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**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ADOPTION OF SUBSIDIARY OPTION SCHEME**

Reference is made to the announcement of Digital China Holdings Limited (神州數碼控股有限公司*) (the “**Company**”) dated 7 July 2023 in relation to the adoption of the Subsidiary Option Scheme (the “**July Announcement**”). Unless otherwise stated, terms used herein shall have the same meanings as defined in the July Announcement.

The Board wishes to provide the shareholders of the Company with additional information on the financial impact of the adoption of the Subsidiary Option Scheme and the Deemed Disposal on the Group. According to the preliminary assessment, it is expected that the Group will recognise aggregate share-based payment expenses in its consolidated statement of profit or loss of approximately RMB28,461,000 relating to the issue of Share Options under the Subsidiary Option Scheme throughout the financial years ending 31 December 2023 to 2026. Further, assuming the Share Options are exercised in full and based on the latest financial information of DCITS, the Deemed Disposal is expected to result in a profit of approximately RMB105,508,000 which will be recognised in capital reserve in equity of the Group upon issue and allotment of the DCITS Shares. Subject to the final review by the Company’s auditors, the number of Share Options that will ultimately vest, the timing and number of Share Options that will be exercised and the then financial position of DCITS, actual amount of gain or loss arising from the Deemed Disposal to be recognised by the Group may vary from the amount mentioned above. It is expected that the proceeds from the issue and allotment of the DCITS Shares will be used as general working capital of DCITS.

Reference is also made to the announcement of the Company dated 26 April 2023 (the “**April Announcement**”). As disclosed in the April Announcement, based on the audited consolidated financial information of the Company and its subsidiaries for each of the three financial years ended 31 December 2020, 2021 and 2022 that for DCITS, DCITS did not constitute a principal subsidiary of the Company under Chapter 17 of the Listing Rules at the time of adoption of the Subsidiary Option Scheme. Therefore, the Subsidiary Option Scheme does not constitute a share scheme under Chapter 17 of the Listing Rules.

Save as disclosed in this announcement, the remaining information and contents stated in the July Announcement remained unchanged. This announcement is supplemental to and should be read in conjunction with the July Announcement.

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, 3 August 2023

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. ZENG Shuigen and Ms. CONG Shan

Independent Non-executive Directors: Mr. WONG Man Chung, Francis, Miss NI Hong (Hope), Dr. LIU Yun, John, Mr. KING William and Mr. Timothy CHEN Yung-cheng

Website: www.dcholdings.com

**For identification purpose only*