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PROFIT WARNING

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**”) pursuant to Rule 13.09(2) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company (“**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 would be in the range of approximately RMB 232 million to RMB 234 million, 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.

Based on the Board's preliminary review of the unaudited consolidated management accounts of the Group for the Period and other relevant information, it is expected that the profit attributable to equity holders of the Group for the Period would be in the range of approximately RMB 40 million to RMB 42 million.

The Company is still in the process of finalizing its interim results for the Period which shall be disclosed in the interim results announcement to be published on 30 August 2023.

Shareholders and potential investors of the Company 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, 29 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

**For identification purpose only*