

香港交易及結算所有限公司及香港聯合交易所有限公司對本公告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不就因本公告全部或任何部分內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。



有關 2023 年年報的補充公告

茲提述日期為 2024 年 4 月 25 日的 2023 年年報。除非文義另有所指，本公告所用之詞彙與 2023 年年報所界定者具有相同涵義。

根據 2023 年年報披露，於本年度，本公司對(i)其他應收款確認減值損失約人民幣 487.7 百萬元；及 (ii) 聯營公司及合營企業的權益確認減值損失約人民幣 497.0 百萬元。本補充公告的目的是向本公司股東及潛在投資者提供有關該等減值損失的更多信息。

其他應收款的減值損失

本公司於截至 2023 年 12 月 31 日計提的其他應收款減值損失約人民幣 487.7 百萬元主要是(i) 約人民幣 480.6 百萬元，是源於本集團間接持有債務（「**相關債務**」）的權益，該等債務為本集團購買的若干理財產品的底層資產（「**理財產品**」）；及(ii)約人民幣 7.1 百萬元，是源於與本集團日常經營中的其他應收款及預付款產生的預期信用損失，如賠償款及未用的預付款等。

本集團於2016年投資理財產品。由於該理財產品隨後未能依約定的還款期限歸還本集團投資的本金，於2018年6月28日，本集團與理財產品發行人（「**發行人**」）達成解決安排，根據該安排，本集團已取得理財產品底層資產(包括相關債務)的控制權。本集團在相關債務中的權益已在其合併財務報表中記錄為其他應收款。有關理財產品及解決安排的詳情，請參閱公司日期為2018年6月28日的公告及2023年年報第16頁。

於2023年12月31日，相關債務主要包括(i)一家在中國註冊成立的公司（「**A公司**」）欠理財產品的債務（「**A公司相關債務**」），於2023年12月31日的賬面價值約人民幣440百萬元（減值撥備後）；及 (ii) 另一家於中國註冊成立的公司（「**B公司**」）欠理財產品的債務（「**B公司相關債務**」），於2023年12月31日的賬面價值約人民幣84.4百萬元（減值撥備後）。

於2023年12月31日，相關債務減值損失的詳細情況如下：

A公司相關債務

(a) 導致減值的背景和情況

A公司是一家位於中國的物業項目公司，而A公司相關債務以A公司持有的若干商業綜合物業（「**質押物業**」）作為抵押。於2022年12月31日，本集團於A公司相關債務的賬面價值約為人民幣847.4百萬元，乃綜合考慮質押物業當時的評估市場價值、相關交易費用以及基於預計出售質押物業所需時間的折現影響而得出。

於2023年，在A公司的債務重整計劃中，法院裁定A公司以債轉股方式清償其未償債務（包括有抵押和無抵押債務）（「**債務總額**」）（包括A公司相關債務）。尤其是，A公司擁有的某些物業權益（「**重整物業權益**」）將被轉入新成立的實體（「**新公司**」），由A公司債權人（或這些債權人可能指示）持有（「**重整計劃**」）。

按A公司相關債務佔債務總額的比例，根據重整計劃，預計本集團將透過其或發行人在新公司的權益中得到重整物業約63.3%的權益。由於重整計劃，加上本年度內中國房地產價格大幅下跌，於2023年12月31日本集團應佔的重整物業權益（為本集團可從中收回A公司相關債務的底層物業權益）的評估價值顯著低於質押物業於2022年12月31日的估值，於是預期A公司相關債務可收回的金額有所減少。因此，本集團於2023年12月31日就A公司相關債務計提減值損失。

(b) A公司相關債務的減值評估詳情

A公司相關債務的公允價值是參考預計可收回金額（即預期分配給本集團的出售或處置資產的所得款項淨額），按現金流折現法確定。採用現金流折現法確定A公司相關債務的公允價值，因為這是評估非公開交易債務價值的主要且最常用的方法。

下表列出於2023年12月31日A公司相關債務減值評估的詳情：

重整物業權益的市值（人民幣千元） ^(附註1)	(A)	987,500
預計本集團於重整物業中的權益比例 ^(附註2)	(B)	63.3%
預計本集團於重整物業權益的市值（人民幣千元）	(C) = (A)*(B)	625,088
重整物業權益實現過程中預計稅金，費用及折現影響（人民幣千元）	(D)	185,088
本集團就A公司相關債務預計可收回金額（人民幣千元）	(E) = (C)-(D)	440,000

附註:

1. 按本集團聘請的獨立估值師亞太資產評估及顧問有限公司進行的估值，於2023年12月31日，重整物業權益的評估市值約為人民幣987.5百萬元，經考慮了（其中包括）年內中國房地產市場市況惡化和計劃將重整物業權益作為單一項目出售而產生的預期銷售折扣。評估市場價值乃根據直接比較法釐定，因為直接比較法是於有易於發現及近期市場可比較物業時於評估物業權益價值的主要及最常採用的方法。估值的主要輸入是可比較物業的現行市場價格，以及標的物業與市場可比較物業在規模、特色及位置方面差異的調整。估值的主要假設包括重整物業權益可按其現有狀況並以空置形式出售，並可在市場上自由轉讓，而無需支付額外土地溢價或其他繁重費用。
2. 該百分比是按公司可獲得的信息估計的。截至2023年12月31日及本公告日，重整計劃具體內容正在協商中，尚未最終確定。

考慮到 (i)於2023年12月31日重整物業權益的評估市場價值； (ii)本集團可從中收回A公司相關債務的底層物業權益價值的減少；及(iii)由於本集團不太可能從A公司的其他無抵押資產收回A公司相關債務，因此本集團預期通過出售重整物業權益將無法完全收回A公司相關債務。於2023年12月31日，公司A相關債務的可收回金額估計為人民幣440.0百萬元。

因此，本集團於截至2023年12月31日就A公司相關債務計提減值損失人民幣407.4百萬元，即(a) A公司相關債務於2022年12月31日的賬面金額(即人民幣847.4百萬元)；及(b) 本集團預計可收回A公司相關債務(上表第(E)項)金額之間的差額。

B 公司相關債務

(a) 導致減值的背景和情況

B公司是一家位於中國的房地產住宅項目公司，也進行了債務重整。於2023年12月31日，B公司相關債務的減值損失主要由於以下原因帶來B公司持有的住宅物業市場價格大幅下跌所致：(i)中國房地產市場整體下行的市場環境；及(ii)該項目部分住宅物業在債務重整過程中，採用了以房產抵債的方式支付了大量工程款等債務，導致大量房產以低價掛牌，影響了本項目下相關物業的銷售價格。因此，B公司相關債務於2023年12月31日的預計可收回金額較2022年12月31日有所減少，從而導致於截至2023年12月31日的重大減值損失。

(b) B公司相關債務的減值評估詳情

B公司相關債務的公允價值是參考預計可收回金額，並按預期分配給本集團的出售或處置資產所得款項淨額確定。在確定B公司相關債務的公允價值時採用預計可收回金額，因為這是評估非公開交易債務價值的主要且最常用的方法。

下表列出於2023年12月31日 B公司相關債務的減值評估詳情：

預計出售B公司的住宅物業應收現金總額 (不含增值稅)(人民幣千元) ^(附註)	(A)	168,490
預計出售住宅物業過程中的土增稅、費用及 開支(人民幣千元)	(B)	84,080
於2023年12月31日就B公司相關債務的預計 可收回金額(人民幣千元)	(C) = (A) – (B)	84,410

附註:

此預計應收現金總額是按該住宅物業及其附屬設施的預期售價。預計售價的主要輸入是可比較物業的現行市場價格，參考同一房地產項目中選定物業的掛牌價格，並基於掛牌價格通常高於實際成交價進行調整；而主要假設為住宅物業可按其現有狀況並以空置形式出售，並可在市場上自由轉讓。預估於2023年12月31日B公司相關債務的估計可收回金額與2022年12月31日相比減少的主要原因是由於B公司持有的住宅物業估價下降。

B相關債務的預計可收回金額由於2022年12月31日的約人民幣158.8百萬元減少至於2023年12月31日的約人民幣84.4百萬元。因此，本集團計提減值虧損人民幣73.2百萬元，即B公司相關債務於2022年12月31日的賬面值人民幣158.8百萬元，扣減(a)於本年度償還的金額約人民幣1.1百萬元；及(b)於2023年12月31日，B公司相關債務預計可收回金額人民幣84.4百萬元。

聯營公司及合營企業權益的減值損失

導致減值損失的情況

於本年度，本公司確認聯營公司及合營企業權益減值損失約人民幣497.0百萬元，其中(a)本集團於慧聰集團權益產生的減值損失人民幣320.7百萬元；(b)減值損失人民幣133.1百萬元來自本集團於重慶小貸的權益；及(c)剩餘減值損失人民幣43.2百萬元與本集團其他四家規模相對較小的聯營公司或合營企業的權益有關，主要由於該等公司於本年度經營業績的惡化。

本年度有關慧聰集團及重慶小貸權益的減值損失的詳情如下：

慧聰集團

(a) 導致減值的背景和情況

於2023年12月31日，慧聰集團為本公司的聯營公司，本集團持有19.37%權益。本集團於2011年首次投資慧聰集團。慧聰集團連同其附屬公司主要從事（其中包

括) 透過其 B2B 交易平台進行商品交易、提供廣告及行銷服務、銷售及提供防偽產品、數字身份技術及解決方案服務。

於本年度，慧聰集團錄得(i)出售若干附屬公司的重大虧損人民幣586.3百萬元；及(ii) 於截至2023年12月31日，商譽及無形資產重大減值約人民幣1,019.7百萬元，主要與其在中國大陸提供3C及生活科技產品的線上廣告及營銷服務有關。此外，慧聰集團的其他業務板塊未能達到各自的預期業績，從而損害了慧聰集團的預期未來盈利能力。尤其是，慧聰集團於本年度錄得虧損約人民幣1,890.5百萬元，較截至2022年12月31日止年度的虧損約人民幣230.1百萬元大幅增加。慧聰集團的股票價格亦由2022年12月30日的港幣0.325元大幅下跌至2023年12月29日的港幣0.233元。

(b) 有關慧聰集團權益的減值評估詳情

鑑於慧聰集團於本年度出現重大虧損，且對其未來盈利能力的預期下降，加上本集團不再計劃長期持有慧聰集團股票，本公司在進行本年度相關減值評估參考了慧聰集團股票的市場價格。

下表列出本集團於2023年12月31日所持慧聰集團權益的減值評估詳情：

於2023年12月29日 ^(附註1) 慧聰集團股票的收市價	(A)	港幣0.233
於2023年12月31日，本集團持有慧聰集團股票的數目	(B)	253,671,964
於2023年12月31日本集團持有慧聰集團股票的預估價值	(C) = (A)*(B)	港幣59,106,000 ^(附註2)
於2022年12月31日本集團持有慧聰集團股票的賬面價值 (人民幣千元)	(D)	746,335
於慧聰集團應佔虧損及其他綜合費用 (人民幣千元)	(E)	372,217
於截至2023年12月31日計提的減值損失 (人民幣千元)	(F) = (D) – (E) – (C)	320,659

附註:

1. 為於2023年慧聰集團股票在聯交所的最後交易日
2. 折合約人民幣53,459,000元 (採用匯率港幣1.105632元：人民幣1.00元)

因此，本集團就其於慧聰集團的權益錄得減值虧損人民幣320.7百萬元，相當於(i)本集團於慧聰集團權益於2022年12月31日的賬面金額約人民幣746.3百萬元；以及(ii)於2023年12月31日，本集團持有的慧聰集團股份估計價值約為人民幣53.50百萬元，以及本年度於慧聰集團應佔虧損及其他綜合費用之間的差額。

重慶小貸

(a) 導致減值的背景和情況

本集團於2014年首次投資重慶小貸。於2023年12月31日，本公司持有重慶小貸30%股權，慧聰集團持有其70%股權。重慶小貸主要在中國提供小額貸款。於本年度，重慶小貸錄得較大的虧損。受整體經濟環境惡化的影響，重慶小貸持有的信貸資產的品質也出現惡化。上述因素影響了於2023年重慶小貸的價值。

為確定於2023年12月31日本集團所持有重慶小貸權益的公允價值，本集團聘請獨立估值師進行估值（「估值」），並得出於2023年12月31日本集團於重慶小貸權益的估值為人民幣80.0百萬元。由於重慶小貸的於本年度錄得較大的虧損以及其估值下降，本集團於截至2023年12月31日就其於重慶小貸權益錄得減值損失約人民幣133.1百萬元。

(b) 有關重慶小貸權益的減值評估詳情

在進行估值時，估值師考慮了收益法、成本法和市場法三種普遍接受的方法，並決定採用市場法，這是小額信貸公司估值中常用的估值方法。估值師認為，與估值本集團於重慶小貸權益時採用的其他估值方法相比，市場法更為合適，基於(i)收益法受到數據限制，因為該行業的現金流量預測極易受到政策影響，因此會放大所需預測的不可預測性；及(ii)成本法需要仔細檢視資產和負債的組成部分來計算重估後的淨資產，無法反映市場狀況，無法為市場比較提供直觀基礎，因此無法很好地反映公司相對於市場動態的價值。

估值師根據多項標準選擇了八家可比公司，包括(i)可比公司主要是從事提供小額信貸及/或貸款相關服務，與重慶小貸的業務類似；(ii)可比公司為中國或香港上市公司；(iii)可比公司的財務信息是公開的；及(iv)可比公司的主要營業地點位於中國。估值的主要輸入包括(i)可比較公司的市淨率，其範圍為0.28至0.78；(ii)截至2023年12月31日，重慶小貸股東權益價值；及(iii)私人公司因缺乏流動性而採用16%的流動性折扣(DLOM)。

估值的主要假設包括：(i)估值師所依賴的基本信息和財務信息真實及準確；(ii)重慶小貸對其資產的權益有效且無重大產權負擔；及(iii)估值日後經濟狀況及其他狀況並無重大變化。

重慶小貸於2023年12月31日的估值較2022年12月31日減少是由於估值參數下降，特別是：(i)可比公司的市值因為整體經濟環境惡化而下降；(ii)股票價格波動導

致流動性折扣(DLOM)從2022年12月31日的14%增加至2023年12月31日的16%，這是根據期權定價模型確定的，模型考慮了流動性時間和私人公司股票的估計波動性等因素，而估算上市公司和私人公司因其流動性而導致股票價值的差異；及 (iii) 重慶小貸賬面淨值的減少。

由於上述原因，本集團錄得減值損失人民幣133.1百萬元，即本集團於重慶小貸權益(a)於2022年12月31日的賬面金額人民幣395.0百萬元；及(b)本年度集團應佔虧損人民幣181.9百萬元，以及於2023年12月31日估值人民幣80百萬元之間的差額。

董事會的評估和看法

董事會已考慮(其中包括)釐定與本集團於相關債務和聯營公司及合營企業權益有關的減值準備時所採用的方法及基準。於資產減值評估及估值，採用的估值方法或基準未有重大變化。本集團於截至2023年12月31日錄得的減值損失的大幅增加主要是由於相關資產狀況的變動影響到估值時所使用的輸入價值。

考慮目前市場狀況、所採用的減值評估方法和基準為市場通用且與本集團過往會計年度採用的做法基本一致和/或有獨立評值師進行的估值支持(如適用)，董事認為該等方法及基準屬公平合理。

一般事項

上述補充信息不影響2023年年報中的其他信息，除上述披露外，2023年年報中的其他信息均保持不變。

釋義

於本公告內，除另有所指外，下列詞彙具有以下涵義：

「2023 年年報」	指	本公司本年度的年報
「董事會」	指	董事會
「重慶小貸」	指	重慶神州數碼慧聰小額貸款有限公司,在中國成立的有限責任公司，為本公司的聯營公司
「本公司」	指	Digital China Holdings Limited (神州數碼控股有限公司*)，一家依百慕達法律註冊成立的有限公司，其股份於聯交所主板上市
「董事」	指	本公司董事

「本集團」	指	本公司及其附屬公司
「慧聰集團」	指	慧聰集團有限公司，一家依開曼群島法律註冊成立的有限公司，其股份於聯交所主板上市(股份代號：2280)，為本公司的聯營公司
「香港」	指	中華人民共和國香港特別行政區
「港幣」	指	港幣，香港法定貨幣
「中國」	指	中華人民共和國
「人民幣」	指	人民幣，中國法定貨幣
「聯交所」	指	香港聯合交易所有限公司
「本年度」	指	截至 2023 年 12 月 31 日止年度
「%」	指	百分比

承董事會命
Digital China Holdings Limited
 (神州數碼控股有限公司*)
郭為
 主席兼首席執行官

香港，二零二四年十二月五日

於本公告刊發時，董事會由九名董事組成，包括：

執行董事：郭為先生（主席兼首席執行官）及林楊先生（副主席）

非執行董事：叢珊女士及劉軍強先生

獨立非執行董事：劉允博士、金昌衛先生、郭嵩博士、陳惠康先生及李靜博士

網址：www.dcholdings.com

* 僅供識別

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2023 ANNUAL REPORT

Reference is made to the 2023 Annual Report published on 25 April 2024. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2023 Annual Report.

As disclosed in the 2023 Annual Report, during the Year, the Company recognised impairment losses of (i) other receivables of approximately RMB487.7 million; and (ii) interests in associates and joint ventures of approximately RMB497.0 million. The purpose of this supplemental announcement is to provide additional information to the shareholders and potential investors of the Company in relation to such impairment losses.

IMPAIRMENT LOSS OF OTHER RECEIVABLES

The impairment loss of other receivables of approximately RMB487.7 million recorded by the Company as at 31 December 2023 was mainly arising from (i) as to approximately RMB 480.6 million, the Group's indirect interest in debts (the "**Relevant Debts**") which were the underlying assets of certain wealth management products purchased by the Group (the "**WMPs**"); and (ii) as to approximately RMB7.1 million, the expected credit loss in relation to other receivables and prepayments from the daily operations of the Group, such as compensation payments and unused prepayments.

The investment in the WMPs was made in 2016. As the WMPs subsequently failed to repay the principal amount invested by the Group therein in accordance with the agreed repayment schedule, on 28 June 2018, the Group reached settlement arrangements with the issuer (the "**Issuer**") of the WMPs, pursuant to which, the Group has taken control over the underlying assets of the WMPs, including the Relevant Debts. The Group's interests in the Relevant Debts has been recorded as other receivables in its consolidated financial statements. For details of the WMPs and the settlement arrangements, please refer to the announcement of the Company dated 28 June 2018 and P.16 of the 2023 Annual Report.

As at 31 December 2023, the Relevant Debts mainly comprise (i) a debt owed by a company incorporated in the PRC ("**Company A**") to the WMPs (the "**Co A Relevant Debt**") with carrying amount of approximately RMB440.0 million (after impairment provision) as at 31 December 2023; and (ii) a debt owed by another company incorporated in the PRC ("**Company B**") to the WMPs (the "**Co B Relevant Debt**") with carrying amount of approximately RMB84.4 million (after impairment provision) as at 31 December 2023.

Set out below are details of the impairment loss relating to the Relevant Debts as at 31 December 2023:

The Co A Relevant Debt

(a) Background and circumstances leading to the impairment

Company A is a property project company in the PRC and the Co A Relevant Debt was secured by certain commercial complex held by Company A (the “**Pledged Properties**”). As at 31 December 2022, the net carrying amount of the Group’s interest in the Co A Relevant Debt was approximately RMB847.4 million, which was derived after considering the then appraised market value of the Pledged Properties, the relevant transaction costs and the discounting impact based on the estimated time required for realizing the Pledged Properties.

In 2023, as part of its debt restructuring plan, Company A was ruled by the court to settle its outstanding debts (including both secured and unsecured debts) (the “**Total Debts**”) (including the Co A Relevant Debt) by way of debt-to-equity swaps (以債轉股). Particularly, certain property interests owned by Company A (the “**Restructuring Property Interests**”) will be transferred to newly established entity(ies) (the “**New Entity(ies)**”) to be held by creditors of Company A (or as these creditors may direct) (the “**Restructuring Plan**”).

Based on the proportion of the Co A Relevant Debt as compared to the Total Debts, pursuant to the Restructuring Plan, it is expected that the Group shall become interested in approximately 63.3% of the Restructuring Property Interests through its or the Issuer’s equity interests in the New Entity(ies). As a result of the Restructuring Plan, together with the sharp decrease in property price in the PRC during the Year, the appraised value of the Restructuring Property Interests attributable to the Group as at 31 December 2023, being the underlying property interests out of which the Group may recover the Co A Relevant Debt, is significantly lower than the appraised value of the Pledged Properties as at 31 December 2022 and thus there is a decrease in the estimated recoverable amount of the Co A Relevant Debt. As a result, the Group recorded an impairment loss in respect of the Co A Relevant Debt as at 31 December 2023.

(b) Details of the impairment assessment in relation to the Co A Relevant Debt

The fair value of the Co A Relevant Debt was determined with reference to the estimated recoverable amount (i.e. the net proceeds from the sale or disposal of assets that are expected to be allocated to the Group) based on the discounted cash flow method. The discounted cash flow method was adopted in the determination of the fair value of the Co A Relevant Debt on the basis that it is the primary and most commonly adopted method to appraise the value of debts which are not publicly traded.

The following table sets out the details of the impairment assessment in relation to the Co A Relevant Debt as at 31 December 2023:

Market value of the Restructuring Property Interests (RMB’000) ^(Note 1)	(A)	987,500
Expected percentage of the Group’s interests in the Restructuring Property Interests ^(Note 2)	(B)	63.3%
The market value of the expected interests of the Group in the Restructuring Property Interests (RMB’000)	(C) = (A)*(B)	625,088
Estimated taxes, fees and discounting impact in the process of realization of the Restructuring Property Interests (RMB’000)	(D)	185,088
Estimated amounts recoverable by the Group in respect of the Co A Relevant Debt (RMB’000)	(E) = (C)-(D)	440,000

Note:

1. *Based on the valuation conducted by APAC Asset Valuation and Consulting Limited, an independent valuer engaged by the Group, as at 31 December 2023, the appraised market value of the Restructuring Property Interests was approximately RMB987.5 million, having considered, among other things, the worsening market condition of the PRC property market during the Year and the expected sale discount resulting from the plan to dispose the Restructuring Property Interests as a single project. The appraised market value was determined based on the direct comparison method as it is the primary and most commonly adopted method to appraise the value of property interests where there are readily identifiable and recent market comparables. Key inputs of the valuation are the prevailing market prices of comparable properties and the adjustments on the difference between the subject property and market comparables in terms of size, features and location. Major assumptions of the valuation include that the Restructuring Property Interests could be sold in their existing condition with the advantage of vacant possession and be freely transferable in the market without need for paying additional land premiums or other onerous fees.*
2. *The percentage is estimated based on information available to the Company. As at 31 December 2023 and the date of this announcement, details of the Restructuring Plan was under negotiation and has yet to be finalized.*

Taking into account (i) the appraised market value of the Restructuring Property Interests as at 31 December 2023; (ii) the reduction in the value of the underlying property interests out of which the Group may recover the Co A Relevant Debt; and (iii) the fact that it is unlikely for the Group to recover the Co A Relevant Debt from the other unsecured assets of Company A, the amount expected to be recoverable by the Group through the sales of the Restructuring Property Interests would not be able to fully cover the Co A Relevant Debt and the recoverable amount in respect of the Co A Relevant Debt was estimated to be RMB440.0 million as at 31 December 2023.

Accordingly, the Group recorded an impairment loss of RMB407.4 million in respect of the Co A Relevant Debt as at 31 December 2023, which represents the difference between (a) the carrying amount of the Co A Relevant Debt as at 31 December 2022 (i.e. RMB 847.4 million); and (b) the estimated amounts recoverable by the Group in respect of the Co A Relevant Debt (item (E) in the above table).

The Co B Relevant Debt

(a) Background and circumstances leading to the impairment

Company B is a real estate residential project company in the PRC and had also undergone debt restructuring. The impairment loss of the Co B Relevant Debt as at 31 December 2023 were primarily arising from the sharp decrease in the market price of residential properties owned by Company B brought by (i) the overall downward market environment of the real estate market in the PRC; and (ii) the fact that during the debt restructuring process, a large amount of construction costs and other debts were paid-off by certain residential properties of the project, which resulted in the listing of a large number of property units at low prices and thereby affecting the selling price of the relevant properties under the project. As a result, the estimated recoverable amount of the Co B Relevant Debt as at 31 December 2023 has decreased as compared to that of 31 December 2022, thereby resulting in a significant impairment loss as at 31 December 2023.

(b) Details of the impairment assessment in relation to the Co B Relevant Debt

The fair value of the Co B Relevant Debt was determined with reference to the estimated recoverable amount based on the net proceeds from the sale or disposal of assets that are expected to be allocated to the Group. The estimated recoverable amount was adopted in the determination of the fair value of the Co B Relevant Debt on the basis that it is the primary and most commonly adopted method to appraise the value of debts which are not publicly traded.

The following table sets out the details of the impairment assessment in relation to the Co B Relevant Debt as at 31 December 2023:

Estimated total cash receivable for the sale of the residential properties of Company B (net of value-added taxes) (RMB'000) <i>(Note)</i>	(A)	168,490
Estimated land value-added tax, fees and expenses payable in the process of realization of the residential properties (RMB'000)	(B)	84,080
Estimated recoverable amount of the Co B Relevant Debt as at 31 December 2023 (RMB'000)	(C) = (A) – (B)	84,410

Note:

Such estimated total cash receivable was calculated based on the expected selling price of such residential properties and their ancillary facilities. Key inputs of the expected selling price are the prevailing market price of comparable properties based on the listing price of selected properties in the same residential project and adjustments due to the fact that listing price is normally higher than the actual transaction price and the major assumptions that the residential properties could be sold in their existing condition with the advantage of vacant possession and be freely transferable in the market. The primary reason for the decrease in the estimated recoverable amount of the Co B Relevant Debt as at 31 December 2023 as compared to that as at 31 December 2022 was the significant decrease in the estimated housing price of the properties owned by Company B.

The estimated recoverable amount of the Co B Relevant Debt decreased from approximately RMB158.8 million as at 31 December 2022 to approximately RMB84.4 million as at 31 December 2023. As such, the Group recorded an impairment loss of RMB73.2 million, representing the carrying amounts of the Co B Relevant Debt as at 31 December 2022 of RMB 158.8 million, after deducting (a) the amount repaid during the Year of approximately RMB1.1 million; and (b) the estimated recoverable amount of the Co B Relevant Debt as at 31 December 2023 of RMB84.4 million.

IMPAIRMENT LOSS OF INTERESTS IN ASSOCIATES AND JOINT VENTURE

Circumstances leading to the impairment loss

During the Year, the Company recognised impairment loss of interests in associates and joint ventures of approximately RMB497.0 million, out of which (a) impairment loss of RMB320.7 million was arising from the Group's interests in HCI; (b) impairment loss of RMB133.1 million was attributable to the Group's interests in Chongqing Micro-credit; and (c) the remaining impairment loss of RMB43.2 million was relating to the Group's interests in four other relatively insignificant associates or joint ventures of the Group, mainly due to their worsening business performance during the Year.

Set out below are the details of the impairment loss relating to interests in HCI and Chongqing Micro-credit for the Year:

HCI

(a) Background and circumstances leading to the impairment

As at 31 December 2023, HCI was an associate of the Company which was held as to 19.37% by the Group. The Group first invested in HCI in 2011. HCI, together with its subsidiaries, is principally engaged in, among others, trading of goods through its B2B trading platforms, provision of advertising and marketing services, and sales and provision of anti-counterfeiting

products and digital identity technology and solution services.

During the Year, HCI has recorded (i) a significant loss on disposal of certain subsidiaries of RMB586.3 million; and (ii) a significant impairment of goodwill and intangible assets as at 31 December 2023 of approximately RMB1,019.7 million mainly in relation to its business of online advertising and marketing services for 3C and living technology products in the PRC. In addition, other business segments of HCI had failed to achieve their respective forecasted performance thereby impairing the expected future profitability of the HCI. In particular, HCI recorded a significant increase in its loss for the Year of approximately RMB1,890.5 million, as compared to a loss for the year ended 31 December 2022 of approximately RMB230.1 million. The share price of the HCI has also decreased significantly from HK\$0.325 as at 30 December 2022 to HK\$0.233 as at 29 December 2023.

(b) *Details of the impairment assessment in relation to the interests in HCI*

In view of the significant loss incurred by HCI during the Year and decline in the expectation on its future profitability, coupled with the fact that the Group no longer intends to hold the shares of HCI on a long term basis, the Company referred to the market price of the shares of HCI in conducting the relevant impairment assessment for Year.

The following table sets out the details of the impairment assessment in relation to the Group's interests in HCI as at 31 December 2023:

Closing price of the shares of HCI as at 29 December 2023 <i>(Note 1)</i>	(A)	HK\$0.233
Number of shares of HCI held by the Group as at 31 December 2023	(B)	253,671,964
Estimated value of the shares of HCI held by the Group as at 31 December 2023	(C) = (A)*(B)	HK\$59,106,000 <i>(Note 2)</i>
Carrying amount of the shares of HCI held by the Group as at 31 December 2022 <i>(RMB '000)</i>	(D)	746,335
Share of the loss and other comprehensive expenses of HCI for the Year <i>(RMB '000)</i>	(E)	372,217
Impairment loss recorded as at 31 December 2023 <i>(RMB '000)</i>	(F) = (D) – (E) – (C)	320,659

Notes:

- Being the last trading date of the shares of HCI on the Stock Exchange in 2023*
- Equivalent to approximately RMB53,459,000 (adopting an exchange rate of HK\$1.105632:RMB1.00)*

Accordingly, the Group recorded an impairment loss of RMB320.7 million in respect of its interests in HCI, representing the difference between (i) the carrying amount of the Group's interests in HCI as at 31 December 2022 of approximately RMB746.3 million; and (ii) the estimated value of the shares of HCI held by the Group as at 31 December 2023 of approximately RMB53.5 million; and the share of the loss and other comprehensive expenses of HCI for the Year.

Chongqing Micro-credit

(a) *Background and circumstances leading to the impairment*

The Group first invested in Chongqing Micro-credit in 2014. As at 31 December 2023, Chongqing Micro-credit was held as to 30% by the Company and 70% by HCI. Chongqing Micro-credit is principally engaged in the provision of micro-loans in the PRC. Chongqing Micro-credit recorded a relatively significant loss for the Year. As a result of the deterioration of the overall economic environment, the quality of credit assets held by Chongqing Micro-credit also worsened. The above factors had affected the value of Chongqing Micro-credit in 2023.

To determine the fair value of the Group's interests in Chongqing Micro-credit as at 31 December 2023, the Group has engaged an independent valuer to conduct a valuation (the "Valuation") and the appraised value of the Group's interests in Chongqing Micro-credit was RMB80.0 million as at 31 December 2023. As a result of the relatively significant loss recorded by Chongqing Micro-credit for the Year and decrease in its appraised value, the Group has recorded impairment loss of its interest in Chongqing Micro-credit of approximately RMB133.1 million as at 31 December 2023.

(b) *Details of the impairment assessment in relation to the interests in Chongqing Micro-credit*

In conducting the Valuation, the valuer has considered the three generally accepted methods, including the income method, the cost method and the market method, and decided to adopt the market method, which is the valuation method that is commonly used in the valuation of micro-credit companies. The valuer considered that the market approach is more appropriate as compared to the other valuation methods to adopt in appraising the Group's interests in Chongqing Micro-credit on the basis that (i) the income approach is constrained by data limitations as the cash flow projections for this industry are highly susceptible to policy influences, amplifying the unpredictability of the required forecasts; and (ii) the cost approach, which entails a meticulous review of the components of assets and liabilities to calculate the revalued net assets, is unable to reflect market conditions and does not offer an intuitive basis for market comparison, making it less reflective of the company's value in relation to market dynamics.

The valuer has selected eight comparable companies based on several criteria, including (i) the comparable companies are primarily engaged in the provision of micro-credit and/or loan related services, which is similar to the business of Chongqing Micro-credit; (ii) the comparable companies are listed companies in the PRC or Hong Kong; (iii) the financial information of the comparable companies is publicly available; and (iv) the principal place of business of the comparable companies are in the PRC. The key inputs of the Valuation include (i) the price-to-book ratio of the comparable companies which ranged from 0.28 to 0.78; (ii) the value of shareholders' rights and interests in Chongqing Micro-credit as at 31 December 2023; and (iii) a discount for lack of marketability (DLOM) of 16% for private companies.

Major assumptions of the Valuation includes (i) that the basic and financial information relied upon by the valuer are true and accurate; (ii) that Chongqing Micro-credit's interests over its assets are valid and without material encumbrances; and (iii) that there is no significant change in the economic conditions and other circumstances after the date of valuation.

The decrease in the appraised value of Chongqing Micro-credit as at 31 December 2023, as compared to that of 31 December 2022, was resulted from the decrease in the valuation parameters, particularly (i) the decrease in the market value of the comparable companies due to the deterioration of the overall economic environment; (ii) the fluctuation of the stock price resulting in the increase in DLOM from 14% as at 31 December 2022 to 16% as at 31 December 2023 which was determined based on the option pricing model, which assesses the difference in the value of shares in public companies and private companies due to their liquidity taking into consideration factors such as timing of liquidity and estimated volatility of the shares of the private

company; and (iii) and the decrease in the net book value of Chongqing Micro-credit.

As a result of the foregoing, the Group recorded an impairment loss of RMB133.1 million therefrom, which represents the difference between (a) the carrying amount of RMB395.0 million as at 31 December 2022; and (b) the share of the loss for the Year of RMB181.9 million and the appraised value of RMB80.0 million as at 31 December 2023, of the Group's interests in Chongqing Micro-credit.

ASSESSMENT AND VIEW OF THE BOARD

The Board had considered, among other things, the methodology and basis adopted in determining the impairment provisions in relation to the Group's interests in the Relevant Debts and associates and joint ventures. There was no material change in the valuation method or basis adopted in the impairment assessment and valuation of its assets, and the significant increase in impairment loss recorded by the Group as at 31 December 2023 was mainly due to the change in circumstances of the relevant assets which in turn affects the value of inputs used in the valuation.

Having considered the current market situation and on the basis that the methodology and basis of impairment assessment adopted are commonly used in the market and are generally consistent with the practice adopted by the Group in previous financial years and/or supported by valuation conducted by independent valuer (as applicable), the Directors are of the view that such methodology and basis are fair and reasonable.

GENERAL

The supplemental information above does not affect other information contained in the 2023 Annual Report and save as disclosed above, all other information in the 2023 Annual Report remains unchanged.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2023 Annual Report”	the annual report of the Company for the Year
“Board”	the board of Directors
“Chongqing Micro-credit”	Chongqing Digital China Huicong Micro-credit Co., Ltd. * (重慶神州數碼慧聰小額貸款有限公司), a company established in the PRC with limited liability and an associate of the Company
“Company”	Digital China Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HCI”	HC Group Inc., a company incorporated with limited liability under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2280) and an associate of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Year”	the year ended 31 December 2023
“%”	per cent

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, 5 December 2024

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: Ms. CONG Shan and Mr. LIU Jun Qiang

Independent Non-executive Directors: Dr. LIU Yun, John, Mr. KING William, Dr. GUO Song, Mr. CHAN Wai Hong, Michael and Dr. LI Jing

Website: www.dcholdings.com

**For identification purpose only*