

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 together with the comparative figures for the corresponding period of the last financial year as follows.

### FINANCIAL HIGHLIGHTS

	<b>2022</b>	2021	<i>Year-on-year</i>
	<b>RMB'000</b>	RMB'000	<i>change</i>
		<i>(Restated)</i>	
Revenue	<b>17,749,982</b>	17,104,557	3.77%
Of which: Big Data Products and Solutions			
Segment Revenue	<b>2,438,536</b>	1,937,068	25.89%
Segment Gross Profit	<b>954,540</b>	692,914	37.76%
Segment Gross Profit Margin	<b>39.14%</b>	35.77%	3.37%
Dividend Payout Ratio (%)	<b>31.80%</b>	34.85%	-3.05%

The Board recommends the payment of a final dividend of HK4.5 cents per ordinary share for the year ended 31 December 2022 to the Shareholders, subject to the approval of the Shareholders in the forthcoming annual general meeting. This together with the interim dividend of HK2.3 cents (paid during the year 2022) per ordinary share gives a total of HK6.8 cents per ordinary share for the year ended 31 December 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
Revenue	4	17,749,982	17,104,557
Cost of sales and services		<u>(14,809,815)</u>	<u>(13,969,118)</u>
Gross profit		2,940,167	3,135,439
Other income and gains	4	358,020	403,123
Net gain on disposal of equity interests in associates	5	7,490	24,354
Selling and distribution expenses		(1,080,081)	(1,057,350)
Administrative expenses		(393,253)	(485,712)
Other expenses, net	5	(1,126,738)	(859,876)
Finance costs		(121,311)	(119,698)
Share of losses of associates and joint ventures	5	<u>(83,483)</u>	<u>(88,199)</u>
<b>Profit before tax</b>	5	<b>500,811</b>	952,081
Income tax expense	6	<u>(34,315)</u>	<u>(139,065)</u>
<b>Profit for the year</b>		<b><u>466,496</u></b>	<b><u>813,016</u></b>
Attributable to:			
Equity holders of the parent		310,370	592,364
Non-controlling interests		<u>156,126</u>	<u>220,652</u>
		<b><u>466,496</u></b>	<b><u>813,016</u></b>
<b>Earnings per share attributable to equity holders of the parent (expressed in RMB per share)</b>	8		
Basic		<u>0.2060</u>	<u>0.3862</u>
Diluted		<u>0.2038</u>	<u>0.3847</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Profit for the year	466,496	813,016
<b>Other comprehensive (expense) income</b>		
<i>Other comprehensive income (expense) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising on translation of financial statements of foreign operations	(15,647)	1,239
Share of other comprehensive income of associates	<u>16,403</u>	<u>412</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	756	1,651
<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	(122,463)	(52,408)
Gain on property revaluation	-	241,705
Income tax effect	<u>27,166</u>	<u>(48,480)</u>
Net other comprehensive (expense) income that will not be reclassified to profit or loss in subsequent periods	<u>(95,297)</u>	<u>140,817</u>
<b>Other comprehensive (expense) income for the year, net of tax</b>	<u>(94,541)</u>	<u>142,468</u>
<b>Total comprehensive income for the year</b>	<b><u>371,955</u></b>	<b><u>955,484</u></b>
Attributable to:		
Equity holders of the parent	223,202	740,678
Non-controlling interests	<u>148,753</u>	<u>214,806</u>
	<b><u>371,955</u></b>	<b><u>955,484</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2022**

	Notes	As at 31 December 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i> <i>(Restated)</i>	As at 1 January 2021 <i>RMB'000</i> <i>(Restated)</i>
<b>Non-current assets</b>				
Property, plant and equipment		723,192	762,054	843,748
Right-of-use assets		173,395	234,353	171,542
Investment properties		4,975,169	4,822,350	4,332,798
Goodwill		1,586,840	1,586,840	1,586,840
Other intangible assets		197,782	190,674	165,398
Interests in joint ventures		63,166	74,924	62,310
Interests in associates		1,436,580	1,498,029	2,054,342
Financial assets at fair value through other comprehensive income		780,328	963,672	603,698
Finance lease receivables		-	-	666
Accounts receivables	9	121,074	114,120	110,304
Other receivables		847,365	847,365	747,067
Deferred tax assets		251,399	210,261	190,339
		<u>11,156,290</u>	<u>11,304,642</u>	<u>10,869,052</u>
<b>Current assets</b>				
Inventories		1,183,260	2,122,952	2,209,494
Completed properties held for sale		568,614	572,548	587,146
Accounts and bills receivables	9	3,743,787	3,187,661	3,069,488
Prepayments, deposits and other receivables		1,652,637	1,098,278	1,132,434
Contract assets		3,112,288	2,873,339	2,032,814
Financial assets at fair value through profit or loss		742,595	886,579	948,620
Finance lease receivables		31,405	38,236	44,924
Restricted bank balances		54,879	72,019	192,938
Cash and cash equivalents		2,522,006	2,295,103	2,600,318
		<u>13,611,471</u>	<u>13,146,715</u>	<u>12,818,176</u>
<b>Current liabilities</b>				
Accounts and bills payables	10	3,490,296	3,601,632	3,059,901
Other payables and accruals		1,695,319	1,796,563	2,127,783
Lease liabilities		68,404	91,125	70,330
Contract liabilities		2,116,469	1,923,681	2,034,919
Tax payables		74,295	84,634	101,602
Interest-bearing bank and other borrowings		1,832,046	1,505,483	1,755,659
		<u>9,276,829</u>	<u>9,003,118</u>	<u>9,150,194</u>
<b>Net current assets</b>		<u>4,334,642</u>	<u>4,143,597</u>	<u>3,667,982</u>
<b>Total assets less current liabilities</b>		<u>15,490,932</u>	<u>15,448,239</u>	<u>14,537,034</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**AT 31 DECEMBER 2022**

	As at 31 December 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i> <i>(Restated)</i>	As at 1 January 2021 <i>RMB'000</i> <i>(Restated)</i>
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings	1,783,612	1,775,971	1,944,962
Deferred tax liabilities	526,696	537,949	393,741
Deferred income	28,341	18,706	21,880
Lease liabilities	53,657	87,213	42,721
Other financial liability	786,155	744,155	495,385
	<u>3,178,461</u>	<u>3,163,994</u>	<u>2,898,689</u>
<b>Net assets</b>	<u><b>12,312,471</b></u>	<u><b>12,284,245</b></u>	<u><b>11,638,345</b></u>
<b>Capital and reserves</b>			
Share capital	163,826	163,820	163,734
Reserves	8,198,092	8,219,665	7,803,149
Equity attributable to equity holders of the parent	8,361,918	8,383,485	7,966,883
Non-controlling interests	3,950,553	3,900,760	3,671,462
<b>Total equity</b>	<u><b>12,312,471</b></u>	<u><b>12,284,245</b></u>	<u><b>11,638,345</b></u>

## NOTES:

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS(s)”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values, at the end of each reporting period.

The consolidated financial statements were presented in Hong Kong dollars (“HKD”) in prior years. Other than the Group’s subsidiaries operated in the People’s Republic of China (the “PRC”) whose functional currencies are Renminbi (“RMB”), the functional currencies of the Company and other subsidiaries are HKD. Starting from the year ended 31 December 2022, the Group changed its presentation currency for the preparation of its consolidated financial statements from HKD to Renminbi (“RMB”). The directors of the Company considered that (i) most of the Group’s transactions are denominated and settled in RMB; and (ii) the change in the presentation currency could also reduce the impact of any exchange rate fluctuations between HKD and RMB on the consolidated financial statements of the Group caused by factors beyond the control of the Group. This enables shareholders and potential investors of the Company to have a clearer understanding of the Group’s financial performance and therefore the directors of the Company considers that it is more appropriate to adopt RMB as the presentation currency for the consolidated financial statements of the Group.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2022.

<i>Amendments to HKFRS 16</i>	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
<i>Amendments to HKFRS 3</i>	<i>Reference to Conceptual Framework</i>
<i>Amendments to HKAS 16</i>	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
<i>Amendments to HKAS 37</i>	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Amendment to HKFRSs</i>	<i>Annual improvement to HKFRSs 2018 – 2020</i>

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

### 3. 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.

Segment 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 spatial-temporal big data and artificial intelligence capabilities categorized in three product suites (Data Fabric, Data Hub, Digital Twin) as well as data solutions for core use cases namely city digital transformation, supply chain digital transformation 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, operation 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 solutions business.
- (c) **The Traditional and Localization Services business segment:** provides localization services via systems 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 profit before tax. The segment results are measured consistently with the Group’s 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 CODM for the purposes of resource allocation and measurement of 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 and reportable segments for the years ended 31 December 2022 and 2021:

	Big Data Products and Solutions		Software and Operating Services		Traditional and Localization Services		Eliminations		Total	
	<u>2022</u> RMB'000	<u>2021</u> RMB'000 (Restated)	<u>2022</u> RMB'000	<u>2021</u> RMB'000 (Restated)	<u>2022</u> RMB'000	<u>2021</u> RMB'000 (Restated)	<u>2022</u> RMB'000	<u>2021</u> RMB'000 (Restated)	<u>2022</u> RMB'000	<u>2021</u> RMB'000 (Restated)
<b>Segment revenue:</b>										
External	2,438,536	1,937,068	5,545,843	5,439,234	9,765,603	9,728,255	-	-	17,749,982	17,104,557
Inter-segment	48,351	133,137	88,913	91,349	36,947	88,121	(174,211)	(312,607)	-	-
	<b>2,486,887</b>	<b>2,070,205</b>	<b>5,634,756</b>	<b>5,530,583</b>	<b>9,802,550</b>	<b>9,816,376</b>	<b>(174,211)</b>	<b>(312,607)</b>	<b>17,749,982</b>	<b>17,104,557</b>
<b>Segment gross profit</b>	<b>954,540</b>	<b>692,914</b>	<b>814,060</b>	<b>1,113,083</b>	<b>1,171,567</b>	<b>1,329,442</b>			<b>2,940,167</b>	<b>3,135,439</b>
<b>Segment results</b>	<b>32,809</b>	<b>(64,398)</b>	<b>358,708</b>	<b>567,438</b>	<b>521,487</b>	<b>891,983</b>			<b>913,004</b>	<b>1,395,023</b>
<u>Unallocated</u>										
Interest income									8,125	6,747
Income and gains									102,193	52,934
Unallocated expenses									(401,200)	(382,925)
Profit from operating activities									622,122	1,071,779
Finance costs									(121,311)	(119,698)
Profit before tax									<b>500,811</b>	<b>952,081</b>



#### 4. 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 year.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
<u>Revenue from contracts with customers within the scope of HKFRS 15</u>		
<b>Disaggregated by major products or service lines</b>		
Sales of software products business	174,764	306,836
Software development and technical service business	5,540,698	4,878,652
Supply chain operation and maintenance business	2,574,374	2,286,014
Systems integration business	6,360,494	6,060,029
E-commerce supply chain business	2,535,910	2,951,964
Others	199,500	263,488
	<hr/>	<hr/>
Total revenue from contract with customers	17,385,740	16,746,983
<b>Revenue from other sources</b>		
Rental income from investment properties under operating lease	339,908	334,984
Financial services business	24,334	22,590
	<hr/>	<hr/>
Total revenue from other sources	364,242	357,574
	<hr/>	<hr/>
Total revenue	<b>17,749,982</b>	<b>17,104,557</b>
	<hr/>	<hr/>

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

Disaggregated of revenue by timing of recognition:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
Timing of revenue recognition		
At a point in time	9,270,668	9,582,317
Over time	8,115,072	7,164,666
	<hr/>	<hr/>
	<b>17,385,740</b>	<b>16,746,983</b>
	<hr/>	<hr/>

(ii) *Other income and gains*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
<b><i>Other income</i></b>		
Government grants	103,578	97,448
Interest on bank deposits	8,125	6,747
Income from wealth management financial products	31,478	34,750
Dividend income from financial assets at fair value through other comprehensive income	72	1,109
Dividend income from financial assets at fair value through profit or loss	510	598
Compensation	40,231	-
Others	21,207	31,852
	<u>205,201</u>	<u>172,504</u>
<b><i>Gains</i></b>		
Fair value gains on investment properties	152,819	221,552
Gain on disposal of financial assets at fair value through profit or loss	-	9,067
	<u>152,819</u>	<u>230,619</u>
Total other income and gains	<u><u>358,020</u></u>	<u><u>403,123</u></u>

## 5. PROFIT BEFORE TAX

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

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i> <i>(Restated)</i>
Gain on deemed partial disposal of equity interests associates	<b>(3,292)</b>	(6,015)
Gain on deemed disposal of equity interest in an associate	-	(7,845)
Gain on partial disposal of equity interests in an associate	<b>(4,198)</b>	(10,494)
	<b>(7,490)</b>	(24,354)
Share of losses of associates	<b>71,638</b>	85,819
Share of losses of joint ventures	<b>11,845</b>	2,380
	<b>83,483</b>	88,199
Amount of inventories recognised as an expense	<b>8,358,422</b>	8,378,275
Depreciation of property, plant and equipment	<b>68,523</b>	103,549
Depreciation of right-of-use assets	<b>109,814</b>	112,344
(Gain) loss on disposal of property, plant and equipment	<b>(1,086)</b>	2,072
Interest on discounted bills	<b>17,834</b>	18,380
Interest on bank loans and other loans	<b>53,786</b>	52,198
Interest on lease liabilities	<b>7,691</b>	10,350
Interest on other financial liability	<b>42,000</b>	38,770
Research and development cost	<b>665,110</b>	634,917
Amortisation of other intangible assets	<b>56,332</b>	46,624
Write-down of inventories	<b>49,698</b>	13,684
Impairment of accounts and bills receivables and other receivables and contract assets	<b>129,279</b>	109,383
Reversal of impairment of finance lease receivables	<b>(579)</b>	(265)
Fair value loss on financial assets at fair value through profit or loss	<b>142,643</b>	26,219
Net exchange loss	<b>34,693</b>	8,847
Others	<b>49,562</b>	20,467
Other expenses, net	<b>1,126,738</b>	859,876

## 6. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
Current – People’s Republic of China (“PRC”)		
Enterprise income tax (“EIT”)		
Charge for the year	59,392	64,091
Overprovision in prior years	(182)	(568)
Land appreciation tax (“LAT”)	172	621
	<u>59,382</u>	<u>64,144</u>
Current – Hong Kong		
Charge for the year	20	-
Under provision in prior years	-	34
	<u>20</u>	<u>34</u>
Deferred tax	<u>(25,087)</u>	<u>74,887</u>
Total tax charge for the year	<u><b>34,315</b></u>	<u><b>139,065</b></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 RMB2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above RMB2 million will be taxed at 16.5%. For the year ended 31 December 2022 and 2021, 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 credit attributable to joint ventures of approximately RMB1,422,000 (2021: RMB255,000) and the share of tax charge attributable to associates of approximately RMB9,639,000 (2021: RMB12,923,000) are included in “Share of losses of associates and joint ventures” in the consolidated statement of profit or loss.

## 7. DIVIDENDS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
Dividends paid during the year:		
2020 Final dividends (HK10 cents per ordinary share)	-	127,353
2021 Interim dividends (HK2 cents per ordinary share)	-	25,121
2021 Final dividends (HK13 cents per ordinary share)	<b>167,002</b>	-
2022 Interim dividends (HK2.3 cents per ordinary share)	<b>32,237</b>	-
	<b>199,239</b>	<b>152,474</b>

Subsequent to the end of the reporting period, the Board recommends the payment of a final dividend of HK4.5 cents per ordinary share for the year ended 31 December 2022 to the shareholders of the Company (“**Shareholders**”). Subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (“**2023 AGM**”), the proposed final dividend is expected to be paid on or about 19 July 2023. The final dividend proposed after the reporting period has not been recognised as liabilities in the consolidated financial statements.

## 8. EARNINGS PER SHARE

The calculations of the basic earnings per share is based on the profit for the year 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 (“**RSA Scheme**”) of 1,506,786,693 (2021: 1,533,843,722) during the year.

The calculation of the diluted earnings per share is based on the profit for the year 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 year 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
<u>Earnings</u>		
Profit for the year attributable to equity holders of the parent, used in the basic earnings per share calculation	<b>310,370</b>	592,364
Effect of dilutive potential ordinary shares of a subsidiary	<b>(1,963)</b>	(93)
Earnings for the purpose of diluted earnings per share	<b>308,407</b>	592,271
	Number of shares	
	2022	2021
<u>Shares</u>		
Weighted average number of shares in issue less shares held under the RSA Scheme during the year, used in the basic earnings per share calculation	<b>1,506,786,693</b>	1,533,843,722
Effect of dilution potential ordinary shares: Share-based incentive schemes	<b>6,216,761</b>	5,750,867
Weighted average number of shares during the year used in the diluted earnings per share calculation	<b>1,513,003,454</b>	1,539,594,589

## 9. ACCOUNTS AND BILLS RECEIVABLES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
<u>Receivables at amortised cost comprise:</u>		
Accounts and bills receivables	4,574,653	3,968,036
Less: loss allowance	<u>(709,792)</u>	<u>(666,255)</u>
Total	<b><u>3,864,861</u></b>	<b><u>3,301,781</u></b>

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 loss allowance of accounts and bills receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
Within 30 days	2,090,733	1,706,232
31 to 60 days	196,663	199,891
61 to 90 days	80,762	54,665
91 to 180 days	579,322	327,285
181 to 360 days	328,216	332,107
Over 360 days	<u>589,165</u>	<u>681,601</u>
	<b><u>3,864,861</u></b>	<b><u>3,301,781</u></b>

## 10. 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.

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> <i>(Restated)</i>
Within 30 days	1,541,516	2,041,870
31 to 60 days	106,654	425,297
61 to 90 days	69,054	55,340
Over 90 days	<u>1,773,072</u>	<u>1,079,125</u>
	<b><u>3,490,296</u></b>	<b><u>3,601,632</u></b>

The average credit period for the 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

Throughout 2022, DC Holdings continued to embrace its mission of creating a "digital China" and drove the execution of its big data strategy. By staying close to market developments, the Group was able to further develop its capabilities in both spatial-temporal big data and AI technologies. Also, it pioneered an innovative research and development model that integrates elements of the industry, academia, research, as well as technology application. As an essential part of the global digital economy, data is rapidly integrating into all aspects of production, distribution, circulation, consumption, and social service management, changing the mode of production, lifestyle, and social governance. Accelerating the construction of a data resource system can inject strong innovation incentives into digitalization and play a vital role in promoting the structure of digital government, boosting the development of the digital economy, and accelerating the pace of developing a digital society. By utilizing the core industry drivers of city digital transformation, supply chain digital transformation as well as fintech, the Group has been able to offer a full range of big data products and solutions catered for our government and enterprise clients, thereby driving the high quality, and rapid growth of our core big data business.

### 1. Operation Overview

#### I. Steady Business Growth amid Multiple Headwinds and Challenges

2022 saw complex and severe global economic and political issues, creating multiple challenges and unexpected negative impact or results. Combined with the ongoing pandemic, client business activities, including business expansion initiatives, tenders, and project delivery speeds, saw a substantial slowdown. The management team actively took measures to respond to such headwinds to ensure that the Group's overall operations remained stable and achieved core business growth and structure optimization. During the reporting period, the Group's total revenue was RMB17.750 billion, representing an increase of 4% year-on-year; revenue from big data products and solutions was RMB2.439 billion, representing a year-on-year increase of 26%. In addition, the Group has signed contracts worth RMB6.558 billion, representing a year-on-year increase of 5%. Despite a challenging year, the Group remained resilient and recorded a profit before tax of RMB501 million, and profit attributable to equity holders of the parent of RMB310 million.

#### II. Technology Capabilities Well Recognised by the Market

The Group's technological innovation exploration in the field of the digital economy has been highly recognised by the industry. According to an annual list jointly released by the Chinese Academy of Sciences "Internet Weekly," Deben Consulting Limited, and eNET Research Institute and Consulting Ltd, for 2022, the Group ranked No.1 in the Top 50 digital twin solution providers in 2022, Top 100 of future banking technology service providers, and Top 100 New Technology providers. The Group also came No.2 within the Top 100 Digital Economy service providers list, No. 4 within the information technology sector of the Top 100 Technology Companies in China, and No. 6 in the Top 150 big data service providers. According to a 2022 report released by the China Center for Information Industry Development Research Institute within the Ministry of Industry and Information Technology and International Data Corporation, the Group maintains its leading position among the top three in China's banking IT solutions market, ranking first for its core business solutions, channel management solutions, and open banking solutions. At the same time, the Group also gained honorifics recognition such as the 2022 Digital Economy Leading Enterprises, 2022 Big Data Enterprise Golden i Award, 2022-2023 China Digital New Infrastructure Annual Excellent Practice Case, 2022 China Software and Information Service Industry Big Data Outstanding Enterprise, 2022 China Smart City Leading Big Data Solution Provider, 2022 China Software and Information Service Industry Top 10 Leading Company, Top 100 Competitive Enterprises in Software and Information Technology Services in 2022, Corporate Social Responsibility Award in Software and Information Services Industry in 2022, Best IR Hong Kong Stock Company for the 5th "New Fortune" rankings, and many other credentials and awards.

#### III. Pioneering Standards in the Digital Economy

Equipped with rich industry experience and successful cases over two decades, DC Holdings has deep insight and expertise in digital transformation and continues to pioneer relevant new national, industry, and enterprise standards. Within 2022, DC Holdings led and participated in preparing 64 national standards that have been

approved and issued. Of these, 47 criteria are under the research of big data, digital twins, smart cities, intelligent parks, smart logistics, AI, and fintech. In addition, the Group was awarded the title of “Leader” within the first batch of national enterprise standards in intelligent logistics and fintech. It was further invited to participate in the formulation of new national standards. The Group’s leading position and influence within the big data industry are evident. With its cutting-edge proprietary technology, industry expertise, and innovative practices, DC Holdings continues to lead and empower the acceleration of digital transformation within China.

## **2. Business Analysis**

During the reporting period, the Group's primary business includes three segments, namely Big Data Products and Solutions, Software and Operating Services, and Traditional and Localization Services:

### **I. Laser-focused on executing our big data strategy; big data revenue increased by 26% year-on-year, and gross profit increased by 38% year-on-year.**

Underpinned by guidance regarding China’s digitalization initiatives from the CCCP and the State Council, the Group accelerated the execution of its core business strategy to achieve high-quality and rapid growth of its big data business. During the reporting period, the revenue of big data products and solutions was RMB2.439 billion, a year-on-year increase of 26%; the gross profit was RMB955 million, a year-on-year increase of 38%; and further product standardization, drove gross profit margins to 39% (of which, specific product gross margins reached 90% during the reporting period, 7% higher than prior period). The management team believes that the Group's continuous investment and effort over the previous years have ushered in a new phase where the big data products and solutions have achieved profitability, and shall continue to invest heavily in its big data business. The relevant research and development expenses during the reporting period were RMB457 million, representing a year-on-year increase of 11%. Excluding such research and development expenses, the Big Data Products and Solutions segment would record a net profit of RMB489 million, representing a year-on-year increase of 40%. As the Group continues to invest heavily in this business, a solid foundation to scale the business further can be established. The Group's big data product and solution business includes:

#### **a) Products focus on covering the entire life cycle of data.**

The Group’s products focus on spatial-temporal big data and artificial intelligence technology. We assist our clients in extracting value across the entire life cycle of data through data collection, aggregation, cleansing, circulation, governance, analytics, and modeling, as well as data security. In 2022, the Group further refined its product offering across the three main product families: Data Fabric, Data Hub, and Digital Twin. Utilizing the original flagship product Yan Cloud Data-as-a-Service and the Group’s proprietary City Information Model (“CIM”) system, new products focus on enhancing capabilities such as utilizing a Knowledge Map, a functional Low-Code Visual, as well as an IoT Management Platform. The standardized product suite allows a flexible modularized approach for the Group’s clients depending on specific needs, and standardization means project deployment and use case replication can be executed quickly. We understand our clients have unique requirements, to allow for flexibility our product suite is modular by nature; and underpinned by our standardized project deployment practice for quick execution.

During the reporting period, our products were used by the government, enterprises, and financial institutions, including the big data operating system of the National Federation of Industry and Commerce data center platform of Jining City and Weihai City in Shandong Province. We were also involved in the data docking support platform of the Suzhou Wujiang Government Affairs Office in Jiangsu Province. More notably, the city information model (CIM) for the government of Changchun Jingyue District was awarded "Top Ten Outstanding Cases of Digital Economy in 2022" for its innovation and practicality. The CIM could crystalize the connection and aggregation of digital infrastructure and data resources from the bottom layer of urban data via CIM+ applications and, through the collection and assortment of such data, allows the user to produce data-driven insights to improve the quality of public services.

#### **b) Solutions provide data intelligence solutions within our core industry verticals for digital transformation, namely cities, supply chains, and fintech.**



With deep expertise in digital transformation accumulated over two decades, the Group has created a rich, comprehensive, and practical solution matrix designed to solve our customers' pain points.

Within cities, DC Holdings utilised its deep know-how of the public sector to promote the digital transformation of water affairs and conservancy, transportation, education, environmental protection, agriculture, taxation, and other public services. The Group cooperated with provincial governments to improve digital governance and service within counties and cities. During the reporting period, the Group successively undertook a series of significant projects, including the Beijing Haidian District Government Cloud Service, Shanghai Yangpu District Data and Management Network, Guangzhou Smart Housing Rental Service, Jilin Changchun City Brain and Water Works, Hebei Tangshan Smart City, Weihai City Operation Management and Citizen Service, and a range of other vital projects such as the Longyan City Science and Technology, Smart Education, and Smart Dual Carbon projects covered a variety of critical public functions such as city operation management, citizen services, and governance in Longyan City. The Group and the Ministry of Agriculture and Rural Affairs have jointly completed the research and development of ministerial and county-level agricultural and rural big data products and further completed the framework construction of the farming big data platform in Zibo City. The Group also successfully signed the "Golden Tax Phase IV" project for the public data support service of the State Administration of Taxation, providing a solid foundation for the further realisation of value from data elements. In addition, the Group also developed a smart elderly care project in Nankai District. The "Internet + elderly care" model integrates resources from various sources such as the government, community service stations, and elderly care institutions and realises all-round intelligent supervision coupled with thorough data analysis. This project won the "2022 annual IDC Asia-Pacific Smart City (China) Award" which reflects the industry's recognition of the Group's technology and innovative practices.

We possess over two decades of practical experience in the supply chain industry and a rare B2B and B2C integration capability. We have in-house proprietary order management systems (OMS), financial accounting systems (BMS), warehouse management systems (WMS), transportation management systems (TMS), and also other supply chain end-to-end management systems. These systems support the daily supply chain operations and gather various types of data from upstream to downstream of the supply chain. After cleansing and processing a substantial amount of data, the data enters the KingKoo Data big data system. Once in the system, the data is combined with a set of supply chain algorithms developed by the Group. The system intelligently generates sales forecasts, inventory allocation, and replenishment, and other requirements according to our clients' different use cases and conditions. Additional requirements include customer analysis, transportation monitoring, route optimization, cost analysis, and labor management. During high usage periods such as the "618" festival and "Double 11" festival every year, the Group has successfully helped IT, communications, FMCG, beauty, clothing, and other industries through insights generated by KingKoo thereby customers can improve their decision-making process via data analysis, optimizing the overall cost and efficiency of their supply chain operation.

In the fintech sector, the Group obtains data to provide its customers with solutions and services that cover the process of credit demand to credit servicing. Using the data on a cleansed, no-names basis, the Group can also conduct data analytics and assist its clients in exploring new data-driven paths for development. During the reporting period, our financial institution business unit signed contracts with financial customers such as Postal Savings Bank, China Development Bank, Bank of Beijing, Bohai Bank, China CITIC Bank, Bank of Nanjing, Bank of Shanghai, etc., to help customers establish an enterprise-grade data operation platform and regulatory solution services. As a governing participant of the Digital RMB Industry Alliance, the Group's digital RMB solutions have been implemented in 29 financial institutions, including China Construction Bank, Bank of Beijing, Huaxia Bank, and Bank of Tianjin, to drive infrastructure construction. In addition, in conjunction with the Beijing Dongcheng District Taxation Bureau and the Industrial and Commercial Bank of China, the Group launched the first tax payment digital renminbi pilot in Beijing. It cooperated with ICBC Hainan Branch to launch the first domestic prepaid consumption platform based on the digital renminbi. In terms of SME financing, the Group focused on essential products such as credit and financial risk control to create integrated financial and credit services, successfully winning bids and signing contracts with Bank of Ningbo, China Resources Bank, CITIC Bank, Yealink Bank, Suning Bank, Xinwang Bank, Zhongbang Bank, Fumin Bank, and 17 other customers.

## **II. Continued to optimize the business structure; big data revenue represented 14% of total revenue, and big data gross profit represented 32% of total gross profit.**

Since the deployment of the Group's big data strategy in 2018, the Group's technological capabilities have been continuously enhanced, gradually forming a business with big data products and solutions at its core, software and operating services as the various use cases, and traditional and localization services as the channel. During the reporting period, revenue from big data products and solutions represented RMB2.439 billion, accounting for 14% (11% in the same period last year) of total revenue; revenue from software and operating services was RMB5.546 billion, accounting for 31% of total revenue; and revenue from traditional and localization services was RMB9.766 billion, representing 55% of total revenue. In terms of gross profit, big data products, and solutions recorded RMB955 million, accounting for 32% (22% in the same period last year); software and operating services was RMB814 million, accounting for 28%; traditional and localization services was RMB1.172 billion, accounting for 40% of total gross profit.

The big data product and solution business represents the Group's strategic direction and growth trajectory. The growth of this business relies in part on the profound know-how of the government sector as well as enterprise customer resources. Combining the two, the Group has curated a unique competitive edge refined over two decades. The software and operating service business is critical to the Group's big data strategy. It provides a broader product and service offering suite to allow more customers to be on-boarded as clients. These clients are perfect upsell candidates for our big data products once we gained familiarity of their unique needs. These needs are converted into new requirements further drive the development of our big data products and grow our big data business thereby creating a virtuous cycle. Traditional and localization service business is a critical channel to announce our big data strategy. Our robust installed base is our key asset to whom we can cross sell our industry leading big data products and solutions.

## **III. Tapping into the vast localization trend to create a robust customer base for further cross-sell opportunities.**

As a leading big data technology enterprise, the Group actively participates in the construction of national digital infrastructure and accelerates the process of industrial digitalization. In information technology applications, the Group combines years of consulting and planning, product adaptation, product development, product integration, operation, maintenance service, and ecosystem integration capabilities to offer government and enterprise customers a one-stop solution for localization. We possess a full-stack service capability for localization, such as consulting and planning, application adaptation and transformation, and operation and maintenance services.

In terms of customer expansion, the Group has provided more than 180 industry customers with planning and design services for local architecture, local solutions, local cloud, and distributed infrastructure. During the reporting period, the Group signed contracts with many leading financial institutions such as the Bank of China, Industrial and Commercial Bank of China, Postal Savings Bank of China, Bank of Communications, China Development Bank, Huaxia Bank, Bank of Beijing, Bank of Shanghai, Taikang Insurance and Galaxy Securities. In addition, large state-owned enterprises have also seen traction with names such as PetroChina and Shanghai Pharmaceuticals have achieved breakthroughs. The consulting services cover energy, government, manufacturing, parks, healthcare, education, radio, television, and other industries. In terms of ecosystem construction, over 20 mainstream domestic databases have been completed. Huawei, Tencent, Phytium, Zhaoxin, Alibaba, and others all form core components of our partner ecosystem. This way, we can offer full-stack localized software and hardware solutions that meet specific client requirements for local business systems with high performance, high stability, and high-reliability characteristics. In the future, the Group will further strengthen its localization offering, expand its market share of the localization business, and use it as an essential channel for cross-selling big data products and solutions.

### **3. Core Competitiveness Analysis**

**I. By utilizing an independent and innovative research and development model of integrating industry, academia, research, and technology application, the Group has created a solid technical moat for its business.**

The Group continues to improve its research and development capability, and during the reporting period, the development and application of artificial intelligence and “Knowledge Map” technologies were accelerated. New products were launched, such as an urban knowledge map platform, a low-code visual platform, and an IoT management platform. The total number of registered intellectual property rights owned by the Group reached 2,598, representing a year-on-year increase of 16%.

Other research initiatives included establishing the Future City Research Institute, Shangdi Big Data Research Institute, and New Power Digital Finance Research Institute to drive research and academia. The Group also launched the DC Innovation Ecosystem Incubation Fund to provide capital means for business incubation. It held two consecutive "Hackathons" for campuses with students participating from universities across the world, including Carnegie Mellon, Imperial College, New York University, Tsinghua University, Hong Kong University of Science and Technology, and other top domestic universities. Furthermore, the Group has established a joint laboratory with the University of Science and Technology of China to drive industry-university-research cooperation. With sophisticated research capabilities, the Group possesses a complete closed-loop link of talent, technology, and capital to conduct business, strengthen its technical barrier, and build the core competitiveness.

## **II. An extensive customer base creates a solid foundation to further develop the big data business.**

The Group has focused on the government, finance, and supply chain industry for over two decades and has served more than ten central ministries and commissions, more than 300 cities, and more than one million industry customers, including many Fortune 500 multinational companies, well-known significant enterprises, and state-owned enterprises. We possess over 300 domestic and foreign top manufacturer resources upstream and over 30,000 channel partners downstream. Through such deep customer experience, the Group has accumulated best-in-class customer service capabilities and deep industry insight. It has improved its big data service capabilities in helping customers achieve digital transformation. Its clear technological edge and practical customer experience keep the Group in a leading position amongst its peers.

## **III. A strong management team with a clear track record and an entrepreneurial culture ensures the Group's sustainable development.**

In 2022, under the management team's leadership, who possess a global vision and rich industry experience, employees from the Group were empowered to overcome difficulties, resist the adverse effects of the macroeconomic environment together, and achieved a steady improvement in overall operations. The Group advocates a flat and efficient organizational culture, continuously hires and develops outstanding talents, constantly introduces industry experts and technical experts to aid Company initiatives, optimizes labor costs, improves management efficiency, and builds an elite team capable of bringing the Company forward. At the same time, the Group encouraged the spirit of a "second entrepreneurship" culture by creating virtualized organizations such as "Partners" and "DC Academy," allowing for cross-business unit pollination and exchange fgrowth of the big data business.

## **4. Market and business outlook**

### **I. A clear path for digitalization initiatives in China, with the value of data playing a critical role.**

The "Overall Layout Plan for the Digitalization of China" issued by the CCCP and the State Council puts forward the overall framework and construction goals for digitalization. The "Plan" stated that by 2025, an integrated and coordinated development pattern would be established. Significant progress will be made in the pursuit of digitalization. By 2035, the level of digital development in China will be the most advanced globally, and notable achievements will be made through this process. The systematic approach to digital construction is scientific and complete and shall strongly support the comprehensive structure of a modern socialist country. According to the "Global Digital Economy White Paper (2022)" issued by the China Academy of ICT, the value added to the digital economy in 47 major countries will reach 38.1 trillion US dollars in 2021. Among them, the scale of China's digital economy reached 7.1 trillion US dollars, accounting for more than 18% of the total of 47 countries, second only to the United States and ranking second globally. As an essential part of the global digital economy, data is rapidly integrating into all aspects of production, distribution, circulation, consumption, and social service management, changing the mode of production, lifestyle, and social

governance. Accelerating the construction of a data resource system can inject strong innovation incentives into digitalization and play a vital role in promoting the structure of digital government, boosting the development of the digital economy, and accelerating the pace of developing a digital society. According to the data of the National Industry and Information Security Development Research Center, the market size of China's data industry is RMB81.5 billion in 2021, and it is expected to reach approximately RMB174.9 billion by 2025, with a CAGR of 26.26% between 2020 to 2025. China's substantial data resources and booming data industry will significantly develop the digital economy in the next few years, representing an unparalleled opportunity for DC Holdings to accelerate its big data strategy.

## **II. Focused on developing core capabilities.**

In light of such opportunities, the Group will continue to accelerate its big data technology strategy, strengthen core competitiveness based on spatial-temporal big data and artificial intelligence technology, build a complete R&D and product system, continuously enrich the matrix of data products and solutions, and continue to become a big data technology enterprise.

To accelerate the deployment of big data products and solutions, the Group will create an innovative "city CTO" and "enterprise CSO" dual cycle development model and continue to empower the digital development of cities and enterprises through digitalization. Regarding business development, the Group adheres to the "deep customer cultivation" strategy and "ecosystem aggregation," leveraging the value of its broad offering suite to deepen existing customer relationships and actively expand to new customers. The Group will continue to improve service quality and increase customer stickiness. At the same time, the Group shall also actively expand its ecosystem and integrate upstream and downstream resources. The core technology advantage of the Group will drive the healthy development of the entire industrial ecosystem, allowing the Group to become a platform enterprise that empowers various digitalization initiatives. With epidemic measures now relaxed, the Group will also pay attention to both domestic and overseas markets, accelerate overseas deployment, focus on the northern metropolis of Hong Kong China, and continue to empower the digital transformation of enterprises and overseas governments in Southeast Asia, Eastern Europe, Africa, and other countries and regions, striving to create more value for shareholders and society.

## **5. Update on the settlement plans regarding certain wealth management products purchased by the Group (the "WMP").**

As of 31 December 2022, the outstanding unpaid principal of the WMP was approximately RMB1,632 million. The Group has obtained the right to proactively dispose of the ultimate underlying assets involved in the WMP and has set up disposal plans and specific action plans. The Group pushed forward with the disposal of the real estate residential project (the amount of the principal and interest involved is approximately RMB193 million) in accordance with the action plans and is currently pending the court to issue the completion of such asset restructuring procedure. Following the completion of the transfer of the operation and management rights of the project, the Group will be able to recover the outstanding amount from the sale proceeds. Based on the value of the assets of the project, it is expected that the proceeds can fully cover the Group's claims in the project.

The remaining ultimate underlying assets of the WMP, which involve investments in a market and a commercial complex, amounts to approximately RMB1,439 million. During the Reporting Period, the court has confirmed that the Group has priority over approximately RMB413 million of its claims, which provided legal basis for accelerating the realisation of such assets. Certain supporting facilities in the properties have been upgraded with a view to improving the asset value in preparation for subsequent sale. At the same time, the Group had been actively negotiating the sale with interested parties. The Group is also actively preparing for the recovery of the remaining assets with an aim to obtain favorable arrangement in subsequent proceedings.

Based on its judgment of the recoverable amount of the relevant ultimate underlying assets of the WMP and understanding of the progress of disposal of assets, the Company's management is of the view that the corresponding amount of the WMP as set out in the financial statements of the Group as of 31 December 2022 is reasonable and appropriate. The Group will continue to pursue execution according to the action plans. The Company will make a 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 RMB24,768 million at 31 December 2022 which were financed by total liabilities of approximately RMB12,455 million, non-controlling interests of approximately RMB3,951 million and equity attributable to equity holders of the parent of approximately RMB8,362 million. The Group's current ratio at 31 December 2022 was 1.47 as compared to 1.46 at 31 December 2021.

During the year ended 31 December 2022, capital expenditure of approximately RMB94 million was mainly incurred for the additions of properties, plant and equipment and other intangible assets.

As at 31 December 2022, the Group had cash and bank balances of approximately RMB2,522 million, of which about approximately RMB2,433 million were denominated in Renminbi.

The aggregate borrowings of the Group as a ratio of equity attributable to equity holders of the parent was 0.43 at 31 December 2022 as compared to 0.39 at 31 December 2021. The computation of the said ratio was based on the total interest-bearing bank and other borrowings of approximately RMB3,616 million (31 December 2021: approximately RMB3,281 million) and equity attributable to equity holders of the parent of approximately RMB8,362 million (31 December 2021: approximately RMB8,383 million).

At 31 December 2022, the denomination of the interest-bearing bank and other borrowings of the Group was shown as follows:

	<b>Denominated in US dollars <i>RMB'000</i></b>	<b>Denominated in Hong Kong dollars <i>RMB'000</i></b>	<b>Denominated in Renminbi <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>Current</b>				
Interest-bearing bank borrowings, unsecured	-	204,515	611,650	816,165
Interest-bearing bank borrowings, secured	53,953	58,340	860,088	972,381
Other borrowings	-	-	43,500	43,500
	<u>53,953</u>	<u>262,855</u>	<u>1,515,238</u>	<u>1,832,046</u>
<b>Non-current</b>				
Interest-bearing bank borrowings, secured	-	31,562	1,752,050	1,783,612
Total	<u>53,953</u>	<u>294,417</u>	<u>3,267,288</u>	<u>3,615,658</u>

Certain of the Group's bank borrowings of:

1. Approximately RMB1,890 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 RMB4,072 million at 31 December 2022; and
2. Approximately RMB866 million extended by financial institutions to certain subsidiaries of the Group were secured by pledge of 194,770,000 issued shares of DCITS, a non-wholly-owned subsidiary of the Company, directly held by a wholly-owned subsidiary of the Company, with an aggregate carrying amount of approximately RMB2,098 million at 31 December 2022.

Included in the Group's current and non-current bank borrowings of approximately RMB196 million and RMB1,784 million respectively represented the long-term loans which are repayable from year 2023 to 2036. As at 31 December 2022, approximately RMB1,686 million and RMB1,930 million of the Group bank

borrowings were charged at fixed interest rate and floating interest rate respectively.

The total available bank credit facilities for the Group at 31 December 2022 amounted to approximately RMB12,167 million, of which approximately RMB2,007 million were in long-term loan facilities, approximately RMB5,715 million were in trade lines and approximately RMB4,445 million were in short-term and revolving money market facilities. At 31 December 2022, the facility drawn down from the Group was approximately RMB1,980 million in long-term loan facilities, approximately RMB1,584 million in trade lines and approximately RMB1,478 million in short-term and revolving money market facilities.

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**

As at 31 December 2022, the Group did not have material contingent liabilities.

### **Commitment**

At 31 December 2022, the Group had the following commitments:

	<i>RMB'000</i>
Contracted, but not provided for, in the consolidated financial statements:	
Capital contributions payable to joint ventures	21,580
Capital contributions payable to associates	20,472
Capital contributions payable to financial assets at fair value through other comprehensive income	429
	<hr/>
	42,481
	<hr/> <hr/>

### **Events After the Reporting Period**

No significant event occurred after the Reporting Period of the Company and up to the date of this announcement.

## Human Resources and Remuneration Policy

At 31 December 2022, the Group had 15,166 full-time employees (31 December 2021: 14,744). 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 7.75 % in staff costs to approximately RMB3,207 million for the year ended 31 December 2022 as compared to approximately RMB2,977 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 RMB1,149 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 RMB'million	Utilised amount as at 1 January 2022 RMB'million	Actual application for the year ended 31 December 2022 RMB'million	Un-utilised amount as at 31 December 2022 RMB'million	Expected to be utilised by 31 December 2023 RMB'million
(i) Financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified	664	(427)	-	237	237
(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>(912)</b>	<b>-</b>	<b>237</b>	<b>237</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 purposes mentioned above. As at 31 December 2022, an aggregate of RMB912 million has been utilised from the Net Proceeds.

As at 31 December 2022, the un-utilised Net Proceeds from the Rights Issue amounted to approximately RMB237 million. In 2022, due to the impact of the COVID-19 epidemic, 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 31 December 2022. Despite the fact that the COVID-19 epidemic is gradually subsiding, it will take time for the socioeconomic activities to resume. It is expected that the un-utilised Net Proceeds would not be fully utilised by 30 June 2023. 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 currently expected that the un-utilised Net Proceeds will be fully utilised by 31 December 2023.

For further details of the Rights Issue, please refer to the announcements of the Company dated 21 July 2017, 24 August 2017 and 15 September 2017, the rights issue prospectus dated 23 August 2017 and the annual reports of the Company for the year ended 31 December 2017, 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 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. WONG Man Chung, Francis (Chairman of the Audit Committee), Ms. NI Hong (Hope) and Mr. KING William. The Audit Committee has reviewed with the senior management and the auditors of the Company their respective audit findings, the half-yearly and annual financial results before recommending them to the Board for consideration and approval, the accounting principles and practices adopted by the Group, legal and regulatory compliance and discussed auditing, internal control, risk management and financial reporting matters including the review of the annual results of the Group for the year ended 31 December 2022.

## **SCOPE OF WORK OF INDEPENDENT AUDITORS**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this results announcement have been agreed by the Group’s auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited 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 assurance has been expressed by SHINEWING (HK) CPA Limited on this announcement.

## **DIVIDENDS**

The Board recommends the payment of a final dividend of HK4.5 cents per ordinary share (2021: HK13 cents per ordinary share) for the year ended 31 December 2022 to the Shareholders, totaling approximately HKD 75,312,000, based on the number of ordinary shares in issue as at the date of this announcement. Subject to the approval of the Shareholders at the 2023 AGM, the proposed final dividend is expected to be paid on or about Wednesday, 19 July 2023 to the shareholders whose names appear on the register of members of the Company at 4:30p.m. on Tuesday, 4 July 2023.

## **ANNUAL GENERAL MEETING**

The 2023 AGM will be held as a physical meeting on Wednesday, 28 June 2023. A notice convening the AGM will be published on the Company’s website and the Stock Exchange’s website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.



## CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2023 AGM, the transfer books and register of members of the Company will be closed from Thursday, 22 June 2023 to Wednesday, 28 June 2023, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and vote at the 2023 AGM, 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 no later than 4:30 p.m. on Wednesday, 21 June 2023.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "**Code Provision(s)**") set out in Part 2 of the "Corporate Governance Code" contained in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 December 2022 (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 has been taking up the dual role as Chairman 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 New Bye-Laws of the Company adopted on 11 June 2018 (the "**New Bye-Laws**"), at each annual general meeting one-third of the 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 or 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 of the Company, 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. 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.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” contained in Appendix 10 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 standard as set out in the Model Code throughout the year ended 31 December 2022.

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

During the year ended 31 December 2022, 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 throughout the year ended 31 December 2022.

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 March 2023

*As at the date 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: Mr. ZENG Shuigen and Ms. CONG Shan*

*Independent Non-executive Directors: Mr. WONG Man Chung, Francis, Miss NI Hong (Hope), Dr. LIU Yun, John, Mr. KING William and Mr. Timothy CHEN Yung-cheng*

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

*\* For identification purpose only*