



Digital China Holdings Limited  
神州數碼控股有限公司

2023 中期報告

Stock Code 股份代號: 00861.HK

# INTERIM REPORT



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# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

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 2023 together with the comparative figures for the corresponding period for 2022 as follows:

	Notes	Six months ended 30 June (Unaudited)	
		2023 RMB\$'000	2022 RMB\$'000 (Restated)
Revenue	3	6,677,315	7,248,947
Cost of sales and services		(5,568,210)	(5,961,660)
Gross profit		1,109,105	1,287,287
Other income and gains	3	241,069	240,284
Selling and distribution expenses		(372,930)	(381,554)
Administrative expenses		(155,245)	(161,512)
Other expenses, net		(462,135)	(612,096)
Finance costs		(59,413)	(58,732)
Share of losses of associates and joint ventures		(192,155)	(18,995)
<b>Profit before tax</b>	4	<b>108,296</b>	<b>294,682</b>
Income tax expense	5	(27,621)	(23,549)
<b>Profit for the period</b>		<b>80,675</b>	<b>271,133</b>
Attributable to:			
Equity holders of the parent		40,355	190,134
Non-controlling interests		40,320	80,999
		<b>80,675</b>	<b>271,133</b>
<b>Earnings per share attributable to equity holders of the parent</b>	7		
Basic (RMB cents)		2.70	12.58
Diluted (RMB cents)		2.65	12.47

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	(Unaudited)	
	2023 RMB'000	2022 RMB'000 (Restated)
<b>Profit for the period</b>	<b>80,675</b>	271,133
<b>Other comprehensive (expense) income</b>		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of financial statements of foreign operations	(25,611)	(6,748)
Share of other comprehensive expense of associates	(18,663)	(3,162)
Net other comprehensive expense that may be reclassified to profit or loss in subsequent periods	(44,274)	(9,910)
Other comprehensive income (expense) that will not be reclassified to profit or loss in subsequent periods:		
Net fair value changes on financial assets measured at fair value through other comprehensive income	25,157	(57,796)
Income tax effect	1,069	9,425
Net other comprehensive income (expense) that will not be reclassified to profit or loss in subsequent periods	26,226	(48,371)
<b>Other comprehensive expense for the period, net of tax</b>	<b>(18,048)</b>	(58,281)
<b>Total comprehensive income for the period</b>	<b>62,627</b>	212,852
Attributable to:		
Equity holders of the parent	5,299	150,901
Non-controlling interests	57,328	61,951
	<b>62,627</b>	212,852

# Condensed Consolidated Statement of Financial Position

As at 30 June 2023

		(Unaudited) 30 June 2023	(Audited) 31 December 2022
	<i>Notes</i>	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		704,974	723,192
Right-of-use assets		184,206	173,395
Investment properties		5,031,723	4,975,169
Goodwill		1,586,840	1,586,840
Other intangible assets		217,698	197,782
Interests in joint ventures		67,866	63,166
Interests in associates		1,226,196	1,436,580
Financial assets at fair value through other comprehensive income		750,927	780,328
Accounts receivables	8	124,463	121,074
Other receivables		847,365	847,365
Deferred tax assets		290,603	251,399
		<b>11,032,861</b>	<b>11,156,290</b>
<b>Current assets</b>			
Inventories		1,273,031	1,183,260
Completed properties held for sale		567,454	568,614
Accounts and bills receivables	8	3,531,656	3,743,787
Prepayments, deposits and other receivables		1,545,955	1,652,637
Contract assets		3,615,808	3,112,288
Financial assets at fair value through profit or loss		492,694	742,595
Finance lease receivables		31,405	31,405
Restricted bank balances		42,332	54,879
Cash and cash equivalents		1,672,651	2,522,006
		<b>12,772,986</b>	<b>13,611,471</b>
<b>Current liabilities</b>			
Accounts and bills payables	9	3,287,555	3,490,296
Other payables and accruals		1,125,167	1,695,319
Lease liabilities		64,831	68,404
Contract liabilities		2,184,463	2,116,469
Tax payable		46,251	74,295
Interest-bearing bank and other borrowings		1,472,112	1,832,046
		<b>8,180,379</b>	<b>9,276,829</b>
<b>Net current assets</b>		<b>4,592,607</b>	<b>4,334,642</b>
<b>Total assets less current liabilities</b>		<b>15,625,468</b>	<b>15,490,932</b>

# Condensed Consolidated Statement of Financial Position

As at 30 June 2023

		(Unaudited) 30 June 2023 RMB'000	(Audited) 31 December 2022 RMB'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings		1,867,401	1,783,612
Deferred tax liabilities		573,914	526,696
Deferred income		21,914	28,341
Lease liabilities		71,284	53,657
Other financial liabilities		806,982	786,155
		3,341,495	3,178,461
<b>Net assets</b>			
		12,283,973	12,312,471
<b>Capital and reserves</b>			
Share capital	10	163,826	163,826
Reserves		8,101,344	8,198,092
Equity attributable to equity holders of the parent		8,265,170	8,361,918
Non-controlling interests		4,018,803	3,950,553
<b>Total equity</b>			
		12,283,973	12,312,471

# Condensed Consolidated Statement of Changes In Equity

As at 30 June 2023

	Attributable to equity holders of the parent												Total equity (Unaudited) RMB'000
	Issued capital (Unaudited) RMB'000	Share premium account (Unaudited) RMB'000	Capital reserve (Unaudited) RMB'000	Employee share trust (Unaudited) RMB'000	Employee share-based compensation reserve (Unaudited) RMB'000	Asset revaluation reserve (Unaudited) RMB'000	Investment revaluation reserve (Unaudited) RMB'000	Reserve funds (Unaudited) RMB'000	Exchange fluctuation reserve (Unaudited) RMB'000	Retained earnings (Unaudited) RMB'000	Total (Unaudited) RMB'000	Non-controlling interests (Unaudited) RMB'000	
At 1 January 2023	163,826	4,139,709	1,595,003	(826,355)	237,974	610,610	4,233	646,092	(179,777)	1,970,603	8,361,918	3,950,553	12,312,471
Profit for the period	-	-	-	-	-	-	-	-	-	40,355	40,355	40,320	80,675
Change in fair value on financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	13,330	-	-	-	13,330	12,896	26,226
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	(29,723)	-	(29,723)	4,112	(25,611)
Share of other comprehensive (loss) income of associates	-	-	-	-	-	-	(18,832)	-	169	-	(18,663)	-	(18,663)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(14,716)	-	-	14,716	-	-	-
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(20,218)	-	(29,554)	55,071	5,299	57,328	62,627
Share-based compensation	-	-	-	-	8,231	-	-	-	-	-	8,231	3,030	11,261
Contribution to employee share trusts	-	-	-	(42,663)	-	-	-	-	-	-	(42,663)	-	(42,663)
Vesting of shares under the restricted share award scheme	-	-	-	10,018	(10,018)	-	-	-	-	-	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries	-	-	982	-	-	-	-	-	-	-	982	32,768	33,750
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(24,876)	(24,876)
Final dividend	-	-	-	-	-	-	-	-	-	(68,597)	(68,597)	-	(68,597)
At 30 June 2023	163,826	4,139,709	1,595,985	(859,000)	236,187	610,610	(15,985)	646,092	(209,331)	1,957,077	8,265,170	4,018,803	12,283,973

# Condensed Consolidated Statement of Changes In Equity

As at 30 June 2023

	Attributable to equity holders of the parent												
	Issued capital	Share premium account	Capital reserve	Employee share trust	Employee share-based compensation reserve	Asset revaluation reserve	Investment revaluation reserve	Reserve funds	Exchange fluctuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (Restated)	163,820	4,139,368	1,601,051	(765,913)	216,358	610,610	67,153	559,762	(159,027)	1,950,303	8,383,485	3,900,760	12,284,245
Profit for the period	-	-	-	-	-	-	-	-	-	190,134	190,134	80,999	271,133
Change in fair value on financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(28,642)	-	-	-	(28,642)	(19,729)	(48,371)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-	(9,322)	-	(9,322)	2,574	(6,748)
Share of other comprehensive expense of associates	-	-	(1,269)	-	-	-	-	-	-	-	(1,269)	(1,893)	(3,162)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	3,513	-	-	(3,513)	-	-	-
Total comprehensive (expense) income for the period	-	-	(1,269)	-	-	-	(25,129)	-	(9,322)	186,621	150,901	61,951	212,852
Share-based compensation	-	-	-	-	13,066	-	-	-	-	-	13,066	82	13,148
Exercise of share options (note 10)	6	323	-	-	(57)	-	-	-	-	-	272	-	272
Contribution to employee share trusts	-	-	-	(22,680)	-	-	-	-	-	-	(22,680)	-	(22,680)
Vesting of shares under the restricted share award scheme	-	-	-	5,971	(5,971)	-	-	-	-	-	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries	-	-	10,660	-	-	-	-	-	-	-	10,660	39,274	49,934
Acquisition of additional interests in a non-wholly-owned subsidiary	-	-	(14,585)	-	-	-	-	-	-	-	(14,585)	(67,570)	(82,155)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(28,246)	(28,246)
Final dividend	-	-	-	-	-	-	-	-	-	(185,695)	(185,695)	-	(185,695)
At 30 June 2022 (Restated)	163,826	4,139,691	1,595,857	(782,622)	223,396	610,610	42,024	559,762	(168,349)	1,951,229	8,335,424	3,906,251	12,241,675



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June (Unaudited)	
	2023 RMB'000	2022 RMB'000 (Restated)
<b>Operating activities</b>		
(Increase) decrease in inventories	(96,349)	623,466
Decrease (Increase) in accounts and bills receivables	107,406	(351,164)
(Decrease) increase in accounts and bills payables	(202,741)	79,767
Change in other working capital and adjustments for non-cash transactions	(559,044)	(790,437)
<b>Net cash used in operating activities</b>	<b>(750,728)</b>	<b>(438,368)</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(7,945)	(14,196)
Proceeds from disposal of property, plant and equipment	2,462	286
Additions to other intangible assets	(32,485)	(34,847)
Proceeds from disposal of interest in an associate	-	2,597
Proceeds from deregistration of a joint venture	276	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	70,335	20,051
Purchase of financial assets at fair value through other comprehensive income	(14,500)	(2,400)
Proceeds from disposal of financial assets at fair value through profit or loss	573,251	589,039
Purchase of financial assets at fair value through profit or loss	(232,480)	(401,539)
Acquisition of a subsidiary	-	(20,060)
Dividends received from an associate	120	-
Dividend income received from financial assets at fair value through profit or loss	-	510
Investments in associates	(27,134)	-
<b>Net cash from investing activities</b>	<b>331,900</b>	<b>139,441</b>
<b>Financing activities</b>		
Exercise of share options	-	272
New bank borrowings	1,300,459	1,243,198
Repayment of bank borrowings	(1,585,277)	(1,197,174)
Interest paid	(38,586)	(37,905)
Acquisition of non-controlling interests	-	(82,155)
Dividends paid to non-controlling shareholders	(23,676)	(28,246)
Purchase of shares under the restricted share award scheme	(42,663)	(22,680)
Contribution from non-controlling shareholders of subsidiaries	-	49,934
Repayment of lease liabilities	(45,563)	(54,321)
<b>Net cash used in financing activities</b>	<b>(435,306)</b>	<b>(129,077)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(854,134)</b>	<b>(428,004)</b>
Cash and cash equivalents at the beginning of the period	2,522,006	2,295,103
Effects of foreign exchange rate changes, net	4,779	1,734
<b>Cash and cash equivalents at the end of the period</b>	<b>1,672,651</b>	<b>1,868,833</b>
<b>Analysis of components of cash and cash equivalents</b>		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	1,672,651	1,868,833

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In preparing the unaudited condensed consolidated interim financial statements, the same basis of presentation, accounting policies and methods of computation as set out in the annual financial statements for the year ended 31 December 2022 had been consistently applied except for adoption in the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and interpretations). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs in the current period has had no material effect on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim 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 spatial-temporal big data and artificial intelligence capabilities categorized in three product suites (Data Fabric, Data Hub, Digital Twin) as well as data solutions for core use cases namely city digital transformation, supply chain digital transformation and fintech.
- (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 systems integration services as well as e-commerce supply chain services focused on integrated solutions, providing a vast sales channel which is critical for the Group's continued deployment of its big data products and solutions as well as software and operating services. The segment also includes business related to investments, property sales and rental, as well as others.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results are evaluated based on the reportable segment profit, which is a measure of adjusted profit before tax. The segment results are measured consistently with the Group's profit before tax except that certain interest income, certain 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.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 2. SEGMENT INFORMATION (CONTINUED)

The following table presents revenue and results for the Group's operating segments for the six months ended 30 June 2023 and 2022 (Unaudited):

	Big Data Products and Solutions		Software and Operating Services		Traditional and Localization Services		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
<b>Segment revenue:</b>										
External	1,091,815	976,882	2,172,104	2,260,614	3,413,396	4,011,451	-	-	6,677,315	7,248,947
Inter-segment	18,093	11,397	25,233	42,897	10,319	11,281	(53,645)	(65,575)	-	-
	<b>1,109,908</b>	<b>988,279</b>	<b>2,197,337</b>	<b>2,303,511</b>	<b>3,423,715</b>	<b>4,022,732</b>	<b>(53,645)</b>	<b>(65,575)</b>	<b>6,677,315</b>	<b>7,248,947</b>
<b>Segment gross profit</b>	<b>385,220</b>	<b>374,488</b>	<b>287,858</b>	<b>415,024</b>	<b>436,027</b>	<b>497,775</b>			<b>1,109,105</b>	<b>1,287,287</b>
<b>Segment results</b>	<b>21,897</b>	<b>(4,877)</b>	<b>107,219</b>	<b>130,644</b>	<b>114,246</b>	<b>288,785</b>			<b>243,362</b>	<b>414,552</b>
<b>Unallocated</b>										
Interest income									6,969	4,377
Income and gains									43,508	75,148
Unallocated expenses									(126,130)	(140,663)
Profit from operating activities									167,709	353,414
Finance costs									(59,413)	(58,732)
Profit before tax									108,296	294,682

Note: For the Big Data Products and Solutions segment, research and development costs, and amortization of intangible assets amounted to RMB193,032,000 in the six months ended 30 June 2023. Excluding such costs and expenses, the Big Data Products and Solutions segment realized a profit of RMB214,929,000, an increase of 24% over the same period in the prior year.



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 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	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Revenue from contracts with customer within the scope of HKFRS 15		
<b>Disaggregated by major products or service lines</b>		
Sales of software products business	27,661	54,189
Software development and technical service business	2,500,584	2,156,607
Supply chain operation and maintenance business	1,070,147	1,197,501
System integration business	1,728,575	2,231,550
E-commerce supply chain business	1,087,557	1,340,248
Others	95,266	90,058
Total revenue from contracts with customers	6,509,790	7,070,153
<b>Revenue from other sources</b>		
Rental income from investment properties under operating lease	157,267	165,928
Financial services business	10,258	12,866
Total revenue from other sources	167,525	178,794
Total revenue	6,677,315	7,248,947

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 3. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### (i) Revenue from contracts with customers

*Disaggregated of revenue by timing of recognition*

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000 (Restated)
Timing of revenue recognition		
At a point in time	2,939,059	3,716,045
Over time	3,570,731	3,354,108
	6,509,790	7,070,153

### (ii) Other income and gains

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000 (Restated)
<b>Other income</b>		
Government grants	49,520	56,480
Interest on bank deposits	6,969	4,377
Income from wealth management financial products	8,444	12,644
Dividend income from financial assets at fair value through profit or loss	-	510
Others	13,219	51,590
	78,152	125,601
<b>Gains</b>		
Fair value gains on investment properties	55,314	108,214
Net exchange gains	24,908	-
Gain on deregistration of a joint venture	276	-
Gain on disposal of equity interests in an associate	-	6,469
Fair value gains on financial assets at fair value through profit or loss	82,419	-
	162,917	114,683
Total other income and gains	241,069	240,284

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 4. PROFIT BEFORE TAX

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

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Share of losses of associates	196,172	13,844
Share of (profits) losses of joint ventures	(4,017)	5,151
	<b>192,155</b>	18,995
Amount of inventories recognised as an expense	2,623,025	3,162,195
Depreciation of property, plant and equipment	26,704	39,176
Depreciation of right-of-use assets	48,806	56,680
Loss on disposal of property, plant and equipment	127	3,187
Interest on discounted bills	7,531	9,939
Interest on bank loans and other loans	27,997	23,337
Interest on lease liabilities	3,058	4,629
Interest on other financial liabilities	20,827	20,827
Research and development costs	289,782	272,829
Amortisation of other intangible assets	35,704	24,506
Provisions for inventories	6,578	70,801
Impairment of accounts and bills receivables, other receivables and contract assets	121,846	146,926
Reversal of impairment of finance lease receivables	-	(4)
Fair value loss on financial assets at fair value through profit or loss	-	41,643
Net exchange loss	-	9,984
Others	8,225	45,411
Other expenses, net	<b>462,135</b>	612,096



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 5. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000 (Restated)
Current – People's Republic of China ("PRC")		
Enterprise income tax ("EIT")	18,526	14,707
Land appreciation tax ("LAT")	12	96
	18,538	14,803
Current – Hong Kong	-	81
Deferred tax	9,083	8,665
	9,083	8,746
Total tax charge for the period	27,621	23,549

- (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 2023 and 2022, 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 charge attributable to joint ventures of approximately RMB1,861,000 (six months ended 30 June 2022: tax credit of RMB839,000) and the share of tax credit attributable to the associates of approximately RMB587,000 (six months ended 30 June 2022: tax charge of RMB4,197,000) 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 2023, the shareholders of the Company ("Shareholders") approved the payment of a final dividend of HK4.5 cents per ordinary share of the Company in respect of the year ended 31 December 2022 at the annual general meeting of the Company held on 28 June 2023. The final dividend of approximately HK\$75,312,000 was paid on 19 July 2023.

Subsequent to 30 June 2023, the directors of the Company declared an interim dividend of HK1.0 cent per ordinary share of the Company for the six months ended 30 June 2023 to the Shareholders, absorbing a total amount of approximately HK\$16,736,000. Such interim dividend declared has not been recognised as liabilities in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the six months ended 30 June 2023 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 1,493,622,071 (six months ended 30 June 2022: 1,511,327,687) during the six months ended 30 June 2023.

The calculation of the diluted earnings per share is based on the profit for the six months ended 30 June 2023 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 2023 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	
	2023	2022
	RMB'000	RMB'000
		(Restated)
<b>Earnings</b>		
Profit for the period attributable to equity holders of the parent, used in the basic earnings per share calculation	40,355	190,134
Effect of dilutive potential ordinary shares of a subsidiary	(562)	(1,081)
Earnings for the purpose of diluted earnings per share	39,793	189,053

	(Unaudited)	
	Number of shares	
	Six months ended 30 June	
	2023	2022
<b>Shares</b>		
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	1,493,622,071	1,511,327,687
Effect of dilution potential ordinary shares: Share-based incentive schemes	6,429,937	4,686,768
Weighted average number of shares during the period used in the diluted earnings per share calculation	1,500,052,008	1,516,014,455

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 8. ACCOUNTS AND BILLS RECEIVABLES

	(Unaudited) 30 June 2023 RMB'000	(Audited) 31 December 2022 RMB'000
<b>Receivables at amortised cost comprise:</b>		
Accounts and bills receivables	4,412,131	4,574,653
Less: loss allowance	(756,012)	(709,792)
Total	<b>3,656,119</b>	3,864,861
<b>Analysis by:</b>		
Current portion	3,531,656	3,743,787
Non-current portion	124,463	121,074
	<b>3,656,119</b>	3,864,861

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 2023 RMB'000	(Audited) 31 December 2022 RMB'000
Within 30 days	1,212,505	2,090,733
31 to 60 days	154,934	196,663
61 to 90 days	119,602	80,762
91 to 180 days	472,043	579,322
181 to 360 days	1,018,680	328,216
Over 360 days	678,355	589,165
	<b>3,656,119</b>	3,864,861

As at 30 June 2023, included in the Group's accounts and bills receivables as at 30 June 2023 are amounts due from joint ventures, associates and related companies of the Group of approximately RMB40,079,000(31 December 2022: RMB41,677,000), RMB4,451,000(31 December 2022: RMB4,977,000) and RMB37,854,000(31 December 2022: RMB58,948,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 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)	(Audited)
	30 June 2023	31 December 2022
	RMB'000	RMB'000
Within 30 days	1,083,950	1,541,516
31 to 60 days	232,294	106,654
61 to 90 days	285,490	69,054
Over 90 days	1,685,821	1,773,072
	<b>3,287,555</b>	<b>3,490,296</b>

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 settled within the credit timeframe.

As at 30 June 2023, included in the Group's accounts and bills payables are amounts due to joint ventures, associates and related companies of the Group of approximately RMB1,266,000(31 December 2022: RMB1,357,000), RMB50,377,000(31 December 2022: RMB52,579,000) and RMB105,000,000(31 December 2022: RMB71,883,000), respectively, which are repayable on credit terms similar to those obtained from the major suppliers of the Group.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 10. SHARE CAPITAL

	(Unaudited) 30 June 2023 HK\$'000	(Audited) 31 December 2022 HK\$'000
Authorised:		
2,500,000,000 (31 December 2022: 2,500,000,000) ordinary shares of HK\$0.1 (31 December 2022: HK\$0.1) each	250,000	250,000
	(Unaudited) 30 June 2023 RMB'000	(Audited) 31 December 2022 RMB'000
Issued and fully paid:		
1,673,607,386 (31 December 2022: 1,673,607,386) ordinary shares of HK\$0.1 (31 December 2022: HK\$0.1) each	163,826	163,826

A summary of the movements in the Company's issued share capital and share premium account during the six months ended 30 June 2023 and 2022 is as follows:

	Number of ordinary shares in issue	Issued capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2022	1,673,526,386	163,820	4,139,368	4,303,188
Exercise of share options <i>(note)</i>	81,000	6	323	329
At 30 June 2022	1,673,607,386	163,826	4,139,691	4,303,517
At 1 January 2023	1,673,607,386	163,826	4,139,709	4,303,535
At 30 June 2023	1,673,607,386	163,826	4,139,709	4,303,535

*Note:* During the six months ended 30 June 2022, 81,000 share options were exercised at the exercise price of HK\$4.04 to HK\$4.48 per share. The total cash consideration received from the issuance of 81,000 shares was approximately HK\$331,000. An amount of RMB57,000 was transferred from the employee share based compensation reserve to the share premium account upon exercise of the share options.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 11. COMMITMENTS

	(Unaudited) 30 June 2023 RMB'000	(Audited) 31 December 2022 RMB'000
Contracted, but not provided for, in the unaudited condensed consolidated interim financial statements:		
Capital contributions payable to joint ventures	81,580	21,580
Capital contributions payable to associates	20,472	20,472
Capital contributions payable to financial assets at fair value through other comprehensive income	429	429
	<b>102,481</b>	<b>42,481</b>

## 12. RELATED PARTY TRANSACTIONS

### (a) Transactions with related parties:

In addition to the transactions and balances detailed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following material transactions with related parties:

		(Unaudited) Six months ended 30 June	
	<i>Notes</i>	2023 RMB'000	2022 RMB'000
<b>Transactions with joint ventures</b>			
Provision of services to joint ventures	(ii)	-	317
Provision of services from joint ventures	(ii)	306	-
Interest income on loans from joint ventures	(v)	4,690	5,103
<b>Transactions with associates</b>			
Sales of products to associates	(i)	2,806	4,257
Purchase of products from associates	(iii)	-	757
Provision of services to associates	(ii)	965	1,314
Provision of services by associates	(ii)	154,811	128,582
Rental income from associates	(iv)	2,746	2,795
<b>Transactions with related companies (note (vi))</b>			
Sales of products to related companies	(i)	2,915	5,320
Purchases of products from related companies	(iii)	147,041	199,231
Provision of services to related companies	(ii)	206,762	220,169
Provision of services by related companies	(ii)	22,386	11,077
Rental income from related companies	(iv)	25,277	22,222

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

## 12. RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions with related parties (continued):

Notes:

- (i) The sales were made with reference to the listed prices and conditions offered to the major customers of the Group.
- (ii) The prices for the provision of services were determined at rates mutually agreed between the Group and the corresponding related parties.
- (iii) The purchases were made at prices mutually agreed between the Group and the corresponding related parties with reference to the listed price and conditions offered by the related parties to their major customers.
- (iv) The rental income was determined at rates mutually agreed between the Group and the corresponding related parties with reference to the market rental.
- (v) The interest income is calculated with reference to market interest rates and included in revenue from financial service business.
- (vi) Digital China Group Co., Ltd. and its subsidiaries are the related companies of the Group, as Mr. GUO Wei, the Chairman and key management personnel of the Company, exert significant influence to Digital China Group Co. Ltd.

### (b) Outstanding balances with related parties:

- (i) Details of the Group's accounts and bills receivables and accounts and bills payables balances with the joint ventures, associates and related companies as at the end of the reporting period are included in notes 8 and 9 to these unaudited condensed consolidated interim financial statements, respectively.
- (ii) Digital China Group Co., Ltd. and its subsidiaries are the related companies of the Group, as Mr. GUO Wei, the Chairman and key management personnel of the Company, exerts significant influence to Digital China Group Co. Ltd.

### (c) Compensation of key management personnel:

The remuneration of key management personnel (executive directors) of the Company during the period was as follows:

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Short term employee benefits	5,765	5,221
Share-based compensation	-	22,059
Post-employment benefits	39	35
	5,804	27,315

The short term employee benefits and post-employment benefits as shown in the above table represent the consolidated total amount of benefits received by executive directors from the Group and Company, including the Group's subsidiary Digital China Information Service Group Co., Ltd, as well as other subsidiaries of the Group. Furthermore, share-based compensation is not a cash payment to executive directors, but rather a non-cash item where the fair value of these options, per the relevant accounting treatment, has been recorded as a compensation here.

## 13. 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 report.

# Management Discussion and Analysis

## I. Continued rapid growth in the big data core business

In the first half of 2023, China's big data industry continued to expand quickly as favorable new policies are introduced. DC Holdings has been capitalizing on such industry expansion by deploying its proprietary cutting-edge technology, executing its core strategy, and accelerating the development of artificial intelligence technology that is proliferated via "Knowledge Graph" as well as "Large Language Models".

During the six months ended 30 June 2023 (the "**Reporting Period**"), revenue from big data products and solutions amounted to approximately RMB1.11 billion, representing a year-on-year increase of 12%, with a 3-year cumulative annual growth rate ("**CAGR**") of 30%. Gross profit amounted to approximately RMB385 million, representing a year-on-year increase of 3%, with a 3-year CAGR of 26%. In light of the vast potential of the big data industry, the Company continues to optimize its business structure to support the rapid growth of its big data business. During the Reporting Period, big data products and solutions revenue accounted for 16% of total revenue of the Group, a significant increase from 9% of the Group's total revenue during the corresponding period of 2021. Compared with the three years ago, gross profit from big data products and solutions also increased from 18% to 35% of the Group's total gross profit. The Company continues to invest in research and development ("**R&D**") to strengthen its technological edge, and during the Reporting Period, big data related R&D expenses represented 17% of big data related revenues. The big data related R&D expenses amounted to approximately RMB193 million during the Reporting Period, representing a year-on-year increase of 8%, with a 3-year CAGR of 17%. Excluding R&D expenses, the Big Data Products and Solutions segment recorded a segment result of approximately RMB215 million for the Reporting Period, representing a year-on-year increase of 24% and a 3-year CAGR of 51%. In addition, the Group's project pipeline remains robust, with newly signed contracts amounting to RMB970 million, representing a 55% increase from the corresponding period of 2022 and unbilled contracts amounting to RMB2,103 million, representing an increase of 36% compared to the corresponding period of 2022.

Going forward, DC Holdings will continue to leverage its existing robust business ecosystem covering smart cities, supply chain and financial technology ("**FinTech**"). The Company's proprietary big data capabilities complimented by its robust ecosystem is poised to fully exploit the opportunities created from the digital economy.

### Use Case: Smart Cities

The Company positions itself as a "City CTO" to be fully engaged in the city's digital upgrade initiatives. Often, focus areas include city water management, transportation management, education, environmental protection, amongst others. In collaboration with local governments, DC Holdings aims not only to enhance the city's level of digital governance, and its digital services quality, but also explore new use cases for urban digital transformation and operations.

During the Reporting Period, the Company actively participated in the construction of a provincial-wide digitalization initiative ("**Digital Jilin**") and subsequently won various tenders and signed multiple contracts worth over RMB250 million. These contracts include the "Changchun City Intelligent Computing Centre" and the "Changchun Yitong River Intelligent Water Project".

Multiple factors including global warming have contributed to weather abnormalities in China. In particular, urban flooding, environmental pollution from rapid urbanization and frequent extreme rainstorms have attracted attention. For the Changchun City Yitong River Intelligent Water Project, the Company deployed its proprietary core technologies and products, including "Data Hub", its internet-of-things ("**IoT**") management platform, and "Knowledge Graph". Through the deployment of such technologies, various data sets from different government departments can be integrated to one central location, the Company can then assist city managers to resolve a variety of water-related issues such as waterlogging and flooding. By developing a comprehensive water services application, the Company has helped Changchun City improve their response capabilities to water-related disasters such as developing pre-emptive disaster warning and forecasting capabilities. The water services application also contains intelligent piping network analysis



# Management Discussion and Analysis

which enhances the quality and effectiveness of wastewater treatment. This is done by integrating the scheduling of urban drainage plants, stations and networks, resulting in improved facility efficiency. Going forward, by integrating more heterogeneous data from various sources, a more comprehensive water management knowledge base can be created. The improvement in water management knowledge and expertise, together with the integration of big data tools such as "Knowledge Graph" and digital twin, the city's water management capabilities shall see a significant improvement. Given the Company's deep-rooted business in Jilin province, we expect to continue expanding and broadening our digitalization initiatives which we believe shall serve as best practice for other provinces and municipalities to deploy.

## Use Case: Digital Supply Chain

Through its history, the Company has a long-standing presence in the information technology, consumer electronics and fast-moving consumer goods industries. DC Holdings continues to provide one-stop supply chain service to key clients such as China Mobile, China Unicom, Huawei, Honor, Dell, Yishang Yujie, and many others. More recently, the Company is accelerating its expansion in the green and low-carbon industries such as electric vehicles, and has shown significant results in a short time frame. One of the key wins was the tender from BYD worth over hundreds of millions in Renminbi, and further collaborated with industry leaders such as FAW, Geely, Tesla, CATL to implement digital supply chain solutions.

The Company adopts an enterprise Chief Supply Chain Officer ("**Enterprise CSO**") approach to its supply chain business with an ultimate objective to improve efficiency and lower operating costs for its clients. At the core of the Company's offering is an integrated supply chain decision making platform that covers supply chain planning and design, management and execution. Through the inclusion of big data analytics, clients are better informed during their decision-making process. For example, one of the Company's clients, a leading child content developer, has expanded its offerings from audio storytelling content to hardware toys, merchandise, and third-party IP products. Similarly, its distribution channels have expanded to cover both offline and online multi-channels. Given such expansion, the client anticipates the need for resource integration and optimization to enhance efficiency, cut costs, and ultimately support its rapid expansion. The Company assisted the client in integrating its business flows, logistics operations, working capital control, and operational information by deploying DC Holdings' proprietary solutions covering ordering, warehouse management, transportation management and big data analytics. This in turn allowed for multichannel inventory management which improved inventory turnover and optimized costs, and also allowed for supply chain efficiency improvements. Post deployment, the client was able to focus on driving order volume growth while ensuring that business operations remained streamlined, thereby improving their overall bottom line.

Going forward, DC Holdings will further refine and enhance its supply chain offering via collaboration with partners in the warehousing and logistics industry. The Company intends to assist more cities and corporate clients in establishing flexible and resilient supply chain systems which will facilitate the digital transformation and supply chain modernization of traditional businesses.

## Use Case: Financial Technology

In the financial industry, data has become increasingly seen as an asset. In light of this, the Company has developed a comprehensive set of services and products focused on financial data assets and focuses on capability enhancement services to different types of commercial banks in an effort to improve the quality and the utilization of financial data.

One particular client was a state-owned major commercial bank, and had tasked the Company to create a data operation platform that focuses on implementing a data asset management system and allow for data collection and consolidation. The primary purpose of this platform is to enable data assets to be visible, understandable and user-friendly for bank staff to utilize in different scenarios.

During the Reporting Period, the Company also successfully signed contracts for data asset services with financial clients such as China CITIC Bank, CITIC Financial Holdings, Chongqing Rural Commercial Bank, Bank of Qingdao, Ordos Bank, Bank of Xi'an, Guangdong

# Management Discussion and Analysis

Nanyue Bank, Chang'an Bank and State Power Investment Corporation as well as others. Furthermore, the Company assists a variety of financial institutions in achieving operational digitalization and decision-making optimization. The Company has developed integrated financial and credit services that cover credit underwriting and financial risk control. It has successfully won bids from several banks, including Bank of Ningbo, Guangdong Rural Credit Union, CITIC AiBank, Zhongbang Bank and China Resources Bank of Zhuhai. The Company has successfully disrupted the traditional approach on financial risk control and allowed banks to better serve their clients such as small-medium enterprises who generally lack complete credit information.

## II. Continued support from existing business drives growth in the big data core business

Since the implementation of the Company's big data strategy in 2018, big data products and solutions have gradually become the core offering of the Group, where its software and operating services, together with its traditional services, provide a vast client base for deployment. This client base not only allows for an accelerated deployment of the Group's core offering, it also generates stable cash flow that is essential for a long-term, sustained development of the Group.

The economic environment remained challenging during the first half of 2023 and given such headwinds, the Company's management team took proactive steps to strictly control costs, optimize the usage of resources within its business ecosystem in order to ensure the stability of the Company's overall operations and achieve growth. During the Reporting Period, the Group's total revenue was approximately RMB6.677 billion and gross profit was approximately RMB1.109 billion. Adjusted net profit attributable to the parent company was approximately RMB233 million, representing a year-on-year growth of 11%. The adjustment excluded the share of losses of associates and joint ventures of approximately RMB192 million. The management team is of the view that such accounting loss is unrelated to the Group's actual business and core operating performance during the Reporting Period.

During the Reporting Period, the Group has signed new contracts worth RMB5,403 million, representing a year-on-year increase of 36%. The total value of unbilled contracts reached RMB7,695 million, representing a year-on-year increase of 26%. This provides a solid foundation for the Company's long-term and sustainable business development.

## III. Empowering progress through digitization and data intelligence

Data is now seen as a new factor of production, and can have a significant impact on an individual's productivity, livelihood and also on a wider scale, social governance. It is also seen as a critical element in China's national growth. On 27th of February 2023, the Central Committee of the Communist Party of China and the State Council released the "Overall Plan for the Construction of a Digital China" and proposed that data elements and digital infrastructure serve as two "pillars" of a "Digital China", providing a foundation for a variety of applications.

As a technology enterprise that has been committed to the mission of creating a "Digital China", DC Holdings is accelerating the development of its latest products such as "Knowledge Graph", and actively exploring and participating in pilot projects for public data operation in collaboration with provinces and cities. Based on years of in-depth understanding of data elements and continuous R&D investment, the Company has independently developed digital intelligent products that cover the entire lifecycle of data. These products provide a comprehensive toolkit that includes functions such as data aggregation, data governance, data processing, and data analysis. Focusing on the whole value chain from public data collection through to data commercialization, DC Holding's product and solution suite provides one-stop data products and services for both data users and data suppliers, ensuring the secure circulation of data.

During the Reporting Period, the Company officially launched its "Knowledge Graph" product, which essentially is a knowledge mining tool that integrates four major functions: data management, data model construction, data relationship analysis, and spatial analysis with visualization.

# Management Discussion and Analysis

This product serves as a comprehensive data analytics tool and artificial intelligence (A.I.) algorithm platform where the product's relationship analysis engine and comprehensive A.I. algorithms enable data collection, integration and subsequent in-depth analysis, creating meaningful insights for city managers and business owners.

By deploying this product, the Company effectively tackles the key challenge behind data analytics, which is the perpetual increase of data volume. Through "mapping" technology, the relationships between different data sets become easily understandable, and the value of such data can be better realized and extracted which in turn strengthens the foundation of the future data architecture. For its cutting-edge capabilities, this product has won with the "2023 Knowledge Graph Technology Innovation Award" jointly presented by the Chinese Academy of Sciences' Internet Weekly, Deben Consulting, and ENET Research Institute. Future versions of this product will further integrate large language models and natural language processing ("NLP") technologies to construct industry knowledge graphs automatically and rapidly. It will develop comprehensive business applications by integrating with enterprise business systems, leveraging underlying NLP technologies, as well as geographic spatial computing and machine learning capabilities.

In the future, the Company will take the public data empowerment as a focal point, combining knowledge graphs, operations research algorithms, digital twins, and other intelligent technological innovations as core capabilities, and offering end-to-end solutions for the industrialization of data assets across the entire industry. The company will continue to enhance both the "City CTO" and "Enterprise CSO" approaches and strive to be the best partner for the digital transformation of both private and public sectors. Our flagship product Yan Cloud DaaS, which won the first prize of the National Technology Invention Award in China, has been widely used in more than 300 cities across the country. We will continue to deploy this product in order to connect disparate data silos between different sources, and provide underlying data integration support. In addition, by leveraging over two decades of extensive experience and accumulation in the supply chain industry, the Company can also provide enterprises with integrated intelligent supply chain operational support. We will continue to adhere to the original purpose of Digital China, make breakthroughs in the new era, and strive to become a leader in big data technology, thereby increasing value for shareholders and society.

## IV. Update on the settlement plans regarding certain wealth management products purchased by the Group (the "WMP")

As of 30 June 2023, the outstanding unpaid principal of the WMP was approximately RMB1,631 million. The Group has obtained the right to proactively dispose of the ultimate underlying assets involved in the WMP and has formulated disposal plans and specific action plans in relation thereto. The Group pushed forward with the disposal of the real estate residential project (the amount of the principal and interest involved was approximately RMB193 million), one of the ultimate underlying assets involved in the WMP, in accordance with the action plans and is currently awaiting the court's issuance of such asset restructuring completion procedures. Following the completion of the disposal of the operation and management rights of the project, the Group is expected to be able to recover the outstanding amount owed to the Group from the sale proceeds. Based on the value of the assets of the project, it is expected that the proceeds can fully cover the Group's claims in the project.

The remaining ultimate underlying assets of the WMP, which involve investments in a market and a commercial complex, amounted to approximately RMB1,438 million as of 30 June 2023. Assets worth approximately RMB970 million are being planned to be divested into a new corporate entity. The Group is intended to obtain a controlling interest in the new corporate entity in order to facilitate asset disposal. The Group is also actively laying a good foundation for the subsequent disposal.

Based on its judgment of the recoverable amount of the relevant ultimate underlying assets of the WMP and understanding of the progress of disposal of assets, the Company's management is of the view that the corresponding amount of the WMP as set out in the interim financial statements of the Group for the six months ended 30 June 2023 is reasonable and appropriate. The Group will continue to push forward the implementation of the action plans. The Company will make further announcement as and when appropriate in the event of any material development on the action plans.

# Management Discussion and Analysis

## 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 RMB23,806 million as at 30 June 2023 which were financed by total liabilities of approximately RMB11,522 million, non-controlling interests of approximately RMB4,019 million and equity attributable to equity holders of the parent of approximately RMB8,265 million. The Group's current ratio as at 30 June 2023 was 1.56 as compared to 1.47 as at 31 December 2022.

During the six months ended 30 June 2023, capital expenditure of approximately RMB40 million was incurred mainly for the additions of property, plant and equipment and other intangible assets.

As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB1,673 million, of which approximately RMB1,622 million were denominated in Renminbi.

The Group's foreign currency exposures mainly arise from net monetary assets in currencies other than the functional currencies of approximately RMB86,608,000 as at 30 June 2023. 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 the aggregate borrowings of the Group as a ratio of equity attributable to equity holders of the parent, was 0.40 as at 30 June 2023 compared to 0.43 at 31 December 2022. The computation of the said ratio was based on the total interest-bearing bank and other borrowings of approximately RMB3,340 million (31 December 2022: approximately RMB3,616 million) and equity attributable to equity holders of the parent of approximately RMB8,265 million (31 December 2022: approximately RMB8,362 million).

As at 30 June 2023, the denomination of the interest-bearing bank and other borrowings of the Group were shown as follows:

	Denominated in Hong Kong dollars RMB'000	Denominated in Renminbi RMB'000	Total RMB'000
<b>Current</b>			
Interest-bearing bank borrowings, secured	92,357	623,680	716,037
Interest-bearing bank borrowings, secured	59,986	652,589	712,575
Other borrowings	-	43,500	43,500
	152,343	1,319,769	1,472,112
<b>Non-current</b>			
Interest-bearing bank borrowings, secured	33,067	1,834,334	1,867,401
Total	185,410	3,154,103	3,339,513

# Management Discussion and Analysis

Certain of the Group's bank borrowings of:

1. Approximately RMB1,877 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 RMB3,768 million as at 30 June 2023; and
2. Approximately RMB586 million extended by financial institutions to certain subsidiaries of the Group were secured by pledge of 138,800,000 issued shares of Digital China Information Service Group Co., Ltd. ("DCITS"), a non-wholly-owned subsidiary of the Company, directly held by a wholly-owned subsidiary of the Company, with an aggregate fair value of approximately RMB1,707 million as at 30 June 2023.

Included in the Group's current and non-current bank borrowings of approximately RMB122 million and RMB1,867 million respectively are long-term loans repayable between 2023 and 2036. As at 30 June 2023, approximately RMB1,299 million and RMB2,041 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 2023 amounted to approximately RMB13,819 million, of which approximately RMB2,063 million were in long-term loan facilities and approximately RMB11,756 million were in trade lines, short-term loans and cash advance. As at 30 June 2023, the total amount drawn down by the Group was approximately RMB2,048 million in long-term loan facilities and approximately RMB2,713 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

As at 30 June 2023, the Group did not have material contingent liabilities.

## Commitments

Details of the Group's commitment at 30 June 2023 are set out in note 11 to the unaudited condensed consolidated interim financial statements.

## Human Resources and Remuneration Policy

As at 30 June 2023, the Group had 16,033 (30 June 2022: 14,596) 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 7.78% in staff costs of approximately RMB1,520 million for the six months ended 30 June 2023 as compared to approximately RMB1,410 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 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.



# Management Discussion and Analysis

## 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 <i>RMB'million</i>	Utilised amount as at 1 January 2023 <i>RMB'million</i>	Actual application during the six months ended 30 June 2023 <i>RMB'million</i>	Un-utilised amount as at 30 June 2023 <i>RMB'million</i>	Expected to be utilised by 30 June 2024 <i>RMB'million</i>
(i) Financing the Healthcare Big Data Investment or any other potential investments and acquisitions as and when any suitable opportunity is identified <i>(Note)</i>	664	(427)	(27)	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)	-	-	-
<b>Total</b>	<b>1,149</b>	<b>(912)</b>	<b>(27)</b>	<b>210</b>	<b>210</b>

*Note:* As at the date of this report, 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 2023, an aggregate of approximately RMB939 million of the Net Proceeds has been utilised.

As at 30 June 2023, the un-utilised Net Proceeds from the Rights Issue amounted to approximately RMB210 million. During the Reporting Period, due to the lasting impact of the COVID-19 pandemic, the investment atmosphere was relatively sluggish, and the management of the Company became more cautious in investing in mergers and acquisitions. Therefore, the un-utilised Net Proceeds had not been utilised in full as at 30 June 2023. Despite the fact that the COVID-19 epidemic is gradually subsiding, it will take time for the socioeconomic activities to resume. It is expected that the un-utilised Net Proceeds would not be fully utilised by 31 December 2023. 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 2024.

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 and 31 December 2022 of the Company.

# Other Information

## INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.0 cent per ordinary share of the Company ("**Share(s)**") for the six months ended 30 June 2023 ("**Interim Dividend**") (for the six months ended 30 June 2022: HK2.3 cents per Share) to the Shareholders whose names appear on the register of members of the Company on Monday, 18 September 2023. The Interim Dividend will be payable on or about Monday, 16 October 2023.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 September 2023 to Thursday, 21 September 2023, both days inclusive for ascertaining Shareholders' entitlement to the Interim Dividend. No transfer of Shares will be registered during such period. In order to qualify for the Interim Dividend, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 15 September 2023 for registration.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of each Director and chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have taken under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 to the Rules Governing the Listing of Securities in the Stock Exchange (the "**Listing Rule(s)**") (the "**Model Code**") adopted by the Company were as follows:

# Other Information

Name of Director	Capacity	Personal interests	Corporate interests	Number of outstanding share options	Total	Approximate percentage of aggregate interests (%)
					(Note 1)	(Note 7)
GUO Wei	Beneficial owner and interests of controlled corporations	98,411,707	167,969,857 (Note 2)	67,116,974 (Note 3&4)	333,498,538	19.93
LIN Yang	Beneficial owner	3,571,734	-	14,448,974 (Note 3&4)	18,020,708	1.08
WONG Man Chung, Francis	Beneficial owner	370,000 (Note 5)	-	1,332,000 (Note 4)	1,702,000	0.10
NI Hong (Hope)	Beneficial owner	100,000 (Note 5)	-	1,332,000 (Note 4)	1,432,000	0.09
LIU Yu, John	Beneficial owner	100,000 (Note 5)	-	1,332,000 (Note 4)	1,432,000	0.09
KING William	Beneficial owner	100,000 (Note 5)	-	1,332,000 (Note 4)	1,432,000	0.09
CHEN Timothy Yung-cheng	Beneficial owner	-	-	500,000 (Note 6)	500,000	0.03

**Notes:**

- All of the interests disclosed herein represent long position in the Shares.
- These 167,969,857 Shares were beneficially held by Mr. GUO Wei's controlled corporations, Kosalaki Investments Limited ("KIL") and Digital China Group Co., Ltd. (神州數碼集團股份有限公司) ("DCG") (listed on the Shenzhen Stock Exchange) and its subsidiaries. Mr. GUO Wei is the sole shareholder and a director of KIL, and is a substantial shareholder as to approximately 23.12% and also a director of DCG. Therefore, Mr. GUO Wei was deemed to be interested in the Shares in which such controlled corporations were interested.
- On 25 January 2017, the 12,500,000 share options granted to each of Mr. GUO Wei and Mr. LIN Yang were adjusted to 13,116,974 share options as a result of the completion of rights issue on 18 September 2017. These share options are exercisable from 25 January 2017 to 24 January 2025 at an exercise price of HK\$6.394 per Share for subscription of Shares.
- Representing 54,000,000 share options that were granted to Mr. GUO Wei and 1,332,000 share options that were granted to each of Mr. LIN Yang, Mr. WONG Man Chung, Francis, Miss NI Hong (Hope), Dr. LIU Yun, John, and Mr. KING William on 13 July 2020 which remained outstanding as at 30 June 2023. These share options are exercisable from the date of satisfaction of certain conditions stated in the offer letter dated 13 July 2020 to 12 July 2028 at an exercise price of HK\$6.60 per Share for subscription of Shares.
- On 2 June 2020, 100,000 Shares were granted to each of Mr. WONG Man Chung, Francis, Miss NI Hong (Hope), Dr. LIU Yun, John and Mr. KING William under the restricted share award scheme of the Company and were vested in January 2021 pursuant to the terms and conditions of the scheme.
- Representing 500,000 share options that were granted to Mr. CHEN Timothy Yung-cheng on 16 July 2021 which remained outstanding as at 30 June 2023. These share options are exercisable from the date of satisfaction of certain conditions stated in the offer letter dated 16 July 2021 to 15 July 2029 at an exercise price of HK\$4.82 per Share for subscription of Shares.
- The approximate percentage of interests is based on the aggregate nominal value of the Shares/underlying Shares comprising the interests held as a percentage of the aggregate nominal value of all the issued share capital of the Company of the same class immediately after the relevant event and as recorded in the register maintained under Section 352 of the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company or their associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

# Other Information

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, to the best knowledge of the Directors, the following persons or corporations, not being a Director or chief executive of the Company, had the following interests and short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO:

Name	Capacity	Number of Shares <i>(Note 1)</i>	Approximate percentage of aggregate interests (%) <i>(Note 8)</i>
Kosalaki Investments Limited	Beneficial owner	109,561,857 <i>(Note 2)</i>	6.55
Dragon City International Investment Limited	Beneficial owner	187,568,500	11.21
YIP Chi Yu	Interest of a controlled corporation/Interest of spouse	187,568,500/2,325 <i>(Note 3)</i>	11.21
HUANG Shaokang	Beneficial owner/Interest of spouse	2,325/187,568,500 <i>(Note 4)</i>	11.21
Guangzhou City Infrastructure Investment Group Limited* (廣州市城市建設投資集團有限公司) ("GZ Infrastructure")	Interests of controlled corporations	331,201,928 <i>(Note 5(a))</i>	19.80
Guangzhou City Investment Co., Ltd.* (廣州市城投資有限公司) ("GZ Investment")	Interests of controlled corporations	331,201,928 <i>(Note 5(b))</i>	19.80
Guangzhou City Investment Jiapeng Industry Investment Fund Management Co., Ltd.* (廣州城投佳朋產業投資基金管理有限公司) ("GZ Jiapeng")	Interest of a controlled corporation	299,760,000 <i>(Note 5(c))</i>	17.92
Guangzhou City Investment Jiazi Investment Partnership (Limited Partnership)* (廣州城投甲子投資合夥企業(有限合夥)) ("GZ Jiazi")	Beneficial owner	299,760,000 <i>(Note 5(d))</i>	17.92
Guangzhou Radio Group Co., Ltd.* (廣州無線電集團有限公司) ("Guangzhou Radio Group")	Interests of controlled corporations	181,120,250 <i>(Note 6)</i>	10.83
GRG Banking Equipment Co., Ltd.* (廣州廣電運通金融電子股份有限公司) ("GRG Banking Corp.")	Interests of controlled corporations	181,120,250 <i>(Note 7)</i>	10.83
Law Debenture Trust (Asia) Limited as Trustee of Digital China Holdings Limited's Restricted Share Award Scheme Trust	Trustee	184,352,900	11.02

# Other Information

## Notes:

1. All of the interests disclosed herein represent long position in the Shares.
  2. Mr. GUO Wei, a director of the Company, is the sole shareholder and a director of Kosalaki Investments Limited ("KIL"). The Shares registered in the name of KIL was also disclosed as the interest of Mr. Guo in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above.
  3. Dragon City International Investment Limited ("**Dragon City**") is wholly owned by Ms. YIP Chi Yu and Mr. HUANG Shaokang is the spouse of Ms. YIP Chi Yu. By virtue of the SFO, Ms. YIP Chi Yu was deemed to be interested in the Shares in which Dragon City and Mr. Huang was interested.
  4. Mr. HUANG Shaokang is the spouse of Ms. YIP Chi Yu. By virtue of the SFO, Mr. Huang was deemed to be interested in the Shares in which Ms. YIP Chi Yu was interested.
  5.
    - (a) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Infrastructure, on 28 January 2021, GZ Infrastructure was interested in 331,201,928 Shares in aggregate, of which, 299,760,000 Shares were held by GZ Jiazi and 31,441,928 shares were held by Suitong Hong Kong Company Limited\* (穗通(香港)有限公司) ("**Suitong HK**"). GZ Jiazi is owned as to 99.96% by GZ Investment and 0.04% by GZ Jiapeng, which is in turn wholly-owned by GZ Investment. Suitong HK is also wholly-owned by GZ Investment. GZ Investment is 80% owned by GZ Infrastructure and 20% owned by Guangzhou Industry Investment Fund Management Co. Ltd.\* (廣州產業投資基金管理有限公司) ("**GZ Industry Fund**") which is wholly-owned by GZ Infrastructure. By virtue of the SFO, GZ Infrastructure was deemed to be interested in the Shares in which GZ Jiazi and Suitong HK were interested.
    - (b) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Investment, on 28 January 2021, GZ Investment was interested in 331,201,928 Shares in aggregate, of which, 299,760,000 Shares were held by GZ Jiazi and 31,441,928 Shares were held by Suitong HK. By virtue of the SFO, GZ Investment was deemed to be interested in the Shares in which GZ Jiazi and Suitong HK were interested.
    - (c) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Jiapeng, on 28 January 2021, GZ Jiapeng was interested in the Shares in which GZ Jiazi was interested by virtue of the SFO.
    - (d) Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GZ Jiazi, on 28 January 2021, GZ Jiazi was beneficially interested in 299,760,000 Shares.
  6. Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by Guangzhou Radio Group, on 16 February 2021, GRG Banking Corp., a company listed on The Shenzhen Stock Exchange, owned as to 52.96% by Guangzhou Radio Group, was interested in 181,120,250 Shares.
  7. Pursuant to a Form 2 – Corporate Substantial Shareholders Notice filed by GRG Banking Corp. on 16 February 2021, GRG Banking Corp. was interested in 181,120,250 Shares of which 7,078,000 Shares were held by GRG Banking Equipment (HK) Co., Limited (廣電運通國際有限公司) which is wholly-owned by GRG Banking Corp..
  8. The approximate percentage of interests is based on the aggregate nominal value of the Shares/underlying shares comprising the interests held as a percentage of the aggregate nominal value of all the issued share capital of the Company of the same class immediately after the relevant event and as recorded in the register maintained under Section 336 of the SFO.
- \* The English name of the company is a direct transliteration of its Chinese registered name.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any persons and corporations who had interests or short positions in Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.



# Other Information

## SHARE-BASED INCENTIVE SCHEMES

### (A) SHARE OPTION SCHEME

The Company's share option scheme was adopted on 15 August 2011 (the "2011 Share Option Scheme").

The 2011 Share Option Scheme seeks to recognise and acknowledge the contributions or potential contributions made or to be made by the qualified persons to the Group, to motivate the qualified persons to optimise their performance and efficiency for the benefit of the Group, and to maintain or attract business relationships with the qualified persons whose contributions are or may be beneficial to the growth of the Group.

The 2011 Share Option Scheme has a life span of ten years and has expired on 14 August 2021. Since then, no further share options can be granted under the same. However, the period during which an option may be exercised in accordance with the terms of the 2011 Share Option Scheme shall be the period set out in the relevant offer letter, provided that such period must expire on the date falling on the tenth anniversary of the offer date.

The following table shows the movements in the Company's share options granted under the 2011 Share Option Scheme according to dates of grant during the six months ended 30 June 2023:

Grantee	Number of share options					Outstanding as at 30/06/2023	Exercise price per share HK\$	Closing price immediately before the date of grant HK\$	Weighted average closing price of shares immediately before the date of share options being exercised during the period HK\$	Date of grant	Exercisable period	Notes
	Outstanding as at 1/1/2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period							
Directors												
GUO Wei	13,116,974	-	-	-	-	13,116,974	6.394	6.73	-	25/1/2017	25/1/2017-24/1/2025	(i),(ii)
	81,000,000	-	-	-	(27,000,000)	54,000,000	6.60	6.54	-	13/7/2020	(iv)	(v)
LIU Yang	13,116,974	-	-	-	-	13,116,974	6.394	6.73	-	25/1/2017	25/1/2017-24/1/2025	(i),(ii)
	2,000,000	-	-	-	(668,000)	1,332,000	6.60	6.54	-	13/7/2020	(iv)	(v)
WONG Man Chung, Francis	2,000,000	-	-	-	(668,000)	1,332,000	6.60	6.54	-	13/7/2020	(iv)	(v)
NI Hong (Hope)	2,000,000	-	-	-	(668,000)	1,332,000	6.60	6.54	-	13/7/2020	(iv)	(v)
LIU Yun, John	2,000,000	-	-	-	(668,000)	1,332,000	6.60	6.54	-	13/7/2020	(iv)	(v)
KING William	2,000,000	-	-	-	(668,000)	1,332,000	6.60	6.54	-	13/7/2020	(iv)	(v)
CHEN Timothy Yung-cheng	1,000,000	-	-	-	(500,000)	500,000	4.82	4.81	-	16/7/2021	(vi)	(vii)
Other employees	5,981,340	-	-	-	-	5,981,340	6.394	6.73	-	25/1/2017	25/1/2017-24/1/2025	(i),(ii)
Other employees	1,999,000	-	-	-	-	1,999,000	4.818	4.87	-	21/5/2018	21/5/2019-20/5/2026	(iii)
Other employees	4,802,600	-	-	-	(285,000)	4,517,600	4.32	4.26	-	28/3/2019	28/3/2020-27/3/2027	(iii)
Other employees	2,000,000	-	-	-	-	2,000,000	4.04	3.95	-	2/9/2019	2/9/2020-1/9/2027	(iii)
Other employees	4,844,990	-	-	-	(150,000)	4,694,990	4.17	4.16	-	27/4/2020	27/4/2021-26/4/2028	(iii)
Other employees	1,319,000	-	-	-	-	1,319,000	4.48	4.27	-	11/6/2020	11/6/2021-10/6/2028	(iii)
Other employees	11,600,000	-	-	-	(3,736,000)	7,864,000	6.60	6.54	-	13/7/2020	(iv)	(v)
Other employees	1,512,000	-	-	-	-	1,512,000	6.60	6.54	-	13/7/2020	13/7/2021-12/7/2028	(iii)
Other employees	5,190,000	-	-	-	(330,000)	4,860,000	5.44	5.37	-	31/3/2021	31/3/2022-30/3/2029	(iii)
Other participants	1,000,000	-	-	-	-	1,000,000	5.44	5.37	-	31/3/2021	(viii)	(viii), (x)
Other employees	6,053,000	-	-	-	(210,000)	5,843,000	4.48	4.10	-	28/7/2021	28/7/2022-27/7/2029	(iii)
Other participants	1,000,000	-	-	-	-	1,000,000	4.48	4.10	-	28/7/2021	(ix)	(ix), (x)
In aggregate	165,535,878	-	-	-	(35,551,000)	129,984,878						
Exercisable at the end of the period						115,208,078						
Weighted average exercise price (HK\$)	6.2088	-	-	-	6.5231	6.1229						

# Other Information

The following table shows the movements in the Company's share options granted under the 2011 Share Option Scheme (by each class of grantees) during the six months ended 30 June 2023:

Class of grantees	Number of share options					Outstanding as at 30 June 2023
	Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Directors	118,233,948	-	-	-	(30,840,000)	87,393,948
Other employees	45,301,930	-	-	-	(4,711,000)	40,590,930
<b>Sub-total</b>	<b>163,535,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,551,000)</b>	<b>127,984,878</b>
<b>Other participants (Note (x))</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>
<b>Total</b>	<b>165,535,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,551,000)</b>	<b>129,984,878</b>

**Notes:**

- (i) As a result of the rights issue which was completed on 18 September 2017, the exercise price was adjusted from HK\$6.71 to HK\$6.394 under the 2011 Share Option Scheme, and the numbers of outstanding share options were adjusted accordingly.
- (ii) All options granted under the 2011 Share Option Scheme are exercisable in whole or in part at anytime during the exercisable period.
- (iii) The options granted under the 2011 Share Option Scheme are subject to a vesting period of five years with 20% becoming exercisable on the first anniversary, 20% on the second anniversary, 20% on the third anniversary, 20% on the fourth anniversary and 20% on the fifth anniversary of the respective dates of grant.
- (iv) Exercisable period is from the date of satisfaction of certain conditions to 12 July 2028. For details of the conditions please refer to Note (v).
- (v) The vesting and exercise of the share options shall be conditional upon the Group's audited net profit after tax (before share-based payment expenses) and deduction of net profit after tax attributable to non-controlling interests achieving certain levels, as well as satisfaction of, among others, certain performance conditions (including, among others, levels of key performance indicators, profit performance target(s) and/or individual results performance target etc.) for the year ended 31 December 2020, 2021 and 2022 as set out in the relevant grant letters (if any). As certain of the conditions had been satisfied, the relevant portion of the share options was vested on the respective relevant dates.
- (vi) Exercise period is from the date of satisfaction of certain conditions to 15 July 2029. For details of the conditions please refer to note (vii).
- (vii) The vesting and exercise of the share options shall be conditional upon the Group's audited net profit after tax (before share-based payment expenses) and deduction of net profit after tax attributable to non-controlling interests achieving certain levels, as well as satisfaction of, among others, certain performance conditions (including, among others, levels of key performance indicators, profit performance target(s) and/or individual results performance target etc.) for the year ended 31 December 2021 and 2022 as set out in the relevant grant letters (if any). As certain of the conditions had been satisfied, the relevant portion of the Share options was vested on the relevant date.
- (viii) The vesting and exercise of the share options shall be conditional upon satisfaction of, among others, certain performance targets (including, among others, levels of key performance indicators, profit performance target(s) and/or individual results performance target etc.) as set out in the respective grant letters. Therefore, exercisable period is from the date of satisfaction of these conditions to 30 March 2029.
- (ix) The vesting and exercise of the share options shall be conditional upon satisfaction of, among others, certain performance targets (including, among others, levels of key performance indicators, profit performance target(s) and/or individual results performance target etc.) as set out in the respective grant letters. Therefore, exercisable period is from the date of satisfaction of these conditions to 27 July 2029.
- (x) Other participants mean service providers who provide services to the Group.

# Other Information

No share options were granted other than those set out in the tables above. As at 1 January 2023 and 30 June 2023, no share option was available for grant under the 2011 Share Option Scheme.

Share options granted under the 2011 Share Option Scheme do not confer rights on the grantees to dividends or to vote at general meetings.

During the six months ended 30 June 2023, RMB2,082,000 (six months ended 30 June 2022: RMB11,779,000 ) was recognised as share option expenses.

## (B) RESTRICTED SHARE AWARD SCHEME ("*RSA Scheme*")

The RSA Scheme was adopted on 28 March 2011 for the purpose of rewarding and motivating, among others, directors (including executive and non-executive) and employees or consultants of the Company and its subsidiaries (the "**Participants**") with the shares of the Company. The RSA Scheme is intended to attract and retain the best available personnel, and encourage and motivate the Participants to work towards enhancing the value of the Group and the Company's shares by aligning their interests with those of the shareholders of the Company. The RSA Scheme shall be valid and effective from the date of adoption until termination by the board of directors in accordance with the rules constituting the RSA Scheme.

Pursuant to the RSA Scheme, existing shares of the Company will be purchased by the trustee of the RSA Scheme (the "**Trustee**") from the market at the prevailing market price or at price within a specified price range out of cash contributed by the Group and be held in trust for the relevant Participants until such shares are vested with the relevant Participants in accordance with the provisions of the RSA Scheme. The Shares granted under the RSA Scheme and held by the Trustee until vesting are referred to as the restricted share units ("**RSUs**") and each RSU shall represent one ordinary share of the Company.

Neither the Participants nor the Trustee may exercise any of the voting rights in respect of any RSUs that have not yet been vested.

The Company shall comply with the relevant Listing Rules when granting the RSUs. If awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

There were 2,171,000 RSUs being granted during the six months ended 30 June 2023. The fair values of the RSUs granted under the RSA Scheme at granted date during the period amount to approximately RMB6,469,000 (six months ended 30 June 2022: RMB14,419,000).

During the six months ended 30 June 2023, the Group recognised expenses of RMB4,280,000 (six months ended 30 June 2022: RMB1,287,000) in relation to RSUs granted by the Company in the unaudited condensed consolidated statement of profit or loss.

# Other Information

## DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules during the Reporting Period and up to the date of this report are set out as below:

Name of Director	Details of Changes
ZENG Shuigen	Resigned as the Vice Secretary and General Manager of party branch and Director of Guangzhou Urban Planning Technology Development Services Department Co., Ltd. with effect from 9 January 2023

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 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 six months ended 30 June 2023.

## REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Mr. WONG Man Chung, Francis (who is the Chairman of the Audit Committee), Miss NI Hong (Hope) and Mr. KING William. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023 and this interim report, 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 2023.

## CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "**Code Provision(s)**") set out in the "Corporate Governance Code" contained in Part 2 of Appendix 14 to the Listing Rules throughout 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.

# Other Information

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.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

There was no significant investment and material acquisition or disposal of subsidiaries, associated companies and joint ventures during the six months ended 30 June 2023.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## 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 interim report.

## 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 2023.

By Order of the Board

**GUO Wei**

*Chairman and Chief Executive Officer*

Hong Kong, 30 August 2023

Website: [www.dcholdings.com](http://www.dcholdings.com)





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