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POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that, based on its preliminary review of the relevant unaudited consolidated management accounts of the Group, the Group is expected to record a profit attributable to equity holders of the Company of more than HK\$200 million for the six months ended 30 June 2020, representing a substantial year-on-year growth of more than 757 times as compared to the profit attributable to equity holders of the Company amounting to approximately HK\$264,000 for the six months ended 30 June 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Digital China Holdings Limited (神州數碼控股有限公司*) (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on its preliminary review of the relevant unaudited consolidated management accounts of the Group, the Group is expected to record a profit attributable to equity holders of the Company of more than HK\$200 million for the six months ended 30 June 2020, representing a substantial year-on-year growth of more than 757 times as compared to the profit attributable to equity holders of the Company amounting to approximately HK\$264,000 for the six months ended 30 June 2019. Based on the relevant information currently available to the Company, the Board considers that the expected substantial increase in profit of the Group was mainly due

to the management led by the Chairman and CEO, Mr. Guo Wei, overcoming the negative impacts of the global COVID-19 pandemic, through management improvement, process optimization and technology empowerment to reduce costs and increase efficiency; through adjusting business strategy, highlighting core advantages, revitalizing the resources to turn crises into opportunities. The smart supply chain business benefited from the surge in the e-commerce business increased significantly against trend. During the outbreak, based on “Yan Cloud DaaS” and other hardcore technologies, the Smart City business assisted a number of local governments in actively fighting against the pandemic, earning the full trust of the government and society, and receiving support from local and central governments under the national policy of accelerating “new infrastructure”.

Since the global outbreak of the COVID-19 pandemic at the beginning of 2020, e-commerce business in China recorded a significant growth due to the on-line shopping needs during the outbreak. In line with its core strategy of “Supply Chain + Big Data + Artificial Intelligence Internet of Things (AIoT)”, the smart industry chain business of the Group provides its customers with end-to-end one-stop efficient smart supply chain service. Through the AIoT technology including Human + Robot 3.0 model, Jieyunbao and and KINGKOO data big data analysis system, the operational efficiency has been significantly improved, driving a sharp rise in the smart industry chain business against trend.

As an enterprise representative which masters various “hardcore technologies” that provide key technical support to “new infrastructure” and industrial Internet development, the Group’s Smart City business segment leveraged the “Yan Cloud DaaS” which derived from technological achievements of the First Prize of National Technology Invention Award and other hardcore technologies to break down the isolated information islands of cities. The “anti-pandemic” software products series developed in-depth mining and utilization of big data, strengthen the comprehensive analysis and prediction of the pandemic, have been adopted by many local governments, and made a significant contribution to the fight against the pandemic. At the same time, it also introduced the creative “City CTO Deep Penetration Model”, which was implemented by a number of provinces and municipalities with projects in hundred million amounts, assisting the accelerated development of local “new infrastructure”.

In addition, the Group's Digital China Information Service focuses on the financial technology business and has more than 700 financial institution customers. According to the Market Analysis Report on 2019 Chinese Banking IT Solutions released by CCID Consulting, Digital China Information Service ranked first in terms of three market segments, namely open bank solutions, core business system and channel management, staying at the forefront of the Chinese banking IT solutions market. As the market share continues to increase, the business performance has achieved steady growth.

The information contained in this announcement is only based on the preliminary review of the relevant unaudited consolidated management accounts of the Group and information currently available to the Board. Such information and data have not been confirmed or audited by the Company’s auditor and is subject to adjustments and finalization. The unaudited interim results announcement of the Group for the six months ended 30 June 2020 is expected to be published in late August 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 11 July 2020

As at the date of this announcement, the Board comprises nine directors, namely:-

Executive Directors: Mr. GUO Wei (Chairman and Chief Executive Officer) and Mr. LIN Yang (Vice Chairman)

Non-executive Directors: Mr. PENG Jing and Mr. ZENG Shuigen

Independent Non-executive Directors: Mr. WONG Man Chung, Francis, Ms. NI Hong (Hope), Dr. LIU Yun, John, Ms. YAN Xiaoyan and Mr. KING William

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