

DC Holdings Limited

1H2022
Results Presentation

2022.8

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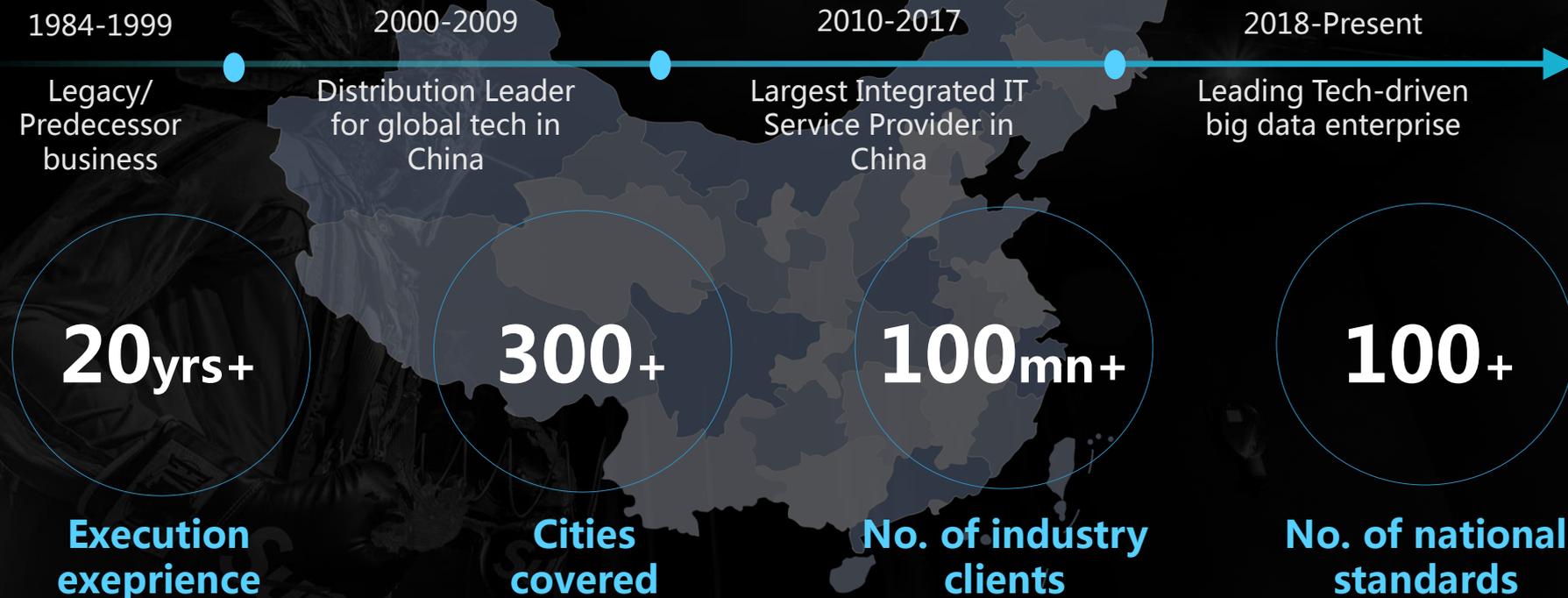
1 Key Financial Highlights

- Company Overview
- Operating Highlights
- Key Performance Metrics

DC Holdings - Leading the Way in Digitalization



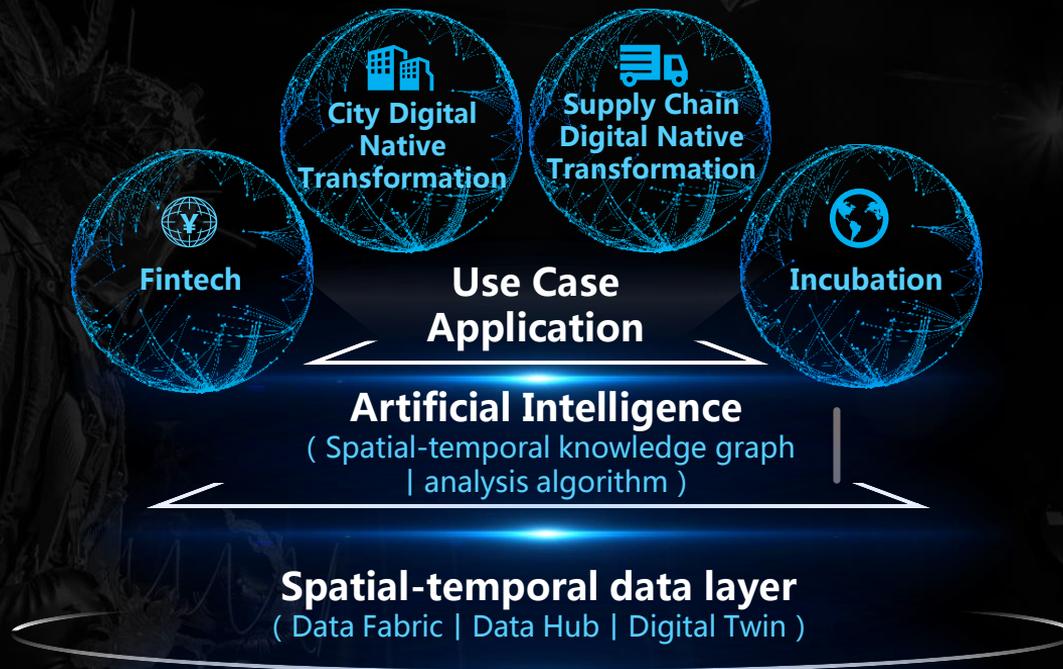
DC Holdings was founded in 2000, going public in 2001. Over the last two decades, we have committed to “**Digitalizing China**” as our core mission. Adhering to its corporate culture of “Responsibility, Passion, Innovation and Creating Shared Value”, we keep innovation at the forefront of our business



Our Core Strategy in the Digital Economy Era

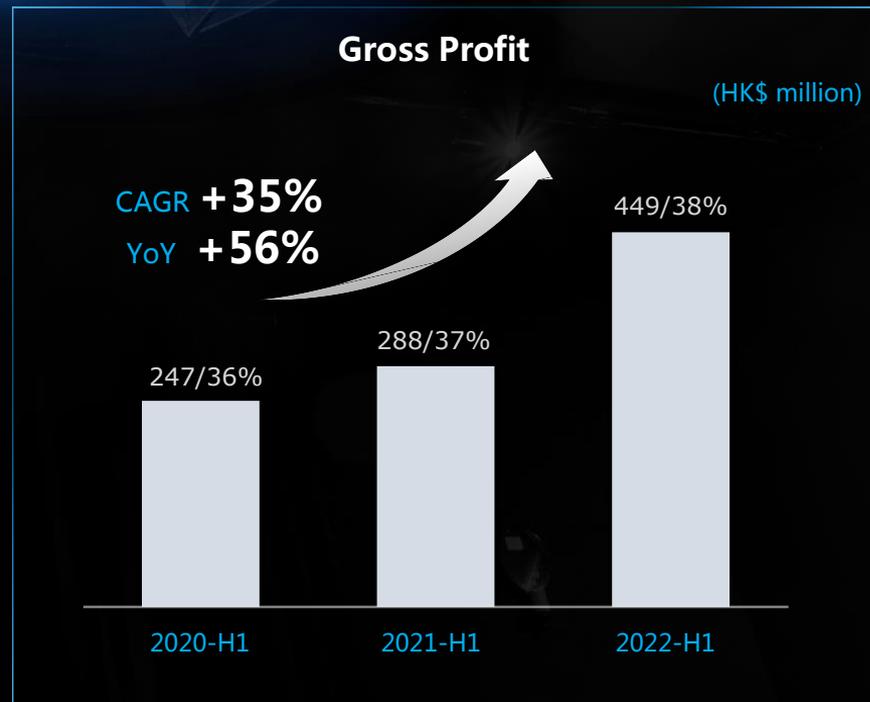
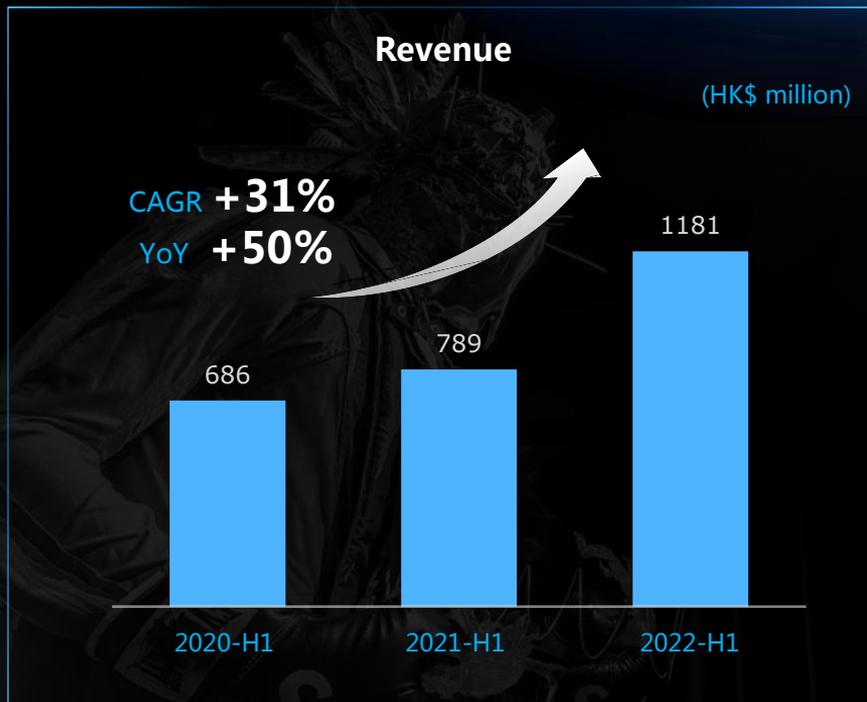
In 2018, we accelerated our core business by deploying **big data and A.I. technologies** and providing government and enterprise clients with a **full-suite of big data products and solutions**

Leading Tech-driven big data
enterprise



Operating Highlights - Rapid Growth of Big Data Business

Focused on Big Data Product and Solutions Business, revenues and GP continue to expand rapidly

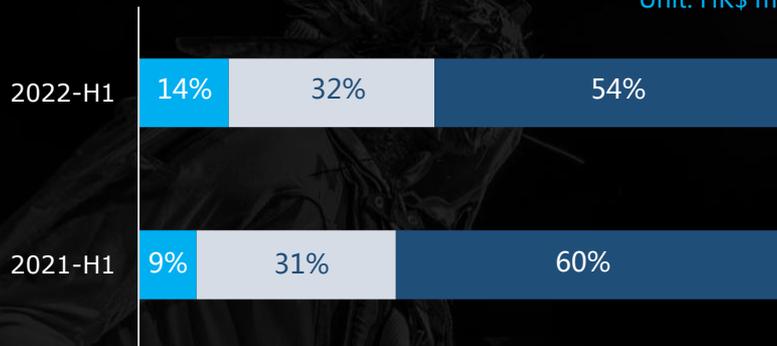


Operating Highlights - Ongoing Income Structure Optimization 神州控股 DC Holdings

Big data business contribution increases steadily driven by a distinct business strategy

% of Revenue by Segment

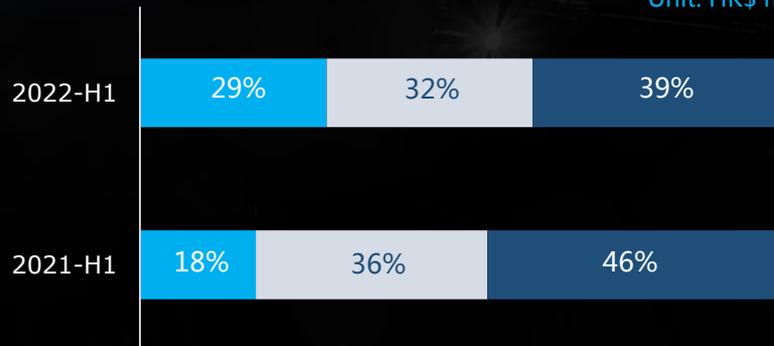
Unit: HK\$ million



	2021-H1	2022-H1
 Big Data Products and Solutions	789	1181
 Software and Operating Services	2674	2761
 Traditional Services	5283	4817

% of Gross Profit by Segment

Unit: HK\$ million



	2021-H1	2022-H1
 Big Data Products and Solutions	288	449
 Software and Operating Services	581	500
 Traditional Services	746	593

Operating Highlights - Maintaining Industry-leading Positions



Capitalizing on our strengths to deepen client relationships whilst pursuing new verticals

	% Revenue	Market Positioning	Key clients
Tech	45%	No.1 for 9 straight years in IT/3C; Top 3 for 10 straight years in IDC IT Services Enterprise Ranking	
Finance	27%	No.1 in China for 3 straight years in IDC Fintech Global Top 100; No.1 for 9 straight years in Banking Core System and Channel Solutions	
Consumer	14%	Top 3 in maternal, beauty and clothing , No.1 in FMCG & food products	
Govt	7%	10+ central ministries, incl. National Development and Reform Commission, Ministry of Science and Technology, Central Internet Information Office, Ministry of National Security, Ministry of Agriculture and Rural Development, State Administration of Taxation, Ministry of Water Resources, Ministry of Labor and Social Security, covering over 300+ cities, including Jilin, Fujian, Beijing, Guangzhou, Tangshan and Tianjin	

New Energy

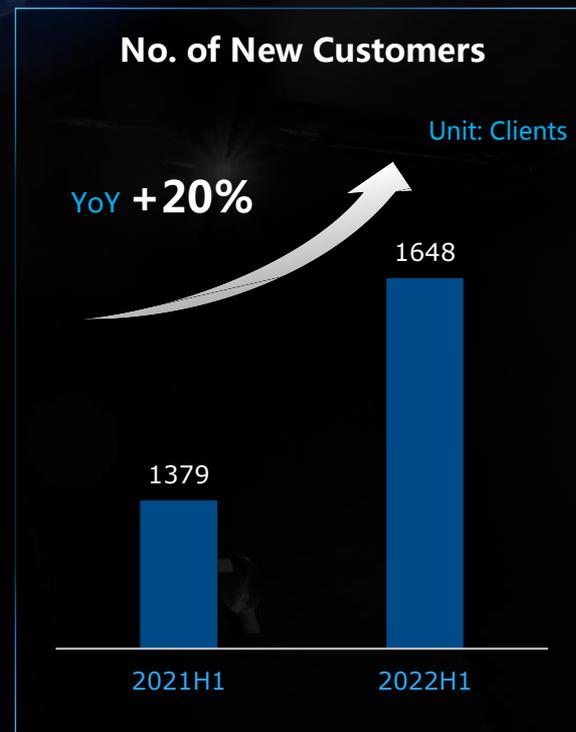
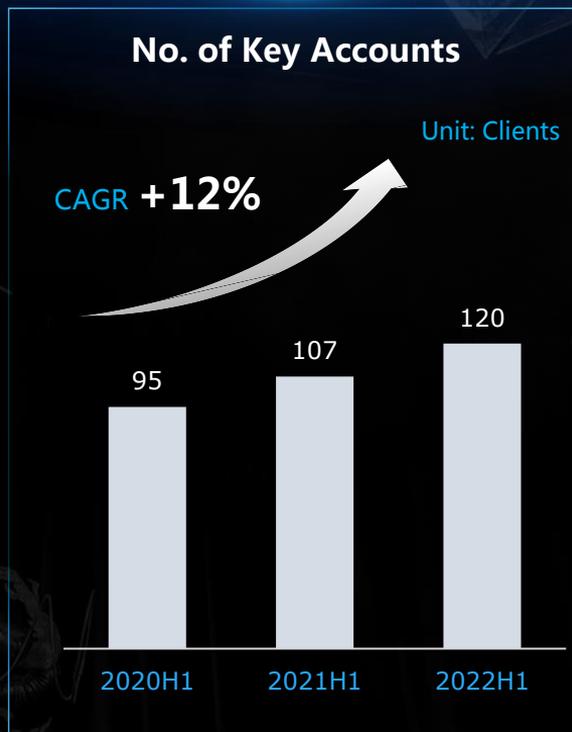
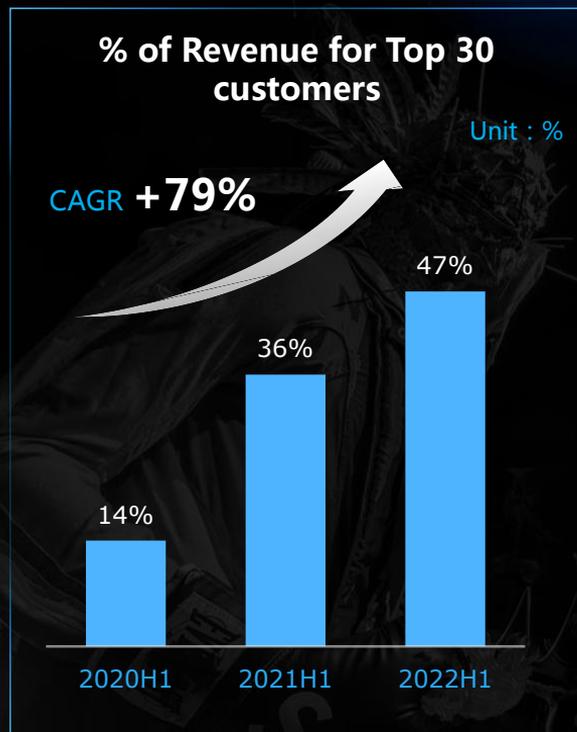
Cross Border E-Commerce

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Operating Highlights - Breakthrough in Customer Expansion



Driving results through share of wallet expansion as well as new client acquisition



Key Performance Metrics – Evident Uplift through Big Data



Consolidated Revenue⁽¹⁾
(HK\$ mn)

8,682

+0.1% ▲

Big Data Revenue
(HK\$ mn)

1,181

+49.7% ▲

Intellectual Property
(count)

Cumulative **2392**

New added +**143** ▲

**Profit attributable to
shareholders** (HK\$ mn)

222

+0.7% ▲

**Selling and Administrative
Expenses** (HK\$ mn)

654

-19.0% ▼

Proposed Dividend
(HK\$ cents/share)

2.3

15% ▲

1) Does not include sales orders in hand with executed contracts amounting to HK\$7.18 billion yet to be recognised during the reporting period.

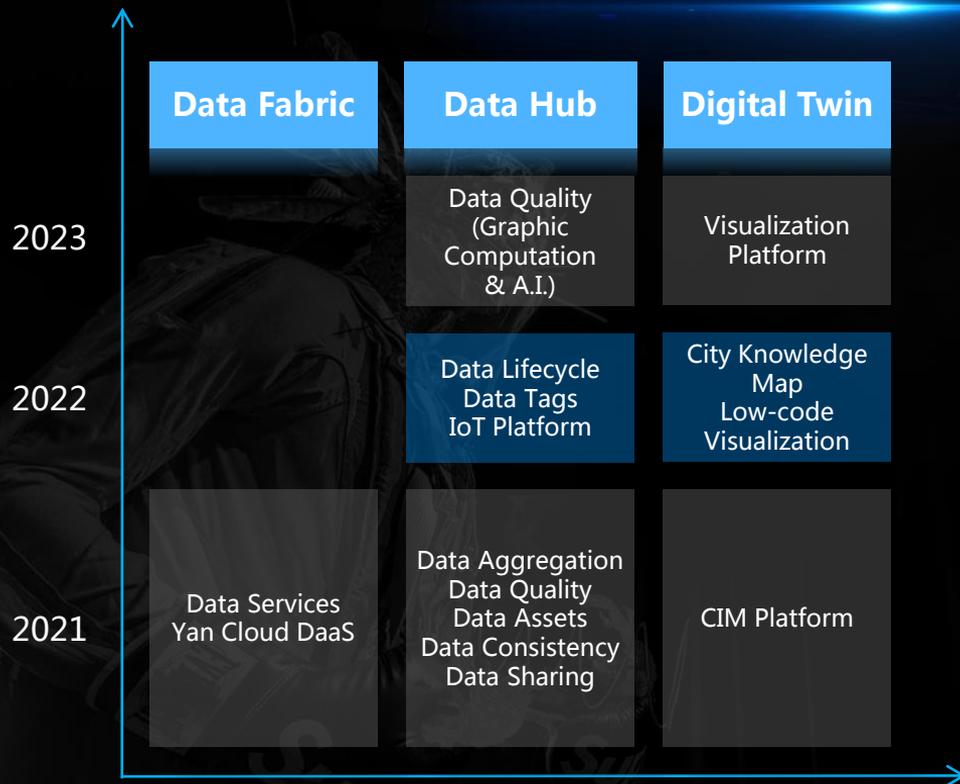
2 Product and Business Review

- Business Structure
- Big Data Products and Solutions
- Innovative R&D model

Business Structure



Increasing big data product offering diversity, with accelerated standardization efforts



Business Development :

- Increased product standardization, with GP margin of 83%, up 16% YoY;

Core Advantages :

- Comprehensive data management, Trusted data network, municipal data mining capability, data security, flexible product structure

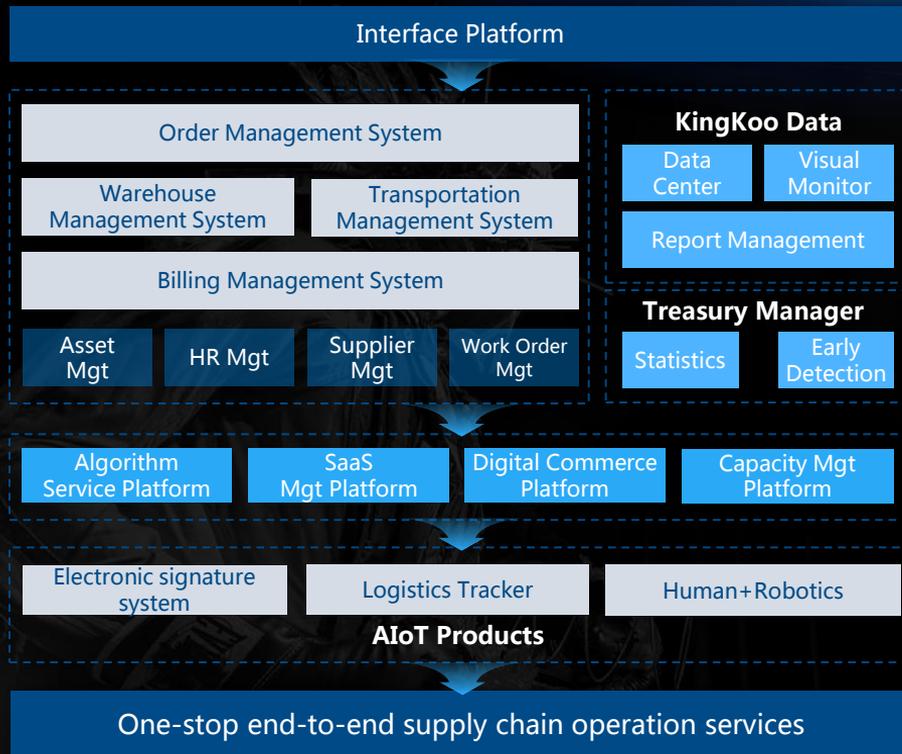
Client Case :

- Assisted the Changchun Government on epidemic prevention measures. With no support from existing software and service suppliers, related deployment work was completed within four hours, providing the government with accurate and efficient data analytics. More than ten times faster compared to traditional vendors and methods
- Technological localization services was provided to more than 50 clients, serving as a future sales channel for big data products and solutions deployment, providing our clients with all-rounded data infrastructure

Big Data Solutions - Supply Chain Digital Native Transformation



Leveraging on “Supply Chain+Big Data+AIoT” to provide clients with supply chain end-to-end solutions



Business Development :

- 1H22 Supply Chain Big Data Revenue +81% YoY
- '19- '21 Revenue CAGR +113%

Core Advantages :

- 20+ years of **industry experience** in both logistics and technology
- **Full-scale proprietary** supply chain software system with rare **B2B/B2C integration capability**
- Strong **practicability** given both a software developer and user
- Effectively supports **10mn+** of orders
- **Independent third-party** service provider and flexibly integrating upstream and downstream ecological partners

Client Case :

- Long-term service provider to clients such as **China Mobile, China Unicom, BYD, and Huawei**
- 7 years with **Panasonic China** as a key service provider, solving legacy issues and increasing client service quality and efficiency
- Utilizing big data technology empowers leading clients in FMCG, e-commerce and lifestyle to achieve intelligent warehouse segmentation, route optimization, full-link visualization, and sales forecast, **optimizing their supply chain efficiency**

Big Data Solutions - City Digital Native Transformation



Enabling digital development of cities through planning, construction, management, and services

Planning	Projects		Ops		Portal		Inspect		Construction	Water works			Construction area				
	Tracking	Key aspects	Vetting	Target vendors	Synergies	Mgt portal	Portal design	Standards		QC	Environment	Alarm	Sewage	Station work	Safety	Temperature	Compliance
Management	Portal Management				Carbon		Black Soil		Environment			IOC					
	Status	Economy	Modules	Accident	Society	Monitor	Promote	Protection	Conserve	:	One-off	Pollutant	Overview	Air quality	Overview	Operation	
	Urgency		Heating		Zoning		Health		Senior Care		Community		Industry		Govt		
	Pre-empt	Station	Status	Monitoring	Operate	Vendor	Doctors	Family	Monitoring	Services	Network	Services	Analysis	Vendor	Supervision	Services	
Services	Unified Social Services Platform							Citizen Services			Cross-border		Supply Chain				
	Birth	Education	Aging	Enterprise	Healthcare	Processing	Vendor	Documents	Platform	New student	Examination	Point system	Operations	Big data	Warehouse	Supply chain	

Business Development :

- Robust **orders in execution**, 613 projects currently in progress;
- The epidemic has brought much more **focus and priority** around big data solutions

Core Advantages :

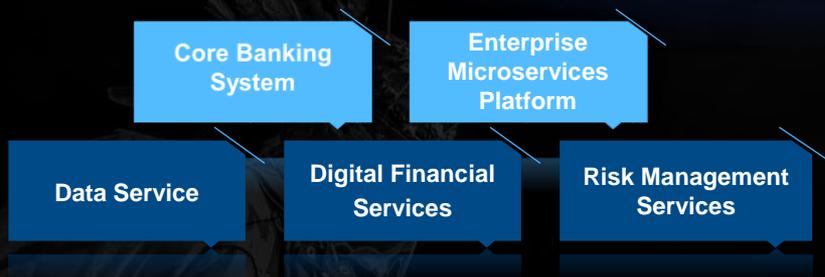
- Level: **city CTO** positioning, solutions covering **planning, construction, management and services**;
- Depth: 20+ years of execution experience, accumulated deep industry insights and **know-how**;
- Breadth: rich **customer resources** and **ecosystem partners** to accelerate the replication and standardization of solutions

Client Case :

- Over **RMB 1 billion** worth of contracts have been executed for the delivery and construction of services in Beijing Yanqing District, Shanghai Yangpu District, Tianjin Nankai District, Changchun City, Tangshan City, Longyan City, and Weihai City, etc.

Utilizing big data to achieve inclusive finance, becoming a trusted digital transformation partner

Solutions



Use cases

Taxation

Direct tax connection, Tax SaaS, blockchain, credit assessment for SMEs

Agriculture

Digital agriculture and rural construction, financial empowerment for rural areas and farmers

E-RMB

Prepaid cards, supply chain, digital consumer platform and industrial finance SaaS

Business Development :

- 1H22 Big Data related revenue +43% YoY
- Increase in number of large clients with RMB20mn in annual revenues

Core Advantages :

- 30+ years of experience, covering 1200+ clients
- Continued technological leadership and R&D investment
- Vast strategic partners and industry ecosystem resources
- Diverse use case experience to support digital transformation of financial institutions

Client Case :

- Executed contracts for various product lines, including with [Bank of China](#), [Bank of Beijing](#), [Bank of Ningbo](#), [Huishang Bank](#), and [Zhongyuan Bank](#), providing customers with one-stop solutions and services

Innovative R&D Model - Industry-academia-research-usage

Innovation

First Prize of the China National
Technology Invention Award

More than 80% technical R&D staff

Independent IP rights



Standard Drafting

Led and participated in the compilation
of 23 projects during 1H22

National and industry standards for
Digital Twin/Smart City/Smart
Park/Digital Village/Finance



Ecosystem Empowerment

Digital China Future Cities Institute
Shangdi Big Data Research Institute
New Power Digital Finance Research
Institute
DC Innovation Eco Incubation Fund
DC Hackathon



神州控股 未来城市研究院成立



Core Use Case Focus

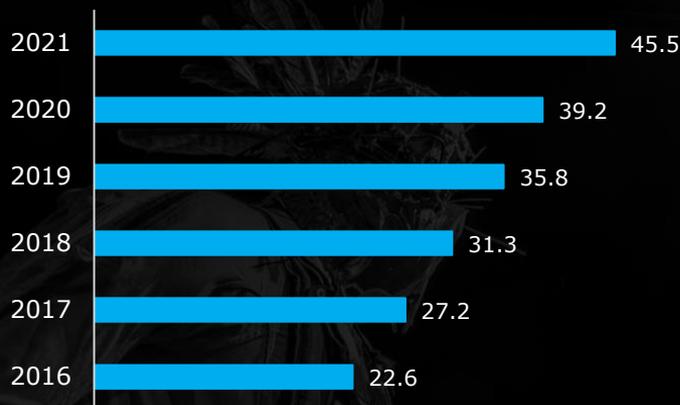
R&D based on scenarios and actual
client needs
Promote continuous improvement
and standardization
Rapid product replication

3 Outlook and Aspirations

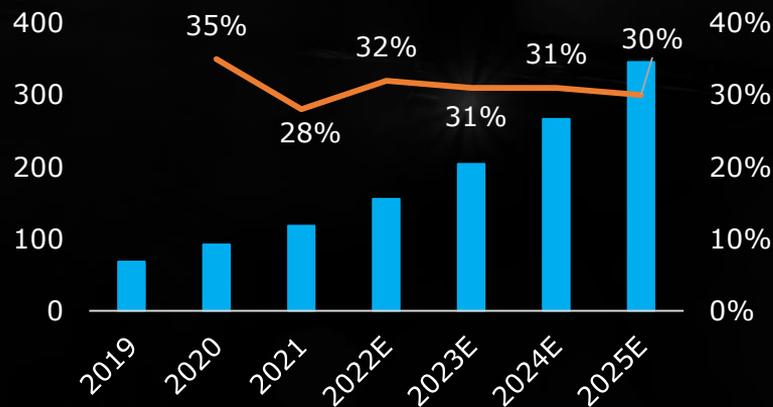
- Market Outlook
- Growth Drivers & Growth Strategy & Goal
- Investment highlights

A Vast Digital Economy Market

China's Digital Economy's Size
(RMB trillion)



Market size and growth rate of data intelligence
applications in China (RMB billion)



- China's big data industry exceeded 30% CAGR during the previous "Five-Year Plan"
- By 2025, the estimated scale of the big data industry will exceed 3 trillion RMB, and the CAGR will remain at around 25%
- State Council also proposed a development goal of reaching 14 trillion RMB in the software and information technology service industry by 2025

Growth Drivers and Growth Strategy

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 Strategy



Innovative Use Cases

City Brain | Digital Trade | Zero Carbon |
Waterworks & Utilities



Artificial Intelligence

Spatial-temporal knowledge mapping |
Spatial-temporal analysis algorithm



Spatial-temporal Layer

Data Fabric | Data Hub | Digital Twin



Ecosystem Leverage

Tap into a vast client pool under the
wider DC ecosystem



Client Base Expansion

Improve the service quality to
acquire new clients



Share of wallet Expansion

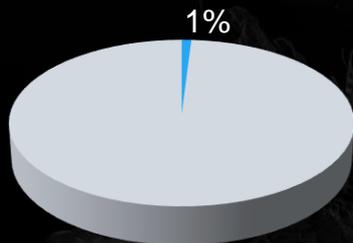
Increase the SOW of the existing
clients & customer loyalty

Growth Drivers

Business Growth Trajectory

2018-2024 Big Data Business's Gross Profit Contribution

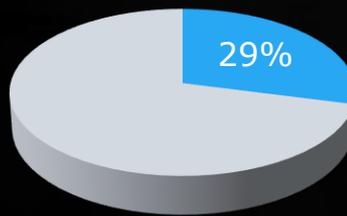
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■ Big Data Business ■ Others

- Main business focus on system integration and software development, accounting for more than 70% of the revenue
- Less than 1% of revenue and gross profit from big data business

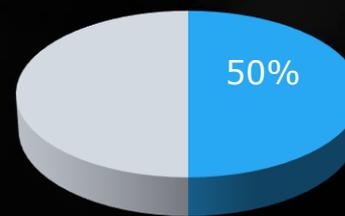
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■ Big Data Business ■ Others

- Strong focus on big data business, intensifying efforts in core use cases (city digital native transformation, supply chain digital native transformation, and fintech)
- Promote product standardization, and encourage rapid business growth in big data business

2024E



■ Big Data Business ■ Others

- Highly standardized products and services
- Optimized sales channels
- Continuously expand big data product and solution matrix to discover and enable more new use cases

Core Management Team



Maria Kwok

COO

20+ years of management experience at Fortune 500 companies; Ex-Intel President of Solutions; Ex-Microsoft President of Greater China M&A and Strategy



Yale Shen

CTO

Senior scientist with 30+ years of experience in the fields of software-defined networking, big data security, blockchain, artificial intelligence

Ex-Cisco Chief Cloud Architect; Ex-Microsoft Head of Technical Team for M&A and Strategic Planning



Sun Yang

SVP

30+ years of experience in financial technology, asset management, credit rating, investment and financing management

Ex-China Orient AM Assistant General Manager; Ex-Orient BRH Deputy GM; Ex-Dongfang Bangxin Chairman



Victor Cheung

VP

30+ years of MNC experience in the fields of semiconductor, technology, and supply chain sectors

Ex-Arrow Electronic VP; Ex-Digital China Group VP

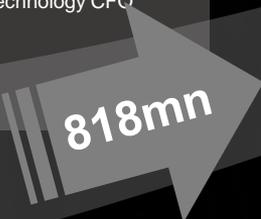


Bailey Zhang

VP

Extensive experience in financial management and investment and financing management

Ex-HNA Culture VP & CFO; Ex-HNA Cloud Investment Chairman & President; Ex-HNA Tech CFO; Ex-Pactera Technology CFO



Consistent dividends since 2019

Grant of Share Options with exercise price/share of **HKD6.6**
 Condition: 2020/2021/2022 net profit exceeds HKD500mn / HKD800mn / HKD1,200mn respectively
 Chairman, management team and partners have over **21% equity ownership**

Recap of Key Highlights

1. Extensive market opportunity through the digital economy development, performance targets continue to be achieved with clear forward trajectory
2. Winning invention from the National Technology Invention Award combined with unique industry-academia-research-application R&D model creates a solid technological barrier
3. Extensive blue-chip client base as well as first-class service capabilities enhance client stickiness
4. Quality management team with proven track record, driving a startup culture, propelling growth with a strong human capital base



数字中国