神州控股
DC Holdings

DC Holdings Limited
FY2021 Results Presentation

March 2022

0

Disclaimer

This presentation may contain certain projection and forward looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Digital China Holdings may differ materially from those expressed or implied by such forward looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward looking statement, including but not limited to any projections of revenue, margins, expenses, charges, earnings or other financial items; any statements of the plans, strategies, and objectives of management for future operations, including execution of any restructuring plans; any statements concerning the expected development, performance or market share relating to products or services; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include macroeconomic and geopolitical trends and events; execution and performance of contracts by suppliers, customers and partners; employee management issues; the challenge of managing asset levels, including inventory; the difficulty of aligning expense levels with revenue changes; expectations and assumptions relating to the execution and timing of workforce restructuring programs. In addition, statistical and other information relating to the PRC and the technology industry contained in this presentation have been compiled from various publicly available official or unofficial sources generally believed to be reliable. However, the quality of such source materials cannot be guaranteed. Moreover, statistics derived from multiple sources may not be prepared on a comparable basis.
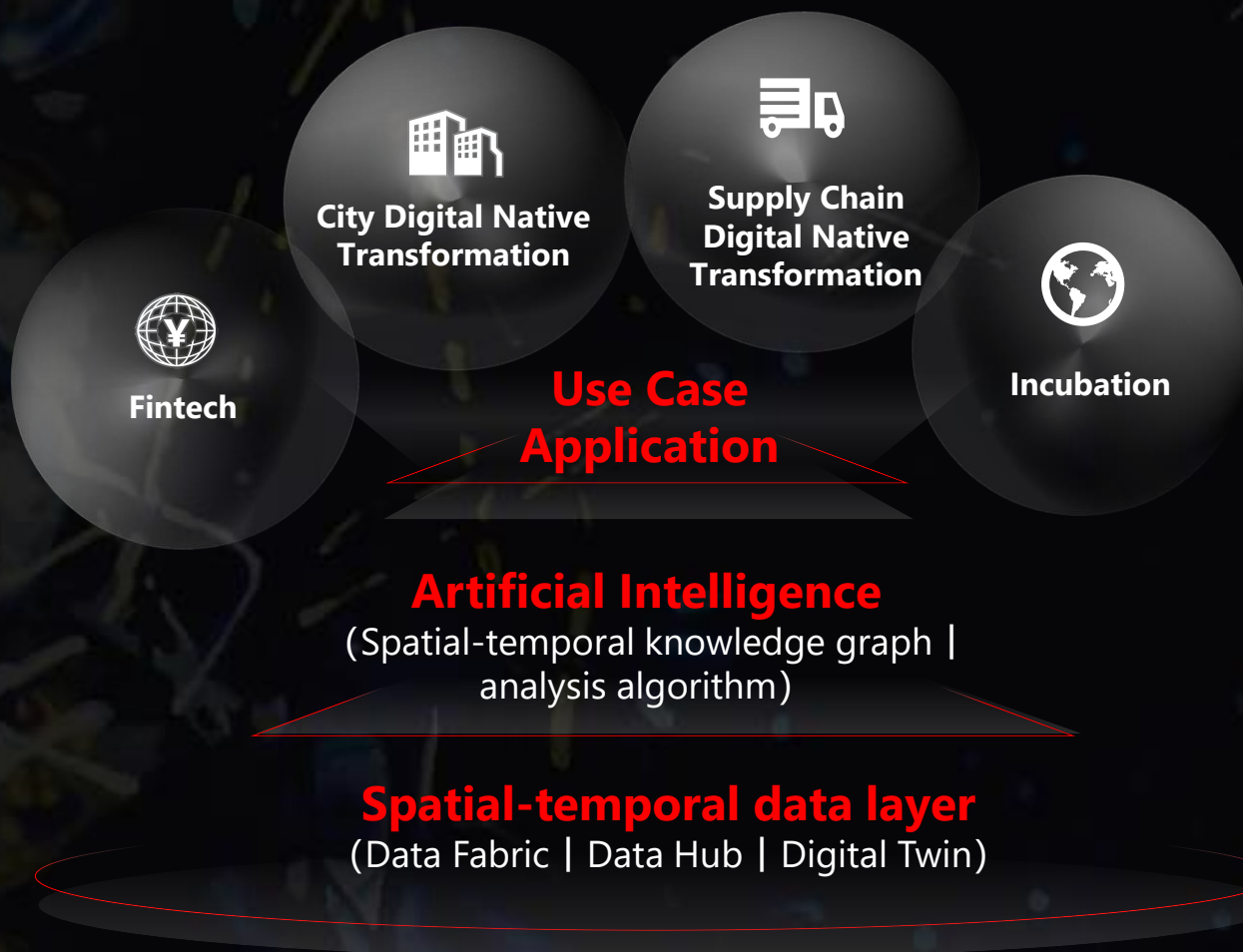
CONTENTS

FY21 Company Overview

Strategic Positioning | Business Model | Strategic Advancement | Highlights

Part 1

Strategic Positioning

DC Holdings was founded in 2000 and went public in 2001. Over the last two decades, we have committed to "**Digitalizing China**" as our core mission. Adhering to its corporate culture of "Responsibility, Passion, Innovation and Creating Shared Value", we deploy big data and A.I. technologies, providing government and enterprise clients with **a full-suite of big data products and solutions**

Leading Big Data Technology Enterprise

City Digital Native Transformation

Supply Chain Digital Native Transformation

Fintech

Incubation

Use Case Application

Artificial Intelligence
(Spatial-temporal knowledge graph | analysis algorithm)

Spatial-temporal data layer
(Data Fabric | Data Hub | Digital Twin)

Our Business Model

神州控股
DC Holdings

Government
- **20 years+** experience in China 2G space
- Pioneered over 20 **national standards** covering digital twin/big data policies
- Empower the cities' regulation and management with the role of "**City CTO**"

Enterprise
- **30 years+** experience in enterprise and financial institution clients
- #1 for 9 straight years in **Banking** Core System & Channel Solutions
- #1 for 8 straight years in **I.T., Communication & FMCG** Supply Chain Services

Customers

Product Development

Big Data Products and Solutions | Software and Operating Services | Traditional Services

Core R&D Model:

Our R&D team + Use Case-based Innovation + Industry-Academia-Research

Drivers of Growth

Existing Share of wallet expansion + New Ecosystem Leverage

Software customization (services) → Software standardization (Subscription, Licensing)

Strategic Advancement

Value Add →

Big Data Products and Solutions

Software and Operating Services

Traditional Services

City Digital Native Transformation

Supply Chain Digital Native Transformation

Fintech

Incubation

- **Sales of data software products** focused on big data and A.I., as well as **data solutions** for core use cases

- End-to-end data-enabled supply chain services, software development, testing and operating services
- Utilizes cloud technology, automation and A.I.
- **Key support pillar to develop big data products and solution business**

- Systems integration services and e-commerce supply chain services
- **Key sales channel to deploy big data products and solutions, software and operating services**

Key Highlights

神州控股
DC Holdings

Consolidated Revenue (HK$ million)	Consolidated Gross Profit (HK$ million)	Big Data Product Revenue (HK$ million)
20,539	**3,765**	**353**
+4% ⬆	**+12%** ⬆	**+102%** ⬆
Profit attributable to shareholders (HK$ million)*	EPS (Hong Kong cents)	Final Dividend (HK$ cents/share)**
818* (712)	**46.39**	**15** (13)
+21%* (16%) ⬆	**+23%** ⬆	**+10%** ⬆

*Profit attributable to shareholders (Excluding share-based payments)
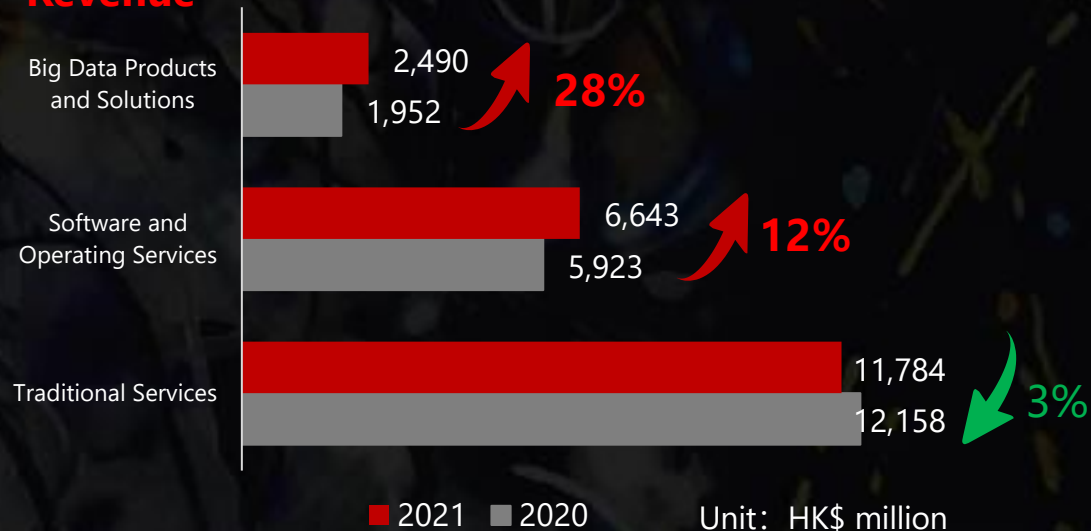**Represents a final dividend of HKD0.13/share and interim dividend of HKD0.02/share

FY21 Operating Performance
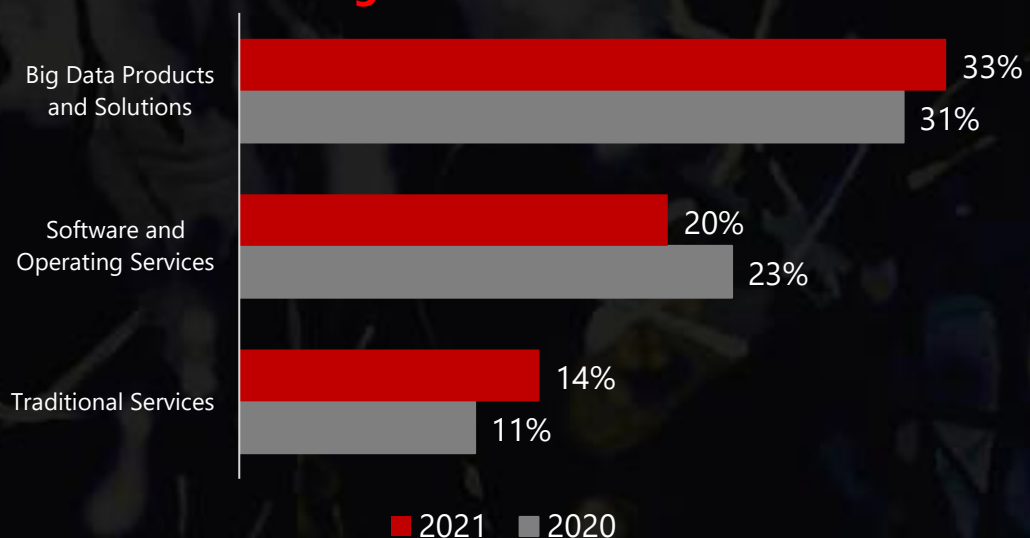
Segment Overview | Segment Highlights | Case Studies

Part 2

Segment Overview

Revenue

Big Data Products and Solutions
- 2,490
- 1,952
- **28%**

Software and Operating Services
- 6,643
- 5,923
- **12%**

Traditional Services
- 11,784
- 12,158
- **3%**

■ 2021 ■ 2020   Unit：HK$ million

Gross Profit Margin

Big Data Products and Solutions
- 33%
- 31%

Software and Operating Services
- 20%
- 23%

Traditional Services
- 14%
- 11%

■ 2021 ■ 2020

Focused on Big Data Products & Solutions
- **Standardized product** sales revenue increased by **102% y-o-y**
- Gross profit margins at **83%**; substantial increase in R&D spend

Driving clients in key cities, industries
- **Increase share of wallet** for clients in key cities and industries
- Existing clients of big data products and solutions saw revenue growth of **10%**
- Tapped new customers via wider DC network with **400 new clients** acquired

Moving up the Value Chain
- Focus on driving high margin big data products and solutions business
- Optimize revenue stack to minimize low margin businesses

Big Data Products and Solutions
- Revenue growth: 28%
- Gross Profit margin: 33%
- Revenue contribution: 12%

Software and Operating Services
- Revenue growth: 12%
- Gross Profit margin: 20%
- Revenue contribution: 32%

Traditional Services
- Revenue decrease: 3%
- Gross Profit margin: 14%
- Revenue contribution: 56% (down from 60%)

Big Data Products and Solutions Highlights

神州控股
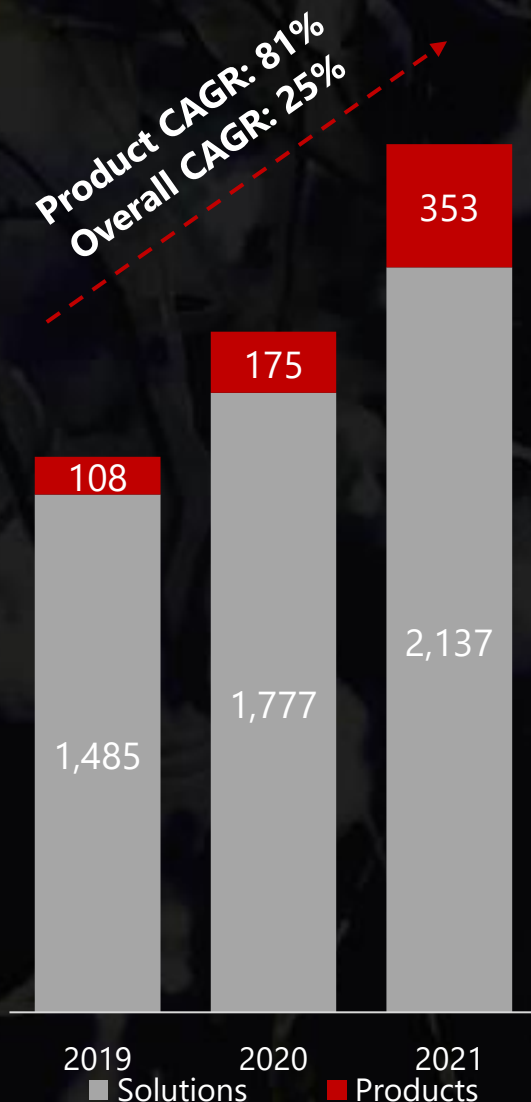DC Holdings

Product CAGR: 81%
Overall CAGR: 25%

353
175
108
2,137
1,777
1,485

2019   2020   2021
■ Solutions   ■ Products

Data Fabric
Yan Cloud DaaS   Sysnet

Data Hub
Data Management /Governance / / Intelligence / Security

Digital Twin
City Information Model

Product revenues of **HKD353mn**; y-o-y growth of **102%**; GP margins of **83%**; Accounted for **20%** of Segment Revenue

Over **200 new clients** acquired during the year

Substantial increase in R&D expense of **HKD497mn** ; y-o-y growth of **20%**;
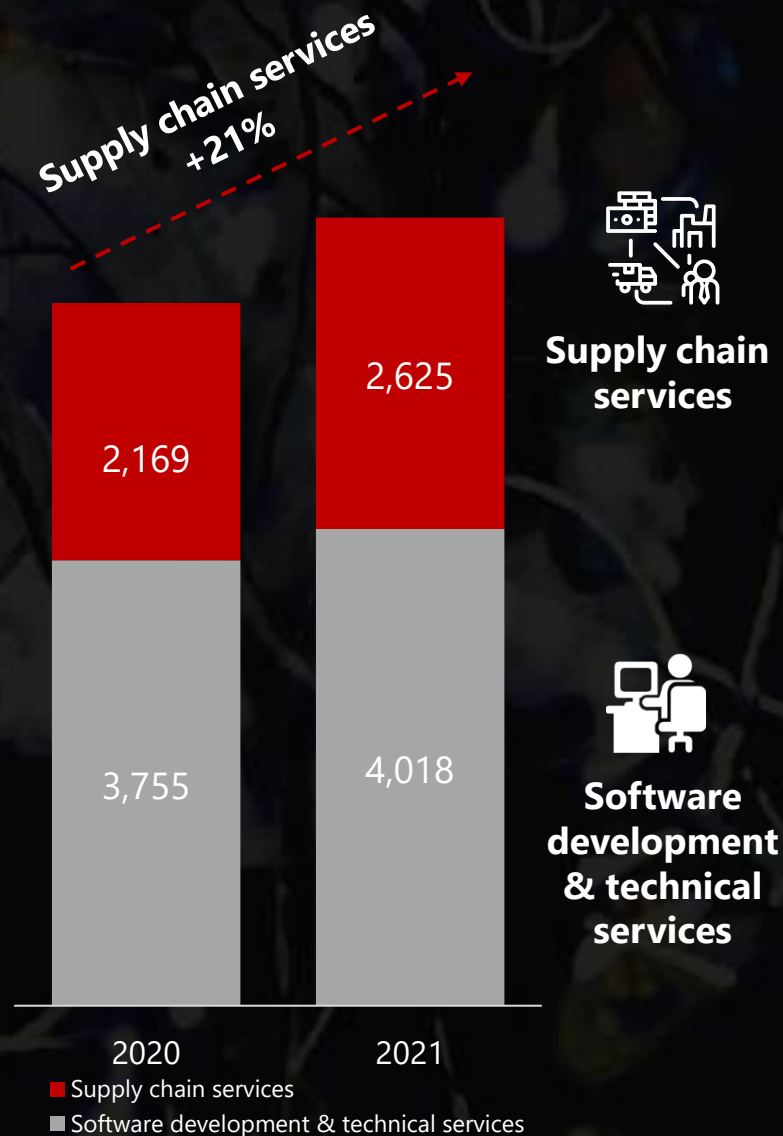
Formation of a technical infrastructure for expansion into **Metaverse**

Big data solutions: (city digital native transformation, supply chain digital native transformation, fintech and others), revenue increased by **20%**

Supply Chain digital native transformation: Provide intelligent algorithms, applications to enterprise customers, saving costs and improving efficiencies, c. revenues of **200 million**

Fintech: Maintain a leading position in the market for new generation core banking system, enterprise-level microservices platform, ESB and related data solutions. Continue to expand regional banking customers. Digital RMB solutions have been implemented in nearly 20 banks
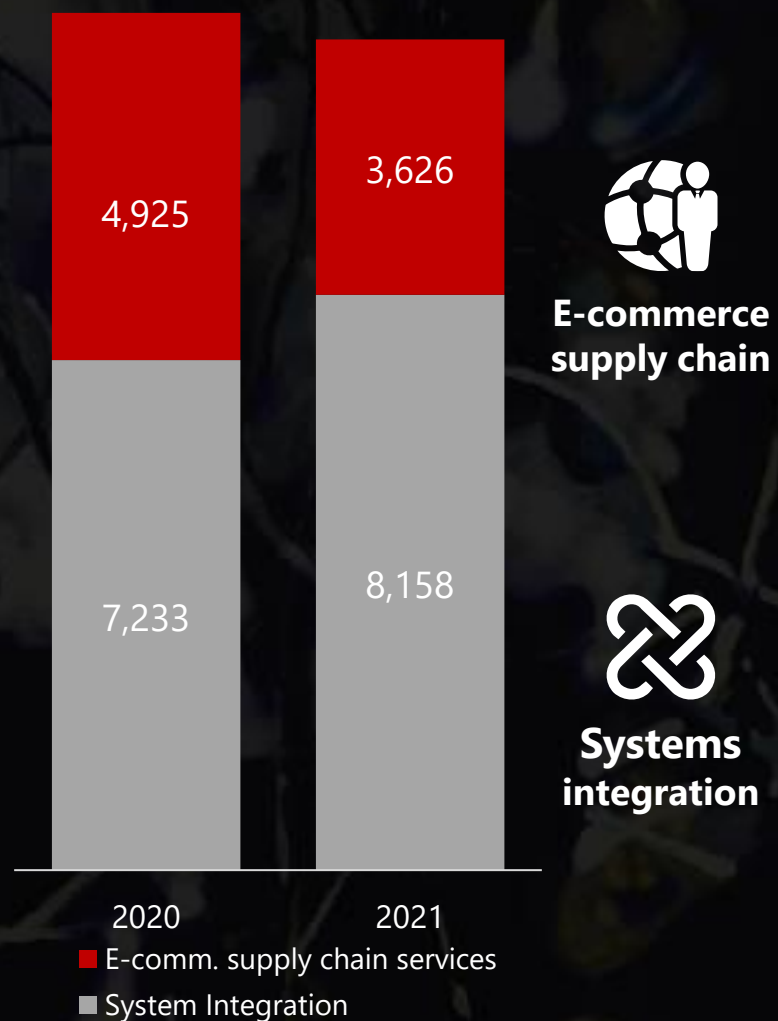
Software and Operating Services Highlights

Supply chain services +21%

2,169   2,625

3,755   4,018

2020   2021

■ Supply chain services
■ Software development & technical services

Supply chain services

- Data driven end-to-end data-enabled supply chain operation services

- Revenue growth **21%** y-o-y, Gross profit margins at **21%**

- Top 50 customers contributed **c.75%** of profits

- Focus on service quality and client share of wallet expansion，**62%** of customers saw larger contract amounts vs. FY20

- Utilizing data-driven insights and strict control measures，**75%** of projects achieved project level net profit improvement

Software development & technical services

- Provide software development, testing, operation and maintenance services

- Utilizes cloud computing, automation and A.I. technologies

- Stable revenue growth **7%** y-o-y，Gross profit margins at **20%**

Traditional Services Highlights

神州控股
DC Holdings

	2020	2021
E-comm. supply chain services	4,925	3,626
System Integration	7,233	8,158

E-commerce supply chain

- Provides e-commerce supply chain services
- Continued client portfolio optimization with a focus on better margins; revenues -26%, but gross margins **+2%**
- Serves as a base for client conversion; **25%** of customers in FY21 have successfully been up-sold software and big data products

Systems integration

- Provides a critical channel for deployment of big data products and solutions
- System integration revenue grew **16%** y-o-y
- Signed contracts of more than 1 billion RMB

Case Study – to G

Smart Environmental Protection Project in Yanqing District, Beijing

- **Requirement:** A 3D real-time monitoring of the environment and comprehensive analytics of environmental information, as well as the early risk detection through big data analysis

- **Project Details:** Utilizes **Data Fabric** and **Data Hub** product suite, infrastructure consisting 1 network, 1 platform and 2 centres to monitor environmental conditions in real-time

- **Results:** Effectively assisted the environmental protection work of the 2022 Beijing Winter Olympics and Winter Paralympic Games with no issues, highly recognized by client

- **Requirement:** 3D database model for the city, providing a platform and data support for the city's comprehensive decision-making process

- **Project Details:** Created a **CIM platform** and **CIM+ applications** (Energy conservation、Smart construction site、Intelligent piping network)

- **Results:** Project is currently under construction with more CIM+ applications created through knowledge mapping and our algorithm library in the future

Digital Twin Project in Jingyue District, Changchun

Case Study – to B

Data-driven

Service-driven

Efficiency-driven

Big data products and solutions

One-stop supply chain operation services

E-commerce supply chain

Case1

Existing Client A: Fulfilment services as an entry point to direct the sales of supply chain services and data services

- Revenue from e-commerce supply chain: **100mn+**

- Cross-sell supply chain services: **10mn+** revenue

- Up-sell big data products and solutions: **3mn+** revenue

Case2

New Client B: Starting with supply chain services to generate the sales of big data products and solutions
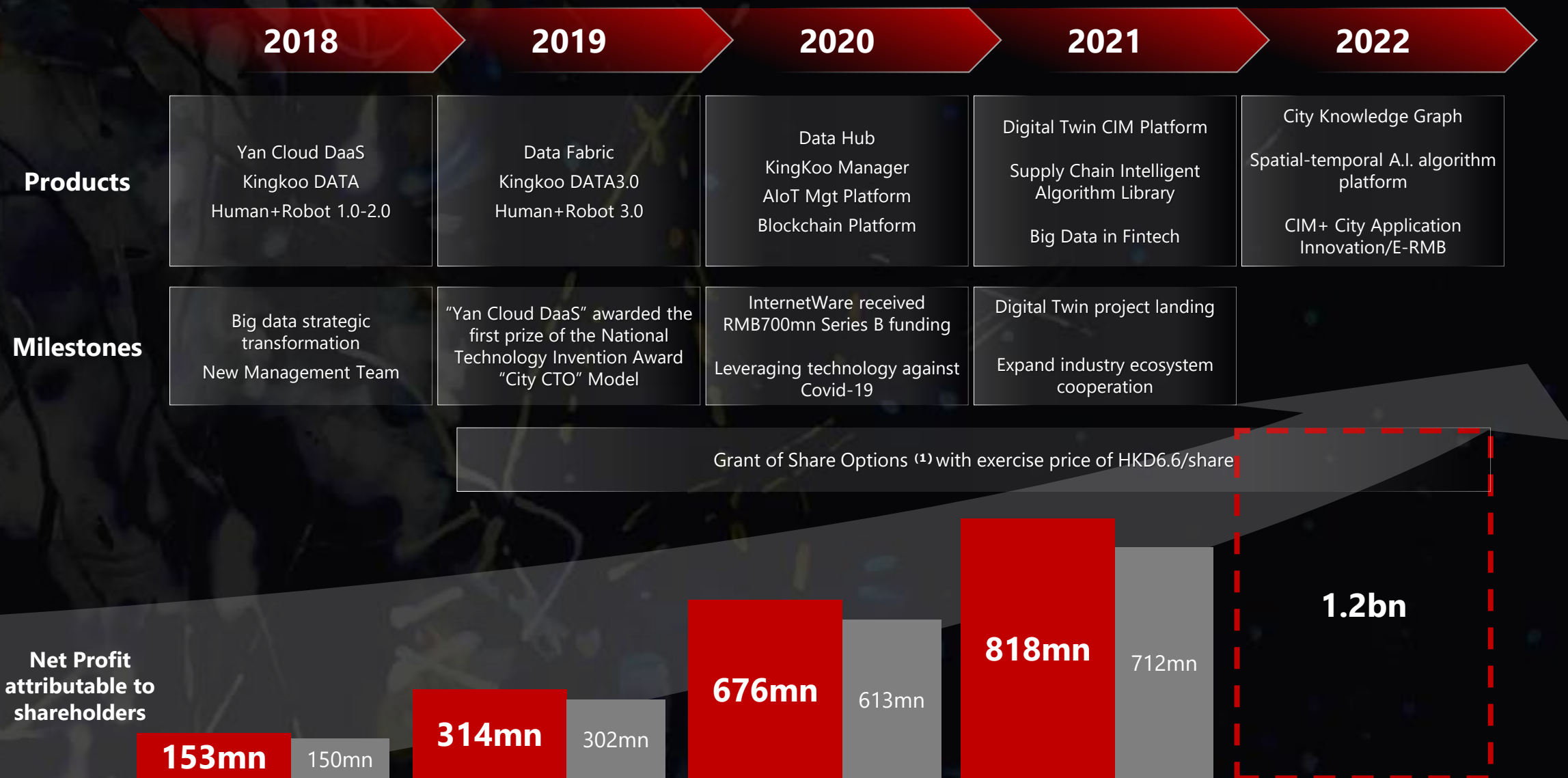
- Revenue from e-commerce supply chain: **15mn+**

- Up-sell big data products and solutions: **2.3mn+** revenue

FY22 Aspirations

Evolution | FY22 Business Outlook

Part 3

Evolution since FY18

神州控股
DC Holdings

	2018	2019	2020	2021	2022
Products	Yan Cloud DaaS Kingkoo DATA Human+Robot 1.0-2.0	Data Fabric Kingkoo DATA3.0 Human+Robot 3.0	Data Hub KingKoo Manager AIoT Mgt Platform Blockchain Platform	Digital Twin CIM Platform Supply Chain Intelligent Algorithm Library Big Data in Fintech	City Knowledge Graph Spatial-temporal A.I. algorithm platform CIM+ City Application Innovation/E-RMB
Milestones	Big data strategic transformation New Management Team	"Yan Cloud DaaS" awarded the first prize of the National Technology Invention Award "City CTO" Model	InternetWare received RMB700mn Series B funding Leveraging technology against Covid-19	Digital Twin project landing Expand industry ecosystem cooperation	

Grant of Share Options [1] with exercise price of HKD6.6/share

Net Profit attributable to shareholders

153mn 150mn **314mn** 302mn **676mn** 613mn **818mn** 712mn **1.2bn**

■ Net Profit attributable to shareholders (Excluding share-based payments) ■ Net Profit attributable to shareholders

1) Announcement dated 25 Aug 2020

FY22 Business Outlook

神州控股
DC Holdings

Leveraging **"Spatial-temporal data layer+A.I.+Innovation use cases"** to build a Big Data Product and Solution Matrix which enables further development of innovative use cases

Growth Drivers

Ecosystem Leverage
Tap into a vast client pool under the wider DC ecosystem

Innovative Use Cases
City Brain | Digital Trade | Digital Village | E-RMB

Client Base Expansion
Improve the service quality to acquire new clients

Artificial Intelligence
Spatial-temporal knowledge mapping | Spatial-temporal analysis algorithm

Share of wallet Expansion
Increase the SOW of the existing clients & customer loyalty

Spatial-temporal Layer
Data Fabric | Data Hub | Digital Twin

Growth Strategy

感 谢 聆 听