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ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Director(s)**” or the “**Board**”) of Digital China Holdings Limited (神州數碼控股有限公司*) (the “**Company**” or “**DC Holdings**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period for 2024 as follows:

FINANCIAL HIGHLIGHTS

| | Six months ended 30 June (Unaudited) | | Year-on-year change |
|--|---|-----------------|------------------------|
| | 2025 RMB'000 | 2024 RMB'000 | |
| Revenue | 7,865,449 | 7,014,343 | 12.13% |
| Of which: Big Data Products and Solutions revenue | 1,430,144 | 1,277,132 | 11.98% |
| Big Data Products and Solutions revenue share | 18% | 18% | - |
| Profit attributable to equity holders of the parent | 15,207 | 10,808 | 40.70% |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

| | | Six months ended 30 June (Unaudited) | |
|---|-------|---|--------------------|
| | | 2025 | 2024 |
| | Notes | RMB'000 | RMB'000 |
| Revenue | 3 | 7,865,449 | 7,014,343 |
| Cost of sales and services | | <u>(6,832,909)</u> | <u>(6,056,885)</u> |
| Gross profit | | 1,032,540 | 957,458 |
| Other income and gains | 3 | 63,780 | 70,545 |
| Selling and distribution expenses | | (403,865) | (390,346) |
| Administrative expenses | | (192,969) | (171,162) |
| Other expenses, net | | (471,895) | (441,235) |
| Finance costs | | (88,264) | (68,900) |
| Share of losses of associates and joint ventures | | <u>(24,867)</u> | <u>(17,095)</u> |
| Loss before tax | 4 | (85,540) | (60,735) |
| Income tax credit | 5 | <u>17,044</u> | <u>11,395</u> |
| Loss for the period | | <u>(68,496)</u> | <u>(49,340)</u> |
| Attributable to: | | | |
| Equity holders of the parent | | 15,207 | 10,808 |
| Non-controlling interests | | <u>(83,703)</u> | <u>(60,148)</u> |
| | | <u>(68,496)</u> | <u>(49,340)</u> |
| Earnings per share attributable to equity holders of the parent (expressed in RMB per share) | 7 | | |
| Basic | | <u>0.0103</u> | <u>0.0073</u> |
| Diluted | | <u>0.0102</u> | <u>0.0073</u> |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

| | (Unaudited) | |
|--|-----------------|-----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Loss for the period | (68,496) | (49,340) |
| Other comprehensive income (expense) | | |
| <i>Other comprehensive income (expense) that may be reclassified to profit or loss in subsequent periods:</i> | | |
| Exchange differences arising on translation of financial statements of foreign operations | 18,302 | (10,144) |
| Share of other comprehensive income of associates | 345 | - |
| Net other comprehensive income (expense) that may be reclassified to profit or loss in subsequent periods | 18,647 | (10,144) |
| <i>Other comprehensive income (expense) that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Net fair value changes on financial assets measured at fair value through other comprehensive income | 41 | (2,507) |
| Income tax effect | (6) | 623 |
| Net other comprehensive income (expense) that will not be reclassified to profit or loss in subsequent periods | 35 | (1,884) |
| Other comprehensive income (expense) for the period, net of tax | 18,682 | (12,028) |
| Total comprehensive expense for the period | (49,814) | (61,368) |
| Attributable to: | | |
| Equity holders of the parent | 27,409 | (3,181) |
| Non-controlling interests | (77,223) | (58,187) |
| | (49,814) | (61,368) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

| | | (Unaudited) 30 June 2025 RMB'000 | (Audited) 31 December 2024 RMB'000 |
|--|-------|--|--|
| | Notes | | |
| Non-current assets | | | |
| Property, plant and equipment | | 674,172 | 697,019 |
| Right-of-use assets | | 117,777 | 138,040 |
| Investment properties | | 4,487,842 | 4,481,252 |
| Goodwill | | 1,125,105 | 1,125,105 |
| Other intangible assets | | 230,088 | 261,995 |
| Interests in joint ventures | | 41,699 | 41,922 |
| Interests in associates | | 193,276 | 218,606 |
| Financial assets at fair value through other comprehensive income | | 353,315 | 362,361 |
| Financial assets at fair value through profit or loss | | 314,505 | 134,460 |
| Accounts receivables | 8 | 75,301 | 132,139 |
| Other receivables | | 440,000 | 440,000 |
| Deferred tax assets | | 257,757 | 224,338 |
| | | 8,310,837 | 8,257,237 |
| Current assets | | | |
| Inventories | | 2,784,228 | 1,117,841 |
| Completed properties held for sale | | 580,768 | 579,642 |
| Accounts and bills receivables | 8 | 3,201,244 | 3,259,130 |
| Prepayments, deposits and other receivables | | 1,649,946 | 1,528,936 |
| Contract assets | | 4,449,529 | 3,811,240 |
| Financial assets at fair value through profit or loss | | 173,000 | 183,198 |
| Finance lease receivables | | 19,418 | 19,418 |
| Restricted bank balances | | 43,959 | 83,479 |
| Cash and cash equivalents | | 1,960,403 | 3,142,841 |
| | | 14,862,495 | 13,725,725 |
| Assets classified as held for sale | | - | 324,336 |
| | | 14,862,495 | 14,050,061 |
| Current liabilities | | | |
| Accounts and bills payables | 9 | 3,959,235 | 4,251,022 |
| Other payables and accruals | | 1,149,752 | 1,257,244 |
| Lease liabilities | | 51,648 | 56,659 |
| Contract liabilities | | 2,226,909 | 2,264,240 |
| Tax payable | | 23,210 | 62,337 |
| Interest-bearing bank and other borrowings | | 3,507,152 | 1,980,515 |
| Other financial liability | 10 | 890,982 | - |
| | | 11,808,888 | 9,872,017 |
| Net current assets | | 3,053,607 | 4,178,044 |
| Total assets less current liabilities | | 11,364,444 | 12,435,281 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2025

| | | (Unaudited) 30 June 2025 RMB'000 | (Audited) 31 December 2024 RMB'000 |
|---|--------------|--|--|
| | <i>Notes</i> | | |
| Non-current liabilities | | | |
| Interest-bearing bank and other borrowings | | 1,436,251 | 1,502,222 |
| Deferred tax liabilities | | 513,260 | 504,237 |
| Deferred income | | 23,290 | 13,763 |
| Lease liabilities | | 25,350 | 37,450 |
| Other financial liability | 10 | - | 870,155 |
| | | 1,998,151 | 2,927,827 |
| Net assets | | 9,366,293 | 9,507,454 |
| Capital and reserves | | | |
| Share capital | 11 | 163,826 | 163,826 |
| Reserves | | 5,603,039 | 5,667,605 |
| Equity attributable to equity holders of the parent | | 5,766,865 | 5,831,431 |
| Non-controlling interests | | 3,599,428 | 3,676,023 |
| Total equity | | 9,366,293 | 9,507,454 |

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2025:

| | |
|-----------------------|-------------------------|
| Amendments to HKAS 21 | Lack of Exchangeability |
|-----------------------|-------------------------|

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

2. 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.

Segments 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, operating and maintenance services utilising cloud technology, automation and artificial intelligence. Such services provide important support for the continued deployment of our big data products and solution business.
- (c) **The Traditional and Localization Services business segment:** provides integration services as well as e-commerce supply chain services focused on integrated solutions, providing a vast sales channel which is critical for the Group’s continued deployment of its big data products and solutions as well as software and operating services. The segment also includes business related to investments, property sales and rental, as well as others.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results are evaluated based on the reportable segment profit, which is a measure of adjusted loss before tax. The segment results are 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 chief operating decision maker 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 segments for the six months ended 30 June 2025 and 2024 (Unaudited):

| | Big Data Products and Solutions | | Software and Operating Services | | Traditional and Localization Services | | Eliminations | | Total | |
|----------------------------------|--|------------------|--|------------------|--|------------------|---------------------|-----------------|------------------|------------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Segment revenue: | | | | | | | | | | |
| External | 1,430,144 | 1,277,132 | 2,448,322 | 2,159,513 | 3,986,983 | 3,577,698 | - | - | 7,865,449 | 7,014,343 |
| Inter-segment | 4,975 | 3,229 | 17,034 | 13,855 | 9,259 | 8,503 | (31,268) | (25,587) | - | - |
| | 1,435,119 | 1,280,361 | 2,465,356 | 2,173,368 | 3,996,242 | 3,586,201 | (31,268) | (25,587) | 7,865,449 | 7,014,343 |
| Segment gross profit | 319,055 | 315,241 | 311,884 | 263,273 | 401,601 | 378,944 | | | 1,032,540 | 957,458 |
| Segment results | (52,017) | (43,008) | 105,379 | 81,384 | 55,816 | 101,875 | | | 109,178 | 140,251 |
| Unallocated | | | | | | | | | | |
| Interest income | | | | | | | | | 8,520 | 8,580 |
| Income and gains | | | | | | | | | 41,467 | 28,853 |
| Unallocated expenses | | | | | | | | | (156,441) | (169,519) |
| Profit from operating activities | | | | | | | | | 2,724 | 8,165 |
| Finance costs | | | | | | | | | (88,264) | (68,900) |
| Loss before tax | | | | | | | | | (85,540) | (60,735) |

3. 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 period.

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

| | (Unaudited) | |
|--|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| <u>Revenue from contracts with customer within the scope of HKFRS 15</u> | | |
| Disaggregated by major products or service lines: | | |
| Sales of software products business | 7,434 | 34,973 |
| Software development and technical service business | 2,914,169 | 2,614,386 |
| Supply chain operation and maintenance business | 950,340 | 1,036,415 |
| System integration business | 1,541,447 | 1,546,291 |
| E-commerce supply chain business | 2,093,480 | 1,546,481 |
| Others | 215,922 | 89,470 |
| Total revenue from contracts with customers | 7,722,792 | 6,868,016 |
| Revenue from other sources | | |
| Rental income from investment properties under operating lease | 137,950 | 140,780 |
| Financial services business | 4,707 | 5,547 |
| Total revenue from other sources | 142,657 | 146,327 |
| Total revenue | 7,865,449 | 7,014,343 |

(i) Revenue from contracts with customers

Disaggregated of revenue by timing of recognition:

| | (Unaudited) | |
|-------------------------------|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Timing of revenue recognition | | |
| At a point in time | 3,858,283 | 3,217,215 |
| Over time | 3,864,509 | 3,650,801 |
| | 7,722,792 | 6,868,016 |

(ii) **Other income and gains**

| | (Unaudited) | |
|--|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Other income | | |
| Government grants | 38,503 | 38,022 |
| Interest on bank deposits | 8,520 | 8,580 |
| Income from wealth management financial products | 7,280 | 4,001 |
| Dividend income from financial assets at fair value through profit or loss | - | 279 |
| Dividend income from financial assets at fair value through other comprehensive income | - | 1,592 |
| Others | 2,097 | 6,015 |
| | 56,400 | 58,489 |
| Gains | | |
| Fair value gains on investment properties | 4,280 | - |
| Net exchange gains | - | 8,624 |
| Gain on deemed partial disposal of equity interest in an associate | 3,100 | 3,432 |
| | 7,380 | 12,056 |
| Total other income and gains | 63,780 | 70,545 |

4. LOSS BEFORE TAX

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

| | (Unaudited) | |
|---|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Share of losses of associates | 24,644 | 15,660 |
| Share of losses of joint ventures | 223 | 1,435 |
| | 24,867 | 17,095 |
| Amount of inventories recognised as an expense | 3,549,665 | 2,930,134 |
| Depreciation of property, plant and equipment | 30,058 | 30,627 |
| Depreciation of right-of-use assets | 36,807 | 39,200 |
| Loss on disposal of property, plant and equipment | - | 177 |
| Interest on discounted bills | 13,713 | 9,245 |
| Interest on bank loans and other loans | 52,037 | 35,214 |
| Interest on lease liabilities | 1,687 | 3,556 |
| Interest on other financial liabilities | 20,827 | 20,885 |
| Research and development costs (excluding amortisation of other intangible assets) | 258,242 | 282,488 |
| Amortisation of other intangible assets | 46,490 | 37,232 |
| Reversal of inventories | (5,734) | (14,460) |
| Impairment of accounts and bills receivables, other receivables and contract assets | 141,847 | 116,478 |
| Foreign exchange loss | 19,129 | - |
| Fair value loss on financial assets at fair value through profit or loss | 320 | 11,708 |
| Others | 11,601 | 7,789 |
| Other expenses, net | 471,895 | 441,235 |

5. INCOME TAX CREDIT

| | (Unaudited) | |
|--|---------------------------------|-----------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Current – People's Republic of China (“PRC”) | | |
| Enterprise income tax (“EIT”) | 8,293 | 8,746 |
| Land appreciation tax (“LAT”) | 1,026 | - |
| | 9,319 | 8,746 |
| Current – Hong Kong | - | 1,160 |
| Deferred tax | (26,363) | (21,301) |
| | (26,363) | (20,141) |
| Total tax credit for the period | (17,044) | (11,395) |

- (a) PRC EIT represents tax charged on the estimated assessable profits arising in Mainland China. In general, the Group's subsidiaries operating in Mainland China are subject to the PRC EIT rate of 25% except for certain subsidiaries which are entitled to preferential tax rates.
- (b) PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all property development expenditures.
- (c) Hong Kong Profits Tax is charged under the two-tiered profits tax rates regime, the first 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%. For the six months ended 30 June 2025 and 2024, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% of the estimated assessable profits.
- (d) The share of tax credit attributable to joint ventures of approximately RMB2,000 (six months ended 30 June 2024: tax charge of RMB298,000) and the share of tax charge attributable to the associates of approximately RMB147,000 (six months ended 30 June 2024: tax charge of RMB174,000) are included in “Share of losses of associates and joint ventures”, in the condensed consolidated statement of profit or loss.

6. DIVIDENDS

During the six months ended 30 June 2025, the shareholders of the Company (“Shareholders”) approved the payment of a final dividend of HK6.0 cents per ordinary share of the Company in respect of the year ended 31 December 2024 (six months ended 30 June 2024: a final dividend of HK6.0 cents per ordinary share of the Company in respect of the year ended 31 December 2023) at the annual general meeting of the Company held on 27 June 2025. The final dividend of approximately HK\$100,416,000 (equivalent to approximately RMB91,590,000) was paid on 16 July 2025 (six months ended 30 June 2024: approximately HK\$100,416,000 (equivalent to approximately RMB82,332,000)).

The directors of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: interim dividend of HK1.0 cent per ordinary share of the Company in respect of the six months ended 30 June 2024, absorbing a total amount of approximately HK\$16,736,000 (equivalent to approximately RMB13,332,000)).

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the six months ended 30 June 2025 attributable to equity holders of the parent, and the weighted average number of ordinary shares in issue less shares held under the restricted share award scheme (the “**RSA Scheme**”) of 1,479,115,772 (six months ended 30 June 2024:1,476,503,004) during the six months ended 30 June 2025.

The calculation of the diluted earnings per share is based on the profit for the six months ended 30 June 2025 attributable to equity holders of the parent with an adjustment on effect of dilutive potential ordinary shares of a subsidiary. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue less shares held under the RSA scheme during the six months ended 30 June 2025 as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares related to the Group’s share-based incentive schemes into ordinary shares.

The calculations of basic and diluted earnings per share are based on the following data:

| | (Unaudited) | |
|--|---------------------------------|----------------|
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| Earnings | | |
| Profit for the period attributable to equity holders of the parent, used in the basic earnings per share calculation | 15,207 | 10,808 |
| Effect of dilutive potential ordinary shares of a subsidiary | - | - |
| Earnings for the purpose of diluted earnings per share | 15,207 | 10,808 |

| | (Unaudited) | |
|--|---------------------------------|---------------|
| | Number of shares | |
| | Six months ended 30 June | |
| | 2025 | 2024 |
| Shares | | |
| Weighted average number of shares in issue less shares held under the RSA Scheme during the period, used in the basic earnings per share calculation | 1,479,115,772 | 1,476,503,004 |
| Effect of dilution potential ordinary shares: Share-based incentive schemes | 6,989,384 | 8,511,268 |
| Weighted average number of shares during the period used in the diluted earnings per share calculation | 1,486,105,156 | 1,485,014,272 |

8. ACCOUNTS AND BILLS RECEIVABLES

| | (Unaudited) 30 June 2025 RMB'000 | (Audited) 31 December 2024 RMB'000 |
|--|--|--|
| Receivables at amortised cost comprise: | | |
| Accounts and bills receivables | 4,299,239 | 4,308,918 |
| Less: loss allowance | (1,022,694) | (917,649) |
| | <hr/> | <hr/> |
| Total | 3,276,545 | 3,391,269 |
| | <hr/> | <hr/> |
| Analysis by: | | |
| Current portion | 3,201,244 | 3,259,130 |
| Non-current portion | 75,301 | 132,139 |
| | <hr/> | <hr/> |
| | 3,276,545 | 3,391,269 |
| | <hr/> | <hr/> |

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

| | (Unaudited) 30 June 2025 RMB'000 | (Audited) 31 December 2024 RMB'000 |
|-----------------|--|--|
| Within 30 days | 1,187,888 | 1,904,388 |
| 31 to 60 days | 209,950 | 185,442 |
| 61 to 90 days | 108,916 | 112,764 |
| 91 to 180 days | 423,426 | 186,561 |
| 181 to 360 days | 751,580 | 267,875 |
| Over 360 days | 594,785 | 734,239 |
| | <hr/> | <hr/> |
| | 3,276,545 | 3,391,269 |
| | <hr/> | <hr/> |

9. 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.

| | (Unaudited) 30 June 2025 RMB'000 | (Audited) 31 December 2024 RMB'000 |
|----------------|--|--|
| Within 30 days | 875,907 | 1,698,294 |
| 31 to 60 days | 413,146 | 256,520 |
| 61 to 90 days | 97,260 | 207,013 |
| Over 90 days | 2,572,922 | 2,089,195 |
| | 3,959,235 | 4,251,022 |

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 time frame.

10. OTHER FINANCIAL LIABILITY

Pursuant to the capital contribution from non-controlling interest of 神旗數碼有限公司 (“**Shengqi Digital**”) (formerly known as 因特睿科技有限公司) to the condensed financial statements, a put option has been granted by 神州數碼軟件有限公司 (“**DC Software**”) (being an indirect wholly-owned subsidiary of the Company), to the Investors.

If any of the triggering events occurs during the period when the investors hold equity interest in Shengqi Digital and before the listing of Shengqi Digital, the investors shall be entitled to require the Group to purchase all or part of their equity interest in Shengqi Digital at the put price before 31 March 2026

The Company will act as a guarantor in favour of the investors to guarantee the performance of such repurchase obligations of DC Software under the supplemental agreement.

As the financial liability is due to be settled within twelve months after the reporting period, the financial liability was classified as a current liability as at 30 June 2025.

11. SHARE CAPITAL

| | (Unaudited) 30 June 2025 HK\$'000 | (Audited) 31 December 2024 HK\$'000 |
|---|---|---|
| Authorised: | | |
| 2,500,000,000 (31 December 2024: 2,500,000,000) ordinary shares of HK\$0.1 (31 December 2024: HK\$0.1) each | 250,000 | 250,000 |
| | | |
| | (Unaudited) 30 June 2025 RMB'000 | (Audited) 31 December 2024 RMB'000 |
| Issued and fully paid: | | |
| 1,673,607,386 (31 December 2024: 1,673,607,386) ordinary shares of HK\$0.1 (31 December 2024: HK\$0.1) each | 163,826 | 163,826 |

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: HK1.0 cent per Share).

MANAGEMENT DISCUSSION AND ANALYSIS

I. Strategic Elevation: “Data x AI” Leading Business Growth



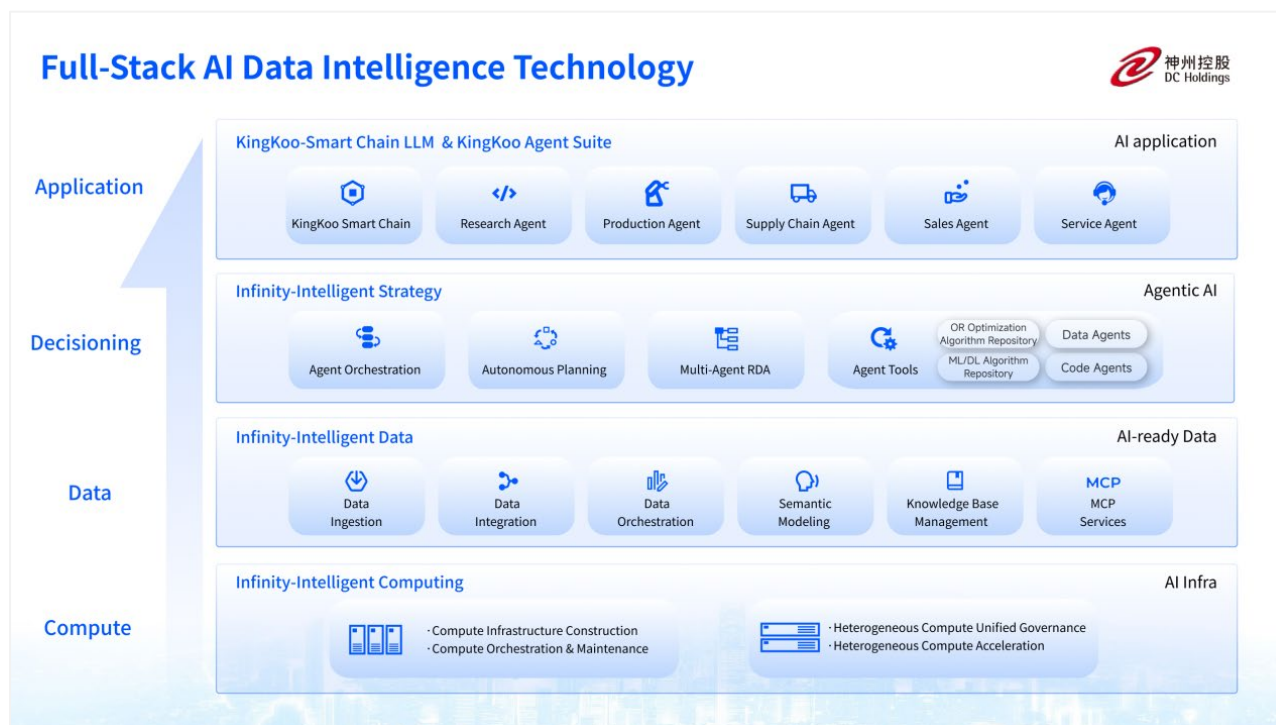
In 2025, leveraging our first-mover advantage in Big Data and AI, DC Holdings continuously promoted the elevation of “Data x AI” Strategy, to strengthen our data-intelligence technical foundation centered on the Yanyun Infinity Platform, and to empower core business scenarios. As China’s “AI+” Strategy gained momentum, DC Holdings provided more sophisticated full-stack data-intelligence solutions for industries including smart devices, communication technology, fast-moving consumer goods (FMCG), Apparel Industry, FinTech and Hospitality, which empowered our customers to achieve end-to-end digital transformation and to leap forward in management efficiency, thereby driving the restructuring of values across industrial chains.

Propelled by the deepened promotion of our “Data x AI” Strategy, DC Holdings has demonstrated robust growth momentum. During the six months ended 30 June 2025 (the “Reporting Period”), the Group’s total revenue was approximately RMB7.87 billion, reflecting a year-on-year increase of 12%; gross profit was approximately RMB1.03 billion, reflecting a year-on-year increase of 8%; net income attributable to equity holders of the parent company was approximately RMB15.21 million, representing a year-on-year increase of 41%.

By business segments, throughout the Reporting Period, the Big Data Products and Solutions Business Segment achieved a revenue of approximately RMB1.43 billion, marking a year-on-year increase of 12%; gross profit was approximately RMB319 million, with a year-on-year increase of 1%. The Software and Operating Services Business Segment achieved a revenue of approximately RMB2.45 billion, marking a year-on-year increase of 13%; gross profit was approximately RMB312 million, with a year-on-year increase of 18%. The Traditional and Localization Services Business Segment achieved a revenue of approximately RMB3.99 billion, marking a year-on-year increase of 11%; gross profit was approximately RMB402 million, with a year-on-year increase of 6%.

The Group maintained a robust order backlog. Throughout the Reporting Period, our newly signed contracts worth approximately RMB9.48 billion, representing a year-on-year increase of 98%; the signed but undelivered contracts worth approximately RMB10.44 billion, representing a year-on-year increase of 27%, laying a solid foundation for the Group’s long-term and sustainable development.

II. Tech-Enabled Foundation: Full-Stack AI Technologies Propelling Data Value Realization



The Group actively implemented the “General-Vertical Integration” development philosophy across our full-stack AI data intelligence technologies, constructing the Yanyun Infinity industry-level general data intelligence engine through 3 core platform capabilities, namely AI Infra ∙ AI-ready Data and Agentic AI. On this foundation, focusing on high-value scenarios, we efficiently developed and deployed vertical-specific intelligent applications infused with domain operational expertise. This enabled delivery of end-to-end industry data intelligence solutions, culminating in a technical feedback loop from “Data for AI”, “AI for Decision” to “AI for Process”.

Throughout the Reporting Period, the Group upgraded our Yanyun Infinity general platform architecture, centered on 3 core pillars: “Infinity-Intelligent Computing”, “Infinity-Intelligent Data” and “Infinity-Intelligent Strategy”. Also, we successfully developed and implemented "KingKoo-Smart Chain", a logistics-specific LLM.

At the Compute Layer, our AI Infra platform, Infinity-Intelligent Computing, delivered computing resource orchestration and performance enhancement through hardware-software co-optimization. Leveraging nationwide technical service network and extensive ecosystem resources, we have established end-to-end capabilities covering intelligent computing center consulting, deployment, resource orchestration, and maintenance services. For computational performance optimization, our heterogeneous computing resource orchestration and acceleration technologies enabled centralized management and flexible scheduling of diverse computing units. This effectively addressed challenges of fragmented management and low utilization in heterogeneous environments, thereby elevating computational supply efficiency, service capacity, and processing performance.

At the Data Fabric Layer, our AI-ready Data Platform, Infinity-Intelligent Data, delivered comprehensive tooling for Data Ingestion, Data Integration, Data Orchestration, Semantic Modeling, Knowledge Base Management and MCP services. The platform universal data connectivity, having achieved seamless integration of 100+ data source types across Relational Databases, Real-time Streaming Data, File Storage Systems, Data Warehouses, ERP/CRM Platforms, NoSQL Databases, IoT Devices, RESTful APIs. Powered by built-in transformation operators and AI-driven configuration leveraging LLM, our platform efficiently implemented complex data processing logic to automate intelligent data pipelines and ensure high-quality outputs. Additionally, our configurable MCP service accelerated agent capability development by operationalizing semantic knowledge frameworks.

At the Decisioning Layer, our Agentic-AI Platform, Infinity-Intelligent Strategy, delivered multi-dimensional orchestration strategies with core capabilities focused on Agent Workflow Orchestration, Autonomous Planning & Reasoning, and Multi-agent Simulation-based Execution. This propelled significantly higher task execution efficiency. Our platform offered a rich library of standardized Agent Tools, enabling rapid development and intelligent interaction between vertical-specific agents. Ultimately, this served intelligent applications across the entire enterprise value chain—from R&D and production to supply chain, marketing, and after-sales services.

At the Application Plane, we empowered intelligent supply chain solutions through our three-layer core technology stack, namely AI Infra, AI-ready Data, and Agentic AI. Throughout the Reporting Period, we independently developed a logistics-specific KingKoo-Smart Chain LLM, and KingKoo Agent Suite, covering R&D, production, supply chain, marketing, and after-sales services, empowering the construction of intelligent applications in smart supply chain scenarios.

To support the continuous iteration and industrial implementation of our above-mentioned technological system, we remain committed to in-depth R&D of scenario-based applications for "Data x AI". Throughout the Reporting Period, the amount of our R&D expenses reached approximately RMB305 million, continuously consolidating our tech foundation. Meanwhile, the Group actively contributes to the formulation of national and industry standards. As of 30 June 2025, the Group has cumulatively contributed to 187 national and industry standards (with 77 approved and published, and 110 under development), and accumulated 3,290 intellectual property rights including software copyrights and patents, thus strengthening the core technological barriers for innovation and industrial application.

III. Industry-Specific Excellence: AI-Driven Performance Leap in Value Scenarios

1) Smart Supply Chain Scenarios:

After over two decades of development, the Group has established our end-to-end intelligent supply chain solutions spanning warehousing management, transportation, delivery, e-commerce operations, cross-border trade, and supply chain digitalization systems. We have accumulated profound industry insights and operational expertise, leveraging transaction-driven demand capture to fuel logistics fulfillment ecosystems, while continuously refining data and experience to power AI-enabled supply chain software evolution, thereby forging cross-functional value pathways with real-time synergy.

In 2025, our smart supply chain division prioritized consumer electronics, telecommunications, FMCG, and apparel sectors, launching The Legacy Value Program for deepening existing client engagement and The Growth Frontier Initiative for new client acquisition. These initiatives drive vertical specialization and scenario-centric solutions. Among them, The Growth Frontier Initiative has systematized best practices into standardized industry solutions through serving market leaders, thereby achieving capability replication across multiple target enterprise customers. Meanwhile, The Legacy Value Program propelled over 30 existing enterprise customers from point solutions to full-chain partnerships through AI-powered tiered engagement and lifecycle services, facilitating a significant year-on-year revenue growth of the customers. The Group has kept committed to forging comprehensive strategic alliances with high-value clients, deeply addressing core needs and pain points across their full-spectrum supply chain lifecycle through embedded customized value-co-creation services. Throughout the Reporting Period, the Group has signed strategic cooperation agreements with 4 enterprise customers, targeting to secure over 10 high-value partnerships by year-end.

Technologically, the Group leverages deep industry expertise and a mature digital operation framework, powered by our logistics-specific vertical LLM "KingKoo Smart Chain", which has been trained on massive real-time operational data, to build our smart supply chain control tower. This integrated platform enables digital operations, intelligent analytics, and precision decision-making, delivering end-to-end intelligent orchestration. Our smart supply chain control tower enables continuous self-iteration through AI reinforcement learning and algorithmic model dynamic optimization, adapting to increasingly complex business scenarios, while making optimal decisions during actual business operations. Simultaneously, the smart supply chain control tower provides full-linkage workflow visualization for data-driven intelligent analysis, supporting precise business decisions and real-time intelligent alerts in areas such as production volume forecasting, intelligent order dispatch, intelligent storage location, picking path planning, intelligent packaging material recommendation, and intelligent transportation scheduling. Throughout the Reporting Period, within the Group's supply chain operations, the warehouse operational costs decreased by more than 20% year-on-year, transportation and delivery costs fell by approximately 8% year-on-year, and overall warehouse efficiency improved by over 30% year-on-year.

Currently, our smart supply chain scenario has pioneered the implementation of a full-stack data intelligence solution encompassing "data-to-decision-to-application," achieving deep penetration of "AI for Process." Leveraging internal industry knowledge bases, operational manuals, logs, datasets, and other proprietary data, the Group has developed supply chain algorithms tailored to diverse industry characteristics, thereby building up our "KingKoo Smart Chain" logistics vertical LLM. This industry-specific corpus significantly mitigates hallucination issues prevalent in general-purpose LLMs. Throughout the Reporting Period, our self-developed KingKoo Agent Suite attained end-to-end coverage across the entire value chain, with implementation commencing via internal pilot programs. Specifically, the KingKoo Operations Agent enables multi-range, multi-dimensional, and multi-relational data queries, boosting routine query efficiency by 90%. The KingKoo Decision Agent deeply integrates industry knowledge and enterprise data, autonomously determining required datasets and planning analytical workflows to assist managers in optimizing inventory strategies based on seasonal, market, and multidimensional factors, thereby increasing data analysis efficiency by 50%. The KingKoo Customer Agent consolidates client background knowledge, delivering 7*24 data analysis and intelligent service responses, effectively reducing customer service workload by 50%.

Moving forward, the Group will consistently increase R&D investment in smart supply chain solutions, continuously enhancing the KingKoo Agent Suite. Following internal scaling and stress testing, we will deliver secure, trustworthy vertical-specific intelligent applications tailored to supply chain industry requirements. These solutions will be rapidly deployable in customer supply chain use cases, empowering clients to achieve AI-driven value chain transformation across their R&D-to-after-sales operations.



2) FinTech Scenarios:

Within the FinTech sector, Digital China Information Service Group Company Limited (“DCITS”), our consolidated subsidiary, drives deep innovation in "AI + FinTech" applications. We keep advancing continuous development of vertical LLM for the financial industry, while comprehensively accelerating intelligent finance transformation initiatives. To date, DCITS has served over 2,000 financial institutions.

Throughout the Reporting Period, building on DeepSeek's foundation, the Group has comprehensively enhanced our FinancialMaster Q&A Agent and CodeMaster programming assistant for financial applications. Through deep strategic collaboration with Huawei centered on FinancialMaster, we have officially launched an integrated appliance solution for financial knowledge Q&A agents operating on Ascend AI's software-hardware platform. Concurrently, CodeMaster deployments have been completed across multiple core banking implementation projects, enabling automated generation of new feature code aligned with engineering frameworks and autonomous modification of demand-altering code segments. To date, empirical data has demonstrated significant coding efficiency improvements with LLM assistance, with generated code now achieving quality, readability, and standards compliance comparable to manually written code by senior developers.

Concurrently, we are vigorously advancing our "+AI" strategy across comprehensive solution suites. Within the financial sector, artificial intelligence generated content (AIGC) integration has been deployed in core banking, credit systems, channel platforms, data solutions, risk management, and cloud infrastructure offerings.

3) Government-Enterprise Digitalization Scenarios:

Leveraging the Yanyun Infinity Platform's capabilities in efficient data sensing, precise collection, and intelligent analytics, the Group has established deep expertise across government services, citizen services, urban cognitive systems, and industrial economy use cases. Through continuous iteration of data intelligence products and solutions, we propel the upgrade of client data governance into intelligent decision-making ecosystems. Throughout the Reporting Period, the Group launched an end-to-end data intelligence solution integrating DeepSeek's private deployment capabilities on the Yanyun Infinity platform. This solution has been successfully implemented in a municipal government service application, featuring the region's first AI government assistant. Trained on 150,000 policy documents and a over-4-million-word local knowledge repository, the assistant achieves more than 95% accuracy in handling government service inquiries, while enabling 62% online processing coverage across municipal, county, township, and village administrative levels. Concurrently, we continue driving iterative upgrades aligned with national policy directives, accelerating provincial-scale replication following successful city-level deployment.

In the government-enterprise digitalization sector, the Group has played an integral role in China's Golden Tax Project Phases III and IV, continuously advancing fiscal digitalization. Customized digital solutions have also been deployed for top-tier internet platforms including Meituan and Alibaba, as well as state-owned enterprise customers including INESA and Longyan Tobacco. Moving forward, our Yanyun Infinity platform will drive cross-industry standardization at scale, enabling full-cycle intelligent decision-making upgrades across client value chains.

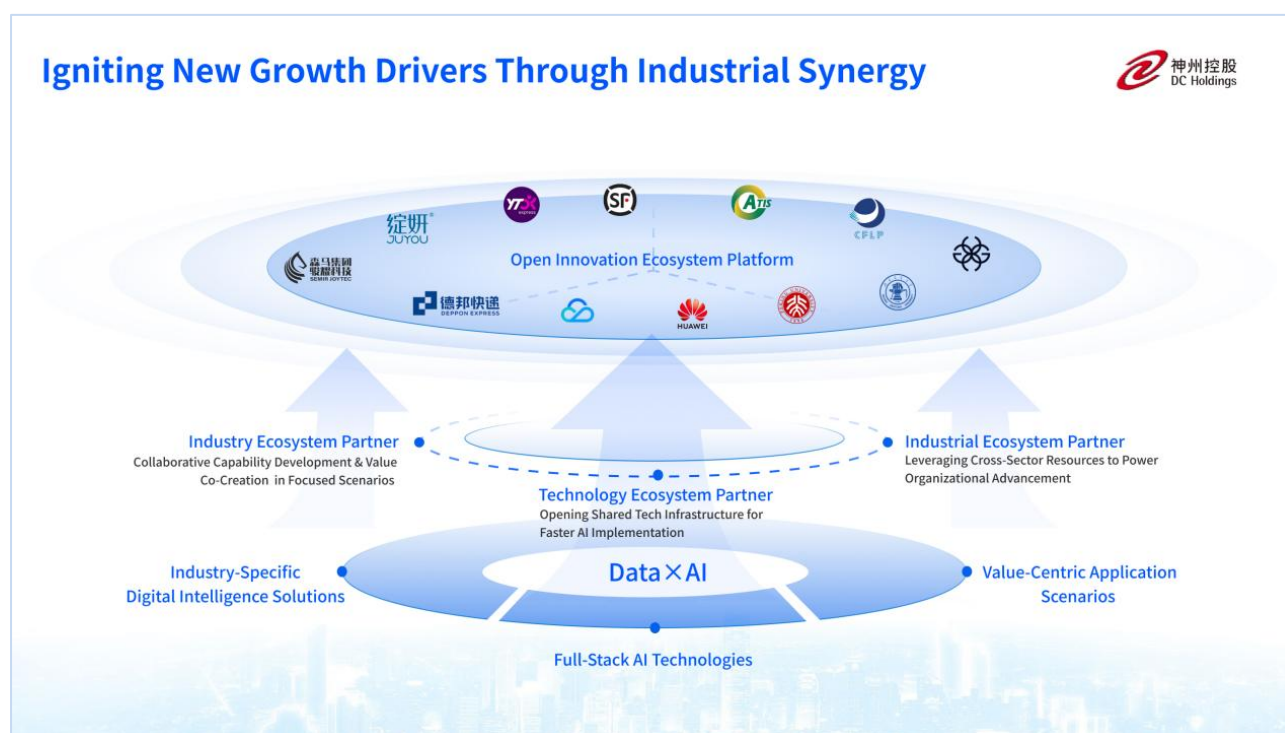
4) Chain Hotel Business Scenarios:

DC Holdings has established a solid business foundation and distinct competitive advantages through our sustained dedication to the hospitality sector. To date, the Group has served over 1,400 premium chain hotels and established a nationwide network of over 2,600 technical service outlets. Leveraging our asset management software platform, developed through years of specialization in high-end chain hotels, along with technical capabilities in computing resource orchestration and infrastructure maintenance, we have built a tech-driven growth model within the chain business ecosystem, thereby providing strong support for AI applications in the hospitality industry.

Throughout the Reporting Period, the Group has deepened strategic collaborations with Wanda Hotels & Resorts and Yunji Technology to jointly advance the implementation of data-driven intelligent solutions for the hospitality industry. Concurrently, we have secured digital services contracts across over 300 outlets of multiple premium chain hotels, further cementing our leadership in the hospitality sector. Furthermore, partnering with hospitality industry leaders, we are actively expanding our overseas operations, extending our proven domestic success to international markets.

Leveraging proven technical capabilities and service models honed in the hospitality sector, the Group is now replicating this success across other chain-based formats. In the computing power domain, building on the solid foundation established through successfully completing a computing power migration project for a leading IT provider, the Group has secured contracts for related services including computing resource scheduling and maintenance. This success has further enabled our expansion into digital services for IDC scenarios. In the chain-based enterprise service domain, the Group has achieved breakthroughs by providing digital solutions to automotive dealership outlets under major manufacturers such as FAW Group and SAIC Motor. These accomplishments effectively demonstrate the Group's capacity to rapidly deploy our comprehensive AI scenario-based solutions across diverse chain business models. This progress lays a critical foundation for our future diversified growth.

IV. Partner Resources Aggregation: Industrial Synergy Co-creating New Growth Engines



DC Holdings is committed to building an open industrial ecosystem platform that deeply integrates multidimensional resources from government, industry, academia, research, and end-user sectors. This establishes an innovation ecosystem featuring technology collaboration, co-created scenarios, and industrial synergy. The platform's core value lies in its open data capability infrastructure and AI toolchain, empowering ecosystem partners with composable and extensible technical capabilities. By lowering barriers to AI innovation, we accelerate partners' application development, streamline resource matching, and expand competency boundaries, enabling joint definition and resolution of core industry challenges to ultimately drive scalable implementation of digital intelligent transformation.

Within the technology ecosystem, the platform provides our partners with industry-wide data integration capabilities, AI-tools products, and domain-specific knowledge repositories to enhance their platform competencies. Moving forward, the platform will deliver encapsulated services via AI-ready Data and Agentic AI platforms, aiming to foster an open AI innovation community. Throughout the Reporting Period, building upon the February 2025 joint laboratory establishment with Peking University, we deepened collaboration with Peking University across AI infrastructure, agent-based general technologies, and application scenarios. This partnership leverages shared R&D outcomes to continuously enhance core product competencies. We also signed a big data product cooperation framework agreement with Tencent Cloud, under which both parties will intensify the promotion of domestic distributed databases and related data products. Furthermore, the Group joined forces with enterprises including Huawei Technologies Co., Ltd and Tencent Cloud to launch the industry's first AIGC large model financial ecosystem.

Within the use-case ecosystem, the Group collaborated with partners across the business ecosystem to deeply penetrate target industries. Together, we identified and defined the value of core industry scenarios, realizing collaborative capability enhancement and shared value generation. Throughout the Reporting Period, the Group deepened collaborations with SF and Deppon to enhance our competitive edge in transportation and delivery scenarios, incorporating parcel shipping and oversized logistics. Also, we signed a strategic cooperation agreement with YTO. Leveraging both parties' complementary strengths and resources, we jointly developed and deepened end-to-end smart supply chain service capabilities. Furthermore, the Group advanced innovation partnerships with national industry associations including the China Association of Trade in Services (CATIS) and China Federation of Logistics & Purchasing, pioneering business innovations and frontier explorations in domains such as cross-border trusted trade and payment, talent development for cross-border e-commerce, and end-to-end code standardization.

Within the industrial ecosystem, leveraging deep industrial expertise, the Group utilizes government partnerships as strategic access points to empower enterprise customers, thereby synergizing policy, technology, capital, and market resources to accelerate growth momentum. Throughout the Reporting Period, the Group signed a strategic cooperation agreement with Beijing Jiaotong University to establish the "Institute of Data Intelligence", jointly advancing the industry-academia-research collaboration in trusted logistics data space construction and intelligent manufacturing, while launching the "Green Supply Chain Initiative". What's more, we deepened collaboration with National Institution for Finance & Development (NIFD), China's national financial think tank, bridging financial research with industrial practice. Simultaneously, capitalizing on long-term service experience with provincial-level (Fujian, Jilin), municipal (Weihai), and county-level (Kunshan, Wujiang District) governments, we accessed large enterprises to facilitate digital transformation of local traditional businesses.

The Group's technological innovations and industry practices in Big Data and AI have garnered significant industry recognition. Throughout the Reporting Period, as a member of the National Data Administration-guided Trusted Data Space Development Alliance, the Group contributed to drafting two national big data standards and the Cross-Border E-commerce Platform Services Group Standard. We received notable accolades including: "Top 50 AI Tech Companies 2025" (Forbes China), "Global E-commerce Marketing Excellence Provider" (CATIS), "2024 Supply Chain Tech Innovation Breakthrough Award" (LOG Logistics News), "Golden Chain Award-Best Supply Chain Innovation" (SSCL), and "Top 50 Fintech Service Providers" & "Top 20 Big Data Services 2024" (iResearch). Also, we were recognized as "Outstanding Logistics Supplier" by Canon as well as other enterprise customers.

V. Future Outlook: Pioneering Positioning to Secure Leadership in the AI-Powered New Era

Capitalizing on strategic opportunities presented by China's national "AI +" initiative and market-oriented data element reforms, the Group resolutely executed our dimensional upgrade to the "Data x AI" strategy. This accelerated deep integration of data intelligence technologies with the real economy. Throughout the Reporting Period, the Group achieved robust business growth and breakthrough innovations by fortifying full-stack AI technology foundation, deepening value-driven scenario applications, and aggregating ecosystem partner resources.

Looking forward, the Group will persistently implement our "AI for Process" philosophy, integrating generalized and specialized capabilities, driven by technological innovation and customer-centricity. We will deepen our "Data×AI" strategic moats to build enduring competitive advantages, leveraging the Yanyun Infinity technology foundation to fortify our full-stack AI engine. This will power the intelligent evolution of customer ecosystems across their R&D-to-after-sales operations, accelerating their transition from digitalization to intelligent transformation. Through these efforts, we will continuously inject new digital-intelligent momentum into the real economy, achieving synergistic convergence of corporate value creation and social responsibility fulfillment.

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

As of 30 June 2025, the net book value of the WMP was approximately RMB686 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 RMB84 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 RMB602 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 newly registered corporate entity such that the Group can facilitate the disposal of the relevant underlying assets. The asset divestiture is progressing in an orderly manner. The new corporate entity has obtained management rights for the relevant assets and has entrusted a well-known enterprise to operate 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 RMB23,173 million as at 30 June 2025 which were financed by total liabilities of approximately RMB13,807 million, non-controlling interests of approximately RMB3,599 million and equity attributable to equity holders of the parent of approximately RMB5,767 million. The Group's current ratio as at 30 June 2025 was 1.26 as compared to 1.42 as at 31 December 2024.

During the six months ended 30 June 2025, capital expenditure of approximately RMB28 million was incurred mainly for the additions of property, plant and equipment and other intangible assets.

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB1,960 million, of which approximately RMB1,807 million were denominated in Renminbi.

The Group's foreign currency exposures mainly arise from net monetary liabilities in currencies other than the functional currencies of approximately RMB235,863,000 as at 30 June 2025. 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.

The gearing ratio, being aggregate borrowings of the Group as a ratio of equity attributable to equity holders of the parent was 0.86 at 30 June 2025 as compared to 0.60 at 31 December 2024. The computation of the said ratio was based on the total interest-bearing bank and other borrowings of approximately RMB4,943 million (31 December 2024: approximately RMB3,483 million) and equity attributable to equity holders of the parent of approximately RMB5,767 million (31 December 2024: approximately RMB5,831 million).

As at 30 June 2025, the interest-bearing bank and other borrowings of the Group were shown as follows:

| | <i>RMB'000</i> |
|---|-------------------------|
| Current | |
| Interest-bearing bank borrowings, unsecured | 2,847,193 |
| Interest-bearing bank borrowings, secured | 601,509 |
| Other borrowings | 58,450 |
| | <u>3,507,152</u> |
| Non-current | |
| Interest-bearing bank borrowings, secured | <u>1,436,251</u> |
| Total | <u><u>4,943,403</u></u> |

Certain of the Group's bank borrowings of:

1. Approximately RMB1,689 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 RMB3,093 million as at 30 June 2025; and
2. Approximately RMB300 million extended by financial institutions to certain subsidiaries of the Group were secured by pledge of 92,063,900 issued shares of DCITS, directly held by a wholly-owned subsidiary of the Company, with an aggregate fair value of approximately RMB1,309 million as at 30 June 2025.

Included in the Group's current and non-current bank borrowings of approximately RMB229 million and RMB1,436 million respectively are long-term loans repayable between 2025 and 2037. As at 30 June 2025, approximately RMB3,009 million and RMB1,934 million of the Group's bank borrowing were charged at fixed interest rates and floating interest rates, respectively.

The total available bank credit facilities for the Group as at 30 June 2025 amounted to approximately RMB10,030 million, of which approximately RMB1,665 million were in long-term loan facilities and approximately RMB8,365 million were in trade lines, short-term loans and cash advance. As at 30 June 2025, the total amount drawn down by the Group was approximately RMB1,665 million in long-term loan facilities and approximately RMB5,313 million in trade lines, short-term loans and cash advance.

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) Technology 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 Yihua.

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 Yihua. 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 30 June 2025, the case has not yet been adjudicated. Based on the advice from the Group’s legal advisor, no material loss will be borne by DC Jinxin.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2025.

Commitments

At 30 June 2025, the Group had the following commitments:

| | <i>RMB'000</i> |
|--|----------------------------|
| Contracted, but not provided for, in the condensed consolidated financial statements: | |
| Land and buildings | 37,753 |
| 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 |
| | <hr/> 109,942 <hr/> |

Significant Investments, Material acquisitions or disposals of subsidiaries, associates and joint ventures

There was no significant investment and material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

Events After the Reporting Period

There has been no significant event of the Group after the Reporting Period and up to the date of this announcement.

Human Resources and Remuneration Policy

As at 30 June 2025, the Group had 20,254 (30 June 2024: 17,307) full-time employees. 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 16.69% in staff costs of approximately RMB2,035 million for the six months ended 30 June 2025 as compared to approximately RMB1,744 million for the corresponding period of the last financial year. In order to attract and retain a high caliber of capable and motivated workforce, the Company offers share-based incentive schemes to staff based on the individual performance and the achievements of the Company's targets. The Group is committed to providing its staff with various in-house and external training and development programs.

The remuneration of the directors and senior management of the Group 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 2025 RMB'million | Actual application during the six months ended 30 June 2025 RMB'million | Un-utilised amount as at 30 June 2025 RMB'million | Expected to be utilised by 30 June 2026 RMB'million |
|---|-----------------------------|---|--|--|--|
| (i) Financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified (Note) | 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 purpose mentioned above. As at 30 June 2025, an aggregate of approximately RMB939 million of the Net Proceeds has been utilised.

As at 30 June 2025, the un-utilised Net Proceeds from the Rights Issue amounted to approximately RMB210 million. During the Reporting Period, due to the slow pace of macroeconomic recovery, 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 30 June 2025. Given the lingering market uncertainties and the time required for the restoration of investment confidence, it is expected that the un-utilised Net Proceeds would not be fully utilised by 31 December 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 30 June 2026.

For further details of the Rights Issue, please refer to the announcements dated 21 July 2017, 24 August 2017 and 15 September 2017, the rights issue prospectus dated 23 August 2017 and the annual report for the year ended 31 December 2017 and 31 December 2018 and 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 of the Company.

REVIEW BY AUDIT COMMITTEE

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 the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025 and have discussed with the senior management of the Company on their respective findings, the accounting treatment, principles and practices adopted by the Group, legal and regulatory compliance, as well as other auditing, internal control, risk management and financial reporting matters. The Audit Committee did not have any disagreement on the accounting treatment adopted by the Group in its unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the “**Code Provision(s)**”) contained in Part 2 of Appendix C1 set out in the “Corporate Governance Code” (the “**Code**”) to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”) throughout the six months ended 30 June 2025 (the “**Reporting Period**”), except the following deviations from certain Code Provisions with considered reasons as given below:

***Code Provision C.2.1** stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.*

Mr. GUO Wei, the Chairman of the board of directors of the Company (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 of the Company (“**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 and 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.

** The amendments to the Code effective on 1 July 2025 will apply to the corporate governance reports and annual reports of the Company commencing on or after 1 July 2025.*

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 Reporting Period.

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

During the six months ended 30 June 2025, 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 six months ended 30 June 2025.

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, 27 August 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*