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## **VOLUNTARY ANNOUNCEMENT**

### **BUSINESS UPDATE**

This announcement is made by Digital China Holdings Limited (神州數碼控股有限公司\*) (the “**Company**” together with its subsidiaries, the “**Group**”) on a voluntary basis to provide shareholders of the Company (the “**Shareholders**”) and potential investors with the latest business update of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to inform the Shareholders and potential investors that for the six months ended 30 June 2023 (the “**Period**”), the Group’s principal business remained strong, in particular, the profit generated therefrom is expected to record a double-digit percentage increase as compared to the same period in the prior year. This has been primarily driven by the strong performance of the Big Data and Solutions business segment, where a double-digit top line percentage growth is expected during the Period.

However, despite the robust business performance above, the Board would also like to draw the attention of the Shareholders and potential investors to the interim results announcement for the Period of HC Group Inc. (“**HC Group**”)(stock code: 02280), a company held as to 19.37% by the Group. HC Group recorded losses for the Period primarily due to (i) HC Group’s technology-driven new retail segment not achieving the expected results for the Period; and (ii) impairment loss of financial assets on HC Group’s micro-credit financing business made for the Period. The Group further holds 30% equity interest in a subsidiary of HC Group which operates the micro-credit financing business (the “**Micro-credit Financing Subsidiary**”). As a result of the losses incurred by HC Group and the Micro-credit Financing Subsidiary, the Group recorded an accounting share of losses of associates of approximately RMB 192 million during the Period (the “**Shared Losses**”).

While profits generated from the Group's principal business remain unaffected and the consolidated statement of profit or loss remains profitable after accounting for the Shared Losses, such share of losses of associates and joint ventures is expected to bring a negative impact to the consolidated statement of profit or loss of the Group for the Period.

Details of the Group's financial information for the Period will be disclosed in the interim results announcement to be published on 30 August 2023.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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, 28 August 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*