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**ANNOUNCEMENT IN RELATION TO
THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF
DIGITAL CHINA INFORMATION SERVICE GROUP COMPANY LTD.*
FOR THE THREE MONTHS ENDED 31 MARCH 2024**

This announcement is made by Digital China Holdings Limited (神州數碼控股有限公司*) (the “**Company**”) pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby notifies that the unaudited consolidated financial results of 神州數碼信息服務集團股份有限公司 (Digital China Information Service Group Company Ltd.*) (formerly named 神州數碼信息服務股份有限公司 (Digital China Information Service Company Ltd.*)) (“**DCITS**” or the “**company**”) and its subsidiaries for the three months ended 31 March 2024 (the “**Results**”) has been released on 26 April 2024. DCITS is the Company’s 39.92% non-wholly-owned subsidiary, the shares of which are listed on The Shenzhen Stock Exchange.

The following is a summary of the Results together with the comparative figures of DCITS and its subsidiaries for the previous corresponding financial period:

Digital China Information Service Group Company Ltd. *
Summary of the unaudited consolidated financial results
For the three months ended 31 March 2024

Summary

During the reporting period, the company achieved operating revenues of RMB1.768 billion and net loss attributable to equity shareholders of the company of RMB56.46 million. The company’s losses were mainly due to reduced revenue and delayed payments of certain

projects, coupled with increased R&D spending in fintech. The company's unwavering focus on the fintech sector has yielded a revenue of RMB827 million. Of this, RMB708 million came from the sale of financial software services, representing a period-on-period increase of 19.80%. Additionally, the financial software services sector has signed contracts amounting to RMB714 million, representing a period-on-period increase of 8.87%. The pipeline is robust, where the financial software services sector has signed contract amounting to RMB2.164 billion which yet to be recognized, representing a period-on-period increase of 22.44%. These milestones establish a strong foundation for the company's ongoing commitment to its fintech strategy.

In the field of fintech products and solutions, the company has achieved significant milestones. The "Next Generation Cloud-Native Core Business System" has successfully completed compatibility and verification with multiple leading manufacturers, including Tencent, Alibaba, Huawei, and ZTE. It has been shortlisted for core application system construction projects in various banks across Shandong, Jiangsu, Zhejiang, Guangdong, and Tianjin. The company has also achieved initial breakthroughs in treasury solutions with the signing of a contract for the Treasury Cloud Platform project of China Zheshang Bank. The digital finance business has been instrumental in the digital transformation of several banks, securing consecutive bids for the corporate internet banking projects of Bank of Qinghai and Chiyu Bank. Additionally, the company has officially signed a cooperation agreement with Huawei and joined the HarmonyOS ecosystem, becoming one of the first certified development service providers for Huawei's HarmonyOS. This collaboration will pave the way for the launch of a 'HarmonyOS' version of the bank's full-channel financial solutions".

Unaudited consolidated financial results
For the three months ended 31 March 2024

	Three months ended 31 March 2024 (unaudited) RMB'000	Three months ended 31 March 2023 (unaudited) RMB'000
Revenue	1,768,358	1,962,259
Net (loss)/profit attributable to shareholders of the listed company	(56,457)	11,421
Basic (losses)/earnings per share (RMB/share)	(0.0585)	0.0118
Diluted (losses)/earnings per share (RMB/share)	(0.0585)	0.0118

Please refer to the full text of the Results attached to this announcement for details.

Shareholders and investors of the Company are reminded that the information above relates to the financial information of the Company's 39.92% non-wholly-owned subsidiary, DCITS, rather than that of the Company. The financial information in this announcement is based on preliminary financial data of DCITS, has not been audited nor reviewed by its auditors.

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, 26 April 2024

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: Ms. CONG Shan and Mr. LIU Jun Qiang

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

Website: www.dcholdings.com

**For identification purpose only*

Hereinbelow is a reproduction of the announcement made by DCITS pursuant to the relevant listing rules of The Shenzhen Stock Exchange. In case of any discrepancy, the Chinese version shall prevail.

(Note: Unless otherwise specified, the following currencies are in RMB.)

Securities code: 000555

Securities abbreviation: DCITS

Announcement no: 2024-035

Digital China Information Service Group Company Ltd.

2024 First Quarterly Report

The Company and the Board of Directors of the Company guarantee that the contents of this quarterly report disclosed are true, accurate, and complete without any false representations, misleading statements or material omissions.

Important information contained:

1. The Board of Directors, the Supervisory Committee, the Directors, the supervisors and the senior management of the Company warrant that the contents of this quarterly report are true, accurate and complete without any false representations, misleading statements or material omissions, of which they bear individual and joint legal liabilities.
2. The person-in-charge of the Company, the person-in-charge of accounting operations and the head of the accounting department (head of accounting), declare that the financial statements in this quarterly report are true, accurate and complete.
3. Whether the first quarterly report is audited
 Yes No

I. MAIN FINANCIAL INFORMATION

I. Principal accounting figures and financial indicators

Whether the Company has made retrospective adjustment to or restatement of the accounting data of prior years

Yes No

	For the reporting period	For the corresponding period of last year	Increase/decrease in the reporting period compared with the corresponding period of last year
Operating revenue (RMB)	1,768,357,819.69	1,962,258,500.58	-9.88%
Net profit attributable to shareholders of the listed company (RMB)	-56,456,904.88	11,421,437.36	-594.31%
Net profit excluding extraordinary gain or loss items attributable to shareholders of the listed company (RMB)	-57,398,310.00	3,887,094.45	-1,576.64%
Net cash flows from operating activities (RMB)	-1,424,872,071.72	-1,235,801,561.10	-15.30%
Basic earnings per share (RMB/share)	-0.0585	0.0118	-595.76%
Diluted earnings per share (RMB/share)	-0.0585	0.0118	-595.76%
Weighted average return on net assets	-0.91%	0.19%	-1.10%

	As at the reporting period ended	As at the last year ended	Increase/decrease as at the reporting period ended compared with the last year ended
Total assets (RMB)	11,648,215,546.25	12,815,505,492.23	-9.11%
Total owners' equity attributable to shareholders of the listed company (RMB)	6,152,914,357.95	6,232,286,669.17	-1.27%

II. Items and amounts of extraordinary gain or loss

Applicable N/A

Unit: RMB

Item	Amount for the reporting period	Notes
Gain/loss from the disposal of non-current assets (including written-off portions for which asset impairment provision has been made)	-103,152.90	
Government grants included in current period's profit and loss (other than government grants closely related to the normal operation of the Company, conformed to the requirements of national policies, obtained under established criteria, and have a continuous impact on the Company's profit or loss)	409,103.80	
Gain/loss from the fair value change in financial assets and financial liabilities held by non-financial entities and gain/loss from the disposal of financial assets and financial liabilities, other than effective hedging for value protection relating to the Company's normal operations	326,136.99	
Reversal of provision for impairment of receivables that have been individually tested for impairment	3,660,123.70	
Non-operating income and expenses other than the above	-3,232,407.11	
Less: Effect of minority interests (after tax)	118,399.36	
Total	941,405.12	--

Details of other profit and loss items that meet the definition of extraordinary gain or loss:

Applicable N/A

The Company has not classified any profit and loss items that meet the definition of extraordinary gain or loss.

An explanatory statement should be made in respect of extraordinary gain or loss items defined under the "Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Extraordinary Gain or Loss Items" classified as recurring profit or loss items by the Company

Applicable N/A

For the reporting period, the Company has not classified any extraordinary gain or loss items as defined under or set out in the "Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Extraordinary Gain or Loss Items" as recurring profit or loss items.

III. Changes in major accounting items and financial indicators during the reporting period and reasons therefor

√ Applicable □ N/A

(I) Reasons for change in the balance sheet items:

Item	Closing balance (RMB)	Opening balance (RMB)	Percentage change	Note
Cash and bank balances	701,225,804.41	2,119,319,657.62	-66.91%	1
Financial assets held for trading	114,524,996.94	259,927,325.71	-55.94%	2
Bills receivables	44,804,775.21	64,480,373.65	-30.51%	3
Other current assets	79,150,916.59	21,054,956.96	275.93%	4
Short-term borrowings	155,473,107.11	56,238,505.29	176.45%	5
Bills payables	718,945,039.97	1,237,357,433.01	-41.90%	6
Taxes payable	63,360,341.03	190,342,588.26	-66.71%	7
Treasury stock	128,690,092.24	232,575,573.24	-44.67%	8

1. The closing balance of cash and bank balances decreased by 66.91% as compared to the opening balance, which was mainly attributable to cash payment for the purchase of goods and acceptance of labor services during the period;
2. The closing balance of financial assets held for trading decreased by 55.94% as compared to opening balance, which was mainly attributable to the redemption of wealth management products during the period;
3. The closing balance of bills receivables decreased by 30.51% as compared to the opening balance, which was mainly attributable to the maturity of bills receivables during the period;
4. The closing balance of other current assets increased by 275.93% as compared to the opening balance, which was mainly attributable to the increase in the deductible input VAT during the period;
5. The closing balance of short-term borrowings increased by 176.45% as compared to the opening balance, which was mainly attributable to the acquisition of short-term borrowings during the period;
6. The closing balance of bills payables decreased by 41.90% as compared to the opening balance, which was mainly attributable to the maturity and settlement of bills payables during the period;
7. The closing balance of taxes payable decreased by 66.71% as compared to opening balance, which was mainly attributable to the tax payment made during the period;
8. The closing balance of treasury stock decreased by 44.67% as compared to opening balance, which was mainly attributable to the cancellation of certain repurchased shares of the Company during the period.

(II) Reasons for changes in income statement items:

Item	Amount for the current period (RMB)	Amount for the corresponding period of last year (RMB)	Percentage change	Note
Management expenses	59,164,808.20	42,569,282.04	38.98%	9
Financial expenses	3,013,335.37	1,397,315.05	115.65%	10

Investment income (loss indicated by “-”)	2,984,908.71	5,009,971.94	-40.42%	11
Gains on changes in fair value (loss indicated by “-”)	197,671.23	-1,808,477.42	110.93%	12
Credit impairment loss (loss indicated by “-”)	-102,543,381.84	-50,629,447.29	102.54%	13
Asset impairment loss (loss indicated by “-”)	-4,583,168.90	-27,072,093.77	-83.07%	14
Non-operating expenses	3,495,831.01	819,957.02	326.34%	15
Income tax expenses	-13,686,485.63	-8,313,762.47	-64.62%	16

9. Management expenses increased by 38.98% as compared to the corresponding period of last year, which was mainly attributable to the increase in personnel costs;

10. Financial expenses increased by 115.65% as compared to the corresponding period of last year, which was mainly attributable to the increase in foreign exchange losses;

11. Investment income decreased by 40.42% as compared to the corresponding period of last year, which was mainly attributable to the decrease in investment income from wealth management products;

12. Gains on changes in fair value increased by 110.93% as compared to the corresponding period of last year, which was mainly attributable to the increase in accrued but unmatured bank wealth management income during the period;

13. Credit impairment losses increased by 102.54% as compared to the corresponding period of last year, which was mainly attributable to the increase in the impairment loss made for accounts receivables during the period;

14. Asset impairment losses decreased by 83.07% as compared to the corresponding period of last year, which was mainly attributable to the decrease in the impairment loss made for inventories during the period;

15. Non-operating expenses increased by 326.34% as compared to the corresponding period of last year, which was mainly attributable to the increase in the compensation paid during the period;

16. Income tax expenses decreased by 64.62% as compared to the same period of last year, which was mainly attributable to the decrease in deferred income tax expense during the period;

(III) Reasons for change in cash flow statement items:

Item	Amount for the current period (RMB)	Amount for the corresponding period of last year (RMB)	Percentage change	Note
Net cash flows from financing activities	55,302,046.50	-18,960,313.69	391.67%	17
Effect on cash and cash equivalents due to change in foreign currency exchange rate	-575.91	-31,864.80	98.19%	18

17. Net cash flows from financing activities increased by 391.67% as compared to corresponding period of last year, which was mainly attributable to the increase in bank loans during the period;

18. Effect on cash and cash equivalents due to change in foreign currency exchange rate increased by 98.19% as compared to the corresponding period of last year, which was mainly attributable to the exchange rate fluctuations in the external financial market during the period.

II. SHAREHOLDERS INFORMATION

I. Total number of ordinary shareholders, number of preferential shareholders with restored voting rights and particulars of shareholdings of the top 10 shareholders

Unit: Share

Total number of ordinary shareholders as at the end of the reporting period	62,684	Total number of preferential shareholders with restored voting rights as at the end of the reporting period	0			
Particulars of shareholding of the top 10 shareholders (excluding shares lent through refinancing lending business)						
Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held	Number of shares held subject to trading moratorium	Pledged, marked or frozen	
					Status of shares	Number
Digital China Software Limited (神州數碼軟件有限公司) ("DCSL")	Domestic non-state-owned legal person	39.92%	389,540,110	0.00	Pledged	167,184,000
Kunshan Shenchang Technology Co., Ltd. (昆山市申昌科技有限公司) ("Shenchang Technology")	State-owned legal person	5.09%	49,708,280	0.00		0
Linzi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) ("Tencent Technology")	Domestic non-state-owned legal person	2.01%	19,598,721	0.00		0
China-Singapore Suzhou Industrial Park Ventures Co., Ltd. (中新蘇州工業園區創業投資有限公司) ("CSSIP")	State-owned legal person	1.81%	17,668,737	0.00		0
Infinity I-China Investments (Israel), L.P. ("Infinity I-China")	Foreign legal person	1.35%	13,130,434	0.00	Pledged	13,130,434
Digital China Information Service Group Company Ltd. - 2022 Employee Stock Ownership Plan	Other	1.13%	11,047,477	0.00		0
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.91%	8,863,182	0.00		0
Cheng Yanyun (程艷雲)	Domestic natural person	0.84%	8,221,400	0.00		0
Wu Donghua (吳冬華)	Domestic natural person	0.74%	7,200,000	0.00		0
Huang Weiqin (黃維欽)	Domestic natural person	0.38%	3,679,400	0.00		0
Particulars of shareholdings of the top 10 shareholders not subject to trading moratorium						
Name of shareholder	Number of shares held not subject to trading moratorium	Class of shares				
		Class of shares	Number			
DCSL	389,540,110	RMB ordinary shares	389,540,110			

Shenchang Technology	49,708,280	RMB ordinary shares	49,708,280
Tencent Technology	19,598,721	RMB ordinary shares	19,598,721
CSSIP	17,668,737	RMB ordinary shares	17,668,737
Infinity I-China	13,130,434	RMB ordinary shares	13,130,434
Digital China Information Service Group Company Ltd. - 2022 Employee Stock Ownership Plan	11,047,477	RMB ordinary shares	11,047,477
Hong Kong Securities Clearing Company Limited	8,863,182	RMB ordinary shares	8,863,182
Cheng Yanyun (程艷雲)	8,221,400	RMB ordinary shares	8,221,400
Wu Donghua (吳冬華)	7,200,000	RMB ordinary shares	7,200,000
Huang Weiqin (黃維欽)	3,679,400	RMB ordinary shares	3,679,400
Description of connected relationships or concerted party relationships among the aforesaid shareholders	The Company is unaware of whether other shareholders have related relationships or whether they are persons acting in concert except for Digital China Information Service Group Company Ltd. - 2022 Employee Stock Ownership Plan and spousal relationship between Wu Donghua and Cheng Yanyun.		
Description of participation in margin trading by any of the top 10 shareholders (if any)	<p>1. The 11,047,477 shares under the Digital China Information Service Group Company Ltd. - 2022 Employee Stock Ownership Plan are all held in credit securities accounts.</p> <p>2. Cheng Yanyun holds 5,000,000 shares of the Company through the ordinary securities accounts, and 3,221,400 shares of the Company through credit securities accounts, totaling 8,221,400 shares of the Company.</p> <p>3. Huang Weiqin holds 3,679,400 shares of the Company, all of which are held through credit securities accounts.</p>		

Note: The Company's securities repurchase account holds 12,938,964 ordinary shares at the end of the reporting period, with shareholding percentage of 1.33%, not shown in the "Particulars of shareholding of the top 10 shareholders" above.

Participation of shareholders holding over 5% of shares, top 10 shareholders and top 10 shareholders of unrestricted tradable shares in refinancing lending business

Applicable N/A

Change from the previous period in the top 10 shareholders and top 10 shareholders of unrestricted tradable shares due to refinancing lending business

Applicable N/A

II. Total number of preferential shareholders and particulars of shareholding of the top 10 preferential shareholders

Applicable N/A

III. OTHER SIGNIFICANT EVENTS

Applicable N/A

(I) Company operations during the reporting period

During the reporting period, the Company achieved operating revenues of RMB 1.768 billion and net loss attributable to equity

shareholders of the Company of RMB 56,456,900. This was mainly due to reduced revenue and delayed payments of certain projects, coupled with increased R&D spending in fintech. The Company's unwavering focus on the fintech sector has yielded a revenue of RMB827 million. Of this, RMB708 million came from the sale of financial software services, representing a period-on-period increase of 19.80%. Additionally, the financial software services sector has signed contracts amounting to RMB714 million, representing a period-on-period increase of 8.87%. The pipeline is robust, where the financial software services sector has signed contract amounting to RMB2.164 billion which yet to be recognized, representing a period-on-period increase of 22.44%. These milestones establish a strong foundation for the Company's ongoing commitment to its fintech strategy.

In the field of fintech products and solutions, our Company has achieved significant milestones. The "Next Generation Cloud-Native Core Business System" has successfully completed compatibility and verification with multiple leading manufacturers, including Tencent, Alibaba, Huawei, and ZTE. It has been shortlisted for core application system construction projects in various banks across Shandong, Jiangsu, Zhejiang, Guangdong, and Tianjin. The Company has also achieved initial breakthroughs in treasury solutions with the signing of a contract for the Treasury Cloud Platform project of China Zheshang Bank. The digital finance business has been instrumental in the digital transformation of several banks, securing consecutive bids for the corporate internet banking projects of Bank of Qinghai and Chiyu Bank. Additionally, the Company has officially signed a cooperation agreement with Huawei and joined the HarmonyOS ecosystem, becoming one of the first certified development service providers for Huawei's HarmonyOS. This collaboration will pave the way for the launch of a 'HarmonyOS' version of the bank's full-channel financial solutions".

In the field of financial data applications, the Company has secured contracts for various projects, including the asset management system for Bank of Jinzhou, the data middle platform for Bank of Zhengzhou, the data asset management for Tailong Commercial Bank, and the data index management platform for Fujian Rural Credit Union. Additionally, the Company has participated in the compilation of the "Research on Valuation and Trading of Financial Data Assets", which has been officially released. This report systematically explores the main themes of financial data asset valuation and trading, covering aspects such as the confirmation of data asset rights, valuation, accounting, and trading. It innovatively proposes new perspectives and methodologies for the valuation and accounting of data assets. The Company has signed an agreement with CITIC Baixin Bank for the "Industrial Scene Data Access and Index Derivation Project" in digital finance for small and micro businesses. This collaboration provides technical services for customer access to scenarios such as UnionPay data, effectively supporting the credit risk control and review processes for corporate lending.

In the field of full-stack financial information technology innovation, the Company has successfully completed the data center relocation service for a major joint-stock commercial bank during the reporting period. The Company's "Integrated Data Intelligence Development Platform", "Data Asset Platform", and "Payment Middle Platform" were selected as "Outstanding Financial IT Innovation Solutions" in the third phase by the Financial IT Innovation Ecological Laboratory. Notably, the "Data Asset Platform" solution was also recognized as a "Highly Recommended Outstanding Solution" by the laboratory.

In the field of overseas business expansion, the Company focuses on leveraging its overseas business platform and the Guangzhou overseas base to expand the product development and pre-sales support teams. This effort aims to continuously enhance the level and competitiveness of overseas digital financial services. The Company is advancing the delivery of core projects for overseas banks, including HSBC Bank (China), Singapore Gulf Bank, and Goldman MFB.

(II) Matters concerning the 2023 Equity Incentive Plan

1. On March 27, 2024, the Company held the Ninth Meeting of the Ninth Board of Directors and the Ninth Meeting of the Ninth Board of Supervisors. The meetings reviewed and approved the "Resolution on the Cancellation of Certain Stock Options under the 2023 Equity Incentive Plan". The resolution agreed to the cancellation of 75,000 stock options that had been granted but not yet exercised by incentive recipients who no longer meet the incentive criteria due to personal resignation. Additionally, it included the cancellation of 18.54 million stock options from other incentive recipients that did not meet the exercise conditions during the first

exercise period (excluding those already cancelled due to personal resignation of the recipients). In total, 18.615 million stock options will be cancelled by the Company. For more details, please refer to the "Announcement on the Completion of the Cancellation of Certain Stock Options under the 2023 Equity Incentive Plan", disclosed by the Company on 29 March 2024 in Securities Times and 巨潮資訊網 (www.cninfo.com.cn).

2. On 12 April 2024, the Company disclosed the "Announcement on the Completion of the Cancellation of Certain Stock Options under the 2023 Equity Incentive Plan". After reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company completed the cancellation procedures for a total of 18.615 million stock options on 10 April 2024. For more details, please refer to the "Announcement on the Completion of the Cancellation of Certain Stock Options under the 2023 Equity Incentive Plan", disclosed by the Company on 12 April 2024 in Securities Times and 巨潮資訊網 (www.cninfo.com.cn). Following the completion of the cancellation, the total number of incentive recipients under this incentive plan has been adjusted from 256 to 254, and the number of granted but unexercised stock options has been adjusted to 18.54 million.

(III) Matters concerning the 2022 Employee Stock Ownership Plan

The Third Meeting of the Ninth Board of Directors and the Fourth Extraordinary General Meeting of shareholders in 2022 of the Company reviewed and approved the "Proposal on the 2022 Employee Stock Ownership Plan of Digital China Information Service Group Company Limited (Draft)" and related proposals. The progress during the reporting period is as follows:

1. As of the disclosure date of this report, the 2022 Employee Stock Ownership Plan holds a total of 11,047,477 shares of the Company, accounting for 1.13% of the total share capital of the Company.

2. Pursuant to the "Guidance on the Pilot Implementation of Employee Stock Ownership Plans for Listed Companies" released by the China Securities Regulatory Commission, "Self-Regulatory Guidelines No. 1 for the Standard Operation of Main Board Listed Companies" released by the Shenzhen Stock Exchange, and the Company's "2022 Employee Stock Ownership Plan", the share lock-up period for the Company's 2022 Employee Stock Ownership Plan expired on 19 February 2024. For more details, please refer to the "Announcement on the Expiry of the Lock-up Period for the 2022 Employee Stock Ownership Plan", disclosed by the Company on 20 February 2024 in Securities Times and 巨潮資訊網 (www.cninfo.com.cn).

3. On 5 February 2024, the Company held the Eighth Meeting of the Management Committee for the 2022 Employee Stock Ownership Plan and approved the "Resolution on the Repurchase of Employee Stock Ownership Plan Shares". After deliberation by all members of the Management Committee, since one holder has resigned, it was agreed to repurchase the 200,000 employee stock shares held by him (corresponding to the capital contribution of RMB 200,000, accounting for 0.30% of the total shares of the employee stock ownership plan). On 9 April 2024, the Company held the Ninth Meeting of the Management Committee for the 2022 Employee Stock Ownership Plan and approved the "Resolution on the Repurchase of Employee Stock Ownership Plan Shares". After deliberation by all members of the Management Committee, since one holder has resigned, it was agreed to repurchase the 200,000 employee stock shares held by him (corresponding to the capital contribution of RMB 200,000, accounting for 0.30% of the total shares of the employee stock ownership plan). On 15 April 2024, the Company held the Tenth Meeting of the Management Committee for the 2022 Employee Stock Ownership Plan and approved the "Resolution on the Repurchase of Employee Stock Ownership Plan Shares". After deliberation by all members of the Management Committee, it was agreed to transfer the 600,000 employee stock shares which had been repurchased due to the resignation of the participants (corresponding to the capital contribution of RMB 600,000, accounting for 0.89% of the total shares of the employee stock ownership plan) to other holders.

Overall, the number of beneficiaries of the Company's 2022 Employee Stock Ownership Plan has been modified from 175 to 173 as of this moment.

(IV) Matters concerning the repurchase of the Company's shares through centralized bidding transactions

On 10 December 2023, the Company received a letter from Mr. Guo Wei, the Chairman of the Board, titled "Proposal for Digital China Information Service Group Co., Ltd. to Repurchase Company Shares". It suggested the Company to repurchase shares through centralized bidding transactions for the implementation of the Company's employee stock ownership plan or equity incentive plan. The progress during the reporting period is as follows:

1. On 26 January 2024, the First Extraordinary Meeting of the Ninth Board of Directors of the Company in 2024 reviewed and approved the "Proposal on the Repurchase of the Company's Shares through Centralized Bidding Transactions" (referred to as "the Repurchase"). The Repurchase is intended to facilitate the Company's employee stock ownership and equity incentive plans. The Company consented to collaborate with a securities firm to utilize its expertise and employ financial derivatives such as revenue swaps and over-the-counter options to provide comprehensive services for the Repurchase. The maximum price per share for the Repurchase is capped at RMB 15.85 inclusively, with the total funds allocated for the Repurchase ranging from RMB50 million to RMB100 million inclusively. The repurchase period is 12 months from the date of the Board of Directors' review and approval of the repurchase program. For more details, please refer to the announcements (Announcement No.: 2024-005, 2024-006) and the "Repurchase Report" (Announcement No.: 2024-008) disclosed by the Company on January 27 and January 31, 2024 in Securities Times and 巨潮資訊網 (www.cninfo.com.cn).

2. As of 29 March 2024, the Company repurchased 3,658,573 shares of the Company by centralized bidding transactions through the special securities account for repurchase, accounting for 0.37% of the total share capital of the Company. The total amount actually paid was RMB 28,671,420.57 (excluding commission, transfer fees and other transaction costs). For more details, please refer to the "Announcement on the progress of the share repurchase" disclosed by the Company on 2 April 2024 in Securities Times and 巨潮資訊網 (www.cninfo.com.cn)

(V) Matters concerning the cancellation shares repurchase in 2020

On 20 November 2023, the Company held the Fourth Extraordinary Meeting of the Ninth Board of Directors and the Third Extraordinary Meeting of the Ninth Board of Supervisors in 2023. On 6 December 2023, the Company held the Fourth Extraordinary General Meeting of shareholders in 2023. These meetings reviewed and approved the "Proposal for the Cancellation of Certain Repurchased Shares" and the "Proposal for the Reduction of the Registered Capital and the Amendment of the Company's Articles of Association." These approved the Company to cancel 7,879,276 shares through the special securities account for repurchase, in compliance with applicable laws and regulations, and to execute the necessary corporate registration amendments or filing procedures. The process during the reporting period is as follows:

1. After reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the cancellation procedures for the 7,879,276 shares mentioned above were completed on 16 January 2024. Consequently, the total number of the Company's shares has been adjusted from 983,653,713 to 975,774,437. For more details, please refer to the "Announcement on the Completion of Cancellation of Certain Repurchased Shares and Changes in Shares" disclosed by the Company on 18 January 2024 in Securities Times and 巨潮資訊網 (www.cninfo.com.cn).

2. On 11 March 2024, the Company completed the industrial and commercial registration amendments and the filing procedures for the revised Articles of Association, obtaining the "Registration Notification" issued by the Shenzhen Market Supervision Administration. For more details, please refer to the "Announcement on the Completion of Industrial and Commercial Change Registration for Cancellation of Repurchased Shares" disclosed by the Company on 12 March 2024 in Securities Times and 巨潮資訊網 (www.cninfo.com.cn).

(VI) Other important matters

Index of the Company's announcements during the reporting period:

Announcement reference	Matters	Name and layout of press published	Publication date	Publication website and
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				relevant link
2024-001	Indicative announcement on convening the First Extraordinary General Meeting of shareholders in 2024	Securities Times B018	2024/1/9	巨潮資訊網 (www.cninfo.com.cn)
2024-002	Announcement of resolutions of the First Extraordinary General Meeting of shareholders in 2024	Securities Times B016	2024/1/11	
2024-003	Announcement on the early repurchase of the Company's controlling shareholder's stock pledged repurchase transaction	Securities Times B050	2024/1/11	
2024-004	Announcement on the completion of cancellation of certain repurchased shares and Changes in Shares	Securities Times B018	2024/1/18	
2024-005	Announcement of Resolutions of the First Extraordinary Meeting of the Ninth Board of Supervisors in 2024	Securities Times B067	2024/1/27	
2024-006	Proposal on the repurchase of the Company's shares through centralized bidding transactions	Securities Times B067	2024/1/27	
2024-007	Announcement on the shareholding particulars of top 10 shareholders and top 10 shareholders not subject to trading moratorium in share repurchase	Securities Times B146	2024/1/31	
2024-008	Repurchase Report	Securities Times B146	2024/1/31	
2024-009	Announcement on the progress of the share repurchase	Securities Times B038	2024/2/3	
2024-010	Announcement on the Company's first share repurchase	Securities Times B093	2024/2/6	
2024-011	Announcement on the supplementary stock pledge by the Company's controlling shareholder	Securities Times B016	2024/2/8	
2024-012	Indicative announcement on the expiry of the lock-up period for the 2022 Employee Stock Ownership Plan	Securities Times B019	2024/2/20	
2024-013	Announcement on the progress of the share repurchase	Securities Times B016	2024/3/5	
2024-014	Announcement on the progress of providing guarantees for holding subsidiaries	Securities Times B015	2024/3/9	
2024-015	Announcement on the completion of industrial and commercial change registration for cancellation of repurchased shares	Securities Times B050	2024/3/12	
2024-016	Announcement on holding the 2023 annual result briefing meeting	Securities Times B024	2024/3/23	
2024-017	Announcement of Resolutions of the Board of Directors	Securities Times B205	2024/3/29	
2024-018	Summary of the 2023 annual report	Securities Times B205	2024/3/29	

2024-019	Announcement on the Proposal on Profit Distribution for 2023	Securities Times B206	2024/3/29	
2024-020	Announcement on the proposed appointment of accounting firm	Securities Times B206	2024/3/29	
2024-021	Announcement on the completion of the cancellation of certain stock options under the 2023 equity incentive plan	Securities Times B205	2024/3/29	
2024-022	Announcement on the request for shareholder approval for the Board to conduct small-scale and rapid financing	Securities Times B205	2024/3/29	
2024-023	Notice on convening the Annual General Meeting of Shareholders for 2023	Securities Times B205	2024/3/29	
2024-024	Announcement on the reshuffling of senior executive positions	Securities Times B205	2024/3/29	
2024-025	Announcement of changes to the Company's accounting policies	Securities Times B205, B206	2024/3/29	
2024-026	Announcement on the provision for asset impairment and write-off of assets for 2023	Securities Times B206	2024/3/29	
2024-027	Announcement of resolutions of the Ninth Meeting of the Ninth Board of Supervisors	Securities Times B205	2024/3/29	
2024-028	Announcement on the progress of the share repurchase	Securities Times B038	2024/4/2	

IV. FINANCIAL STATEMENTS

I. Financial statements

1. Consolidated balance sheet

Prepared by: Digital China Information Service Group Company Ltd.

31 March 2024

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	701,225,804.41	2,119,319,657.62
Balances with other financial institution		
Loan to banks		
Financial assets held for trading	114,524,996.94	259,927,325.71

Derivative financial assets		
Bills receivable	44,804,775.21	64,480,373.65
Trade receivables	2,815,698,008.74	2,915,237,310.18
Receivables financing		
Prepayments	406,298,844.62	347,065,982.97
Premium receivable		
Receivables from reinsurers		
Reinsurance contract reserves receivable		
Other receivables	150,392,597.11	163,643,673.89
Of which: Interest receivable		
Dividend receivable		
Purchase of repo financial assets		
Inventories	2,229,992,770.29	1,966,463,340.96
Of which: Data resources		
Contract assets	2,467,254,613.86	2,324,218,210.85
Assets classified as held-for-sale		
Non-current assets due within one year		7,441,728.00
Other current assets	79,150,916.59	21,054,956.96
Total current assets	9,009,343,327.77	10,188,852,560.79
Non-current assets:		
Disbursement of loans and advances		
Debt investments		
Other debt investments		
Long-term receivables	148,126,847.31	150,793,938.83
Long-term equity investments	35,649,813.34	36,136,558.96
Other investments in equity instruments	135,119,546.47	135,152,274.49
Other non-current financial assets		
Investment properties	12,422,962.28	12,515,824.95
Fixed assets	406,043,262.31	411,271,523.62
Construction in progress		

Productive biological assets		
Oil & gas assets		
Right of use assets	53,222,115.89	51,904,155.24
Intangible assets	165,227,202.99	176,430,610.17
Of which: Data resources		
Development expenses	71,242,013.89	55,897,875.02
Of which: Data resources		
Goodwill	1,408,067,294.63	1,408,067,294.63
Long-term prepaid expenses	5,886,503.36	6,681,595.31
Deferred tax assets	197,864,656.01	181,801,280.22
Other non-current assets		
Total non-current assets	2,638,872,218.48	2,626,652,931.44
Total assets	11,648,215,546.25	12,815,505,492.23
Current liabilities:		
Short-term borrowings	155,473,107.11	56,238,505.29
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payables	718,945,039.97	1,237,357,433.01
Trade payables	2,137,847,691.75	2,582,300,087.02
Receipt in advance		
Contract liabilities	1,595,229,926.29	1,486,904,271.49
Funds from selling and repurchasing financial assets		
Customer bank deposits and amounts due to banks and other financial institutions		
Funds from securities agency		
Funds from securities underwriters		
Staff remuneration payable	474,617,614.13	557,104,414.19
Taxes payable	63,360,341.03	190,342,588.26
Other payables	117,117,842.45	155,529,424.71

Of which: Interest payable		
Dividend payable		
Fees and commission payable		
Due to reinsurers		
Liabilities classified as held-for-sale		
Non-current liabilities due within one year	41,577,399.86	43,407,030.17
Other current liabilities		66,163,447.03
Total current liabilities	5,304,168,962.59	6,375,347,201.17
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	55,682,941.46	55,600,000.00
Bonds payables		
Of which: preferential shares		
perpetual notes		
Lease liabilities	26,891,745.37	28,212,479.08
Long-term payables		
Long-term staff remuneration payable		
Estimated liabilities		
Deferred income	14,970,187.70	17,082,466.98
Deferred tax liabilities	2,677,040.68	2,859,642.77
Other non-current liabilities		
Total non-current liabilities	100,221,915.21	103,754,588.83
Total liabilities	5,404,390,877.80	6,479,101,790.00
Owners' equity:		
Share capital	975,774,437.00	983,653,713.00
Other equity instruments		
Of which: preferential shares		
perpetual notes		
Capital reserve	2,329,847,894.13	2,451,009,022.51
Less: Treasury stock	128,690,092.24	232,575,573.24

Other comprehensive income	70,944,592.68	68,705,075.64
Special reserve		
Surplus reserve	45,783,652.03	45,783,652.03
General risk provisions		
Retained profits	2,859,253,874.35	2,915,710,779.23
Total owners' equity attributable to parent company	6,152,914,357.95	6,232,286,669.17
Minority shareholder's interest	90,910,310.50	104,117,033.06
Total owners' equity	6,243,824,668.45	6,336,403,702.23
Total liabilities and owners' equity	11,648,215,546.25	12,815,505,492.23

Legal representative: Guo Wei

Person-in-charge of accounting operations: Liu Weigang

Head of accounting department: Zhang Xiuhui

2. Consolidated income statement

Unit: RMB

Item	Amount for the current period	Amount for the previous period
1. Total operating revenue	1,768,357,819.69	1,962,258,500.58
Of which: Operating revenue	1,768,357,819.69	1,962,258,500.58
Interest income		
Earned premium		
Fees and commission income		
2. Total operating cost	1,764,767,735.40	1,909,776,511.33
Of which: Operating cost	1,493,772,866.68	1,660,274,523.61
Interest expenses		
Fees and commission expenses		
Surrenders		
Net amount of compensation payout		
Net amount of reserves for insurance liabilities		
Policyholder dividends expenses		
Expenses for reinsurance accepted		

Taxes and surcharges	5,787,945.22	5,309,430.99
Selling expenses	60,374,886.60	75,170,654.79
Administrative expenses	59,164,808.20	42,569,282.04
Research and development expenses	142,653,893.33	125,055,304.85
Financial expenses	3,013,335.37	1,397,315.05
Of which: Interest expenses	2,548,899.51	4,890,311.60
Interest income	3,551,905.52	2,688,588.52
Add: Other income	19,643,143.57	18,525,879.58
Investment income (loss indicated by “-”)	2,984,908.71	5,009,971.94
Of which: Investment income from associates and joint ventures	-486,745.62	238,559.18
Gains on derecognition of financial assets measured at amortized cost	-90,006.88	
Exchange gains (loss indicated by “-”)		
Gains on net exposure hedging (loss indicated by “-”)		
Gains from change in fair value (loss indicated by “-”)	197,671.23	-1,808,477.42
Credit impairment loss (loss indicated by “-”)	-102,543,381.84	-50,629,447.29
Asset impairment loss (loss indicated by “-”)	-4,583,168.90	-27,072,093.77
Gains from the disposal of assets (loss indicated by “-”)		
3. Operating profit (loss indicated by “-”)	-80,710,742.94	-3,492,177.71
Add: Non-operating income	220,271.00	215,139.56
Less: Non-operating expenses	3,495,831.01	819,957.02
4. Total profit (total loss indicated by “-”)	-83,986,302.95	-4,096,995.17
Less: Income tax expenses	-13,686,485.63	-8,313,762.47
5. Net profit (net loss indicated by “-”)	-70,299,817.32	4,216,767.30
(I) Analysed by continuity		
1. Net profit from continuing operations (loss indicated by “-”)	-70,299,817.32	4,216,767.30
2. Net profit from discontinued operations (loss indicated by “-”)		
(II) Analysed by ownership		
1. Net profit attributable to owners of the parent company	-56,456,904.88	11,421,437.36
2. Minority interests	-13,842,912.44	-7,204,670.06

6. Net amount of other comprehensive income after taxation	2,239,517.04	20,793,144.87
Net amount of other comprehensive income after taxation attributable to owners of the parent company	2,239,517.04	20,793,144.87
(I) Other comprehensive income which cannot be reclassified as profit or loss	-27,818.82	21,717,796.67
1. Changes in the re-measurement of defined benefit plans		
2. Other comprehensive income under equity method which cannot be recorded in profit and loss		
3. Change in fair value of other investments in equity instruments	-27,818.82	21,717,796.67
4. Change in fair value of inherent credit risks		
5. Others		
(II) Other comprehensive income which will be reclassified as profit or loss	2,267,335.86	-924,651.80
1. Other comprehensive income under equity method which will be recorded in profit and loss		
2. Change in fair value of other debt investments		
3. Reclassification of financial assets included in other comprehensive income		
4. Credit loss for other debt investments		
5. Cash flow hedging reserve		
6. Differences arising from foreign currency translation	2,267,335.86	-924,651.80
7. Others		
Net amount of other comprehensive income after taxation attributable to minority shareholders		
7. Total comprehensive income	-68,060,300.28	25,009,912.17
Total comprehensive income attributable to owners of the parent company	-54,217,387.84	32,214,582.23
Total comprehensive income attributable to minority shareholders	-13,842,912.44	-7,204,670.06
8. Earnings per share:		
(I) Basic earnings per share	-0.0585	0.0118
(II) Diluted earnings per share	-0.0585	0.0118

Legal representative: Guo Wei

Person-in-charge of accounting
operations: Liu WeigangHead of accounting department:
Zhang Xiuhui

3. Consolidated cash flow statement

Unit: RMB

Item	Amount for the current period	Amount for the previous period
1. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	1,821,622,082.20	1,919,711,952.74
Net increase in customer bank deposits and amounts due to other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received in premiums under original insurance contracts		
Net cash received from reinsurance business		
Net increase of policyholder deposits and investment funds		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business capital		
Net cash received for customer brokerage deposits		
Tax rebates received	2,292,563.71	2,482,492.02
Other cash received in connection with operating activities	196,408,478.63	21,185,856.47
Sub-total of cash inflow from operating activities	2,020,323,124.54	1,943,380,301.23
Cash paid for purchase of goods and rendering of services	2,401,417,107.76	2,228,494,073.60
Net increase in customer loans and advances		
Net increase in deposits with central bank and other financial institutions		
Cash paid for original insurance contract claims		
Net increase in loans to banks and other financial institutions		
Interest, fees and commissions paid		
Cash paid for policyholder dividend		
Cash paid to and for employees	824,519,325.50	719,149,171.17
Taxes paid	154,946,136.76	149,084,720.95
Other cash paid in connection with operating activities	64,312,626.24	82,453,896.61
Sub-total of cash outflow from operating activities	3,445,195,196.26	3,179,181,862.33
Net cash flow from operating activities	-1,424,872,071.72	-1,235,801,561.10

2. Cash flow from investing activities:		
Cash received from disposal of investments		66,840,703.97
Cash received on obtaining investment income	3,551,661.21	4,771,412.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	179,895.89	57,764.69
Net cash received from disposal of subsidiaries and other business units		
Other cash received in connection with investing activities	1,363,200,000.00	2,655,521,000.00
Sub-total of cash inflow from investing activities	1,366,931,557.10	2,727,190,881.42
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	18,744,118.03	14,213,224.12
Cash paid for acquisition of investments		
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid in connection with investing activities	1,217,590,000.00	2,564,650,000.00
Sub-total of cash outflow from investing activities	1,236,334,118.03	2,578,863,224.12
Net cash flow from investing activities	130,597,439.07	148,327,657.30
3. Cash flow from financing activities:		
Cash received from investments		
Of which: Cash received from investments in a subsidiary by minority shareholders		
Cash received on drawdown of loans	118,574,667.37	4,500,000.00
Other cash received in connection with financing activities		
Sub-total of cash inflow from financing activities	118,574,667.37	4,500,000.00
Cash paid for repayment of borrowings	24,900,000.00	11,553,203.00
Cash paid for dividend or profit distribution or interest payment	2,445,611.78	4,800,234.55
Of which: Dividend and profit paid to minority shareholders by a subsidiary		
Other cash paid in connection with financing activities	35,927,009.09	7,106,876.14
Sub-total of cash outflow from financing activities	63,272,620.87	23,460,313.69
Net cash flows from financing activities	55,302,046.50	-18,960,313.69
4. Effect on cash and cash equivalents due to change in foreign currency exchange rate	-575.91	-31,864.80
5. Net increase in cash and cash equivalents	-1,238,973,162.06	-1,106,466,082.29
Add: Balance of cash and cash equivalents at the beginning of the period	1,924,618,941.33	1,627,076,634.47

6. Balance of cash and cash equivalents at the end of the period	685,645,779.27	520,610,552.18
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II. Adjustments to financial statements at the beginning of the year upon initial application of new accounting standards or interpretation of standards since 2024

Applicable N/A

III. Audit report

Whether the first quarterly report is audited

Yes No

The first quarterly report of the Company is unaudited.

The Board of Digital China Information Service Group Company Ltd.

25 April 2024