神州控股
DC Holdings

DIGITAL CHINA HOLDINGS LIMITED
(神 州 數 碼 控 股 有 限 公 司*)
(Incorporated in Bermuda with limited liability)
(Stock Code: 00861)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Director(s)**") 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 2024 together with the comparative figures for the corresponding period of the last financial year as follows.

FINANCIAL HIGHLIGHTS

	2024	2023	*Year-on-year*
	RMB'000	*RMB'000*	*change*
Revenue	**16,657,343**	18,276,547	(8.86%)
Of which: Big Data Products and Solutions business segment	**3,238,864**	3,171,898	2.11%
Software and Operating Services business segment	**5,475,189**	5,269,179	3.91%
Traditional and Localization Services business segment	**7,943,290**	9,835,470	(19.24%)
Loss attributable to equity holders of the parent	**(253,949)**	(1,833,689)	86.15%

The Board recommends the payment of a final dividend of HK6.0 cents per ordinary share for the year ended 31 December 2024 to the Shareholders, subject to the approval of the Shareholders in the forthcoming annual general meeting. This together with the interim dividend of HK1.0 cent (paid during the year 2024) per ordinary share gives a total of HK7.0 cents per ordinary share for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Revenue	4	**16,657,343**	18,276,547
Cost of sales and services		**(14,365,429)**	(15,595,691)
Gross profit		**2,291,914**	2,680,856
Other income and gains	4	**112,543**	157,908
Net gain on disposal of equity interests in associates	5	**3,432**	37,069
Selling and distribution expenses		**(882,312)**	(988,727)
Administrative expenses		**(412,436)**	(398,040)
Other expenses, net	5	**(989,783)**	(945,434)
Impairment loss of interests in associates and joint ventures	5	**(23,784)**	(496,956)
Impairment loss of goodwill		**(364,604)**	(97,131)
Fair value loss on investment properties		**(7,517)**	(448,548)
Impairment loss of other receivables		**(27,696)**	(487,715)
Finance costs		**(129,192)**	(117,923)
Share of loss of associates and joint ventures	5	**(68,339)**	(534,553)
Loss before tax	5	**(497,774)**	(1,639,194)
Income tax expenses	6	**(65,913)**	(62,277)
Loss for the year		**(563,687)**	(1,701,471)
Attributable to:			
Equity holders of the parent		**(253,949)**	(1,833,689)
Non-controlling interests		**(309,738)**	132,218
		(563,687)	(1,701,471)
Loss per share attributable to equity holders of the parent (expressed in RMB per share)	8		
Basic		**(0.1720)**	(1.2330)
Diluted		**(0.1720)**	(1.2330)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	RMB'000	*RMB'000*
Loss for the year	**(563,687)**	(1,701,471)
Other comprehensive expense		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of financial statements of foreign operations	**(9,719)**	(14,062)
Share of other comprehensive expense of associates	**(1,875)**	(41,750)
Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods	**(11,594)**	(55,812)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Net fair value changes on financial assets measured at fair value through other comprehensive income	**(68,442)**	(107,228)
Income tax effect	**(24,185)**	34,187
Net other comprehensive expense that will not be reclassified to profit or loss in subsequent periods	**(92,627)**	(73,041)
Other comprehensive expense for the year, net of tax	**(104,221)**	(128,853)
Total comprehensive expense for the year	**(667,908)**	(1,830,324)
Attributable to:		
Equity holders of the parent	**(365,507)**	(1,964,310)
Non-controlling interests	**(302,401)**	133,986
	(667,908)	(1,830,324)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**697,019**	738,685
Right-of-use assets		**138,040**	162,439
Investment properties		**4,481,252**	4,527,861
Goodwill		**1,125,105**	1,489,709
Other intangible assets		**261,995**	235,580
Interests in joint ventures		**41,922**	43,729
Interests in associates		**218,606**	306,723
Financial assets at fair value through other comprehensive income		**362,361**	721,071
Financial asset at fair value through profit or loss		**134,460**	-
Accounts receivables	9	**132,139**	150,794
Other receivables		**440,000**	440,000
Deferred tax assets		**224,338**	231,112
		8,257,237	9,047,703
Current assets			
Inventories		**1,117,841**	820,228
Completed properties held for sale		**579,642**	574,759
Accounts and bills receivables	9	**3,259,130**	4,029,490
Prepayments, deposits and other receivables		**1,528,936**	1,275,497
Contract assets		**3,811,240**	3,598,309
Financial assets at fair value through profit or loss		**183,198**	320,333
Finance lease receivables		**19,418**	25,412
Restricted bank balances		**83,479**	224,774
Cash and cash equivalents		**3,142,841**	2,883,308
		13,725,725	13,752,110
Assets classified as held for sale	10	**324,336**	-
		14,050,061	13,752,110
Current liabilities			
Accounts and bills payables	11	**4,251,022**	3,952,012
Other payables and accruals		**1,257,244**	1,427,864
Lease liabilities		**56,659**	60,821
Contract liabilities		**2,264,240**	2,271,193
Tax payables		**62,337**	67,009
Interest-bearing bank and other borrowings		**1,980,515**	1,401,935
		9,872,017	9,180,834
Net current assets		**4,178,044**	4,571,276
Total assets less current liabilities		**12,435,281**	13,618,979

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Non-current liabilities		
Interest-bearing bank and other borrowings	**1,502,222**	1,881,487
Deferred tax liabilities	**504,237**	467,336
Deferred income	**13,763**	18,546
Lease liabilities	**37,450**	57,450
Other financial liability	**870,155**	828,155
	2,927,827	3,252,974
Net assets	**9,507,454**	10,366,005
Capital and reserves		
Share capital	**163,826**	163,826
Reserves	**5,667,605**	6,131,541
Equity attributable to equity holders of the parent	**5,831,431**	6,295,367
Non-controlling interests	**3,676,023**	4,070,638
Total equity	**9,507,454**	10,366,005

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 (the "**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 Renminbi ("**RMB**") and the functional currency of the Company was Hong Kong dollars ("HK$"), unless otherwise stated.

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 2024.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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 big data and artificial intelligence capabilities as well as data solutions for core use cases namely supply chain digital transformation, fintech and government-enterprise services.

(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 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 (loss) profit, which is a measure of adjusted loss before tax. The segment results is measured consistently with the Group's loss before tax except that interest income, 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 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 2024 and 2023:

	Big Data Products and Solutions		**Software and Operating Services**		**Traditional and Localization Services**		**Eliminations**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue:										
External	**3,238,864**	3,171,898	**5,475,189**	5,269,179	**7,943,290**	9,835,470	**-**	-	**16,657,343**	18,276,547
Inter-segment	**6,043**	44,117	**49,428**	65,445	**17,505**	32,429	**(72,976)**	(141,991)	-	-
	3,244,907	3,216,015	**5,524,617**	5,334,624	**7,960,795**	9,867,899	**(72,976)**	(141,991)	**16,657,343**	18,276,547
Segment gross profit	**797,911**	950,156	**626,114**	670,844	**867,889**	1,059,856			**2,291,914**	2,680,856
Segment results	**(461,355)**	(23,937)	**183,257**	315,033	**174,741**	(1,543,363)			**(103,357)**	(1,252,267)
Unallocated										
Interest income									**12,989**	13,674
Income and gains									**43,501**	61,606
Unallocated expenses									**(321,715)**	(344,284)
Loss from operating activities									**(368,582)**	(1,521,271)
Finance costs									**(129,192)**	(117,923)
Loss before tax									**(497,774)**	(1,639,194)

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 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
Sales of software products business	**111,248**	145,955
Software development and technical service business	**6,818,866**	6,619,675
Supply chain operation and maintenance business	**2,134,528**	2,276,382
Systems integration business	**3,394,350**	5,956,260
E-commerce supply chain service business	**3,714,152**	2,729,485
Others	**190,760**	211,902
Total revenue from contract with customers	**16,363,904**	17,939,659
Revenue from other sources		
Rental income from investment properties under operating lease	**285,662**	323,395
Financial services business	**7,777**	13,493
Total revenue from other sources	**293,439**	336,888
Total revenue	**16,657,343**	18,276,547

(i) Revenue from contracts with customers

Disaggregation of revenue by timing of recognition:

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
At a point in time	**7,410,510**	9,043,602
Over time	**8,953,394**	8,896,057
	16,363,904	17,939,659

(ii) Other income and gains

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants	**56,235**	96,651
Interest on bank deposits	**12,989**	13,674
Income from wealth management financial products	**19,739**	17,483
Dividend income from financial assets at fair value through other comprehensive income	**1,592**	-
Dividend income from financial assets at fair value through profit or loss	**279**	240
Others	**19,212**	20,217
	110,046	148,265
Gains		
Exchange gain, net	**2,497**	9,367
Gain on deregistration of a joint venture	**-**	276
	2,497	9,643
Total other income and gains	**112,543**	157,908

5. LOSS BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
(Gain) loss on deemed partial disposal of equity interest in an associate	**(3,432)**	78
Gain on disposal of equity interest in an associate	**-**	(37,147)
	(3,432)	(37,069)
Share of loss of associates	**66,445**	534,347
Share of loss of joint ventures	**1,894**	206
	68,339	534,553
Impairment loss of interests in associates	**23,784**	476,956
Impairment loss of interests in joint ventures	**-**	20,000
	23,784	496,956
Amount of inventories recognised as an expense	**6,711,879**	8,153,480
Depreciation of property, plant and equipment	**63,918**	52,947
Depreciation of right-of-use assets	**82,910**	97,161
Loss on disposal of property, plant and equipment	**2,721**	19
Interest on discounted bills	**17,715**	16,741
Interest on bank loans and other loans	**63,396**	52,725
Interest on lease liabilities	**6,081**	6,457
Interest on other financial liability	**42,000**	42,000
Research and development costs (excluding amortisation of other intangible assets)	**653,335**	738,542
Amortisation of other intangible assets	**78,650**	73,070
Reversal of write-down of inventories	**(8,892)**	(73,842)
Impairment loss of accounts and bills receivables and contract assets	**209,987**	164,975
Fair value loss on financial assets at fair value through profit or loss	**46,993**	31,438
Loss (gain) on early termination of leases	**356**	(91)
Others	**9,354**	11,342
Other expenses, net	**989,783**	945,434

6. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current – People's Republic of China ("**PRC**")		
Enterprise income tax ("**EIT**")		
Charge for the year	**40,044**	52,915
Under-provision in prior years	**2,203**	4,336
Land appreciation tax ("**LAT**")	**-**	4,696
	42,247	61,947
Current – Hong Kong		
Charge for the year	**4,407**	5,216
Over-provision in prior years	**(231)**	-
	4,176	5,216
Deferred tax	**19,490**	(4,886)
Total tax charge for the year	**65,913**	62,277

(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) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. 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 two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits.

(d) The share of tax charge attributable to joint ventures of approximately RMB238,000 (2023: RMB1,449,000) and the share of tax charge attributable to associates of approximately RMB1,024,000 (2023: RMB2,821,000) are included in "Share of loss of associates and joint ventures" in the consolidated statement of profit or loss.

7. DIVIDENDS

Dividends paid during the year:	**2024** ***RMB'000***	2023 *RMB'000*
2024 Interim dividends (HK1.0 cent per ordinary share)	**13,332**	-
2023 Final dividends (HK6.0 cents per ordinary share)	**82,332**	-
2023 Interim dividends (HK1.0 cents per ordinary share)	**-**	13,770
2022 Final dividends (HK4.5 cents per ordinary share)	**-**	60,644
	95,664	74,414

Subsequent to the end of the reporting period, the Board recommends the payment of a final dividend of HK6.0 cents per ordinary share for the year ended 31 December 2024 to the shareholders of the Company ("**Shareholders**"). Subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company ("**2025 AGM**"), the proposed final dividend is expected to be paid on or about 16 July 2025 (Wednesday). The final dividend proposed after the reporting period has not been recognised as liabilities in the consolidated financial statements.

8. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to equity holders of the parent is based on:

	2024 ***RMB'000***	2023 *RMB'000*
Loss		
Loss for the year attributable to equity holders of the parent, used in the basic and diluted loss per share calculation	**(253,949)**	(1,833,689)

	Number of shares **2024**	2023
Shares		
Weighted average number of shares in issue less shares held under the RSA Scheme during the year, used in the basic and diluted loss per share calculation	**1,476,659,150**	1,487,154,911

Diluted loss per share

The computation of diluted loss per share attributable to equity holders of the parent for the year ended 31 December 2024 and 2023, does not assume the exercise of the share options issued by the Company and its listed subsidiary as the respective exercise prices of those share options were higher than the respective average market prices for shares.

Accordingly, for the year ended 31 December 2024 and 2023, the diluted loss per share is the same as basic loss per share.

9. ACCOUNTS AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Receivables at amortised cost comprise:		
Accounts and bills receivables	**4,308,918**	4,963,616
Less: loss allowance	**(917,649)**	(783,332)
Total	**3,391,269**	4,180,284
Analysis by:		
Current portion	**3,259,130**	4,029,490
Non-current portion	**132,139**	150,794
Total	**3,391,269**	4,180,284

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 for impairment 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.

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**1,904,388**	2,546,878
31 to 60 days	**185,442**	213,040
61 to 90 days	**112,764**	69,317
91 to 180 days	**186,561**	262,229
181 to 360 days	**267,875**	376,664
Over 360 days	**734,239**	712,156
	3,391,269	4,180,284

10. ASSETS CLASSIFIED AS HELD FOR SALE

	2024
	RMB'000
Financial asset at fair value through other comprehensive income (note i)	**285,244**
Investment properties (note ii)	**39,092**
	324,336

Notes:

i. During the year ended 31 December 2024, the Group entered into an agreement with 內蒙古呼和浩特金谷農村商業銀行股份有限公司 (Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Limited*) ("**Hohhot Jingu**"), pursuant to which the Group conditionally agreed to sell, and Hohhot Jingu conditionally agreed to purchase, the Group's entire 9.8% equity interests in Hohhot Jingu at a consideration of approximately RMB285,244,000. The investment in Hohhot Jingu, previously classified as financial asset at fair value through other comprehensive income, which is expected to be disposed within twelve months from the end of the reporting period has been classified as asset classified as held for sale and is presented separately on the consolidated statement of financial position.

ii. During the year ended 31 December 2024, the Group entered into sales and purchases agreement with independent third parties, pursuant to which the Group would dispose certain investment properties. The consideration are expected to exceed the carrying amount of investment properties. The corresponding investment properties which is expected to be disposed within twelve months from the end of the reporting period, have been classified as asset classified as held for sale and is presented separately on the consolidated statement of financial position.

11. 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.

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**1,698,294**	2,006,503
31 to 60 days	**256,520**	433,038
61 to 90 days	**207,013**	129,945
Over 90 days	**2,089,195**	1,382,526
	4,251,022	3,952,012

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. About DC Holdings

1. Strategic Positioning

Throughout the preceding year, DC Holdings has remained unwaveringly adhered to the original mission of "Digital China", and further focused on the "Big Data + A.I." strategy. Accordingly, relying on our fundamental advantages of industry insights, technological innovation and partner ecosystem, the Group has kept delving into core industry verticals for digital transformation, namely supply chains, FinTech, industrial manufacturing and hospitality. Also, the Group has persisted in promoting the digital upgrade of diverse industries, as well as empowering the high-quality development of the real economy.

2. Business Review for the Reporting Period

During the year ended 31 December 2024 (the "**Reporting Period**"), the Group's total revenue was RMB 16.66 billion, gross profit was RMB 2.29 billion, and net loss attributable to equity holders of the parent from the principal business was RMB 254 million. The current period's loss was mainly due to the slowdown in the digital transformation process of customers in the industry where the non-wholly-owned subsidiary, Digital China Information Service Group Company Ltd. ("**DCITS**"), operates, as well as the increasingly fierce competition in the industry, which affected the quality of business. Additionally, it was compounded by the impairment of goodwill in non-strategic business segments and losses from historical investments. The net loss contributed by DCITS was RMB 213 million, with a loss suffering from historical investment amounting to RMB 68 million. Excluding these impacts, the Group's principal business has seen healthy development. Additionally, the Group has strong asset strength, abundant cash flow, and robust project pipeline. As of 31 December 2024, the Group's total assets amounted to RMB 22.31 billion, and net assets amounted to RMB 9.51 billion; net cash flow generated from operating activities was amounted to RMB 600 million. In addition, the Group has newly signed contracts worth RMB 11.38 billion, and signed but undelivered contracts worth RMB 6.94 billion, laying a solid foundation for the Group's long-term and sustainable development.

Amidst a complex and shifting external landscape, and within an unprecedentedly competitive market atmosphere, our strategic direction of scenario-based application of "Big Data + A.I." remains resolute. With determination, the Group has remained navigating through cyclical fluctuations and forging ahead. By deeply exploring the value of scenarios to reconstruct the customer value chain, continuously iterating technological products and industry solutions, accelerating the improvement of product capabilities, upgrading the organizational operation system, and building digital capabilities, the Group has constructed a differentiated competitive barrier, striving to achieve a coordinated improvement in high-quality development and long-term operational resilience.

3. Business Segments

(a) The Big Data Products and Solutions Business Segment: provides sales of data software products focused on "Big Data + A.I.", as well as data solutions for core use cases. Throughout the Reporting Period, the Group's revenue from Big Data Products and Solutions Business Segment was RMB 3.24 billion, gross profit was RMB798 million, and the segment loss was RMB461 million, with a goodwill impairment of non-strategic business amounting to RMB365 million.

(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 utilizing cloud technology, automation and artificial intelligence. Throughout the Reporting Period, the Group's revenue from Software and Operating Services Business Segment was RMB 5.48 billion, gross profit was RMB626 million, and the segment profit was RMB183 million.

(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. The segment also includes business related to investments, property sales and rental, as well as others. Throughout the Reporting Period, the Group's revenue from Traditional and Localization Services Business Segment was RMB 7.94 billion, gross profit was RMB868 million, and the segment profit was RMB175 million.

4. Industry Position and Market Influence

The Group has been constantly involved in setting both national and industry standards. Consequently, with forward-looking perspectives, professional viewpoints and innovative practices, the Group has kept providing substantive support to industrial development. As of 31 December 2024, the Group has led or participated in the compilation of a total of 184 national and industry standards, among which 92 were approved and released, and 92 were under research and compilation. Besides, throughout the Reporting Period, in the "Enterprise Standard Leader" selection jointly conducted by 8 national departments, 2 of our subsidiaries once again won the titles of "Leader in Comprehensive Logistics Enterprise Standards" and "Leader in Financial Enterprise Standards".

In addition, with our cutting-edge innovations and explorations in industries such as Big Data and A.I., supply chains and FinTech, the Group has garnered significant acclaims from the market. Specifically, throughout the Reporting Period, the Group was awarded the "2024 Fortune China's 50 Most Innovative Companies in Technology", the "2024 China Software and Information Service Industry Top100 Leading Enterprises" by the China Electronic Information Industry Federation, ranked first in the data collection tool field of the "China Big Data Enterprise Ranking", selected as a core service provider in the "Data Governance Map" by the National Data Standardization Technical Committee, won the "2024 LOG Supply Chain Logistics Breakthrough Innovation Award", the "Best Practice Project of ECR Case 2023-2024", and the first place in the "2024 Top 50 Data Intelligence Service Providers" selected by the Information Center of the Chinese Academy of Social Sciences and other institutions. At the same time, the Group topped both the "2024 Digital Twin Solution Provider" and "2024 Big Data Solution Provider" rankings, fully demonstrating its leading position in technological innovation and industry standard construction.

5. Fulfilling Shareholder and Social Responsibilities

The Group firmly sticks to the core values of "Customer Success, Value Creation, Pursue Excellence, and Open Collaboration", while deeply integrating the concept of sustainable development into strategy implementation, and striving to build a governance system where shareholders' and social responsibility develop in tandem. In the process of promoting ESG governance, the Group has kept actively promoting the comprehensive upgrade of the green supply chain system. Moreover, the Group has persisted in optimizing the supply chain collaboration mechanism, while creating economic, social and environmental value through technological innovations and model transformations. Thus, the Group has succeeded in injecting new impetus into the high-quality development of regional economy and society. Additionally, the Group attaches great importance to the symbiosis of shareholder value and has consistently distributed dividends to shareholders for several years. Throughout the Reporting Period, the Group's overall greenhouse gas emissions decreased by 37.86%, per capita comprehensive energy consumption decreased by 8.54%, and average packaging material consumption per order decreased by 14.75%. As for the Reporting Period, it is anticipated that a final dividend of HK6.0 cents per ordinary share will be paid for the year. This together with the interim dividend of HK1.0 cent (paid during the year 2024) per ordinary share gives a total of HK7.0 cents per ordinary share of the year ended 31 December 2024, corresponding to a cash dividend payout of over RMB100 million.

II. Analysis of Principal Business Operations

Closely adhering to our strategy of "Big Data + A.I.", throughout the Reporting Period, the Group has persisted in promoting the implementation of data intelligence product services.

1. Full-stack end-to-end data intelligence products and solutions

Founded on our full-stack technical capabilities of "A.I. infrastructure + data intelligence platform + A.I. application scenarios", the Group has formed an end-to-end service system, which provide services covering business consultation, product solution delivery and maintenance. With the support of our technological service system, the Group has efficiently empowered the digital transformation of multiple industry customers. In particular, the Group has been proactively helping customers not only in the integration of data assets and business needs, but also in the optimization of production processes. As a result, the Group has accomplished in promoting the digital transformation of both government and enterprise customers, thereby enabling data to create value.

As a pioneer in the field of data intelligence in China, the Group has established a leading technological advantage through independent research and development (R&D) and Industry-Academia-Research cooperation. Throughout the Reporting Period, based on our core technologies that won the first prize of National Technology Invention Award, the Group has developed a data intelligence decision-making platform for our enterprise customers, which is equipped with a 3-layer capability system of "data-knowledge-execution". Also, relying on above-mentioned technological capabilities, the Group has productively accelerated the deployment of the trusted data space solution in various cities and industries.

What's more, through multiple years of experience accumulated in smart cities, the Group has kept continually providing in-depth services to local industrial ecosystems in Jilin, Fujian, Shandong, Jiangsu, and the Greater Bay Area. Particularly, the Group has built up solid case studies in a variety of industries including supply chains, industrial manufacturing, water affairs, and hospitality, which repeatedly received recognition from our customers during the Reporting Period.

2. Smart Supply Chain Scenario

Based on 20+years of development, the Group has built up rich industry experience, thereby establishing a full-chain service system covering warehousing, transportation, delivery, e-commerce, cross-border trade, and digital supply chains. At the same time, the Group has kept taking both technologies and scenario-based applications as important driving forces for development, while deeply integrating our technological services with industrial solutions. Meanwhile, the Group has insisted on creating differentiated competitive advantages by penetrating scenarios with technology, and empowering our industry customers with refined supply chain management capabilities.

With the rapid development of A.I., the demands of enterprise customers have been evolving from the construction of a single data platform to the deep integration of business. Relying on our self-developed supply chain management system, the Group has accomplished in creating functional modules involving visual data dashboards, intelligent scheduling, and anomaly warnings, which has significantly resulted in our business value enhancement. Taking our supply chain control tower as an example. The supply chain control tower system can integrate data from all links of supply chains, including procurement, manufacturing, sales, warehousing, transportation, and delivery. Accordingly, a multi-dimensional visual decision-making center is constructed to dynamically optimize delivery plans, achieving operational efficiency improvement and precise cost control. In a case of our lighthouse customers, the Group has satisfactorily helped a leading food-manufacturing enterprise customer integrate 12 systems and develop 150 new functions, while setting up full-chain visualization management of core links incorporating both in-plant and out-of-plant transportation and warehousing. In the case, the Group has also managed to support more than 60 positions with over 1,000 personnel working simultaneously. Additionally, in the case, with core functions namely intelligent scheduling, anomaly warnings, and dynamic monitoring, the Group has helped the customer boost risk warning capabilities by 90%, increase shipping efficiency by 20%, improve in-plant logistics efficiency by over 20%, enhance warehouse efficiency by 5%, reduce material usage by 65%, and optimize 53 key process nodes. This above-mentioned project has successively won the double awards of the 2024 "A.I.+" Application Scenario Challenge organized by the China Federation of Logistics and Purchasing and the 2024 Outstanding Contribution Award of the customer company.

Throughout the Reporting Period, the Group has further expanded its capabilities across the entire chain of production, implementing more integrated data intelligence solutions in both manufacturing and sales domains. In manufacturing domain, the Group has constructed a comprehensive data governance and intelligent analysis platform for a leading enterprise customer. In this case, the Group has used the OEE model to manage the operational data of the enterprise's production equipment, and generate visual predictions and analyses, enabling real-time monitoring and the analysis of production efficiency. Therefore, the Group effectively supported the customer in enhancing efficiency, reducing cost and reengineering production processes. In sales domain, the Group has achieved in providing substantive services to a leading telecommunication enterprise customer, by integrating the customer's historical sales data and inventory data through algorithm models, which resulted in an increase of the sales forecast accuracy from 50% to 80%, a decrease of replenishment cycle by 20%, and an improvement on response speed by 30%.

3. FinTech Scenario

In the FinTech business scenario, with DCITS as our consolidated subsidiary, the group has kept focusing on "A.I. + Finance", while unceasingly building vertical large models for financial industry, as well as comprehensively promoting the upgrade of intelligent finance. With our full-stack financial digitalization capabilities, the group has provided in-depth services to over 1,900 financial and quasi-financial clients.

Sticking to the principle of "data empowering business", throughout the Reporting Period, the group has offered services to customers including a state-owned bank, several joint-stock banks, and dozens of leading city commercial banks and rural credit cooperatives. In the process, the group has kept striving to build our service capabilities encompassing data assets, data governance, and data security. In specific, the group has successfully supported the institutional reform of several rural credit cooperatives customers, and successively implemented our platform product Sm@rtDDP, as well as other data-middle-office solutions in serving multiple provincial rural commercial banks.

Additionally, the group has also insisted on exploring AIGC technology, having upgraded 2 key Agents namely "Financial Master" for financial knowledge Q&A and "Code Master" for financial code assistance, launched 3 brand-new Agents namely "Process Modeling Assistant", "Data Modeling", and "Product Modeling", as well as other 2 Agents in the IT service field namely "Test Case Assistant" and "Operation and Maintenance Diagnosis Assistant".

What's more, the group has resoundingly upgraded "DC Lingjing" platform to a more intelligent version, which incorporates a cloud-native digital foundation and 5 key supporting components, namely "A.I., IoT, Data, Application, and Security", already having been practiced, optimized and trained through several use cases. Accordingly, with the implement of Retrieval-Augmented Generation (RAG) and A.I. Agent, the platform has served multiple enterprise customers in major application scenarios including maintenance, office work, and business management.

4. Asset Digitalization Scenario

Up to now, the Group has provided services to over 1,000 advanced hotels. Notably, in the second half of 2024, the Group has prevailed in signing strategic cooperation agreements with YUNJI Technology and Wanda Hotels & Resorts, which led to the formation of complementary advantages in fields incorporating data intelligence software, A.I. hardware and application scenarios, thereby concertedly creating integrated data intelligence solutions to serve more potential hotel customers. Looking into the future, the Group will make the most of our business capability accumulation and data governance technology advantages, with the empowerment of A.I., to achieve an overall solution of "data intelligence services for the hotel industry", and will further replicate this model to other industries with similar business model such as retailing and catering.

The Group has a deep accumulation in asset operation business, covering property services, asset leasing and PropTech, etc. Moreover, the Group has developed strong capabilities of multi-variety operation in the management of Regional HQs, Logistic Parks, Science parks, and R&D Centers. Throughout the Reporting Period, the Group has attained an average asset occupancy rate of over 89%, and an average rental yield of 10%, significantly outperforming other competitors. Particularly, in the field of PropTech, the Group has deeply laid out digital economy industrial clusters, forming a PropTech network deployment spanning across China's key economic zones. Thus, through the deep integration of spatial carriers and industrial ecosystems, the Group has attracted over a hundred high-growth technology enterprises to gather and develop. While facilitating regional industrial upgrading and tax revenue growth, this initiative has simultaneously generated sustainable returns to shareholders, and provided more use cases for asset digitalization.

III. Core Competitiveness Analysis

1. Industry scenario insight

Based on 20+ years of in-depth experience in industry scenarios, the Group has formed core competitiveness in multiple key industry verticals, including supply chains, FinTech, industrial manufacturing, and hospitality as mentioned above.

Holding the highest 5A-level qualification of logistics industry, the Group provides both B2B and B2C supply chain services, and possesses the capability of omni-channel operating, catering to the characteristic demands of various client types. For instance, the Group has successfully entered the telecommunication industry by pioneering the full-process serial code tracking management system. Also, the Group has addressed the seasonal peak order issue in FMCG industry by launching a combination of intelligent pre-packaging and pre-sale solutions, which significantly enhanced the peak order processing capacity for clients. What's more, the Group has empowered our clients in apparel industry to reduce inventory turnover costs and to increase product turnover speed by enabling reverse logistics and intelligent replenishment. On balance, the Group has achieved in tackling the "capillary-level" pain points in typical industry scenarios, while addressing common issues across diverse industries by constantly implementing "micro-innovations". Therefore, the Group has accumulated rich client resources, profound industry insights, and powerful capabilities to generate solutions.

As a customer-centric technology enterprise, the Group has established a companion-based customer full life-cycle management system. All along, the Group has possessed a deep insight into customer demand, efficiently addressing customers' pain points and difficulties in supply chain management. Plus, the Group has continuously enhanced the operational capabilities of major customers, obtaining long-term cooperation with major customers such as Huawei, ZTE, Honor, Canon, China Mobile, BYD, P&G, and Li-Ning. Also, the Group has innovated customized solutions for a couple of leading industry customers. As a result, the Group has accumulated common experiences, built reusable models, promoted the modularization of solutions, formed standardized products matching industry characteristics, and provided forward-looking intelligent supply chain solutions for potential industry demands. Looking forward, the Group has strong faith in assisting more industry customers to achieve their objectives of cost reduction, efficiency improvement, and quality enhancement.

Furthermore, the Group has remained focusing on scenario-based applications of A.I.. Relying on the business knowledge graph and data governance system accumulated over the years, the Group has developed data intelligence solutions and released industry white papers across a wide range of industries, with a continuous improvement on our standardized replication capabilities.

2. Technological product innovation

Throughout the Reporting Period, the Group has repeatedly boosted our R&D investment, with the amount of R&D expenses in 2024 reaching RMB732 million, maintaining a leading position in the industry. As of 31 December 2024, the Group had accumulated 3,177 intellectual property rights including software copyrights and patents, an increase of 390 compared to the same period last year.

Depending on Yan Cloud DaaS, which won the first prize of the National Science and Technology Invention Award, the Group has been incessantly promoting our solutions of trusted data space. When put into practice, the Yan Cloud DaaS, with its core data interoperability technology, has productively assisted our enterprise customers in breaking down data silos as well as conducting end-to-end data governance, which established a secure, controllable, and transparent data trusted space platform. Therefore, the Group has managed to empower customers in cross-industry and cross-enterprise data circulation and data value mining, promoting the transformation from "data silos" to "data ecosystems".

In addition, the Group has continuously deepened the construction of an Industry-Academia-Research collaborative innovation system, jointly building a new model of integration with universities, research institutions, and industry associations. In the supply chain scenario, the Group has independently developed Digitized Supply Chain System (include OMS, WMS, TMS, BMS, etc.), with its efficient and stable technical performance, once again became the official designated technical support system for the provincial logistics industry vocational skills competition. Focusing on the upgrade and iteration of data intelligence technology, a joint laboratory was established with Peking University to conduct cutting-edge technology research, and in February 2025, a new product, the one-stop data intelligence decision-making service platform “Yanyun Infinity” for enterprises, was officially launched.

3. Aggregation of Partner Resources

With rich industrial accumulation mentioned above, the Group has built a comprehensive ecosystem network covering diverse vertical industries, full products and entire life cycle. Particularly, the Group has joined hands with local governments, world’s top universities, leading research institutions, industry associations and channel partners, which formed an ecosystem network spanning across major cities and connecting vertical industries of the country, thereby providing strong support for our business development.

In the field of supply chain, the Group has established a self-operated warehouse network and a supply chain transportation network alliance both at home and abroad. Throughout the Reporting Period, the number of self-operated warehouses exceeded 150, with a storage area of over 1 million square meters, and a business territory covering 300 cities in China and 6 overseas bases. Through the transportation network alliance, the Group has integrated logistics resources globally, supporting efficient domestic supply chain and cross-border logistics, and improving end-to-end fulfillment efficiency. In addition, the Group has connected with over 40 mainstream domestic and cross-border e-commerce platforms, achieving online omni-channel coverage.

In the field of data intelligence, the Group has innovatively created the “Eco-Partners Program”, jointly exploring valuable scenario-based cooperations with enterprise customers, local governments and industry associations, with a common purpose to promote digital transformation. Additionally, the Group’s integration service business has deployed over 2,600 service outlets nationwide, covering 82% of China’s region, which includes 100% of prefecture-level cities, 90% of municipal districts and 85% of county-level cities. The network can precisely meet the demands of regional customers, providing low-cost and fast-response local delivery and maintenance services. Accordingly, the Group has obtained effective penetration of the “Big Data+ A.I.” full-stack data intelligence solution in both urban and county-level application scenarios, opening up new growth space.

In the field of overseas business expansion, the Group has kept sticking to the vision of “companion-based services” while empowering Chinese enterprises venturing abroad. Remarkably, a smooth progress of the Group’s overseas business expansion has been witnessed. Throughout the Reporting Period, the Group’s revenue from overseas business was RMB929 million, with a 2-year CAGR amounting to 41%. Throughout the Reporting Period, the Group has continued to deepen cooperation with leading cross-border e-commerce platforms, providing one-stop solutions to both domestic and overseas customers. Moreover, in the second half of 2024, the Group has successfully achieved strategic cooperation with a leading e-commerce customer, thereby offering comprehensive supply chain services in Vietnam. Also, in the second half of 2024, the Group has completed serving a leading IT customer in the migration of its computing center from China to Singapore, where more intelligent computing sites will be constructed in the future, thereby supporting the customer to quickly deploy real-time inference in cross-border business. Additionally, in the second half of 2024, the Group has deeply participated in the construction of core application systems for banks in multiple Belt and Road (B&R) countries, namely Singapore, Indonesia, Malaysia, Kazakhstan and Cambodia.

IV. Future Outlook

In 2025, China’s Government Work Report has laid a strong emphasis on the construction of Digital China, as well as the promotion of “AI+” Initiative. Besides, the report underscores the importance of fully integrating digital technologies with the manufacturing sector, dauntlessly supporting the wide application of A.I. LLMs, and unwaveringly accelerating the development of data elements. At the same time, with the release of the national “Action Plan for Effectively Reducing the Logistics Costs of the Entire Society”, reducing logistics costs has become a key strategic measure to improve the efficiency of economic operation. During this strategic opportunity period, the Group will rely on four development measures: Industry Focus, Technological Thrust, Ecosystem Development, and Refined Management, to firmly promote the innovative development of “Big Data + A.I.” business.

Industry Focus: Deeply cultivate vertical industries and build integrated service capabilities. The Group will leverage its advantages of understanding both industry scenarios and digitalization, focusing on deployment in key industries incorporating technology, consumption, hospitality, finance, and industrial manufacturing. Also, the Group will build up integrated core competitiveness to serve specific industry customers in R&D, procurement, production, inventory, warehousing, delivery, sales, and reverse recycling. Meanwhile, through the Yanyun Infinity intelligent platform, the Group will passionately advance A.I. technology to be implemented in more vertical scenarios.

Technological Thrust: Empower digital transformation with full-stack technological capabilities. The Group will persistently focus on the organic combination of key industry scenarios and data intelligence technologies, while accelerating the construction of LLMs in the field of logistics. The Group will also keep on iterating the application of intelligent operation algorithms, and forming industry solutions which are operationally digitalized and decision-making intelligent. At the same time, the Group will endeavor to provide one-stop end-to-end digital intelligence solutions to more specific industries, helping enterprise customers to achieve higher goals of quality improvement, cost reduction, and efficiency enhancement.

Ecosystem Development: Improve ecosystem construction and release the value of partner resources. The Group will continuously expand the supply chain network by building ecosystems of data intelligence with partners in terms of technologies, industries, and local governments. Through the well-developed partner ecosystem, the Group will be better equipped to establish more differentiated competencies, and to empower the digital transformation of more industries.

Refined Management: Achieve innovation momentum with standardized operation capabilities. Through refined management operations, the Group will establish more standardized solution capabilities, while continuously carrying out micro-innovations. Moreover, by accumulating our own technological achievements and industry solutions, the Group will enable the rapid reuse and delivery of our products and solutions in similar scenarios across different industries, which can help enterprise customers to achieve more cost reduction and efficiency enhancement, as well as promoting the improvement of the Group's own operational efficiency and quality.

Looking forward, the Group will keep adhering to the concept of "A.I. for Process". Particularly, relying on Yanyun Infinity platform, the Group will empower industry customers through our core competitiveness of "technology + scene + ecosystem", thereby injecting continuous momentum into the high-quality development of real economy. As a result, the Group's sustainable and long-term value creation can be consolidated.

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

As of 31 December 2024, the net book value of the WMP was approximately RMB 686 million. The Group has obtained the right to proactively dispose of the ultimate underlying assets associated with the WMP and has formulated disposal plans and specific action plans in relation thereto. The Group pushed forward with the disposal of a real estate residential project (the net book value of which was approximately RMB 84 million as of the Reporting Period), one of the ultimate underlying assets of the WMP, in accordance with the action plans. The court has issued a ruling that finalizes the restructuring plan, and the Group is currently planning to carry out related marketing activities through various channels.

The remaining ultimate underlying assets of the WMP involve a market and a commercial complex (the net book value of which was approximately RMB 602 million as of the Reporting Period). The market section is operating stably. The commercial complex section is currently undergoing divestment into a new corporate entity in accordance with the final restructuring plan approved by the court. The Group is expected to acquire a controlling interest in this new corporate entity such that the Group can facilitate the disposal of the relevant underlying assets. The Group is currently discussing the details of the asset divestiture with asset managers and has begun preparations for operations after the asset transfer in order to enhance asset value and accelerate the asset disposal.

The Group will continue to push forward the implementation of the action plans and the Company will make further announcement(s) 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 RMB22,307 million at 31 December 2024 which were financed by total liabilities of approximately RMB12,800 million, non-controlling interests of approximately RMB3,676 million and equity attributable to equity holders of the parent of approximately RMB5,831 million. The Group's current ratio at 31 December 2024 was 1.42 as compared to 1.50 at 31 December 2023.

During the year ended 31 December 2024, capital expenditure of approximately RMB132 million was mainly incurred for the additions of property, plant and equipment and other intangible assets.

As at 31 December 2024, the Group had cash and bank balances of approximately RMB3,143 million, of which about approximately RMB3,052 million were denominated in Renminbi.

The aggregate borrowings of the Group as a ratio of equity attributable to equity holders of the parent was 0.60 at 31 December 2024 as compared to 0.52 at 31 December 2023. The computation of the said ratio was based on the total interest-bearing bank and other borrowings of approximately RMB3,483 million (31 December 2023: approximately RMB3,283 million) and equity attributable to equity holders of the parent of approximately RMB5,831 million (31 December 2023: approximately RMB6,295 million).

At 31 December 2024, the denomination of the interest-bearing bank and other borrowings of the Group was shown as follows:

	RMB'000
Current	
Interest-bearing bank borrowings, unsecured	**1,042,080**
Interest-bearing bank borrowings, secured	**597,099**
Current portion of long term bank loans, secured	**264,345**
Other borrowings	**76,991**
	1,980,515
Non-current	
Interest-bearing bank borrowings, secured	**1,502,222**
	1,502,222
Total	**3,482,737**

Certain of the Group's bank borrowings of:

1. Approximately RMB1,859 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 RMB3,066 million at 31 December 2024; and

2. Approximately RMB450 million extended by financial institutions to certain subsidiaries of the Group were secured by pledge of 125,353,900 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 RMB1,404 million at 31 December 2024.

Included in the Group's current and non-current bank borrowings of approximately RMB264 million and RMB1,502 million respectively represented the long-term loans which are repayable from year 2025 to 2037. As at 31 December 2024, approximately RMB1,519 million and RMB1,964 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 2024 amounted to approximately RMB12,741 million, of which approximately RMB1,805 million were in long-term loan facilities, approximately RMB10,936 million were in trade lines, short-term and revolving money market facilities. At 31 December 2024, the facility drawn down from the Group was approximately RMB1,755 million in long-term loan facilities, approximately RMB3,284 million in trade lines, 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

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

In March 2016, Shenzhen Yihua Computer Co., Ltd. (hereinafter referred to as "Yihua") initiated legal proceedings against Oki Electric Industry (Shenzhen) Co., Ltd. (hereinafter referred to as "OKI") and Digital China Jinxin (Beijing) Technology Co., Ltd. (hereinafter referred to as "DC Jinxin") in a patent infringement dispute. Yihua alleged that the defendants had violated its proprietary rights by infringing upon five utility patents. The patent numbers involved in the five cases are ZL201420112570.5, ZL201210385756.3, ZL201420060123.X, ZL200910108145.2, and ZL201420020564.7. Pursuant to the alleged infringements, Yihua sought judicial relief, demanding that OKI desist from the manufacturing, marketing, and promising sales of the products in question, while DC Jinxin was enjoined from selling and promising the sale of such products. Additionally, Yihua claimed monetary compensation for economic losses and reasonable expenses incurred in the protection of its rights, totaling RMB7 million from both OKI and DC Jinxin.

In January 2019, the Shenzhen Intermediate People's Court of Guangdong Province issued the first-instance judgment for the five cases, ordering OKI to desist from the production and sale of the infringing products and compensate RMB4.4 million. The judgement also ordered DC Jinxin to halt the sales and not to promise sales of such products and to compensate Yihua RMB1 million. The judgment dismissed all other claims advanced by Yi Hua.

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

However, in December 2023, Yihua filed a legal action with the Shenzhen Intermediate People's Court against OKI and DC Jinxin again, alleging infringement of its five previously identified invention patents. Yihua sought an injunction requiring OKI to desist from the production and sale of the infringing products and DC Jinxin to halt the sales and not to promise sales of such products. Additionally, Yihua demanded compensation from OKI and DC Jinxin for economic losses and reasonable expenses associated with efforts to mitigate the infringement, totaling RMB275.3 million.

On 29 August 2024, Yihua withdrew its claim for infringement damages against DC Jinxin and clarified that only OKI would bear the compensation liability. DC Jinxin is only responsible for ceasing the infringement.

As at 31 December 2024, the case has not yet been adjudicated. Based on the advice from the legal advisor, no material loss will be borne by DC Jinxin.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2024.

Commitment

At 31 December 2024, the Group had the following commitments:

	RMB'000
Contracted, but not provided for, in the consolidated financial statements:	
Land and buildings	**20,419**
Capital contributions payable to joint ventures	**68,250**
Capital contributions payable to associates	**3,510**
Capital contributions payable to financial assets at fair value through other comprehensive income	**429**
	92,608

Foreign Currency Exposure

The Group is exposed to foreign exchange risk arising from net monetary liabilities in currencies other than the functional currencies of approximately RMB166,236,000 (2023: RMB102,276,000) as at 31 December 2024.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange should the need arise.

Events After the Reporting Period

No significant event of the Group occurred after 31 December 2024 and up to the date of this announcement.

Human Resources and Remuneration Policy

As at 31 December 2024, the Group had 19,268 full-time employees (31 December 2023: 16,782). 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 8.58% in staff costs to approximately RMB3,875 million for the year ended 31 December 2024 as compared to approximately RMB3,569 million 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 2024 *RMB'million*	Actual application for the year ended 31 December 2024 *RMB'million*	Un-utilised amount as at 31 December 2024 *RMB'million*	Expected to be utilised by 31 December 2025 *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**	**(454)**	**-**	**210**	**210**
(ii) Repayment of debt and interest expenses					
(a) Repayment of principal and interest expenses to Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司) due in October 2017	**160**	**(160)**	**-**	**-**	**-**
(b) Repayment of principal and interest expenses to Western Securities Co., Ltd. (西部證券股份有限公司) due in October 2017	**250**	**(250)**	**-**	**-**	**-**
(iii) General working capital purposes	**75**	**(75)**	**-**	**-**	**-**
Total	**1,149**	**(939)**	**-**	**210**	**210**

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 2024, an aggregate of RMB939 million has been utilised from the Net Proceeds.

As at 31 December 2024, the un-utilised Net Proceeds from the Rights Issue amounted to approximately RMB210 million. In 2024, due to the lasting impact of the COVID-19 pandemic, the investment atmosphere was relatively sluggish, and the management of the Company became more cautious in investing in mergers and acquisitions. Therefore, the un-utilised Net Proceeds had not been utilised in full as at 31 December 2024. 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 2025. All of such un-utilised Net Proceeds will be utilised for financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified. It is expected that the un-utilised Net Proceeds will be fully utilised by 31 December 2025.

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, 31 December 2021, 31 December 2022 and 31 December 2023 of the Company.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Mr. CHAN Wai Hong, Michael (who is the Chairman of the Audit Committee), Mr. KING William and Dr. LI Jing. The Audit Committee has reviewed 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 2024.

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 comprehensive income and the related notes thereto for the year ended 31 December 2024 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 HK6.0 cents per ordinary share (2023: HK6.0 cents per ordinary share) for the year ended 31 December 2024 to the Shareholders, totaling approximately HKD100,416,000, 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 2025 AGM, the proposed final dividend is expected to be paid on or about Wednesday, 16 July 2025 to the shareholders whose names appear on the register of members of the Company at 4:30p.m. on Friday, 4 July 2025.

ANNUAL GENERAL MEETING

The 2025 AGM will be held as a physical meeting on Friday, 27 June 2025. A notice convening the 2025 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 2025 AGM, the transfer books and register of members of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and vote at the 2025 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 Monday, 23 June 2025.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "**Code Provision(s)**") set out in the "Corporate Governance Code" (the "**Code**") contained in Part 2 of Appendix C1 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 2024, 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 of the Board and Chief Executive Officer of the Company since 8 June 2018. Mr. GUO Wei has extensive experience in business strategic development and management and is responsible for overseeing the whole business, strategic development and management of the Group. The Board believes that the dual role of Mr. GUO Wei will enable the consistency between the setting up and the implementation of the business strategy and benefit the Group and the Shareholders as a whole.

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

Under the amended and restated bye-laws of the Company adopted on 28 June 2023, at each annual general meeting one-third of the Directors 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, not less than one-third of the Directors are subject to retirement by rotation at each annual general meeting, by which each Director (other than the Chairman of the Board) will retire by rotation once every three years at the minimum.

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

The Company has not entered into any written letter of appointment with any of its non-executive Directors or independent non-executive Directors and their terms of office are not subject to a fixed term of service. However, the Board recognises that (i) the relevant Directors have already been subject to the laws and regulations applicable to directors of a company listed on the Stock Exchange, including the Listing Rules as well as the fiduciary duties to act in the best interests of the Company and its Shareholders; (ii) all of them are well established in their professions and/ or currently hold or have held directorships in other listed companies; and (iii) the current arrangement has been adopted by the Company for years and has proved to be effective. Therefore, the Board considers that the relevant Directors are able to carry out their duties in a responsible and effective manner under the current arrangement.

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

During the year ended 31 December 2024, Miss NI Hong (Hope) and Mr. CHEN Timothy Yung-cheng, each an independent non-executive Director, were unable to attend annual general meeting of the Company held on 27 June 2024 due to other business commitments or personal affairs.

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

COMPLIANCE WITH THE LISTING RULES

Following the retirements of Mr. WONG Man Chung Francis, Miss NI Hong (Hope) and Mr. CHEN Timothy Yung-cheng as independent non-executive Directors upon the conclusion of the AGM, the Company was unable to comply with Rules 3.10(1), 3.10(2), 3.21, 3.27A of the Listing Rules and the terms of reference of each of the remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee") of the Board as required under Rule 3.26 and Paragraph B.3.1 of Appendix C1 to the Listing Rules. For further details regarding the above retirements, please refer to the announcement of the Company dated 27 June 2024.

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

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct for Directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 December 2024.

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

Hong Kong, 28 March 2025

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: Dr. LIU Yun, John, Mr. KING William, Dr. GUO Song, Mr. CHAN Wai Hong, Michael and Dr. LI Jing

Website: www.dcholdings.com

* *For identification purpose only*