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Plus Group Holdings Inc.

普樂師集團控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2486)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of Directors (the “**Board**”) of Plus Group Holdings Inc. (the “**Company**”) announces the audited annual consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 (“**Annual Results**”) together with the comparative information for the year ended 31 December 2022. The Annual Results have been prepared in accordance with the HKFRS and audited by PricewaterhouseCoopers, the independent auditors of the Company. In addition, the Annual Results have also been reviewed by the Audit Committee.

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	725,948	618,110
Gross profit	94,862	173,567
Profit for the year	11,502	52,702
Profit attributable to owners of the Company	11,502	52,702

SELECTED FINANCIAL RATIO

	As at or for the year ended 31 December 2023 <i>(Approximate)</i>	As at or for the year ended 31 December 2022 <i>(Approximate)</i>
Revenue growth ¹	17.4%	48.5%
Current ratio (times) ²	3.6	2.2
Gearing ratio ³	N/A (net cash)	0.7%

Notes:

1. Revenue growth ratio equals revenue growth divided by revenue for the prior year.
2. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the year end.
3. Calculated by using the net debt divided by total equity as at year end. Net debt is calculated as total bank borrowings, amount due to a related party and lease liabilities less cash and cash equivalents.

OPERATING METRICS

	Year ended 31 December 2023	2022	Year-on-Year change %
Number of paying brand customers	51	43	18.6
Number of paying distributor customers	187	127	47.2
Total number of points of sale on a cumulative basis <i>(Note)</i>	4,431,000	4,051,000	9.4
Total number of touchpoints on a cumulative basis <i>(Note)</i>	519,000	453,000	14.6
Average monthly active touchpoints <i>(Note)</i>	28,000	23,000	21.7

Note: The number showing above is rounded to nearest thousand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group provides on-site sales and marketing solutions as a well-known sales and marketing service provider for market-leading FMCG brand owners and distributors with activities mainly carried out at offline retail stores, such as supermarkets, department stores and outdoor promotional activities.

In 2023, especially the second half of 2023, under the impact of the complex international situation, the trend of consumption downgrade demonstrated increasingly obviousness in China's consumer market. With the decline in consumer demand and consumption ability, pressure has been brought inevitably to the industry from brands, distributor customers to service providers.

Under the influence of external environment, the downward trend has further been showed regarding the overall industry situation of the offline retail industry the Group deepened in, undoubtedly bringing great challenges to our development.

In 2023, the Group achieved a total revenue of approximately RMB725.9 million during the Reporting Period, representing a year-on-year increase of approximately 17.4%. Amid the challenges, the Group ensured stable revenue while expanding market share with stronger momentum.

In 2023, the Group achieved the gross profit of approximately RMB94.9 million which result in a decrease during the Reporting Period, mainly for (i) active reasons: having faced the downward trend of the industry as not only risks but also opportunities, the Group has maintained its leading position and market share in the industry by sacrificing some profit expectations on the premise of ensuring its own survival. At the same time, it also achieved the strategic goal of facilitating customers to accelerate the digital transformation of offline business, laying a solid foundation and completing the long-term layout for the continuous implementation of the Group's digital on-site sales and marketing solutions business; and (ii) passive reasons: our brand and distributor customers adjusted their retail expectations and the investment in offline marketing and promotion affected by the overall market environment and the downward trend of the industry and focus on competition with downstream service providers, thereby indirectly resulting in a greater squeeze on the profit margin of the industry.

Customised marketing solution

The purpose of our service of the customised marketing solution is to develop and implement customised sales and marketing plans for customers' merchandise with a view to raising the awareness for customers' brand and promoting the merchandise and its sales, mainly including promotional activities, marketing activities, roadshows, product launch activities, ordering activities and appreciation ceremonies.

In 2023, especially the second half of 2023, with the effect of the general environment including consumption downgrade, changes in consumption habits and the offline traditional retail cold snap, huge sales and promotion pressure have been faced by brands and distributor customers. By dint of its higher degree of digitalization, the Group grasped the market trend in a timely manner to provide customers with more accurate terminal placement positioning, efficient marketing transformation and digital performance analysis and other services, which fuel with more energy to support customers to achieve marketing and promotion goals, as well as actively promoted the digital transformation of offline marketing business with the help of higher stickiness with customers, so as to lay a solid foundation for the development of customised marketing solution.

During the Reporting Period, the Group's customised marketing solution business finally achieved a revenue of approximately RMB567.6 million, representing a year-on-year increase of approximately 23.5% which maintained growth trend.

Tasks and marketers matching service

The purpose of the tasks and marketers matching service is to formulate and implement standardised sales and marketing plans for customers' merchandise with a view to enhancing their sales performance.

In 2023, our continuous investment in R&D along with technological innovation has significantly improved the Group's intelligent and digital capabilities as well as the hashrate and flexibility of matching services as strong support for the in-depth implementation and implementation of the Group's digital precision marketing strategy.

The sales-oriented business witnessed characteristics particularly in line with the needs of brand and distributor customers in the market downward trend alongside with the further accumulation of digital assets such as touchpoint users and terminal data as well as precise positioning and highly effective marketing matching.

In light of consistency between the market demand and the Group's strategy adapted, revenue from tasks and marketers matching services amounted to approximately RMB114.3 million during the Reporting Period, representing a year-on-year increase of approximately 39.3%.

Marketers assignment service

Our marketers assignment service aimed for top brand customers to enable them to experience the digital sales and marketing advantages with a view to helping us further expand our market and lay a solid foundation for increasing our market share.

Under the impact of the market environment, leading brand customers the Group served who engaged in the manufacture and sales of infant and toddler products, toys and dairy products, candies and food and daily necessities have reduced or transferred their promotion and placement in the offline field in 2023, which in turn caused the Group's hired marketing personnel who assigned to the offline retail stores designated by customers to perform sales and marketing to be negatively affected to varying degrees.

As a result, during the Reporting Period, the revenue from marketers assignment services amounted to approximately RMB32.2 million, representing a year-on-year decrease of approximately 34.0%.

SaaS+ Subscription

SaaS+ subscription focused on offering customisation (on an as-needed basis) and subscription for our readily-available digitalized tools to support our customers to streamline their sales and marketing process based on precisely positioning their sales targets.

In 2023, with the continuous improvement of the Group's FMES platform, the development focus of the subscription services has also been adjusted accordingly. Under the core philosophy of prioritising the improvement of market share and focusing on the strategic layout of SaaS+ business development, we took advantage of the downward trend of the offline retail market and provided SaaS+ services for small and medium-sized channels and non-chain terminals without digital and systematic support with rich preferential policies, so as to expand a large number of new subscribers.

During the Reporting Period, revenue from the Group's SaaS+ subscription services amounted to approximately RMB11.8 million. Despite the impact of the decline in customer unit price on the overall revenue of the business, the number of existing subscription customers during the Reporting Period has expanded to 172, compared to 95 in 2022, which covered top brand customers as well as second-tier brands, channel customers and more non-chain individual stores.

FINANCIAL REVIEW

Revenue

The total revenue of the Group for the year ended 31 December 2023 amounted to approximately RMB725.9 million, representing an increase of approximately 17.4% compared to the same period in 2022. Despite the decelerating growth rate of revenue due to the impact of consumption downgrade and market environment in the principal places of business, the Group actively seized opportunities from market changes to accelerate the digitalization process of brand customers in marketing and promotion business benefiting from its digital deployment and operational strategies. Meanwhile, guidance on services of purchasing have been enhanced for more small and medium-sized distributors lacking the support regarding digital marketing and promotion business, thus maintaining a healthy revenue growth trend.

The revenue breakdown of the four business segments is as follows:

	Year ended 31 December		Percentage of total revenue	Year-on-year change	
	2023 RMB'000	Percentage of total revenue			2022 RMB'000
<i>Revenue from:</i>					
Customised marketing solution	567,647	78.3%	459,623	74.3%	23.5%
Tasks and marketers matching service	114,303	15.7%	82,062	13.3%	39.3%
Marketers assignment service	32,173	4.4%	48,713	7.9%	-34.0%
SaaS+ subscription	11,825	1.6%	27,712	4.5%	-57.3%
	<u>725,948</u>	<u>100.0%</u>	<u>618,110</u>	<u>100.0%</u>	<u>17.4%</u>

1. Customised marketing solution

Revenue from the customised marketing solutions amounted to approximately RMB567.6 million for the year ended 31 December 2023, representing an increase of approximately RMB108.0 million or approximately 23.5% as compared to the same period in 2022. This was mainly because the Group maintained its placement in marketing and promotion of long-term cooperative brand customers in the industry leveraging on its industry leading position and the customised marketing solutions, with the support of digitalization, managed to implement correct placement and management empowerment. In the downward market environment, these features enabled the Group to obtain more new customer resources and opportunities for expanding the placement with existing customers.

2. Tasks and marketers matching service

Revenue from the tasks and marketers matching service increased by approximately RMB114.3 million, representing an increase of approximately RMB32.2 million or approximately 39.3% for the year ended 31 December 2023 as compared to the same period in 2022. This was mainly due to the high consistency between the result-oriented attribute of tasks and marketers matching service and the needs of brand customers for retail consumption under the current environment. In addition, through continuously focusing on development and technological innovation, greater hashrate and more intelligent matching ability have been obtained to brace the further significant increase in revenue scale of tasks and marketers matching service.

3. *Marketers assignment service*

Revenue from the marketers assignment service amounted to RMB32.2 million representing a decrease of approximately 16.5 million or 34.0% for the year ended 31 December 2023 as compared to the same period in 2022. This was mainly due to the fact that the top brand customers served by the Group reduced the fixed investment in points of retail to varying degrees beginning from the end of the second quarter of 2023 led by the weak sales of offline retail stores, especially large supermarkets as well as the consumer retail market. As a result, the Group also cut down the number of marketing employees assigned to customers' designated offline retail stores to perform sales and marketing causing decline in revenue level.

4. *SaaS+ subscription*

Revenue from the SaaS+ Subscription service amounted to approximately RMB11.8 million for the year ended 31 December 2023, representing a decrease of approximately RMB15.9 million or approximately 57.3% as compared to the same period in 2022. The main reason was that SaaS+ products and services of the Group have been increasingly mature and improved through continuous innovation and development. For the subscription service, the customised services of leading brand customers have consequently decreased as the proportion of standardised and integrated functional subscription service grew contributing to constant increasing in the number of customers while declining in the relevant unit price.

Cost of services, gross profit and gross profit margin

The total cost of services of the Group increased by approximately 42.0% to approximately RMB631.1 million for the year ended 31 December 2023 compared to approximately RMB444.5 million in 2022. The increase is mainly due to the increase in the cost of services of the Group in order to stabilise its leading position and market share in the industry as well as to implement its development strategy and layout of market, taking into account the complex market and external factors. Among them, the staff remuneration expenses serves as the key contributor, which increased by approximately RMB178.4 million to approximately RMB427.2 million for the year ended 31 December 2023, representing a year-over-year growth of approximately 71.7%.

The total gross profit of the Group decreased by approximately RMB78.7 million to approximately RMB94.9 million for the year ended 31 December 2023 representing a year-over-year decrease of approximately 45.3% compared to the same period in 2022. This was mainly due to the fact that during the Reporting Period, the Group, as always, focused on expanding the market share and improving the overall digitalisation transformation. The market shares have realised expansion against the trend despite the decline in the gross profit resulting from the rising cost of services affected by the retail market environment in 2023. The organisational structure for sustainable discovery of the Group have been preserved and strengthened with gaining more customers and distributor resources while its development strategy achieved implementation. Meanwhile, our overall operation was on a track of maintaining profit at a sustainable level.

Administrative expenses

Administrative expenses primarily consist of employee salaries, the Listing expenses, office expenses, etc. Administrative expenses increased by approximately 18.9% from approximately RMB77.9 million for the year ended 31 December 2022 to approximately RMB92.6 million for the year ended 31 December 2023, which was mainly due to the increase in employee salaries and office expenses as a result of the increase in the bonus and the operation expenses incurred from the newly set-up of branch offices during the Reporting Period.

Selling and marketing expenses

Selling expenses primarily consist of employee salaries, which increased by approximately 9.3% from approximately RMB19.3 million for the year ended 31 December 2022 to approximately RMB21.1 million for the year ended 31 December 2023, mainly due to the increase in staff costs of the Group.

Research and development expenses

Research and development expenses primarily consist of labour costs and other research and development costs. Research and development expenses increased by approximately 17.2% from approximately RMB25.0 million for the year ended 31 December 2022 to approximately RMB29.3 million for the year ended 31 December 2023, mainly attributable to the increase in the investment in manpower costs for R&D and system development expenses by the Group in order to strengthen digitalisation and enhance its information technology service capabilities.

Other Income

Other income decreased by approximately 27.2% from approximately RMB27.9 million for the year ended 31 December 2022 to approximately RMB20.3 million for the year ended 31 December 2023, which was mainly due to more government financial support in 2022.

Other gains — net

Other gains — net increased by approximately 4,460.0% from approximately RMB1.0 million for the year ended 31 December 2022 to approximately RMB45.6 million for the year ended 31 December 2023, mainly due to the reversal of refundable amount from social security payments by the government in relation to the relief of the impact of COVID-19 of approximately RMB38.5 million as well as higher exchange gains amounted to approximately RMB7.1 million recognised from the proceeds raised in the public offering denominated in Hong Kong dollars during the Reporting Period as a result of the significant appreciation of Hong Kong dollars in the first half of 2023.

Impairment losses on financial assets

Impairment of assets decreased by approximately 33.3% from approximately RMB0.6 million for the year ended 31 December 2022 to approximately RMB0.4 million for the year ended 31 December 2023, mainly due to the decreased expected credit loss allowance for contract assets.

Finance costs — net

Net finance costs decreased from approximately RMB2.9 million for the year ended 31 December 2022 to approximately RMB1.6 million for the year ended 31 December 2023. The decrease in net finance costs was mainly due to the increase in interest income from the proceeds, which offset the interest expenses arising from borrowings.

Income tax expense

Income tax expense decreased by approximately 68.6% from approximately RMB23.9 million for the year ended 31 December 2022 to approximately RMB7.5 million for the year ended 31 December 2023.

Profit attributable to equity owners of the Company

Profit attributable to equity owners of the Company decreased by approximately 78.2% from approximately RMB52.7 million for the year ended 31 December 2022 to approximately RMB11.5 million for the year ended 31 December 2023.

Cash and cash equivalents

Cash and cash equivalents increased by approximately 204.6% from approximately RMB62.7 million as of 31 December 2022 to approximately RMB191.0 million as of 31 December 2023, mainly due to the net proceeds from the Company's initial public offering of approximately HK\$206.7 million after deducting underwriting fees and other related expenses paid in 2023.

Capital expenditure

Capital expenditure increased by approximately 125.0% from approximately RMB0.4 million for the year ended 31 December 2022 to approximately RMB0.9 million for the year ended 31 December 2023, mainly due to the acquisition of servers to enhance the Group's information service capabilities.

Material acquisitions and disposal of subsidiaries, associates and joint ventures

As of 31 December 2023, the Group had no material acquisitions, and disposal of subsidiaries, associates and joint ventures.

Plans for material investments or acquisition of capital assets

As of 31 December 2023, save as disclosed in this announcement and the Prospectus, the Group had no future plans for material investments or acquisition of capital assets.

Pledge of assets

As of 31 December 2023, the Group did not have any material pledge of assets.

Liquidity and capital resources

The Group's primary uses of cash are for funding of its working capital requirements, repayment of loans and related interest expenses. As of the date of this announcement, the Group has funded its operations principally with cash generated from operations, borrowings and net proceeds from the Listing.

In the future, the Group believes that its liquidity requirements will be satisfied with a combination of cash flows generated from operating activities, bank loans and other funds raised from the capital markets from time to time.

As of 31 December 2023, the Group had cash and cash equivalents of approximately RMB191.0 million. As of 31 December 2023, the balance of borrowings was approximately RMB55.0 million, all of which are due within one year.

The unutilised banking facilities as of 31 December 2023 amounted to approximately RMB10.0 million. The Group has maintained sufficient liquidity to satisfy its day-to-day management and capital expenditure requirements and is able to control its internal operating cash flows.

Foreign exchange risk

The Group's major business operations are located in the PRC, and thus the principal revenue and costs are denominated in RMB, and have certain cash and bank balances denominated in Hong Kong dollar due to net proceeds from the Company's initial public offering in 2023. As a result, the Group is exposed to foreign exchange risk. The Group currently had no foreign currency hedging plan. However, the management of the Company monitors the foreign exchange fluctuation risk and considers hedging significant foreign exchange fluctuation risk when necessary.

Contingent liabilities

As of 31 December 2023, the Group had no material contingent liabilities, which was the same as that of 31 December 2022.

Employees and Remuneration Policies

The Group's employees include its own employees and associates. Its own employees refer to the employees for the Group's operations, including finance and information technology. Associates refer to those who are assigned to work on client premises. As of 31 December 2023, the Group employed 8,137 employees (2022: 8,559).

Employee remuneration is determined with reference to similar market rate and the performance, qualifications and experience of individual employee. In addition to the basic remuneration, year-end discretionary bonus will be offered to employees with outstanding performance to attract and retain eligible employees to contribute to the Group.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Details of material events after the Reporting Period are set out in note 14 to the consolidated financial statements of the Company in this announcement.

OUTLOOK

In 2024, we will focus on the following key directions:

1. The Group is committed to continuing to enhance its sales and marketing capabilities, to the extent of increasing and consolidating the market share of its operations, and explore the service potential for intelligent and digital services. The Group will continue to deepen the service market for the brands and distributor customers, while enhancing our business service profit expectations in all aspects, and to lay a solid foundation for the Group's persistent operations.
2. The Group will continue the digital business layout of retail distributors. (i) By further deepening the cooperation with a top international member chain retailer and a top new retailer in PRC, the Group will improve the integrated service of retail marketing with a view to its excellent brand resources to obtain more expansion opportunities for digital marketing business; and (ii) will collaborate with 200,000 non-chain individual stores or the Group's digital tools and products will be launched in PRC, which is to extend the Group's digital coverage and service scope, and also to obtain data assets that are almost in blank blind spots.
3. We will consistently strengthen the Group's core technology capabilities and basic research and development, continuously upgrade and iterate the digital empowerment capabilities adapted to market environment and apply AI tools for offline scenarios, so as to improve and maintain our leading business innovation and development capabilities and ensure the implementation of the Group's core strategy of profitability.

4. To be involved in new retail industries (instant retail, home delivery service), through cooperation with senior pioneers in relevant fields, the Group will gather its data accumulation in distributors, stores, touchpoints and other aspects to create higher and greater value in new fields. At the same time, it will also deploy in advance to obtain more empowerment services for retail stores.
5. In the context of industry downturn, the Group will actively seek high-quality assets, optimise and integrate various carrier resources through strategic investment, acquisition and other major cooperation, so as to achieve rapid expansion of business layout and contribute to the comprehensive development of the Group.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company is committed to maintaining sound corporate governance and had complied with all the code provisions as set out in the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”) since 1 January 2023 and up to the date of this announcement, save for the deviation from the code provision C.2.1 of Part 2 of the Corporate Governance Code disclosed below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of the chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing. Mr. Sun Guangjun is the Chairman and chief executive officer of the Company. He has been primarily involved in developing overall corporate and business strategies of the Group and making significant business and operational decisions of the Group.

The Directors consider that vesting the roles of both the Chairman and the Chief Executive Officer of the Company in Mr. Sun Guangjun is beneficial to the business prospects of the Group by ensuring consistent leadership to the Group as well as prompt and effective decision making and implementation. In addition, the Directors believe that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) the decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Mr. Sun Guangjun and other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of two executive Directors (including Mr. Sun Guangjun), two non-executive Directors and three independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both the Board, and senior management levels.

The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the business strategies of the Group and maximizes effectiveness of its operation.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) under Appendix C3 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the requirements for securities transactions of directors set out in the Model Code from the Listing Date to the date of this announcement.

Audit Committee

The Company established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and The Corporate Governance Code as set out in Appendix C1 of the Listing Rules. As of the date of this announcement, the Audit Committee comprises three independent non-executive Directors (Mr. Lau Man Tak, Ms. Li Yingkai and Mr. Ngan Wing Ho). Mr. Lau Man Tak is the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to inspect, review, supervise and provide independent view of the Company’s financial information and reporting procedure for financial information, the risk management and internal control systems of the Group, and perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the Company’s audited annual consolidated results for the year ended 31 December 2023, and confirms that save for the qualified opinion (the “**Qualified Opinion**”) as disclosed in the section headed “Extract of Independent Auditor’s Report on the Company’s Consolidated Financial Statements for the year ended 31 December 2023” of this announcement, the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. In relation to the Qualified Opinion, the Audit Committee has held several meetings with the auditors and the management to understand the Qualified Opinion and the judgment of the Company’s management. Based on the discussion with the auditors and the management, the Audit Committee agreed with the Qualified Opinion. The Annual Results are audited by PricewaterhouseCoopers, the independent auditors of the Company, in accordance with Hong Kong Standard on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's independent auditors, PricewaterhouseCoopers, based on the amounts set out in the Company's consolidated financial statements for the year.

The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

OTHER INFORMATION

RSU Scheme

On 13 January 2022, the adoption of the RSU Scheme was approved by the Board. The purpose of the RSU Scheme is to incentivise employees, directors, officers, and consultants for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. Robert Sun Holdings was incorporated in the BVI for the purpose of holding Shares for grant under the RSU Scheme. For details, see "Appendix IV — Statutory and General Information — D. Other Information — 1. RSU Scheme" in the Prospectus.

As of the date of this announcement, all RSUs had been granted under the RSU Scheme with the details as follows:

Name of the grantee	Position held	Grant date	Number of Shares underlying RSUs granted as of the date of this announcement	Vesting Period ⁽¹⁾	Unvested RSUs as of 31 December 2023	Number of Shares cancelled during the Reporting Period	Number of Shares lapsed during the Reporting Period	Approximate percentage of shareholding in the Company
Mr. Yang Hong	Executive Director and vice president of the Company	31 March 2023	1,000,000	10 years from the grant date	1,000,000	—	—	0.82%

The grantee of the RSUs granted under the RSU Scheme as referred to in the table above is not required to pay for the grant or exercise of any RSUs. None of the RSUs were vested and all of the RSUs were outstanding as of the date of this announcement. The Company will not issue or grant further RSUs under the RSU Scheme.

Share Award Scheme

On 26 June 2023, the Board resolved to adopt the Share Award Scheme to (i) recognise and reward certain eligible participants for their performance and contribution to the growth and development of the Group; (ii) to provide such eligible participants with incentives in order to encourage and retain them for the continual operation and development of the Group; and (iii) to attract suitable personnel for further development of the Group. Pursuant to the Share Award Scheme, (i) employees of the Group; and (ii) any persons who have contributed to the Group in the past and/or are in the interests of the long-term growth of the Group are eligible to participate in, and be granted Awards under the Scheme. On the same day, the Company entered into a trust deed (the “**Trust Deed**”) with CMB Wing Lung (Trustee) in respect of the appointment of the trustee for the administration of the Share Award Scheme.

According to the scheme rules (the “**Scheme Rules**”), the Board may, either before or after identification of the grantee(s), cause to be paid to the Trustee or the trust holdco (a company as a company wholly-owned by the CMB Wing Lung (Trustee) to act as the trustee) such amount as may be required for the purchase of existing Shares from the market as the awarded shares (the “**Awarded Shares**”) for the Share Award Scheme and other purposes set out in the Scheme Rules and the Trust Deed. The aggregate number of Shares to be awarded by the Board under the Share Award Scheme shall not exceed 5% of the issued share capital of the Company as at the adoption date (i.e. being no more than 6,260,020 Shares). The number of Shares awarded to each grantee under the Share Award Scheme shall not exceed the percentage cap as determined by the Board of the issued share capital of the Company as at the adoption date in accordance with the Listing Rules and all applicable laws. The Board may at any time on any business day during the scheme period grant an award (the “**Award**”) to any eligible participant, as the Board may in its absolute discretion select. Subject to and in accordance with and the Scheme Rules, the Listing Rules and all applicable laws, the Board may, on a case-by-case basis and at its discretion, impose any conditions, restrictions or limitations before the Award can vest as it sees fit.

The Scheme shall terminate on the earlier of (i) the 10th anniversary of the Adoption Date; (ii) the date the last of the Awarded Shares has been vested and the last of the Awarded Shares transferred to the relevant Grantee or the last of the Awarded Shares has been settled, lapsed, forfeited or cancelled (as the case may be) in accordance with the Scheme Rules; and (iii) such date as determined by the Board provided that such termination shall not affect any subsisting rights of any grantee hereunder.

For details of the Share Award Scheme, please refer to the announcements of the Company dated 26 June 2023 and 28 June 2023.

During the Reporting Period, the Trustee or the trust holdco had purchased and aggregate 6,208,000 Shares pursuant to the Share Award Scheme, representing approximately 5.10% of the total issued share capital of the Company as of the date of this announcement. For details, please refer to the announcements of the Company dated 1 August 2023 and 11 September 2023.

No Awarded Shares had been granted to any grantees under the Share Award Scheme as of the date of this announcement. 6,208,000 Shares were available for grant under the Share Award Scheme as of the date of this announcement, representing approximately 5.10% of the total Shares of the Company in issue.

Pursuant to Rule 17.07(3) of the Listing Rules, the total number of shares that may be issued in respect of the Awarded Shares under the Share Award Scheme during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the period was 2.78.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of Shares of the Company available for issue under the Share Award Scheme is 52,020 Shares, representing approximately 0.04% of the 121,701,800 Shares of the Company in issue as at the date of the announcement.

Purchase, Sale or Redemption of the Company's Listed Securities

The Directors have been granted a general mandate by the Shareholders at the annual general meeting of the Company held on 30 June 2023 to repurchase no more than 10% of the total number of issued Shares as of the date of passing of the relevant resolution, amounting to 12,520,040 Shares (the “**Repurchase Mandate**”). From October to December 2023, the Company had paid an aggregate of approximately HK\$21,576,000 (excluding the transaction costs) to repurchase a total of 3,498,600 Shares on the Stock Exchange pursuant to the Repurchase Mandate, which has been subsequently cancelled by the Company on 12 January 2024. A monthly breakdown of the purchases of Shares are as follows:

Period	Number of Shares repurchased	Highest price paid (excluding the transaction costs) (HK\$)	Lowest price paid (excluding the transaction costs) (HK\$)	Approximate percentage of the Shares repurchased as of the end of the Period
From 1 October 2023 to 31 October 2023	488,400	5.97	5.97	0.39%
From 1 November 2023 to 30 November 2023	2,254,200	6.57	6.28	1.80%
From 1 December 2023 to 31 December 2023	756,000	5.50	5.32	0.60%
Total	3,498,600	6.57	5.32	2.79%

The repurchases of the Shares were for the purposes of benefiting Shareholders as a whole in enhancing the return on net assets and earnings per share of the Company. Save for the aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date up to the date of this announcement.

Use of Proceeds from the Listing

On 11 May 2023, the Shares of the Company were listed on the Main Board of the Stock Exchange. A total of 25,000,000 Shares with a nominal value of US\$0.0002 per share were issued under the initial public offering. The offer price is HK\$10.6 per Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.005%). The gross proceeds from the Listing were HK\$265.0 million. From the Listing Date up to 31 December 2023, the Group has progressively utilised the proceeds from the initial public offering in accordance with the intended use as set out in the Prospectus.

The aggregate net proceeds from the initial public offering of the Company's Shares on the Main Board of the Stock Exchange, after deduction of underwriting fees and other related expenses, amounted to approximately HK\$206.7 million (approximately equivalent to RMB190.6 million). As of 31 December 2023, the Company has utilised approximately HK\$43.9 million of the proceeds in total, representing approximately 21.2% of all raised net proceeds, in accordance with the intended use set out in the Prospectus, with the unused portion of the proceeds amounting to approximately HK\$162.8 million. The Company will continue to utilise the balance of the net proceeds from the initial public offering in accordance with the usages and proportions as disclosed in the Prospectus. The details are set out as follows:

Use of proceeds	Percentage (%)	Net proceeds (HK\$ million)	Actual net amount utilised as of 31 December 2023	Unutilised net amount as of 31 December 2023	Expected timeline for utilising the unutilised net amount
Enhancing the core technology capabilities and fundamental R&D of the Company	32.0%	66.1	2.8	63.3	will be gradually used up to 31 December 2026
Pursuing strategic investment, acquisition and cooperation	30.0%	62.0	—	62.0	will be gradually used up to 31 December 2024
Enhancing the Company's capabilities in sales and marketing	20.5%	42.4	4.9	37.5	will be gradually used up to 31 December 2026
Repaying the bank borrowings of the Company	7.5%	15.5	15.5	—	fully used as of 30 June 2023
Working capital	10.0%	20.7	20.7	—	fully used as of 31 December 2023
Total	100.0%	206.7	43.9	162.8	

Note:

The difference between the actual net proceeds from the initial public offering and the previous estimation mainly represents underwriting incentive fees, overtime payment to intermediaries and other disbursements which were determined after the Listing.

Final Dividend

The Board does not recommend the payment of final dividend for the year ended 31 December 2023.

Compliance with Laws and Regulations

As disclosed in the Prospectus, the Group had engaged third-party human resources agencies to pay social insurance and housing provident funds for certain employees of the Group from 2020 to 2022. With a view to rectifying such agency arrangement, the Company plans to set up branch offices in not less than 25 cities in the PRC (i.e. one branch office for one location) according to the rectification schedule where the existing employees work and transfer their social insurance and housing provident fund accounts from third-party agencies to the newly established branch offices of the Group.

As of 31 December 2023, the Group has set up over 25 branches and the transfer of accounts for around 93.7% of the employees whose social insurance and housing provident funds were made through third-party human resources agencies as of February 2023 has been completed. The Group will closely monitor the situation of the remaining employees whose social insurance and housing provident funds are still made through third-party human resources agencies as of 31 December 2023 and arrange to complete the rectification actions as early as possible. The Group expect that all rectification actions will be completed within one year after the Listing, and progress of such rectification actions will be disclosed in the Company's annual report.

Save as disclosed above, as far as the Board is aware, during the Reporting Period, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

Annual General Meeting and Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend the annual general meeting and to vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4: 30 p.m. on Monday, 20 May 2024.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	725,948	618,110
Cost of services	5	<u>(631,086)</u>	<u>(444,543)</u>
Gross profit		94,862	173,567
Administrative expenses	5	(92,643)	(77,874)
Selling and marketing expenses	5	(21,072)	(19,308)
Research and development expenses	5	(29,284)	(25,019)
Other income	4	20,271	27,894
Other gains — net	4	45,614	1,002
Impairment losses on financial assets		<u>(372)</u>	<u>(553)</u>
Operating profit		17,376	79,709
Finance income	6	4,920	162
Finance costs	6	(3,360)	(3,073)
Finance costs — net		1,560	(2,911)
Share of profit/(losses) of associates — net		<u>72</u>	<u>(200)</u>
Profit before income tax		19,008	76,598
Income tax expenses	7	<u>(7,506)</u>	<u>(23,896)</u>
Profit for the year		<u>11,502</u>	<u>52,702</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>11,502</u>	<u>52,702</u>
Earnings per share attributable to the owners of the Company			
Basic and diluted (expressed in RMB per share)	8	<u>0.10</u>	<u>0.53</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2023	2022
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Plant and equipment		1,363	984
Right-of-use assets		279	2,509
Investments in associates		4,547	4,475
Deferred income tax assets		1,119	676
		7,308	8,644
Current assets			
Contract assets	11	164,442	190,624
Trade receivables	10	276,346	344,902
Contract costs		981	480
Deposits, other receivables and prepayments	10	21,989	19,772
Other financial assets at amortised cost	12	36,249	—
Cash and cash equivalents		190,976	62,704
		690,983	618,482
Total assets		698,291	627,126
EQUITY			
Share capital		165	130
Share premium		213,645	—
Other reserves		94,283	151,994
Retained earnings		200,089	194,370
Total equity		508,182	346,494

		As at 31 December	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liability			
Lease liabilities		<u>5</u>	<u>55</u>
Current liabilities			
Lease liabilities		231	2,319
Borrowings		55,000	61,273
Trade and other payables	<i>13</i>	126,534	203,032
Contract liabilities	<i>11</i>	7,259	6,858
Income tax payables		1,080	5,648
Amount due to a related party		<u>—</u>	<u>1,447</u>
		<u>190,104</u>	<u>280,577</u>
Total liabilities		<u>190,109</u>	<u>280,632</u>
Total equity and liabilities		<u>698,291</u>	<u>627,126</u>

NOTES

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 30 September 2021 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961 as amended or supplemented or otherwise modified from time to time) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal place of business in Hong Kong is located in Unit 3525, 35/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the customised marketing solution, tasks and marketers matching service, marketers assignment service and SaaS+ subscription in the People's Republic of China (the "PRC") (the "**Listing Business**"). The ultimate holding company of the Company is Junshu Holdings Limited. The ultimate controlling party of the Company is Mr. Sun Guangjun ("**Mr. Sun**").

1.2 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is mainly conducted through the PRC Operating Companies. Pursuant to the Reorganisation, the PRC Operating Companies are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under the Company and, for the purpose of this announcement, the consolidated financial statements of the Group ("**Consolidated Financial Statements**") has been prepared and presented as a continuation of the consolidated financial statements of the PRC Operating Companies, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business for all periods presented.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Consolidated Financial Statements are set out as below. These policies have been consistently applied throughout the years ended 31 December 2023 and 2022, unless otherwise stated.

2.1 Basis of preparation

The Consolidated Financial Statements has been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature :

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards ("**HKAS**")
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

The Consolidated Financial Statements has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income (“FVOCI”), which are carried at fair value.

The preparation of the Consolidated Financial Statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

In preparation of the Consolidated Financial Statements, all of the new standards, amendments to standards and interpretations are adopted and consistently applied to the Group throughout the years ended 31 December 2023 and 2022.

2.2 New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

HKAS 17	Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction Tax
HKAS 12 (Amendments)	International Tax Reform — Pillar Two Model Rules

2.3 New and amended standards and interpretations not yet adopted by the Group

The following new and amended standards and interpretations have been issued but are not effective for the years ended 31 December 2022 and 2023 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 7 and HKAS 7 (Amendments)	Supplier finance arrangements	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and interpretations. According to the preliminary assessment made by management, no significant impact on the financial performance and positions of the Group is expected when they become effective.

3 REVENUE AND SEGMENT INFORMATION

The chairman of the Company has been identified as the chief operating decision maker of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The chairman of the Company regards the Group's business as a single operating segment and review consolidated financial statements accordingly.

(a) Disaggregation of revenue

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue from:		
Customised marketing solution	567,647	459,623
Tasks and marketers matching service	114,303	82,062
Marketers assignment service	32,173	48,713
SaaS+ subscription	11,825	27,712
	<u>725,948</u>	<u>618,110</u>

All revenue of the Group is recognised over time during the years ended 31 December 2023 and 2022.

(b) Geographical information

All the revenue and assets are based in the PRC during the years ended 31 December 2023 and 2022.

4 OTHER INCOME AND GAINS — NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Other income		
Government grants (<i>note (a)</i>)	18,977	26,090
Gain on additional deduction of value-added tax	1,294	1,804
	<u>20,271</u>	<u>27,894</u>

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Other gains — net		
Reversal on pension return to customers (<i>note 13(b)</i>)	38,549	—
Net foreign exchange gain	7,069	—
Fair value gains from FVPL	—	753
Loss on disposal of plant and equipment	(4)	(39)
Gains on termination of leases	—	292
Others	—	(4)
	45,614	1,002
	45,614	1,002

(a) The government grants were mainly consisted of job-subsidy programme and companies registration subsidies for the years ended 31 December 2023 and 2022. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of material government assistance.

5 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses (including directors' emoluments)	486,999	297,338
Labour service fees	194,544	166,059
Research, development and technical service expenses	24,286	25,754
Office expenses	15,619	8,727
Event consumables	15,167	22,320
Travel and transportation expenses	13,377	13,349
Listing expenses	10,709	17,853
Other taxes and levies	5,495	6,690
Amortisation and depreciation	3,135	6,004
Auditor's remuneration		
— Audit services	1,580	—
— Non-audit services	620	—
Other expenses	2,554	2,650
	774,085	566,744
	774,085	566,744
Representing:		
Cost of services	631,086	444,543
Administrative expenses	92,643	77,874
Research and development expenses	29,284	25,019
Selling and marketing expenses	21,072	19,308
	774,085	566,744
	774,085	566,744

6 FINANCE COSTS — NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Finance income		
— Bank interest income	4,813	162
— Interest income from a related party	107	—
	<u>4,920</u>	<u>162</u>
Finance costs		
— Interest expenses for bank borrowings	(2,003)	(2,093)
— Interest for trade receivables factoring	(1,292)	(715)
— Interest expenses on lease liabilities	(65)	(265)
	<u>(3,360)</u>	<u>(3,073)</u>
	<u>1,560</u>	<u>(2,911)</u>

7 INCOME TAX EXPENSES

(a) Cayman Islands and BVI Income Tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, members of the Group incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax.

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profits in Hong Kong during the years ended 31 December 2023 and 2022.

(c) The PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The applicable withholding tax rates of the group company in Hong Kong is 10% after the completion of the Reorganisation.

(d) **PRC Enterprise Income Tax**

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC significant subsidiaries during the years ended 31 December 2023 and 2022.

Shanghai Retail Winner Digital Technologies Co., Ltd. (“**Shanghai Retail Winner**”), a subsidiary of the Company, had applied to the relevant tax bureau and was granted the qualification as High and New Technology Enterprise (“**HNTE**”) in 2022, which will expire in November 2025. It is subject to a preferential income tax rate of 15%. Based on management's assessment, it is highly probable that Shanghai Retail Winner will continue to meet the requirements of High-tech Enterprise.

Certain subsidiaries of the Group in the PRC were qualified as “Small Low-Profit Enterprise” since 2019. “Small Low-Profit Enterprise” was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. From 1 January 2022 to 31 December 2023, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 20%, and the taxable income above RMB1,000,000 are taxed at 25%. From 1 January 2021 to 31 December 2022, the first RMB1,000,000 of the taxable income of qualified entities are taxed at 2.5%, and the taxable income above RMB1,000,000 and less than RMB3,000,000 are taxed at 10%. Thus, the subsidiaries were subject to a preferential income tax rate of 20% in 2023 and 2.5%, or 10% in 2022.

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	7,949	22,476
Deferred income tax	(443)	1,420
	<hr/>	<hr/>
Income tax expenses	<u>7,506</u>	<u>23,896</u>

Reconciliation between income tax expenses and profit before income tax at applicable tax rate:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	<u>19,008</u>	<u>76,598</u>
Tax calculated at the statutory PRC tax rate of 25%	4,752	19,150
Tax effect of expenses not deductible for tax purposes	665	1,033
Tax effect of expenses additional deductible for tax purposes	(180)	(95)
The impact of difference in tax rate applicable to subsidiaries	<u>2,269</u>	<u>3,808</u>
	<u>7,506</u>	<u>23,896</u>

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2023 and 2022.

	Year ended 31 December	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	11,502	52,702
Weighted average number of ordinary shares in issue	<u>112,574,824</u>	<u>99,218,000</u>
Basic and diluted earnings per share (in RMB)	<u>0.10</u>	<u>0.53</u>

Diluted earnings per shares for the years ended 31 December 2023 and 2022 were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years.

9 DIVIDENDS

Dividends of RMB4,589,000 during the year ended 31 December 2023 represented dividends paid by the Company to its shareholders (during the year ended 31 December 2022: Nil). No final dividend in respect of the year ended 31 December 2023 was proposed by the Board.

10 TRADE RECEIVABLES, DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade receivables

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables	278,257	346,088
Less: allowance for impairment of trade receivables	<u>(1,911)</u>	<u>(1,186)</u>
Trade receivables — net	<u>276,346</u>	<u>344,902</u>

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
1-60 days	188,884	172,636
61-120 days	74,919	135,145
121-180 days	11,547	31,732
Over 180 days	<u>2,907</u>	<u>6,575</u>
	<u>278,257</u>	<u>346,088</u>

The ageing of trade receivables is mainly within 180 days after invoicing depending on the nature of services. The Group's trade receivables are denominated in RMB and initially recognised at transaction price on gross amount.

(b) Deposits, other receivables and prepayments

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Value-added tax receivables from customers	9,437	11,026
Deposits — third parties	1,693	1,943
Other receivables — staff	161	121
	<u>11,291</u>	<u>13,090</u>
Less: allowance for impairment of other receivables	(92)	(141)
	<u>11,199</u>	<u>12,949</u>
Prepaid income taxes	6,298	—
Prepayments to suppliers	4,492	976
Prepayments for listing expenses	—	5,847
	<u>10,790</u>	<u>6,823</u>
Total	<u><u>21,989</u></u>	<u><u>19,772</u></u>

The Group's deposits, other receivables and prepayments are mainly denominated in RMB.

The carrying amounts of trade receivables, deposits and other receivables approximate to their fair values. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of trade receivables, deposits and other receivables mentioned above.

11 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract assets and liabilities.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Customised marketing solution	86,236	123,054
Tasks and marketers matching service	11,648	14,451
Marketers assignment service	64,749	52,439
SaaS+ subscription	3,072	2,247
	<u>165,705</u>	<u>192,191</u>
Contract assets — gross carrying amount		
Less: allowance for impairment of contract assets	(1,263)	(1,567)
	<u>164,442</u>	<u>190,624</u>
Contract liabilities		
Marketers assignment service	7,259	6,858

(a) The Group's contract assets are denominated in RMB and initially recognised at transaction price on gross amount.

(b) The Group expects that contract assets have the same risk characteristic as trade receivables.

12 OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Investment in private funds		
— Private Fund A (<i>Note a</i>)	27,187	—
— Private Fund B (<i>Note b</i>)	9,062	—
	<u>36,249</u>	<u>—</u>

(a) In September 2023, the Group invested HKD30,000,000 (equivalent to RMB27,187,000) in a private fund (“**Private Fund A**”), which is a offshore private fund established in the Cayman Islands. Pursuant to the subscription contract, the annualized guaranteed return rate is 5.15% with guaranteed repayment of investment principal. The investment objectives of the fund are to invest in bank deposit, bonds, notes, national debt, and other similar financial instruments. The Group recognised this investment as financial assets measured at amortised cost since initial subscription. Subsequently in March 2024, the Group had redeemed all investment from this private fund and collected the investment principal together with return amounted to HKD30,231,000 (equivalent to RMB27,431,000). The amount of the return collected upon the redemption of this fund is less than the amount calculated based on the guaranteed return rate of 5.15%. Up to the date of this announcement, the Group has requested for, but has not been able to obtain from, the administrator and manager of the fund for explanation of the shortfall.

- (b) In September 2023, the Group invested HKD10,000,000 (equivalent to RMB9,062,000) in a private fund (“**Private Fund B**”), which was a private fund established in Cayman Island. Pursuant to the subscription contract, the annualized guaranteed return rate is 5.10% with guaranteed repayment of investment principal. The investment objectives of the fund were to invest in short-term money market instruments, including banker’s acceptance draft, bank deposit, national debt, etc. The Group recognised this investment as financial assets measured at amortised cost since initial subscription. Subsequently in March 2024, the Group had redeemed all investment from this private fund and collected the investment principal together with return amounted to HKD10,099,000 (equivalent to RMB9,164,000). The amount of the return collected upon the redemption of this fund is less than the amount calculated based on the guaranteed return rate of 5.10%. Up to the date of this announcement, the Group has requested for, but has not been able to obtain from, the administrator and manager of the fund for explanation of the shortfall.

13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	RMB’000	RMB’000
Trade payables (<i>Note (a)</i>)	<u>35,145</u>	<u>52,066</u>
Other payables:		
— Accrued staff costs	65,652	79,977
— Other tax payables	12,685	16,449
— Refund on pension return to customers (<i>Note (b)</i>)	9,466	48,015
— Payable for listing expenses	—	4,098
— Accrual expenses	1,974	922
— Reimbursement and refund payables	924	712
— Others	688	793
	<u>91,389</u>	<u>150,966</u>
	<u><u>126,534</u></u>	<u><u>203,032</u></u>

- (a) The trade and other payables are denominated in RMB and the carrying amounts approximate their fair values.

The ageing analysis of the trade payables by invoice date is as follows:

	As at 31 December	
	2023	2022
	RMB’000	RMB’000
Up to 90 days	<u><u>35,145</u></u>	<u><u>52,066</u></u>

- (b) Due to the impact of COVID-19, the Group was reduced from social security payments by the government for certain periods during the year of 2020. The total payment, received from customers related to marketers assignment service for settling the social insurance obligation but subsequently reduced by the government, was approximately RMB70,788,000. The Group had refunded RMB22,773,000 to customers since the year of 2020 (the “**Refund**”), and reversed the refundable amount of RMB38,549,000 as other gain for the year ended 31 December 2023 because management considered the limitation of action and legal obligation on certain pension refund to customers was expired (the “**Reversal**”). After the Refund and the Reversal, the remaining refundable balances amounted to approximately RMB9,466,000 as at 31 December 2023 (as at 31 December 2022: RMB48,015,000).

14 SUBSEQUENT EVENTS

- (a) On 6 March 2024, a subsidiary of the Group issued several cashier’s checks for a total amount of HK42,000,000 (equivalent to RMB38,122,000) (the “**Cashier’s Check**”) with itself as the payee from a commercial bank in Hong Kong for the purpose of assisting in proving the financial capacity of the Group in order to meet the capital verification requirements for a potential acquisition, which is still in the initial negotiation stage and has not made any substantive progress as of the date of this announcement.
- (b) During the period from October to December in 2023, the Group purchased an aggregate of 3,498,600 shares at average HK\$6.18 per share on the open market for the purpose of cancelation in the future. The purchased shares, with total consideration (including transaction costs) of approximately HK\$21,630,000 (equivalent to RMB19,839,000), were considered as treasury shares of the Company. Subsequently on 12 January 2024, the aforementioned shares had been cancelled.
- (c) Other subsequent events are disclosed in note 12.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The following is the extract of the independent auditor’s report of the Company:

Qualified Opinion

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As disclosed in the consolidated financial statements, the Group invested HKD30,000,000 (equivalent to RMB27,187,000) and HKD10,000,000 (equivalent to RMB9,062,000) respectively in two investments with guaranteed return rates of 5.15% and 5.10% respectively, which were both private offshore funds (the “Funds”) newly established in the Cayman Islands. The Funds are classified as financial assets in the consolidated statement of financial position and measured at amortised cost. The Group did not accrue for any guaranteed returns from the Funds for the year ended 31 December 2023. Subsequent to the year end date, the Group redeemed these Funds in March 2024 and collected the investment principal together with return amounted to HKD40,330,000 (equivalent to RMB36,595,000).

The Group’s management was not able to provide supporting documents about the balance of the Funds, the underlying assets held by the Funds and the value of the Funds as at 31 December 2023. The Group’s management represented that they were not able to obtain any statement nor information from the administrators and managers of the Funds despite repeated written requests.

The amounts of the returns collected upon the redemption of the Funds are less than the amounts calculated based on the guaranteed return rates of 5.15% and 5.10%, respectively. Management represented that they have requested the administrators and managers of the Funds for explanation of the shortfall, but no reply has been received up to date.

We were not able to obtain direct confirmations from the administrators, managers and directors of the Funds. We were also unable to meet the administrators, managers, and directors of the Funds to obtain all necessary corroborative evidence to substantiate the transactions, the classification, the balances and the value of the Funds. Given these scope limitations, there were no alternative audit procedures that we could perform to satisfy ourselves as to the commercial substance of the transactions related to the Funds and to the accuracy, existence, classification, valuation, and presentation of the Funds, and whether the effects of these transactions related to the Funds, including the related cashflows, have been properly accounted for and disclosed in the consolidated financial statements as at and for the year ended 31 December 2023.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSA**s”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

DISCLOSURE OF INFORMATION

This announcement is published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<https://www.plscn.com>). The 2023 annual report of the Company will be provided to the Shareholders and published on the aforementioned websites in due course.

DEFINITION

“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“Chairman”	the chairman of the Board
“Company”	Plus Group Holdings Inc. (普樂師集團控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 30 September 2021, the Shares of which were listed on the Main Board of the Stock Exchange on the Listing Date (stock code: 2486)
“Director(s)”	the director(s) of the Company

“FMCG”	fast-moving consumer goods, including non-durable household goods such as foods, beverages, cosmetics, tobacco, and other consumables
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards which include standards and interpretations as issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Date”	11 May 2023, being the date on which the Shares are first listed and from which dealings thereof are permitted to commence on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operating in parallel with GEM of the Stock Exchange
“PRC” or “China”	the People’s Republic of China, but for the purpose of this circular and unless otherwise indicated, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 28 April 2023
“Reorganisation”	the reorganisation of the Group conducted in preparation for the listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus
“Reporting Period”	Year ended 31 December 2023
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s) awarded to a participant under the RSU Scheme
“RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Board on 13 January 2022

“SaaS”	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
“Share(s)”	ordinary share(s) of par value of US\$0.0002 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Share Award Scheme”	the “Plus Group Holdings Inc. 2023 Share Award Scheme” adopted by the Company on 26 June 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Plus Group Holdings Inc.
Mr. Sun Guangjun
Chairman, executive Director and chief executive officer

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Sun Guangjun as the chairman, an executive Director and chief executive officer, and Mr. Yang Hong as an executive Director, Mr. Li Jianbo and Mr. Zhong Jiesheng as non-executive Directors, and Mr. Lau Man Tak, Ms. Li Yingkai and Mr. Ngan Wing Ho as independent non-executive Directors.