net other comprehensive (expense) income that will not be reclassified to profit or loss in subsequent periods     | <b>(1,884)</b>  | <b>26,226</b>   |
| <b>Other comprehensive expense for the period, net of tax</b>  | <b>(12,028)</b> | <b>(18,048)</b> |
| <b>Total comprehensive (expense) income for the period</b>   | <b>(61,368)</b> | <b>62,627</b>   |
| Attributable to:   |                 |                 |
| Equity holders of the parent   | (3,181)         | 5,299           |
| Non-controlling interests  | (58,187)        | 57,328          |
|  | <b>(61,368)</b> | <b>62,627</b>   |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2024**

|   |              | (Unaudited)<br>30 June 2024 | (Audited)<br>31 December 2023 |
|---|--------------|-----------------------------|-------------------------------|
|   | <i>Notes</i> | <i>RMB'000</i>              | <i>RMB'000</i>                |
| <b>Non-current assets</b>   |              |                             |                               |
| Property, plant and equipment                                     |              | 722,386                     | 738,685                       |
| Right-of-use assets   |              | 158,671                     | 162,439                       |
| Investment properties   |              | 4,527,113                   | 4,527,861                     |
| Goodwill  |              | 1,489,709                   | 1,489,709                     |
| Other intangible assets   |              | 235,225                     | 235,580                       |
| Interests in joint ventures                                       |              | 42,294                      | 43,729                        |
| Interests in associates   |              | 294,934                     | 306,723                       |
| Financial assets at fair value through other comprehensive income |              | 715,316                     | 721,071                       |
| Accounts receivables  | 8            | 139,987                     | 150,794                       |
| Other receivables   |              | 440,000                     | 440,000                       |
| Deferred tax assets   |              | 257,078                     | 231,112                       |
|   |              | <hr/> 9,022,713             | <hr/> 9,047,703               |
| <b>Current assets</b>   |              |                             |                               |
| Inventories   |              | 821,062                     | 820,228                       |
| Completed properties held for sale                                |              | 575,849                     | 574,759                       |
| Accounts and bills receivables                                    | 8            | 3,548,441                   | 4,029,490                     |
| Prepayments, deposits and other receivables                       |              | 1,450,660                   | 1,275,497                     |
| Contract assets   |              | 4,217,842                   | 3,598,309                     |
| Financial assets at fair value through profit or loss             |              | 300,125                     | 320,333                       |
| Finance lease receivables   |              | 25,412                      | 25,412                        |
| Restricted bank balances  |              | 41,608                      | 224,774                       |
| Cash and cash equivalents   |              | 1,906,885                   | 2,883,308                     |
|   |              | <hr/> 12,887,884            | <hr/> 13,752,110              |
| <b>Current liabilities</b>  |              |                             |                               |
| Accounts and bills payables                                       | 9            | 3,311,783                   | 3,952,012                     |
| Other payables and accruals                                       |              | 1,056,698                   | 1,427,864                     |
| Lease liabilities   |              | 63,615                      | 60,821                        |
| Contract liabilities  |              | 1,801,330                   | 2,271,193                     |
| Tax payable   |              | 44,752                      | 67,009                        |
| Interest-bearing bank and other borrowings                        |              | 2,309,737                   | 1,401,935                     |
|   |              | <hr/> 8,587,915             | <hr/> 9,180,834               |
| <b>Net current assets</b>   |              | <hr/> 4,299,969             | <hr/> 4,571,276               |
| <b>Total assets less current liabilities</b>                      |              | <hr/> 13,322,682            | <hr/> 13,618,979              |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As at 30 June 2024**

|   |              | (Unaudited)<br>30 June 2024 | (Audited)<br>31 December 2023 |
|---|--------------|-----------------------------|-------------------------------|
|   | <i>Notes</i> | <i>RMB'000</i>              | <i>RMB'000</i>                |
| <b>Non-current liabilities</b>                      |              |                             |                               |
| Interest-bearing bank and other borrowings          |              | 1,813,260                   | 1,881,487                     |
| Deferred tax liabilities                            |              | 468,494                     | 467,336                       |
| Deferred income                                     |              | 18,291                      | 18,546                        |
| Lease liabilities                                   |              | 50,817                      | 57,450                        |
| Other financial liability                           |              | 849,040                     | 828,155                       |
|   |              | <u>3,199,902</u>            | <u>3,252,974</u>              |
| <b>Net assets</b>                                   |              | <b><u>10,122,780</u></b>    | <b><u>10,366,005</u></b>      |
| <b>Capital and reserves</b>                         |              |                             |                               |
| Share capital                                       | <i>10</i>    | 163,826                     | 163,826                       |
| Reserves  |              | <u>6,035,505</u>            | <u>6,131,541</u>              |
| Equity attributable to equity holders of the parent |              | 6,199,331                   | 6,295,367                     |
| Non-controlling interests                           |              | <u>3,923,449</u>            | <u>4,070,638</u>              |
| <b>Total equity</b>                                 |              | <b><u>10,122,780</u></b>    | <b><u>10,366,005</u></b>      |

## NOTES:

### 1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In preparing the unaudited condensed consolidated interim financial statements, the same basis of presentation, accounting policies and methods of computation as set out in the annual financial statements for the year ended 31 December 2023 had been consistently applied except for adoption in the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and interpretations). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to HKFRS 16  
Amendments to HKAS 1

Amendments to HKAS 1  
Amendments to HKAS 7 and HKFRS 7

Lease Liability in a Sale and Leaseback  
Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause  
Non-current Liabilities with Covenants  
Supplier Finance Arrangements

The application of the new and amendments to HKFRSs in the current period has had no material effect on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

## 2. SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Segments information of the three business groups are summarised as follows:

- (a) **The Big Data Products and Solutions business segment:** provides sales of data software products focused on big data and artificial intelligence capabilities as well as data solutions for core use cases namely smart cities, supply chains and fintech.
- (b) **The Software and Operating Services business segment:** provides end-to-end data-enabled supply chain operating services, as well as software development, testing, operating and maintenance services utilising cloud technology, automation and artificial intelligence. Such services provide important support for the continued deployment of our big data products and solution business.
- (c) **The Traditional and Localization Services business segment:** provides integration services as well as e-commerce supply chain services focused on integrated solutions, providing a vast sales channel which is critical for the Group’s continued deployment of its big data products and solutions as well as software and operating services. The segment also includes business related to investments, property sales and rental, as well as others.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results are evaluated based on the reportable segment profit, which is a measure of adjusted (loss) profit before tax. The segment results are measured consistently with the Group’s (loss) profit before tax except that certain interest income, certain finance costs, unallocated corporate income and gains and unallocated corporate expenses are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following table presents revenue and results for the Group's operating segments for the six months ended 30 June 2024 and 2023 (Unaudited):

|                                  | <b>Big Data Products<br/>and Solutions</b> |                               | <b>Software and<br/>Operating Services</b> |                               | <b>Traditional and<br/>Localization Services</b> |                               | <b>Eliminations</b>           |                               | <b>Total</b>                  |                               |
|----------------------------------|--|-------------------------------|--|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                  | <b><u>2024</u></b><br>RMB'000              | <b><u>2023</u></b><br>RMB'000 | <b><u>2024</u></b><br>RMB'000              | <b><u>2023</u></b><br>RMB'000 | <b><u>2024</u></b><br>RMB'000                    | <b><u>2023</u></b><br>RMB'000 | <b><u>2024</u></b><br>RMB'000 | <b><u>2023</u></b><br>RMB'000 | <b><u>2024</u></b><br>RMB'000 | <b><u>2023</u></b><br>RMB'000 |
| <b>Segment revenue:</b>          |  |                               |  |                               |  |                               |                               |                               |                               |                               |
| External                         | <b>1,277,132</b>                           | 1,091,815                     | <b>2,159,513</b>                           | 2,172,104                     | <b>3,577,698</b>                                 | 3,413,396                     | -                             | -                             | <b>7,014,343</b>              | 6,677,315                     |
| Inter-segment                    | <b>3,229</b>                               | 18,093                        | <b>13,855</b>                              | 25,233                        | <b>8,503</b>                                     | 10,319                        | <b>(25,587)</b>               | (53,645)                      | -                             | -                             |
|                                  | <b><u>1,280,361</u></b>                    | <u>1,109,908</u>              | <b><u>2,173,368</u></b>                    | <u>2,197,337</u>              | <b><u>3,586,201</u></b>                          | <u>3,423,715</u>              | <b><u>(25,587)</u></b>        | <u>(53,645)</u>               | <b><u>7,014,343</u></b>       | <u>6,677,315</u>              |
| <b>Segment gross profit</b>      | <b><u>315,241</u></b>                      | <u>385,220</u>                | <b><u>263,273</u></b>                      | <u>287,858</u>                | <b><u>378,944</u></b>                            | <u>436,027</u>                |                               |                               | <b><u>957,458</u></b>         | <u>1,109,105</u>              |
| <b>Segment results</b>           | <b>(43,008)</b>                            | 21,897                        | <b>81,384</b>                              | 107,219                       | <b>101,875</b>                                   | 114,246                       |                               |                               | <b>140,251</b>                | 243,362                       |
| <u>Unallocated</u>               |  |                               |  |                               |  |                               |                               |                               |                               |                               |
| Interest income                  |  |                               |  |                               |  |                               |                               |                               | <b>8,580</b>                  | 6,969                         |
| Income and gains                 |  |                               |  |                               |  |                               |                               |                               | <b>28,853</b>                 | 43,508                        |
| Unallocated expenses             |  |                               |  |                               |  |                               |                               |                               | <b>(169,519)</b>              | (126,130)                     |
| Profit from operating activities |  |                               |  |                               |  |                               |                               |                               | <b>8,165</b>                  | 167,709                       |
| Finance costs                    |  |                               |  |                               |  |                               |                               |                               | <b>(68,900)</b>               | (59,413)                      |
| (Loss) profit before tax         |  |                               |  |                               |  |                               |                               |                               | <b>(60,735)</b>               | 108,296                       |



### 3. REVENUE, OTHER INCOME AND GAINS

Revenue represents revenue arising on the sale of goods after allowances for returns and trade discounts; provision of services, net of value-added tax and government surcharges; and rental income received and receivable from investment properties for the period.

An analysis of the Group's revenue, other income and gains are as follows:

|  | <b>(Unaudited)</b>              |                |
|--|---------------------------------|----------------|
|  | <b>Six months ended 30 June</b> |                |
|  | <b>2024</b>                     | <b>2023</b>    |
|  | <b>RMB'000</b>                  | <b>RMB'000</b> |
| <u>Revenue from contracts with customer within the scope of HKFRS 15</u> |                                 |                |
| <b>Disaggregated by major products or service lines:</b>                 |                                 |                |
| Sales of software products business                                      | 34,973                          | 27,661         |
| Software development and technical service business                      | 2,614,386                       | 2,500,584      |
| Supply chain operation and maintenance business                          | 1,036,415                       | 1,070,147      |
| System integration business  | 1,546,291                       | 1,728,575      |
| E-commerce supply chain business   | 1,546,481                       | 1,087,557      |
| Others   | 89,470                          | 95,266         |
|  | <hr/>                           | <hr/>          |
| Total revenue from contracts with customers                              | 6,868,016                       | 6,509,790      |
| <b>Revenue from other sources</b>  |                                 |                |
| Rental income from investment properties under operating lease           | 140,780                         | 157,267        |
| Financial services business  | 5,547                           | 10,258         |
|  | <hr/>                           | <hr/>          |
| Total revenue from other sources   | 146,327                         | 167,525        |
|  | <hr/>                           | <hr/>          |
| Total revenue  | 7,014,343                       | 6,677,315      |
|  | <hr/> <hr/>                     | <hr/> <hr/>    |

#### (i) Revenue from contracts with customers

*Disaggregated of revenue by timing of recognition:*

|                               | <b>(Unaudited)</b>              |                |
|-------------------------------|---------------------------------|----------------|
|                               | <b>Six months ended 30 June</b> |                |
|                               | <b>2024</b>                     | <b>2023</b>    |
|                               | <b>RMB'000</b>                  | <b>RMB'000</b> |
| Timing of revenue recognition |                                 |                |
| At a point in time            | 3,217,215                       | 2,939,059      |
| Over time                     | 3,650,801                       | 3,570,731      |
|                               | <hr/>                           | <hr/>          |
|                               | 6,868,016                       | 6,509,790      |
|                               | <hr/> <hr/>                     | <hr/> <hr/>    |

(ii) **Other income and gains**

|  | <b>(Unaudited)</b>              |                |
|--|---------------------------------|----------------|
|  | <b>Six months ended 30 June</b> |                |
|  | <b>2024</b>                     | <b>2023</b>    |
|  | <b>RMB'000</b>                  | <b>RMB'000</b> |
| <b>Other income</b>  |                                 |                |
| Government grants  | <b>38,022</b>                   | 49,520         |
| Interest on bank deposits  | <b>8,580</b>                    | 6,969          |
| Income from wealth management financial products                                       | <b>4,001</b>                    | 8,444          |
| Dividend income from financial assets at fair value through profit or loss             | <b>279</b>                      | -              |
| Dividend income from financial assets at fair value through other comprehensive income | <b>1,592</b>                    | -              |
| Others   | <b>6,015</b>                    | 13,219         |
|  | <b>58,489</b>                   | 78,152         |
| <b>Gains</b>   |                                 |                |
| Fair value gains on investment properties  | -                               | 55,314         |
| Net exchange gains   | <b>8,624</b>                    | 24,908         |
| Gain on deregistration of a joint venture  | -                               | 276            |
| Gain on deemed partial disposal of equity interest in an associate                     | <b>3,432</b>                    | -              |
| Fair value gains on financial assets at fair value through profit or loss              | -                               | 82,419         |
|  | <b>12,056</b>                   | 162,917        |
| Total other income and gains   | <b>70,545</b>                   | 241,069        |

#### 4. (LOSS) PROFIT BEFORE TAX

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

|   | <b>(Unaudited)</b>              |                |
|---|---------------------------------|----------------|
|   | <b>Six months ended 30 June</b> |                |
|   | <b>2024</b>                     | <b>2023</b>    |
|   | <b>RMB'000</b>                  | <b>RMB'000</b> |
| Share of losses of associates   | <b>15,660</b>                   | 196,172        |
| Share of losses (profit) of joint ventures  | <b>1,435</b>                    | (4,017)        |
|   | <b>17,095</b>                   | 192,155        |
| Amount of inventories recognised as an expense                                      | <b>2,930,134</b>                | 2,623,025      |
| Depreciation of property, plant and equipment                                       | <b>30,627</b>                   | 26,704         |
| Depreciation of right-of-use assets   | <b>39,200</b>                   | 48,806         |
| Loss on disposal of property, plant and equipment                                   | <b>177</b>                      | 127            |
| Interest on discounted bills  | <b>9,245</b>                    | 7,531          |
| Interest on bank loans and other loans  | <b>35,214</b>                   | 27,997         |
| Interest on lease liabilities   | <b>3,556</b>                    | 3,058          |
| Interest on other financial liabilities   | <b>20,885</b>                   | 20,827         |
| Research and development costs (excluding amortisation of other intangible assets)  | <b>282,488</b>                  | 289,782        |
| Amortisation of other intangible assets   | <b>37,232</b>                   | 35,704         |
| (Reversal of) write-down of inventories   | <b>(14,460)</b>                 | 6,578          |
| Impairment of accounts and bills receivables, other receivables and contract assets | <b>116,478</b>                  | 121,846        |
| Fair value loss on financial assets at fair value through profit or loss            | <b>11,708</b>                   | -              |
| Others  | <b>7,789</b>                    | 8,225          |
| Other expenses, net   | <b>441,235</b>                  | 462,135        |

## 5. INCOME TAX (CREDIT) EXPENSE

|  | (Unaudited)              |               |
|--|--------------------------|---------------|
|  | Six months ended 30 June |               |
|  | 2024                     | 2023          |
|  | RMB'000                  | RMB'000       |
| Current – People’s Republic of China (“PRC”) |                          |               |
| Enterprise income tax (“EIT”)                | 8,746                    | 18,526        |
| Land appreciation tax (“LAT”)                | -                        | 12            |
|  | <u>8,746</u>             | <u>18,538</u> |
| Current – Hong Kong                          | 1,160                    | -             |
| Deferred tax                                 | <u>(21,301)</u>          | 9,083         |
|  | <u>(20,141)</u>          | <u>9,083</u>  |
| Total tax (credit) charge for the period     | <u>(11,395)</u>          | <u>27,621</u> |

- (a) PRC EIT represents tax charged on the estimated assessable profits arising in Mainland China. In general, the Group’s subsidiaries operating in Mainland China are subject to the PRC EIT rate of 25% except for certain subsidiaries which are entitled to preferential tax rates.
- (b) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all property development expenditures.
- (c) Hong Kong Profits Tax is charged under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the six months ended 30 June 2024 and 2023, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% of the estimated assessable profits.
- (d) The share of tax charge attributable to joint ventures of approximately RMB 298,000 (six months ended 30 June 2023: tax charge of RMB 1,861,000) and the share of tax charge attributable to the associates of approximately RMB 174,000 (six months ended 30 June 2023: tax credit of RMB 587,000) are included in “Share of losses of associates and joint ventures”, in the condensed consolidated statement of profit or loss.

## 6. DIVIDENDS

During the six months ended 30 June 2024, the shareholders of the Company (“Shareholders”) approved the payment of a final dividend of HK6.0 cents per ordinary share of the Company in respect of the year ended 31 December 2023 (six months ended 30 June 2023: a final dividend of HK4.5 cents per ordinary share of the Company in respect of the year ended 31 December 2022) at the annual general meeting of the Company held on 27 June 2024. The final dividend of approximately HK\$100,416,000 was paid on 16 July 2024 (six months ended 30 June 2023: approximately HK\$75,312,000).

Subsequent to the end of the reporting period, the directors of the Company declared an interim dividend of HK1.0 cent per ordinary share of the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: HK1.0 cent) to the Shareholders, absorbing a total amount of approximately HK\$16,736,000 (six months ended 30 June 2023: approximately HK\$16,736,000). Such interim dividend declared after the reporting period has not been recognised as liabilities in the unaudited condensed consolidated interim financial statements.

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the six months ended 30 June 2024 attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue less shares held under the restricted share award scheme (the “RSA Scheme”) of 1,476,503,004 (six months ended 30 June 2023: 1,493,622,071) during the six months ended 30 June 2024.

The calculation of the diluted earnings per share is based on the profit for the six months ended 30 June 2024 attributable to equity holders of the parent with an adjustment on effect of dilutive potential ordinary shares of a subsidiary. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue less shares held under the RSA scheme during the six months ended 30 June 2024 as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares related to the Group’s share-based incentive schemes into ordinary shares.

The calculations of basic and diluted earnings per share are based on the following data:

|  | <b>(Unaudited)</b>              |                |
|--|---------------------------------|----------------|
|  | <b>Six months ended 30 June</b> |                |
|  | <b>2024</b>                     | <b>2023</b>    |
|  | <b>RMB’000</b>                  | <b>RMB’000</b> |
| <b>Earnings</b>  |                                 |                |
| Profit for the period attributable to equity holders of the parent, used in the basic earnings per share calculation | <b>10,808</b>                   | 40,355         |
| Effect of dilutive potential ordinary shares of a subsidiary   | -                               | (562)          |
|  | <hr/>                           | <hr/>          |
| Earnings for the purpose of diluted earnings per share   | <b>10,808</b>                   | 39,793         |
|  | <hr/> <hr/>                     | <hr/> <hr/>    |

|  | <b>(Unaudited)</b>              |               |
|--|---------------------------------|---------------|
|  | <b>Number of shares</b>         |               |
|  | <b>Six months ended 30 June</b> |               |
|  | <b>2024</b>                     | <b>2023</b>   |
| <b>Shares</b>  |                                 |               |
| Weighted average number of shares in issue less shares held under the RSA Scheme during the period, used in the basic earnings per share calculation | <b>1,476,503,004</b>            | 1,493,622,071 |
| Effect of dilution potential ordinary shares:<br>Share-based incentive schemes   | <b>8,511,268</b>                | 6,429,937     |
|  | <hr/>                           | <hr/>         |
| Weighted average number of shares during the period used in the diluted earnings per share calculation   | <b>1,485,014,272</b>            | 1,500,052,008 |
|  | <hr/> <hr/>                     | <hr/> <hr/>   |

## 8. ACCOUNTS AND BILLS RECEIVABLES

|  | (Unaudited)<br>30 June 2024<br>RMB'000 | (Audited)<br>31 December 2023<br>RMB'000 |
|--|--|--|
| <b>Receivables at amortised cost comprise:</b> |  |  |
| Accounts and bills receivables                 | 4,548,418                              | 4,963,616                                |
| Less: loss allowance                           | (859,990)                              | (783,332)                                |
|  | <hr/>                                  | <hr/>                                    |
| Total  | <b>3,688,428</b>                       | 4,180,284                                |
|  | <hr/> <hr/>                            | <hr/> <hr/>                              |
| <b>Analysis by:</b>                            |  |  |
| Current portion                                | 3,548,441                              | 4,029,490                                |
| Non-current portion                            | 139,987                                | 150,794                                  |
|  | <hr/>                                  | <hr/>                                    |
|  | <b>3,688,428</b>                       | 4,180,284                                |
|  | <hr/> <hr/>                            | <hr/> <hr/>                              |

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally from 15 to 720 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The following is an aged analysis of accounts and bills receivables net of allowance for impairment of accounts and bills receivables present based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

|                 | (Unaudited)<br>30 June 2024<br>RMB'000 | (Audited)<br>31 December 2023<br>RMB'000 |
|-----------------|--|--|
| Within 30 days  | 1,181,055                              | 2,546,878                                |
| 31 to 60 days   | 197,843                                | 213,040                                  |
| 61 to 90 days   | 80,174                                 | 69,317                                   |
| 91 to 180 days  | 382,189                                | 262,229                                  |
| 181 to 360 days | 1,072,582                              | 376,664                                  |
| Over 360 days   | 774,585                                | 712,156                                  |
|                 | <hr/>                                  | <hr/>                                    |
|                 | <b>3,688,428</b>                       | 4,180,284                                |
|                 | <hr/> <hr/>                            | <hr/> <hr/>                              |

## 9. ACCOUNTS AND BILLS PAYABLES

The following is an aged analysis of the accounts and bills payables presented based on the invoice date at the end of the reporting period.

|                | (Unaudited)<br>30 June 2024<br><i>RMB'000</i> | (Audited)<br>31 December 2023<br><i>RMB'000</i> |
|----------------|---|---|
| Within 30 days | 1,126,115                                     | 2,006,503                                       |
| 31 to 60 days  | 317,560                                       | 433,038   |
| 61 to 90 days  | 310,699                                       | 129,945   |
| Over 90 days   | 1,557,409                                     | 1,382,526                                       |
|                | <b>3,311,783</b>                              | <b>3,952,012</b>                                |

The average credit period on purchase of goods is ranging from 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 10. SHARE CAPITAL

|   | (Unaudited)<br>30 June 2024<br><i>HK\$'000</i>              | (Audited)<br>31 December 2023<br><i>HK\$'000</i>              |
|---|---|---|
| Authorised:   |   |   |
| 2,500,000,000 (31 December 2023:<br>2,500,000,000) ordinary shares of HK\$0.1<br>(31 December 2023: HK\$0.1) each | <b>250,000</b>  | <b>250,000</b>  |
|   | <b>(Unaudited)</b><br><b>30 June 2024</b><br><i>RMB'000</i> | <b>(Audited)</b><br><b>31 December 2023</b><br><i>RMB'000</i> |
| Issued and fully paid:  |   |   |
| 1,673,607,386 (31 December 2023:<br>1,673,607,386) ordinary shares of HK\$0.1<br>(31 December 2023: HK\$0.1) each | <b>163,826</b>  | <b>163,826</b>  |

## INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.0 cent per ordinary share of the Company (“Share(s)”) for the six months ended 30 June 2024 (“Interim Dividend”) (for the six months ended 30 June 2023: HK1.0 cent per Share) to the Shareholders whose names appear on the register of members of the Company on Monday, 23 September 2024. The Interim Dividend will be payable on or about Monday, 14 October 2024.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 September 2024 to Thursday, 26 September 2024, both days inclusive for ascertaining Shareholders’ entitlement to the Interim Dividend. No transfer of Shares will be registered during such period. In order to qualify for the Interim Dividend, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 20 September 2024 for registration.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Overview

DC Holdings remains committed to its foundational mission of “Digital China”, with a strategic focus on “**Big Data + Artificial Intelligence**”. We develop **data analytics products that enhance decision-making and create intelligent applications for governments and enterprises**.

As a customer-centric technology enterprise, DC Holdings is **dedicated to advancing the commercial use of high-quality data and A.I. technology**. By employing our “**City CTO + Corporate CSO**” model, we strategically empower governments and enterprises through A.I. applications. Our focus on core industry verticals—**smart cities, supply chains, and fintech**—drives digital transformation. We offer a comprehensive and practical solution matrix designed to unlock the value of data assets and address customer pain points. Through digital intelligence, we help our customers achieve success by **improving decision-making and operational efficiency**.

During the six months ended 30 June 2024 (the “**Reporting Period**”), the Group achieved a **total revenue of RMB 7.014 billion, representing a year-on-year increase of 5%**. The gross profit was RMB 957 million, and the net profit attributable to equity holders of the parent company was RMB 10.81 million. The decline in profit compared to the corresponding period of the previous financial year was primarily due to heightened competition faced by the non-wholly owned consolidated subsidiary, Digital China Information Service Group Company Ltd. (“DCITS”), and its ongoing increase in investments within various business sectors. **Excluding DCITS, the Group maintained a healthy and steady development. Revenue would be RMB 2.936 billion, representing a year-on-year increase of 20%. The net profit attributable to equity holders of the parent company would be RMB 40.96 million, representing a year-on-year increase of 380%**. Please refer to the table below for details.

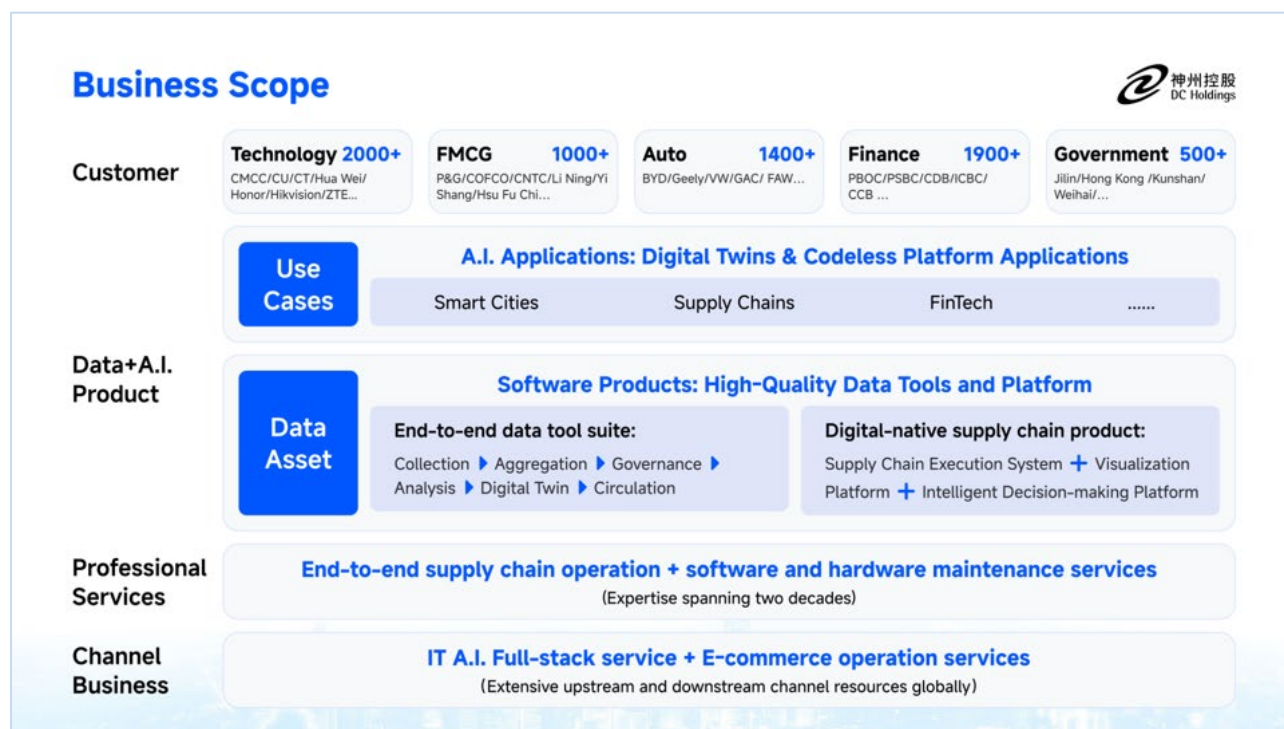
Unit : RMB'000/%

|                            | 1H24<br>Revenue | 1H23<br>Revenue | Year-on-year<br>Change | 1H24<br>Profit/(loss)* | 1H23<br>Profit/(loss)* | Year-on-year<br>Change |
|----------------------------|-----------------|-----------------|------------------------|------------------------|------------------------|------------------------|
| <b>Group</b>               | 7,014,343       | 6,677,315       | 5%                     | 10,808                 | 40,355                 | -73%                   |
| <b>Of which:</b>           |                 |                 |                        |                        |                        |                        |
| <b>Excluding<br/>DCITS</b> | 2,935,956       | 2,446,449       | 20%                    | 40,961                 | 8,528                  | 380%                   |
| <b>DCITS</b>               | 4,078,387       | 4,230,866       | -4%                    | (30,153)               | 31,827                 | -195%                  |

\* represents profit or loss attributable to equity holders of the parent



## II. Data as the Foundation: Achieving Significant Breakthroughs in Big Data Business



DC Holdings offers a comprehensive suite of products and solutions for big data and A.I., including full-stack services for underlying computing infrastructure, one-stop end-to-end supply chain operation services, industry-specific DaaS (Data as a Service) and MaaS (Model as a Service) products, as well as A.I.-driven intelligent application products and solutions tailored to various industries.

In the first half of 2024, the Group's big data business experienced robust growth. Revenue from big data products and solutions reached RMB 1.277 billion, marking a year-on-year increase of 17% and a 4-year cumulative annual growth rate (CAGR) of 26%. Gross profit was RMB 315 million, reflecting a year-on-year decrease of 18% and a 4-year CAGR of 9%. This decline was primarily due to reduced demand from clients of DCITS and its ongoing increase in investments within various business sectors. Excluding DCITS, the revenue from big data products and solutions would show a year-on-year increase of 31% and a 4-year CAGR of 51%, while gross profit would increase by 11% year-on-year, with a 4-year CAGR of 40%.

Fueled by the robust and rapid growth of the big data business, the Group's overall business structure has been further optimized. Over the past four years, the revenue share from big data products and solutions has increased from 9% to 18%, while the gross profit share has risen from 18% to 33%. Additionally, the Group's project pipeline remains strong, with signed but undelivered contracts totaling RMB 2.424 billion in the first half of 2024, representing a year-on-year increase of 15%. This solid foundation supports the long-term, stable, and substantial growth of the big data business.

DC Holdings continues to enhance its innovative "City CTO + Corporate CSO" model, utilizing its extensive government resources to accelerate expansion into industry and enterprise sectors. This approach has been effectively validated by customers and quickly replicated and promoted.

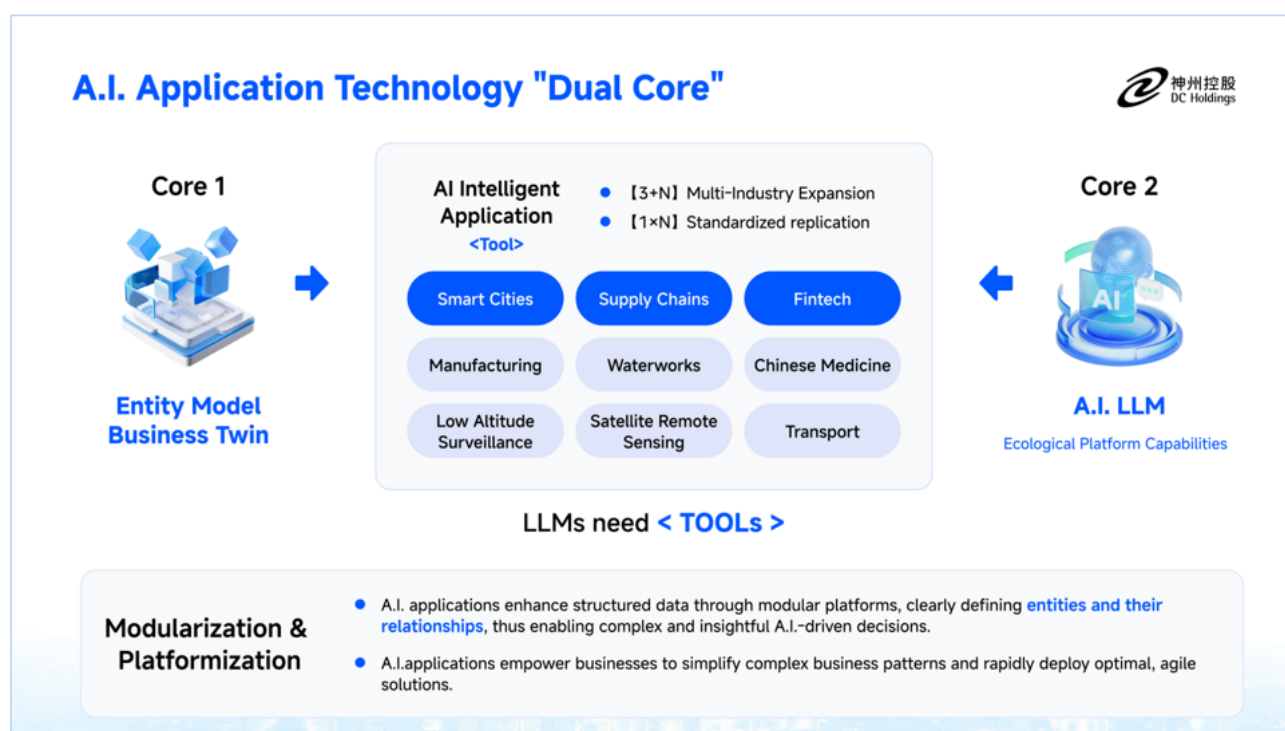
During the Reporting Period, DC Holdings deepened its engagement in urban areas, successfully securing bids for projects such as the Changchun New District A.I. Infrastructure (Smart Computing Center) project, Phase II of the Changchun Computing Center "A.I. + Industry Model" Software and Service project, and the Jilin Province Smart Water project. The Company will continue to iterate various vertical industry software models on its self-developed "Smart Computing Center Integrated Industrial Brain" platform to empower multiple industries. By participating in the comprehensive digital transformation of cities, DC Holdings has established a city data resource operating system. This system can unlock the value of data resources, promoting the integrated application of digital technology in urban governance, industrial, and supply chain scenarios.

Leveraging urban digitalization as an entry point, DC Holdings employs big data and A.I. technologies to delineate the core industrial ecosystems of cities. **This approach facilitates the digital transformation of leading enterprises, enabling a strategic shift from early construction-oriented revenues to a model driven by operational income.**

**In serving enterprise customers,** DC Holdings prioritizes market demand, focusing on addressing customers’ digital transformation challenges in end-to-end supply chain operations. **We have successfully signed and implemented big data product and solution orders for several blue-chip customers across the technology, consumer, and manufacturing industries.** For instance, in collaboration with Geehy Microelectronics, a leading domestic chip company, we deployed our proprietary Data Hub to establish a data governance system. This initiative resulted in a unified platform with an organizational structure, streamlined processes, and standardized data protocols, creating an efficient pathway for the customer’s data governance. The project has been successfully delivered and fully recognized by the customer. We will continue to iterate modular and platform-based products and solutions, leveraging A.I. to simplify complex business logic for automated decision-making, thereby driving our customers’ digital transformation.

In 2024, the National Data Bureau is prioritizing system construction as its focus. It will successively introduce eight institutional documents covering data property rights, data circulation, revenue distribution, security governance, development and utilization of public and enterprise data, high-quality development of the digital economy, and guidelines for data infrastructure construction. With the release of the “Data Element ×” Three-Year Action Plan (2024-2026) and the implementation of data resource inventory accounting, **the market business model for data elements is set for significant industrial development.** DC Holdings is seizing this opportunity, leveraging our expertise in data governance and application.

### III. Technology as our Core: Securing a Market Advantage with A.I. Applications



**In the realm of technology development, DC Holdings is dedicated to standardized products and solutions, driven by a “dual-core” approach: knowledge graph-based digital twins and A.I. large language model-based ecological platform capabilities. This empowers enterprises to rapidly develop A.I.-driven intelligent applications, facilitating the modularity and platformization of products and solutions.** Our objective is to leverage A.I. and industry expertise to help enterprises dynamically analyze and refine business processes in complex and evolving market environments. This approach enhances operational efficiency, reduces costs, fosters business innovation, and strengthens core competitiveness.

We integrate this dual-core technology into our big data products and solutions, focusing on key scenarios such as smart cities, supply chains, and fintech. By continuously enhancing autonomous decision-making capabilities in A.I.-driven intelligent applications, **we enable rapid development through low-code or codeless solutions for business personnel and architects. Additionally, we promote the “3+N” strategy for expanding into multiple industries and the “1×N” standardized replication on the client side.**

**Using the supply chain application as an example**, DC Holdings has been deeply involved in supply chain operations for over two decades. We manage a storage and transportation network that spans 297 cities and 3,229 districts and counties worldwide, offering end-to-end, comprehensive supply chain operation services. We have developed a complete suite of digital-native supply chain products, including supply chain execution systems, visualization big data platforms, and intelligent decision-making platforms. Currently, DC Holdings is focusing on the digital supply chain, pioneering a “supply chain tower” solution with big data and A.I. at its core.



With the rapid advancement of A.I., corporate demand has shifted **from building isolated data platforms to achieving deep integration with business functions, resulting in comprehensive data intelligence solutions.** Our **Supply Chain Control Tower** integrates various data sources, including ERP, SCM, WMS and CRM systems, and captures data from daily operational equipment. It offers end-to-end production management with data insights, analysis, and intelligent decision-making through a visual interface.

Our Data Hub product enables real-time aggregation and integration of critical supply chain data, including design, orders, inventory, logistics, manufacturing, and after-sales service. It analyzes and forecasts evolving operational challenges within the supply chain, presenting optimal solutions. This helps manufacturing enterprises increase business agility, resolve data silo issues, and achieve intelligent data analysis and decision support.

Our Supply Chain Control Tower solution for manufacturing enterprises employs the "PFEP" (Plan For Every Part) management tool. This solution **provides end-to-end supply chain data governance capabilities that encompass every stage, from research and development, design, production, storage and distribution, to sales and customer service.** It helps enterprises enhance supply chain transparency, efficiency, and response speed.

PFEP, recognized as a best practice in supply chain management, is extensively applied in the manufacturing sector, particularly for complex products such as electronics, vehicles, aerospace equipment, and large machinery. Manufacturers dealing with rapid product innovation cycles, intricate designs, and a vast array of

material BOMs (Bill of Materials) require a highly responsive and precise supply chain. However, the common practice of recording PFEP data in Excel spreadsheets for internal collaboration can easily introduce errors at the data source. Therefore, it is imperative for companies to establish a data management system to standardize supply chain process data.

In response to the challenges and vast opportunities of digital transformation in the manufacturing industry, DC Holdings remains customer-centric and demand-driven. Our Supply Chain Control Tower's resource scheduling, warehousing, and internal and external transportation processes have been successfully implemented at a blue-chip enterprise in food manufacturing. This implementation has enabled customers to achieve 100% business digital platformization, 100% data traceability, 88% improvement in supply chain operational processes, with 59% of the optimized process nodes showing significant performance improvements. Additionally, during the Reporting Period, we have continued to advance digital supply chain solutions in collaboration with several leading smart manufacturing clients. We have provided comprehensive engagement in **R&D, design, production, sales, and customer service, facilitating the rapid deployment and implementation of end-to-end digital supply chain control tower solutions.**

Looking ahead, DC Holdings will accelerate the implementation of the "Corporate CSO" business model, focusing on core scenarios within the digital supply chain. We will maintain close collaboration with logistics and transportation network partners. By leveraging the Supply Chain Control Tower, we aim to support more enterprise clients in end-to-end supply chain operations. Furthermore, we will continuously refine A.I. applications, evolving from visual analysis to decision support and ultimately to fully autonomous intelligent decision-making. This progression will accelerate the replication and promotion of our comprehensive end-to-end supply chain control tower solutions among our clients.

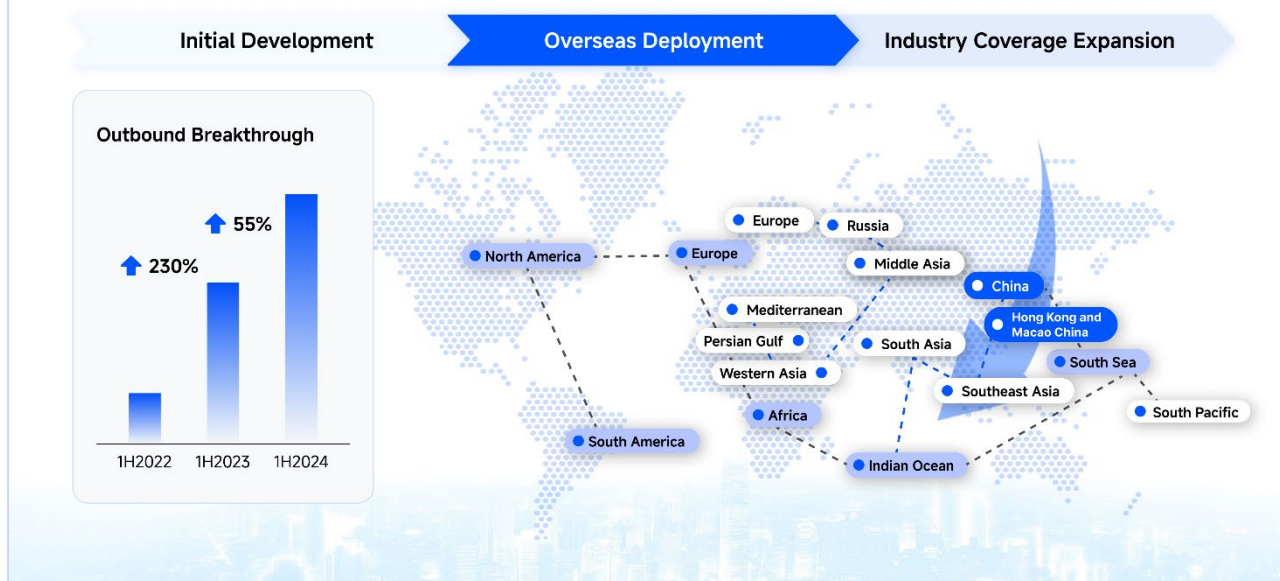
DC Holdings continues to enhance its investment in the research and development of "Big Data + A.I." products and solutions through collaborations with academic institutions and research organizations. During the Reporting Period, **R&D expenses amounted to RMB 320 million, placing us at the forefront of the industry.** As of 30 June 2024, **the Group has pioneered or collaborated in the formulation of 161 national and industry standards.** Of these, 84 standards have been officially published, while 77 are currently in the research phase. Additionally, we have accumulated **a total of 2,835 intellectual property rights, including software copyrights and patents.**

Our technological innovation and practical exploration in the fields of artificial intelligence and data elements have been highly recognized by the market. During the Reporting Period, we received several prestigious awards, including 1st place in the "2024 Top 50 Big Data Solutions", 2nd place in the "2024 A.I.+ Excellent Service Provider TOP100 Data Elements", 2nd place in the "New Quality Productivity Benchmark New Generation of Information Technology", 3rd place for "Most Innovative A.I. Product", 3rd place in the "2024 Data Middle Platform TOP50", and 8th place in the "2024 Top 100 Digital Transformation Driving Enterprises". Additionally, we were honored with the "2023 Public Data Operation Solution" award and recognized in the "2024 National 'A.I.+' Action Innovation Case 100". These accolades were jointly presented by the Information Research Center of the Chinese Academy of Social Sciences, Internet Weekly, and Deben Consulting.

#### **IV. Unlocking a Second Growth Engine through International Business Expansion**

Driven by the acceleration of overseas capacity and technology deployment by Chinese enterprises, DC Holdings has achieved significant results in cross-border overseas business. During the Reporting Period, **the Group's overseas revenue reached RMB 465 million, representing a year-on-year increase of 55%. The proportion of overseas revenue has steadily risen, from just 1% in the first half of 2022 to 7% in the first half of 2024, paving the way for the Group's second growth phase.**

## Global Supply Chain: Second Growth Engine



As a Hong Kong-listed company, DC Holdings enjoys a distinct advantage in expanding its presence within the local market. Leveraging two decades of experience in driving digital transformation for mainland China’s governments, the Group has actively engaged in technology research and development initiatives across various HKSAR Government departments. The Group successfully delivered Phase 1 of the HKSAR Government’s Large Language Model Super Computing Center project in collaboration with NVIDIA. Notably, DC Holdings has emerged as a pivotal partner in shaping the landscape of big data utilization for government services in Hong Kong.

Additionally, in the first half of 2024, DC Holdings secured the bid for the Marine Meteorological Forecasting Project at the Macau University of Science and Technology. This project will provide scientific support for Macau’s marine science, environmental conservation, disaster prevention, and maritime traffic management, with the potential to empower other coastal cities with similar needs. The successful bid marks the preliminary establishment of our strategic footprint in the Guangdong-Hong Kong-Macao Greater Bay Area. **It underscores the forward-looking implementation of the “City CTO” model in the region, showcasing both its technological capability and potential for replication within the Greater Bay Area.**

Under China’s ambitious “Belt and Road” initiative, DC Holdings has forged strategic alliances with prominent Chinese enterprises such as Huawei, Honor, ZTE, and BYD to expand our global presence. We offer **comprehensive end-to-end supply chain services, including international and domestic transportation, warehousing, import and export facilitation, cross-border e-commerce, and live streaming solutions.** During the Reporting Period, the Group successfully **secured supply chain overseas business tenders from BYD in Thailand and Vietnam**, providing BYD with integrated supply chain services for overseas raw materials and accessories. Having collaborated with BYD domestically for several decades, this successful bid has now established a global partnership with BYD for end-to-end supply chain operations and intelligent digital services.

Moving forward, DC Holdings is dedicated to developing a one-stop cross-border service platform based on the “Corporate CSO” model. We will provide comprehensive end-to-end supply chain solutions for enterprises expanding internationally. By leveraging cutting-edge A.I. technology, we aim to offer decision support and intelligent decision-making in global supply chain management. This will enable our clients to enhance operational efficiency, reduce costs, and foster business innovation.

**The year 2024 marks a new chapter in DC Holdings’ strategic overseas expansion.** Our international growth is guided by a well-defined strategic vision rather than being haphazard. Leveraging a robust network of high-level partnerships cultivated over years of global engagement, we adopt “localization” as our approach,

“mutual benefit” as our foundational principle, and **“leading domestic ecosystem and merging with international”** as our core strategy. We are proactively planning and extending our value chain. In the first half of this year, we engaged actively with major local enterprises in Southeast Asia, exploring collaborative opportunities in supply chain management, digital trade, and digital transformation initiatives. We aim to penetrate the local market through core scenarios and will continue to empower local customers with the latest cutting-edge A.I. technologies. Furthermore, DC Holdings is exploring inorganic growth strategies, including capital operations, to strengthen our strategic roadmap through the vertical integration of the industry chain.

As the wave of global intelligent transformation surges, DC Holdings is strategically positioned for substantial growth with its “Big Data + A.I.” approach. We aim to leverage our pioneering technologies to expand our presence in the realms of data elements and industry-specific intelligent applications. By embracing the A.I. revolution, we are committed to nurturing the domestic market while accelerating our international expansion.

#### **V. Update on the Settlement Plans Regarding Certain Wealth Management Products Purchased by the Group (the "WMP")**

As of 30 June 2024, the net book value of the WMP was approximately RMB 681million. The Group has obtained the right to proactively dispose of the ultimate underlying assets involved in the WMP and has formulated disposal plans and specific action plans in relation thereto. The Group pushed forward with the disposal of the real estate residential project (the net book value was approximately RMB 84 million), one of the ultimate underlying assets involved in the WMP, in accordance with the action plans. The court has issued a ruling to finalize the restructure plan and the Group is currently planning for marketing activities through multiple channels.

The remaining ultimate underlying assets of the WMP involved a market and a commercial complex (the net book value was approximately RMB 597 million). The market section is operating stably. The commercial complex is now divesting into a new corporate entity in accordance with the final restructure plan approved by the court. The Group is expected to obtain a controlling interest in the new corporate entity such that the Group can facilitate the disposal of the relevant underlying assets and is currently discussing the details of the asset divestiture with asset managers.

The Group will continue to push forward the implementation of the action plans and the Company will make further announcement as and when appropriate in the event of any material development on the action plans.

#### **Capital Expenditure, Liquidity and Financial Resources**

The Group mainly finances its operations with internally-generated cash flows, bank borrowings and banking facilities.

The Group had total assets of approximately RMB 21,911 million as at 30 June 2024 which were financed by total liabilities of approximately RMB 11,788 million, non-controlling interests of approximately RMB 3,923 million and equity attributable to equity holders of the parent of approximately RMB 6,200 million. The Group’s current ratio as at 30 June 2024 was 1.50 as compared to 1.50 as at 31 December 2023.

During the six months ended 30 June 2024, capital expenditure of approximately RMB 90 million was incurred mainly for the additions of property, plant and equipment and other intangible assets.

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB 1,907 million, of which approximately RMB 1,840 million were denominated in Renminbi.

The Group’s foreign currency exposures mainly arise from net monetary assets in currencies other than the functional currencies of approximately RMB 62,677,000 as at 30 June 2024. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange should the need arise.

The gearing ratio, being aggregate borrowings of the Group as a ratio of equity attributable to equity holders of the parent was 0.67 at 30 June 2024 as compared to 0.52 at 31 December 2023. The computation of the said ratio was based on the total interest-bearing bank and other borrowings of approximately RMB 4,123 million (31 December 2023: approximately RMB 3,283 million) and equity attributable to equity holders of the parent of approximately RMB 6,200 million (31 December 2023: approximately RMB 6,295 million).

As at 30 June 2024, the interest-bearing bank and other borrowings of the Group were shown as follows:

|   | <i>RMB '000</i>         |
|---|-------------------------|
| <b>Current</b>                              |                         |
| Interest-bearing bank borrowings, unsecured | 1,669,932               |
| Interest-bearing bank borrowings, secured   | 568,326                 |
| Other borrowings                            | 71,479                  |
|   | <u>2,309,737</u>        |
| <b>Non-current</b>                          |                         |
| Interest-bearing bank borrowings, secured   | <u>1,813,260</u>        |
| <b>Total</b>                                | <u><u>4,122,997</u></u> |

Certain of the Group's bank borrowings of:

1. Approximately RMB 1,676 million extended by financial institutions to certain subsidiaries of the Group were secured by mortgages over the Group's buildings, investment properties and land use rights with an aggregate carrying amount of approximately RMB 3,436 million as at 30 June 2024; and
2. Approximately RMB 600 million extended by financial institutions to certain subsidiaries of the Group were secured by pledge of 150,590,250 issued shares of DCITS, directly held by a wholly-owned subsidiary of the Company, with an aggregate fair value of approximately RMB 1,404 million as at 30 June 2024.

Included in the Group's current and non-current bank borrowings of approximately RMB 128 million and RMB 1,813 million respectively are long-term loans repayable between 2024 and 2037. As at 30 June 2024, approximately RMB 2,131 million and RMB 1,992 million of the Group's bank borrowing were charged at fixed interest rates and floating interest rates, respectively.

The total available bank credit facilities for the Group as at 30 June 2024 amounted to approximately RMB 14,561 million, of which approximately RMB 2,008 million were in long-term loan facilities and approximately RMB 12,553 million were in trade lines, short-term loans and cash advance. As at 30 June 2024, the total amount drawn down by the Group was approximately RMB 1,947 million in long-term loan facilities and approximately RMB 3,512 million in trade lines, short-term loans and cash advance.

Under the normal course of business, the Group has issued performance bonds to some customers for potential claims of non-performance in order to satisfy the specific requirements of these customers. As no material claims had been made by the customers under such performance bonds in the past, the management considers that the possibility of realisation of any actual material liabilities arising from such performance bonds is remote.

## **Contingent Liabilities**

Patent Infringement Lawsuit Against Digital China Jinxin (Beijing) Technology Co., Ltd.

In March 2016, Shenzhen Yihua Computer Co., Ltd. (hereinafter referred to as "Yihua") initiated legal proceedings against Oki Electric Industry (Shenzhen) Co., Ltd. (hereinafter referred to as "OKI") and Digital China Jinxin (Beijing) Technology Co., Ltd. (hereinafter referred to as "DC Jinxin") in a patent infringement

dispute. Yihua alleged that the defendants had violated its proprietary rights by infringing upon five utility patents. The patent numbers involved in the five cases are ZL201420112570.5, ZL201210385756.3, ZL201420060123.X, ZL200910108145.2, and ZL201420020564.7. Pursuant to the alleged infringements, Yihua sought judicial relief, demanding that OKI desist from the manufacturing, marketing, and promising sales of the products in question, while DC Jinxin was enjoined from selling and promising the sale of such products. Additionally, Yihua claimed monetary compensation for economic losses and reasonable expenses incurred in the protection of its rights, totaling RMB 7 million from both OKI and DC Jinxin.

In January 2019, the Shenzhen Intermediate People's Court of Guangdong Province issued the first-instance judgment for the five cases, ordering OKI to desist from the production and sale of the infringing products and compensate RMB 4.4 million. The judgement also ordered DC Jinxin to halt the sales and not to promise sales of such products and to compensate Yihua RMB 1 million. The judgment dismissed all other claims advanced by Yi Hua.

OKI and DC Jinxin filed an appeal against the first-instance judgment. In December 2020, the Supreme People's Court rendered a civil ruling, which held that the five cases had failed to scrutinize the "OEM Supply Agreement" between OKI and Yi Hua. The Supreme People's Court determined that the initial factual findings were unclear and affected the infringement assessment. Consequently, it vacated the first-instance judgment and ordered a retrial. Yihua withdrew the litigations in November 2023.

However, in December 2023, Yihua filed a legal action with the Shenzhen Intermediate People's Court against OKI and DC Jinxin again, alleging infringement of its five previously identified invention patents. Yihua sought an injunction requiring OKI to desist from the production and sale of the infringing products and DC Jinxin to halt the sales and not to promise sales of such products. Additionally, Yihua demanded compensation from OKI and DC Jinxin for economic losses and reasonable expenses associated with efforts to mitigate the infringement, totaling RMB 275.3 million. As at 30 June 2024, only notifications of filing had been received while no court session had been scheduled. Based on the advice from the legal advisor, it is less likely for DC Jinxin to fail in defending these cases.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2024.

## Commitments

At 30 June 2024, the Group had the following commitments:

|  | <i>RMB'000</i> |
|--|----------------|
| Contracted, but not provided for, in the consolidated financial statements:                        |                |
| Land and buildings   | 3,360          |
| Capital contributions payable to joint ventures  | 68,250         |
| Capital contributions payable to associates  | 9,510          |
| Capital contributions payable to financial assets at fair value through other comprehensive income | 429            |
|  | <u>81,549</u>  |

## Significant Investments, Material acquisitions or disposals of subsidiaries, associates and joint ventures

There was no significant investment and material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

## Events After the Reporting Period

There has been no significant event of the Group after the Reporting Period and up to the date of this announcement.



## Human Resources and Remuneration Policy

As at 30 June 2024, the Group had 17,307 (30 June 2023: 16,033) full-time employees. The majority of these employees work in the PRC. The Group offers remuneration packages in line with industry practice. Employees' remuneration includes basic salaries and bonuses. The Group has recorded an increase by 14.73% in staff costs of approximately RMB 1,744 million for the six months ended 30 June 2024 as compared to approximately RMB 1,520 million for the corresponding period of the last financial year. In order to attract and retain a high caliber of capable and motivated workforce, the Company offers share-based incentive schemes to staff based on the individual performance and the achievements of the Company's targets. The Group is committed to providing its staff with various in-house and external training and development programs.

The remuneration of the directors and senior management are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each director and senior management member as well as their individual performance.

## Update on the use of proceeds from the Rights Issue

In September 2017, the Company completed a rights issue (the "Rights Issue") and raised funds of approximately RMB 1,149 million. The table below set out the use of net proceeds (the "Net Proceeds") from the Rights Issue:

| Intended use of the net proceeds from the Rights Issue   | Net proceeds<br>RMB 'million | Utilised amount as at 1 January 2024<br>RMB 'million | Actual application during the six months ended 30 June 2024<br>RMB 'million | Un-utilised amount as at 30 June 2024<br>RMB 'million | Expected to be utilised by 30 June 2025<br>RMB 'million |
|--|------------------------------|--|---|---|---|
| (i) Financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified (Note) | 664                          | (454)  | -   | 210   | 210   |
| (ii) Repayment of debt and interest expenses   |                              |  |   |   |   |
| (a) Repayment of principal and interest expenses to Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司) due in October 2017   | 160                          | (160)  | -   | -   | -   |
| (b) Repayment of principal and interest expenses to Western Securities Co., Ltd. (西部證券股份有限公司) due in October 2017  | 250                          | (250)  | -   | -   | -   |
| (iii) General working capital purposes   | 75                           | (75)   | -   | -   | -   |
| <b>Total</b>   | <b>1,149</b>                 | <b>(939)</b>   | <b>-</b>  | <b>210</b>  | <b>210</b>  |

Note: As at the date of this announcement, the Healthcare Big Data Investment is still at its preliminary discussion stage and no legally binding agreement has been entered into by the Group.

The Company does not have any intention to change the purposes of the Net Proceeds as set out in the rights issue prospectus dated 23 August 2017, and will gradually utilise the un-utilised amount of the Net Proceeds in accordance with the intended purpose mentioned above. As at 30 June 2024, an aggregate of approximately RMB 939 million of the Net Proceeds has been utilised.

As at 30 June 2024, the un-utilised Net Proceeds from the Rights Issue amounted to approximately RMB 210 million. During the Reporting Period, due to the slow economic recovery following the COVID-19 pandemic, the investment atmosphere was relatively sluggish, and the management of the Company became more cautious in investing in mergers and acquisitions. Therefore, the un-utilised Net Proceeds had not been utilised in full as at 30 June 2024. As it will take time for the socioeconomic activities to resume and investor confidence to restore, it is expected that the un-utilised Net Proceeds would not be fully utilised by 31 December 2024. All of such un-utilised Net Proceeds will be utilised for financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified. It is expected that the un-utilised Net Proceeds will be fully utilised by 30 June 2025.

For further details of the Rights Issue, please refer to the announcements dated 21 July 2017, 24 August 2017 and 15 September 2017, the rights issue prospectus dated 23 August 2017 and the annual report for the year ended 31 December 2017 and 31 December 2018 and 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 of the Company.

## REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) currently comprises three independent non-executive Directors, namely Mr. CHAN Wai Hong, Michael (who is the Chairman of the Audit Committee), Mr. KING William and Dr. LI Jing. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 and discussed with the senior management of the Company on their respective findings, the accounting treatment, principles and practices adopted by the Group, legal and regulatory compliance, as well as other auditing, internal control, risk management and financial reporting matters. The Audit Committee did not have any disagreement on the accounting treatment adopted by the Group in its unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024.

## CORPORATE GOVERNANCE

### Compliance with the Listing Rules

Following the retirements of each of Mr. WONG Man Chung, Francis, Miss NI Hong (Hope) and Mr. CHEN Timothy Yung-cheng as independent non-executive Directors of the Company upon the conclusion of the annual general meeting of the Company (the “**AGM**”) held on 27 June 2024:

- (i) the Board did not have at least three independent non-executive Directors as required under Rule 3.10(1) of the Listing Rules;
- (ii) the Board did not have at least one independent non-executive Director having appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules;
- (iii) the Audit Committee was not chaired by an independent non-executive Director and was not comprising a minimum of three members and out of which at least one independent non-executive Director had appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules;
- (iv) the nomination committee of the Board (the “**Nomination Committee**”) was not comprising a majority of independent non-executive Directors as required under Rule 3.27A of the Listing Rules; and

- (v) the remuneration committee of the Board (the “**Remuneration Committee**”) and Nomination Committee did not consist of not less than three members as required by the terms of reference of each of the committees adopted as required under Rule 3.26 of and Paragraph B.3.1 of Appendix C1 to the Listing Rules.

On 19 August 2024, (i) Dr. GUO Song (郭嵩) was appointed as an independent non-executive Director of the Company; (ii) Mr. CHAN Wai Hong, Michael (陳惠康), who possesses appropriate professional qualifications or accounting or related financial management expertise, has been appointed as an independent non-executive Director and chairman of the Audit Committee; (iii) Dr. LI Jing (李靜) has been appointed as an independent non-executive Director and a member of the Audit Committee; (iv) Dr. LIU Yun, John and Mr. KING William, independent non-executive Directors, have been appointed as members of the Nomination Committee; and (v) Mr. LIN Yang, an executive Director, has been appointed as a member of Remuneration Committee.

Following the above appointments, the Company has complied with Rules 3.10(1), 3.10(2), 3.21, 3.27A of the Listing Rules, and the terms of reference of each of the Remuneration Committee and Nomination Committee adopted as required under Rule 3.26 and Paragraph B.3.1 of Appendix C1 to the Listing Rules. For further details regarding the above appointments, please refer to the announcement of the Company dated 19 August 2024.

#### Compliance with the Corporate Governance Code

The Company has complied with the code provisions (the “**Code Provision(s)**”) contained in Part 2 of Appendix C1 set out in the “Corporate Governance Code” to the Listing Rules throughout the six months ended 30 June 2024 (the “**Reporting Period**”), except the following deviations from certain Code Provisions with considered reasons as given below:

***Code Provision C.2.1** stipulates that 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.*

Mr. GUO Wei, the Chairman of the board of directors of the Company (the “**Board**”) has been taking up the dual role as Chairman of the Board and Chief Executive Officer of the Company since 8 June 2018. Mr. GUO Wei has extensive experience in business strategic development and management and is responsible for overseeing the whole business, strategic development and management of the Group. The Board believes that the dual role of Mr. GUO Wei will enable the consistency between the setting up and the implementation of the business strategy and benefit the Group and the Shareholders as a whole.

***Code Provision B.2.2** stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.*

Under the amended and restated bye-laws of the Company adopted on 28 June 2023, at each annual general meeting one-third of the directors of the Company (“**Directors**”) for the time being or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office, save that the Chairman of the Board and the Managing Director shall not, whilst holding such office, be subject to retirement by rotation. Therefore, Mr. GUO Wei, the Chairman of the Board, shall not be subject to retirement by rotation. Given the existing number of Directors, not less than one-third of the Directors are subject to retirement by rotation at each annual general meeting, by which each Director (other than the Chairman of the Board) will retire by rotation once every three years at the minimum.

***Code Provision C.3.3** stipulates that directors should clearly understand delegation arrangements in place. Listed company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.*

The Company has not entered into any written letter of appointment with any of its non-executive Directors or independent non-executive Directors and their terms of office are not subject to a fixed term of service. However, the Board recognises that (i) the relevant Directors have already been subject to the laws and regulations applicable to directors of a company listed on the Stock Exchange, including the Listing Rules as

well as the fiduciary duties to act in the best interests of the Company and its Shareholders; (ii) all of them are well established in their professions and/or currently hold or have held directorships in other listed companies; and (iii) the current arrangement has been adopted by the Company for years and has proved to be effective. Therefore, the Board considers that the relevant Directors are able to carry out their duties in a responsible and effective manner under the current arrangement.

**Code provision C.1.6** stipulates that, among other things, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

During the six months ended 30 June 2024, Miss NI Hong (Hope) and Mr. CHEN Timothy Yung-cheng were unable to attend AGM due to other business or personal affairs.

The Board is aware of this non-compliance and will continue to bring the importance of attending annual general meetings to the attention of the non-executive Directors.

### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” contained in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct for Directors’ securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the Reporting Period.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the six months ended 30 June 2024.

By Order of the Board  
**Digital China Holdings Limited**  
(神州數碼控股有限公司\*)  
**GUO Wei**  
*Chairman and Chief Executive Officer*

Hong Kong, 30 August 2024

*At the publication of this announcement, the Board comprises nine Directors, namely:*

*Executive Directors: Mr. GUO Wei (Chairman and Chief Executive Officer) and Mr. LIN Yang (Vice Chairman)*

*Non-executive Directors: Ms. CONG Shan and Mr. LIU Jun Qiang*

*Independent Non-executive Directors: Dr. LIU Yun, John, Mr. KING William, Dr. GUO Song, Mr. CHAN Wai Hong, Michael and Dr. LI Jing*

*Website: [www.dcholdings.com](http://www.dcholdings.com)*

*\* For identification purpose only*