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Changjiu Holdings Limited
长久股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6959)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Changjiu Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended December 31, 2023 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2022. The annual results of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board on March 28, 2024.

Certain amount and percentage figure included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

In this announcement, unless otherwise indicated, the terms “affiliate”, “associate”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules.

FINANCIAL HIGHLIGHTS

- (a) Revenue for the Reporting Period amounted to RMB641.8 million, representing an increase of 17.1% as compared with 2022.
- (b) Gross profit for the Reporting Period amounted to RMB282.7 million, representing an increase of 25.6% as compared with 2022.
- (c) Gross profit margin for the Reporting Period was 44.0%, representing an increase of 3.0 percentage points as compared with 2022.
- (d) Profit for the Reporting Period amounted to RMB102.3 million, representing an increase of 6.7% as compared with 2022.
- (e) Adjusted net profit (non-IFRS measure), defined as net profit adjusted by adding back the listing expenses and share-based compensation expenses in relation to share incentive plans, for the Reporting Period amounted to RMB154.4 million, representing an increase of 57.6% from RMB98.0 million for the year ended December 31, 2022.
- (f) For the Reporting Period, basic earnings per share of the Group amounted to RMB0.6762, representing an increase of 5.8% as compared with 2022. Diluted earnings per share of the Group amounted to RMB0.6751, representing an increase of 5.6% as compared with 2022.
- (g) The Company was successfully listed on the Main Board of the Stock Exchange on January 9, 2024. After deducting the listing expenses, the net proceeds raised from the listing were approximately HK\$254.1 million.
- (h) The Board does not recommend the payment of final dividends in respect of the Reporting Period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the year ended December 31, 2023**Expressed in Renminbi (“RMB”)*

	Notes	2023 RMB'000	2022 RMB'000
Revenue	3(a)(i)	641,770	547,867
Cost of sales		<u>(359,083)</u>	<u>(322,828)</u>
Gross profit		<u>282,687</u>	<u>225,039</u>
Net other income	4	1,500	1,552
Research and development expenses		(13,508)	(9,027)
General and administrative expenses		(143,460)	(76,984)
Sales and marketing expenses		(6,066)	(7,126)
Impairment loss		<u>(1,003)</u>	<u>(2,555)</u>
Profit from operations		120,150	130,899
Net finance expense	5(a)	<u>(2,260)</u>	<u>(3,273)</u>
Profit before taxation	5	117,890	127,626
Income tax expense	6	<u>(15,567)</u>	<u>(31,714)</u>
Profit for the year		<u>102,323</u>	<u>95,912</u>
Attributable to:			
Equity shareholders of the Company		102,323	95,877
Non-controlling interests		<u>–</u>	<u>35</u>
Profit for the year		<u>102,323</u>	<u>95,912</u>
Earnings per share			
Basic (RMB)	7(a)	0.6762	0.6392
Diluted (RMB)	7(b)	<u>0.6751</u>	<u>0.6392</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2023

Expressed in RMB

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit for the year	102,323	95,912
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation	(182)	—
Other comprehensive income for the year	(182)	—
Total comprehensive income for the year	<u>102,141</u>	<u>95,912</u>
Attributable to:		
Equity shareholders of the Company	102,141	95,877
Non-controlling interests	—	35
Total comprehensive income for the year	<u>102,141</u>	<u>95,912</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Expressed in RMB

	<i>Notes</i>	December 31, 2023 RMB'000	December 31, 2022 RMB'000
Non-current assets			
Property, plant and equipment		2,867	2,790
Intangible assets		8,210	3,412
Right-of-use assets		6,909	5,829
Deferred tax assets		<u>568</u>	<u>1,512</u>
		<u>18,554</u>	<u>13,543</u>
Current assets			
Trade receivables	8	159,879	101,311
Prepaid expenses and other current assets	9	23,257	26,969
Cash and cash equivalents		<u>134,226</u>	<u>119,341</u>
		<u>317,362</u>	<u>247,621</u>
Current liabilities			
Bank loans		20,000	75,000
Trade payables	10	29,601	28,507
Accrued expenses and other current liabilities	11	85,924	58,012
Contract liabilities	3(a)(ii)	43,400	58,923
Lease liabilities		7,223	6,353
Current tax liability		<u>7,772</u>	<u>22,180</u>
		<u>193,920</u>	<u>248,975</u>
Net current assets/(liabilities)		<u>123,442</u>	<u>(1,354)</u>
Total assets less current liabilities		<u>141,996</u>	<u>12,189</u>

	December 31, 2023 RMB'000	December 31, 2022 RMB'000
Non-current liabilities		
Lease liabilities	<u>83</u>	<u>64</u>
	<u>83</u>	<u>64</u>
NET ASSETS	<u>141,913</u>	<u>12,125</u>
Equity		
Share capital	1	1
Treasury shares	(4,325)	–
Reserves	<u>146,237</u>	<u>12,124</u>
Total equity attributable to shareholders of the Company	141,913	12,125
Non-controlling interests	<u>–</u>	<u>–</u>
TOTAL EQUITY	<u>141,913</u>	<u>12,125</u>

NOTES TO THE FINANCIAL STATEMENTS

1 BASIC OF PREPARATION

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRSs issued by the IASB to these financial statements for the current accounting period.

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 “Income Taxes” requirements to recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the lease liabilities and the right-of-use assets. Except for that, adopting these accounting policies does not have a material effect on the Group’s financial statements.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing pledged vehicle monitoring service and automobile dealership operation management service in Mainland China.

(i) The amount of each significant category of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Pledged vehicle monitoring service	574,992	505,049
Automobile dealership operation management services	<u>66,778</u>	<u>42,818</u>
	<u>641,770</u>	<u>547,867</u>

During the years, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective year are set out below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A	117,251	89,801
Customer B	92,585	81,147
Customer C	76,528	61,483

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Point-in-time	13,783	16,317
Over-time	<u>627,987</u>	<u>531,550</u>
	<u>641,770</u>	<u>547,867</u>

Remaining Performance Obligation

The Group has elected the practical expedient not to disclose the value of remaining performance obligations for contracts in which the Group recognizes revenue at the amount to which the Group has the right to invoice.

(ii) Contract Liabilities

The Group collected payments in advance from customers primarily for providing pledged vehicle monitoring services and automobile dealership operation management services. The Group has recognized the following liabilities related to contracts with customers under “contract liabilities”:

	2023	2022
	RMB'000	RMB'000
Contract liabilities		
– third parties	41,404	53,191
– related parties	1,996	5,732
	43,400	58,923

The balance of contract liabilities with related parties is trade in nature.

Movements in contract liabilities

	2023	2022
	RMB'000	RMB'000
Balance at January 1	58,923	69,426
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(48,430)	(54,978)
Increase in contract liabilities during the year	46,082	59,337
Decrease in contract liabilities as a result of transferring to other payables to customers	(13,175)	(14,862)
Balance at December 31	43,400	58,923

All of the contract liabilities are expected to be recognized as income within one year.

(b) **Segment reporting**

The Group manages its businesses by business line. In a manner consistent with the way in the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments: pledged vehicle monitoring service and automobile dealership operation management service.

For the purpose of assessing segment performance and allocating between segments, the Group's senior executive management monitors the revenue and gross profit attributable to each reportable segment. Other items in profit or loss are not allocated to reportable segment.

Revenue and cost are allocated to the reportable segment with reference to sales generated by those segments and the cost incurred by those segments.

Other information, together with the segment information, provided to the Group's senior executive management, is measured in a manner consistent with that applied in these financial statements. There were no separate segment assets and segment liabilities information provided to the Group's senior executive management, as they do not use this information to allocate resources to or evaluate the performance of the operating segments.

The amount of each significant category of revenue recognized is as follows:

	Year ended December 31, 2023		
	Pledged vehicle monitoring service RMB'000	Automobile dealership operation management service RMB'000	Total RMB'000
Segment revenue	574,992	66,778	641,770
Segment cost	(322,078)	(37,005)	(359,083)
Gross profit	<u>252,914</u>	<u>29,773</u>	<u>282,687</u>

	Year ended December 31, 2022		
	Pledged vehicle monitoring service RMB'000	Automobile dealership operation management service RMB'000	Total RMB'000
Segment revenue	505,049	42,818	547,867
Segment cost	<u>(295,359)</u>	<u>(27,469)</u>	<u>(322,828)</u>
Gross profit	<u>209,690</u>	<u>15,349</u>	<u>225,039</u>

All of the Group's operating assets are located in Mainland China and all of the Company's revenue and operating profits are derived from Mainland China. Accordingly, no segment analysis based on geographical locations is provided.

The reconciliation of segment gross profit to profit before taxation for the years ended December 31, 2023 and 2022 are presented in the consolidated statements of profit or loss of the Group.

4 NET OTHER INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Government grants	13	416
Extra deduction of input VAT	1,057	843
Net exchange gains	81	–
Others	349	293
	<u>1,500</u>	<u>1,552</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Net finance expense

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest expense on bank loans	1,950	3,174
Interest expense on lease liabilities	649	298
Other financial income	(339)	(199)
	<u>2,260</u>	<u>3,273</u>

(b) **Staff costs**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages, and other benefits	93,838	64,912
Contributions to defined contribution retirement plan (<i>Note</i>)	9,688	8,615
Share-based compensation expenses	27,647	–
Termination benefits	1,789	364
	<u>132,962</u>	<u>73,891</u>

Note: Employees of the Group's subsidiaries in the Mainland China are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in Mainland China contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(c) **Other items**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Subcontracting costs	317,363	290,239
Technology and professional service fees	15,218	20,360
Depreciation and amortization charges		
– property, plant, and equipment	980	1,276
– right-of-use assets	6,862	4,439
– intangible assets	1,171	792
Impairment losses/(reversals)		
– trade receivables	1,303	2,213
– other receivables	(300)	342
Auditors' remuneration	3,424	7
Listing expenses	24,382	2,132

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
– PRC Enterprise Income Tax (“EIT”) Provision for the year	27,679	32,895
– Effect of change of tax rate in respect of prior year (<i>Note</i>)	<u>(13,056)</u>	<u>–</u>
	<u>14,623</u>	<u>32,895</u>
Deferred tax		
– Reversal/(origination) of temporary differences	<u>944</u>	<u>(1,181)</u>
	<u>15,567</u>	<u>31,714</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before taxation	<u>117,890</u>	<u>127,626</u>
Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions	36,515	31,906
Tax effect of:		
Preferential tax rate (<i>Note</i>)	(18,402)	–
Non-deductible other expenses and losses	1,417	1,601
Super deduction for research and development expenses	(1,028)	(1,793)
Non-deductible share-based compensation expenses	6,069	–
Effect of change of tax rate in respect of prior year (<i>Note</i>)	(13,056)	–
Losses for which no deferred tax asset is recognized	<u>4,052</u>	<u>–</u>
Actual income tax expense	<u>15,567</u>	<u>31,714</u>

Note: In December 2023, Changjiu Jinfu confirmed with related tax authority that it was entitled to be subject to an income tax rate of 15% during the years for the period from January 1, 2022 to December 31, 2025 according to Notice of Taxation on Continuing the Preferential Policies for Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (關於延續深圳前海深港現代服務業合作區企業所得稅優惠政策的通知) issued by the Ministry of Finance (財政部) and the State Taxation Administration (稅務總局). Changjiu Jinfu accrued income tax expense based on income tax rate of 25% in 2022. As a result, Changjiu Jinfu recognized effect of change of tax rate in respect of prior year with an amount of RMB13.1 million in profit or loss of 2023.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB101.4 million (2022: RMB95.9 million) and the weighted average of 150,000,000 ordinary shares (2022: 150,000,000 shares after adjusting for the share subdivision in 2023) in issue during the year. The profit attributable to restricted shares held for the Pre-IPO Restricted Share Plan and the number of such shares have been excluded from the calculation of basic earnings per share.

	2023	2022
Profit attributable to all equity shareholders of the Company (RMB'000)	102,323	95,877
Less: profit attributable to grantees of the Pre-IPO Restricted Share Plan	(900)	–
Profit attributable to ordinary equity shareholders of the Company (RMB'000)	101,423	95,877
Weighted average number of ordinary shares	<u>150,000,000</u>	<u>150,000,000</u>
Basic earnings per share attributable to ordinary equity shareholders of the Company (in RMB per share)	<u>0.6762</u>	<u>0.6392</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB101.4 million (2022: RMB95.9 million) and the weighted average number of ordinary shares of 150,243,421 shares (2022: 150,000,000 shares after adjusting for the share subdivision in 2023), calculated as follows:

	2023	2022
Profit attributable to ordinary equity shareholders (diluted) (RMB'000)	101,423	95,877
Weighted average number of ordinary shares as of December, 31	150,000,000	150,000,000
Effect of deemed issue of shares under the Company's Pre-IPO Share Option Plan	243,421	–
Weighted average number of ordinary shares (diluted) as of December, 31	<u>150,243,421</u>	<u>150,000,000</u>
Diluted earnings per share attributable to ordinary equity shareholders of the Company (in RMB per share)	<u>0.6751</u>	<u>0.6392</u>

Restricted shares granted under Pre-IPO Restricted Share Plan were not included in the calculation of diluted earnings per share for the year ended December 31, 2023 because their effect would have been anti-dilutive.

8 TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables		
– third parties	139,736	94,948
– related parties	23,276	9,284
Less: loss allowance	<u>(3,133)</u>	<u>(2,921)</u>
Trade receivables, net	<u>159,879</u>	<u>101,311</u>

All of the trade receivables are expected to be recovered within one year. The balance of trade receivables with related parties is trade in nature.

The Group's trade receivable from financial institutions with carrying values of approximately RMB133.0 million as of December 31, 2023 were pledged to secure certain bank loans granted to the Group.

Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months (inclusive)	118,290	82,032
3 months to 6 months (inclusive)	30,321	11,190
6 months to 1 year (inclusive)	8,912	7,862
Over 1 year	5,489	3,148
Less: loss allowance	<u>(3,133)</u>	<u>(2,921)</u>
Trade receivables, net	<u>159,879</u>	<u>101,311</u>

9 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amounts due from related parties	11,262	25,179
Prepaid expenses	8,867	605
Input valued-added tax recoverable	2,559	–
Deposits	569	287
Prepaid income tax	–	898
Less: loss allowance	–	–
Total	<u>23,257</u>	<u>26,969</u>

10 TRADE PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables – third parties	<u>29,601</u>	<u>28,507</u>
	<u>29,601</u>	<u>28,507</u>

As of the end of each reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 6 months	<u>29,601</u>	<u>28,507</u>
	<u>29,601</u>	<u>28,507</u>

All of the trade payables are expected to be settled within one year or are repayable on demand.

11 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The Group

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other payables to customers (<i>Note</i>)	37,464	26,634
Accrued payroll and welfare	16,578	15,209
Value-Added Tax and surcharges payable	9,550	10,168
Deposit received from third parties	2,327	2,603
Amounts due to related parties	1,301	1,301
Restricted shares repurchase liability	4,325	–
Accrued listing expenses	4,369	–
Others	10,010	2,097
	<u>85,924</u>	<u>58,012</u>
Total	<u>85,924</u>	<u>58,012</u>

Note: Other payables to customers primarily represent advance payment of pledged vehicle monitoring service received from automobile dealerships which had terminated their financing relationship with financial institutions or automobile dealerships whose obligation to pay service fee has been transferred to financial institutions during the service period. The Group is obligated to refund the amounts when demanded.

12 DIVIDENDS

No dividends have been declared or paid by the Company during the year (2022: nil).

13 SUBSEQUENT EVENTS

On January 9, 2024, the shares of the Company were listed on the Main Board of the Stock Exchange, where 50,540,000 shares with a par value of US\$0.00000066667 each were issued and subscribed at a price of HK\$5.95 each. The proceeds, net of share issuance expenses, have been credited to the Company's share capital and capital reserve account accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company was successfully listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on January 9, 2024 (the “**Listing Date**”). The Company issued 50,540,000 ordinary shares with a par share of US\$0.00000066667 each (the “**Shares**”) at an offer price of HK\$5.95 per share, raising net proceeds of HK\$254.1 million (after deducting the Listing expenses).

The Group provide pledged vehicle monitoring services and automobile dealership operation management services in China. The Group achieved such dominant position in the pledged vehicle monitoring service market and outcompeted the Group’s peers primarily through (i) the years of operation history; (ii) the nationwide presence with operation in over 500 cities across 31 provinces in China; and (iii) the VFS system that collects, processes and analyzes data from pledged vehicles and the Group’s continuous improvement of the VFS system to meet evolving market demands.

The Group offer pledged vehicle monitoring services primarily to (i) financial institutions that provide secured financing to automobile dealerships for their purchase of vehicles; and (ii) automobile dealerships with pledged vehicles. As of December 31, 2023, the Group provided pledged vehicle monitoring services to (i) approximately 200 branches of 18 commercial banks, including all of China’s “Big Six” national state-owned commercial banks and 12 joint-stock commercial banks; (ii) 25 automobile finance companies; and (iii) 17,362 automobile dealerships.

During the Reporting Period, the Group primarily generated revenue from pledged vehicle monitoring services, which accounted for 89.6% of the revenue for the year ended December 31, 2023.

In April 2022, the Group started to provide operation management services to automobile dealerships by offering automobile dealership operational support, data system and managerial solutions. As of December 31, 2023, the Group managed a total of 96 automobile dealerships. During the Reporting Period, 10.4% of the Group’s revenue was generated from automobile dealership operation management services.

The Group's services capabilities are supported by the digital information infrastructure. The Group uses cloud-based technologies to support the digital information infrastructure, on top of which the Group built systems for data management, data analysis and business operations based on the Group's industry expertise and customer insights. The Group has also applied the VFS system and Vehicle Connect mobile application, RFID labels, PDAs, OBD devices and lockboxes as well as data analytics to optimize the pledged vehicle monitoring services. To better support the provision of automobile dealership operation management services, the Group has adopted an automobile dealership operation management system, namely Smart Star (“智科星”), that is tailored for managing the daily operations of automobile dealerships.

FUTURE PROSPECTS

The Board considers that the public listing status has impacted the perception of customers towards the Group and believes that the public listing status is a form of complementary advertising which will further enhance the corporate profile, assist in reinforcing the brand awareness and market reputation, enhance the credibility with the public and potential business partners and offer the Company a broader shareholder base which will provide liquidity in the trading of the Shares. In addition, the Board believes that the Listing will enable the Group to gain access to the capital market for future fund raising both at the time of Listing and at later stages which would inevitably assist the Group in the future business development.

As previously disclosed in the prospectus (the “**Prospectus**”) of the Company in relation to global offering of its shares (the “**Global Offering**”) dated December 29, 2023, the Group plans to improve the pledged vehicle monitoring services, develop an integrated supporting system for the automobile sales and distribution industry, expand the automobile dealership operation management capacity, and so forth. Meanwhile, the Group plans to expand the foreign business and smart business.

The Group believes that there will be sufficient market demand for pledged vehicle monitoring services to accommodate the future plan. Meanwhile, the Group plans to expand the automobile dealership operation management capacity by improving the automobile dealership operation management services and improving the quality of the automobile dealership operation management services.

There was no change in the intended use of net proceeds as previously disclosed in the Prospectus, and the expected timeline for the use of net proceeds will be subject to the business development of the Company. Since the Listing Date and up to the date of this announcement, the Group has not utilised any portion of the net proceeds, and will utilise the net proceeds in accordance with the intended purposes as stated in the Prospectus. Please refer to “Future Plans and Use of Proceeds” in the Prospectus for details.

FINANCIAL REVIEW

Revenue

The Group's revenue primarily generated from two business segments in terms of their nature, namely pledged vehicle monitoring services and automobile dealership operation management services. The revenue increased by RMB93.9 million or 17.1% from RMB547.9 million for the year ended December 31, 2022 to RMB641.8 million for the Reporting Period, which was primarily attributable to (i) the increase of the revenue generated from pledged vehicle monitoring services which was primarily attributable to an increase in the number of the service agreements; and (ii) the increase of the revenue generated from automobile dealership operation management services which was primarily attributable to both the number of automobile dealerships managed by the Group and the earnings per automobile dealership growth.

The following table sets forth a breakdown of the Group's revenue by business line for the years indicated:

	For the year ended December 31,				Growth rate %
	2023		2022		
	Revenue RMB'000	%	Revenue RMB'000	%	
Pledged vehicle monitoring services	574,992	89.6	505,049	92.2	13.8
Automobile dealership operation management services	<u>66,778</u>	<u>10.4</u>	<u>42,818</u>	<u>7.8</u>	<u>56.0</u>
Total	<u><u>641,770</u></u>	<u><u>100.0</u></u>	<u><u>547,867</u></u>	<u><u>100.0</u></u>	<u><u>17.1</u></u>

The Group typically enters into tripartite agreements with financial institutions and automobile dealerships for such services. Although the Group's pledged vehicle monitoring services are designed to help financial institutions manage secured financing provided to automobile dealerships, the Group considers the paying party under such tripartite agreements as the Group's customer, which may be either financial institutions or automobile dealerships, depending on the negotiation among the contracting parties, and the Group considers both financial institutions and automobile dealerships as the Group's users.

The Group's revenue from pledged vehicle monitoring services was primarily derived from independent-third-party users. The following table sets forth a breakdown of revenue from providing the pledged vehicle monitoring services by user ownership for the years indicated.

	For the year ended December 31,				Growth rate %
	2023		2022		
	Revenue RMB'000	%	Revenue RMB'000	%	
Related-party users	308	0.1	1,284	0.3	(76.0)
Independent-third-party users	574,684	99.9	503,765	99.7	14.1
Sub-total	574,992	100.0	505,049	100.0	13.8

The following table sets forth a breakdown of revenue from providing the automobile dealership operation management services by user ownership for the years indicated.

	For the year ended December 31,				Growth rate %
	2023		2022		
	Revenue RMB'000	%	Revenue RMB'000	%	
Related-party users	66,217	99.2	42,785	99.9	54.8
Independent-third-party users	561	0.8	33	0.1	1,600.0
Sub-total	66,778	100.0	42,818	100.0	56.0

The pledged vehicle monitoring services are the largest source of revenue. For the Reporting Period, the revenue from the pledged vehicle monitoring services was RMB575.0 million, accounting for 89.6% of the Group's total revenue. The increase in revenue in the segment was primarily attributable to an increase in the number of the service agreements.

For the Reporting Period, the revenue from providing the automobile dealership operation management services was RMB66.8 million, accounting for 10.4% of the Group's total revenue. The increase in revenue in the segment was primarily attributable to both the number of automobile dealerships managed by the Group and the earnings per automobile dealership growth.

Cost of Sales

The Group's cost of sales mainly consists of (i) subcontracting costs, representing service fees for third-party service providers for onsite supervision services in connection with the Group's pledged vehicle monitoring services; (ii) staff costs; (iii) travel and entertainment expenses; (iv) hardware costs, representing procurement costs for RFID labels and scanners; (v) depreciation and amortization; (vi) share-based payment expenses in connection with the grant of certain share options to certain employees; and (vii) others. Given the nationwide layout of the Group's services, the Group outsourced certain services, primarily including pledged vehicle monitoring services, collective vehicle conformity certificate management services and counting services, to subcontractors to achieve the nationwide business coverage while maintaining high operational efficiency. The onsite supervision services provided by independent third parties on a daily basis are basic and standard services.

For the Reporting Period, the total cost of sales of the Group was RMB359.1 million, which increased by RMB36.3 million or 11.2% as compared to RMB322.8 million for the year ended December 31, 2022 primarily due to the increase in share-based payment expenses in connection with the grant of certain share options to certain employees, travel and entertainment expenses and subcontracting costs.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by RMB57.7 million or 25.6% to RMB282.7 million for the Reporting Period from RMB225.0 million for the year ended December 31, 2022 as a result of the net effect of the abovementioned factors for the increase in revenue and cost of sales.

The following table sets forth a breakdown of the gross profit and gross profit margin by business segments for the years indicated:

	For the year ended December 31,			
	2023		2022	
	Gross profit	Gross profit	Gross profit	Gross profit
	profit	margin	profit	margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Pledged vehicle monitoring services	252,914	44.0	209,690	41.5
Automobile dealership operation management services	29,773	44.6	15,349	35.8
Total	282,687	44.0	225,039	41.1

For the Reporting Period, the gross profit margin of the Group increased by 2.9 percentage points as compared with 2022, which was primarily attributable to an increase in gross profit margin of automobile dealership operation management services.

The gross profit margin of pledged vehicle monitoring services increased by 2.5 percentage points, as the Group's business continued to grow, the Group realized economies of scale with the support of the Group's technologies, which enabled the Group's subcontractors to supervise multiple automobile dealerships per person at the same time.

The gross profit margin of automobile dealership operation management services increased by 8.8 percentage points, because of economies of scale. Since the Group has established a complete team to conduct automobile operation management services, the relevant resources input remains stable. As a result, the increase of the number of automobile dealerships managed and the earnings per automobile dealership does not lead to more resources input. Therefore the increase of revenue is not accompanied with the same increase of cost.

Net Other Income

The Group's net other income primarily consists of (i) government grants; (ii) extra deduction of input VAT for the Group's services in accordance with relevant policies; (iii) net exchange gains; and (iv) others.

The following table sets forth a breakdown of the Group's net other income for the years indicated.

	For the year ended December 31,			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Government grants	13	0.9	416	26.8
Extra deduction of input VAT	1,057	70.5	843	54.3
Net exchange gains	81	5.4	—	—
Others	349	23.2	293	18.9
Total	<u>1,500</u>	<u>100.0</u>	<u>1,552</u>	<u>100.0</u>

The Group's other net income remained stable during 2022 and the Reporting Period.

Sales and Marketing Expenses

The sales and marketing expenses decreased by RMB1.0 million or 14.1% from RMB7.1 million for the year ended December 31, 2022 to RMB6.1 million for the Reporting Period. The decrease in sales and marketing expenses was primarily due to the decrease in marketing and entertainment expenses to RMB0.8 million from RMB2.6 million for the year ended December 31, 2022.

Research and Development Expenses

The Group's research and development expenses increased by 50.0% from RMB9.0 million for the year ended December 31, 2022 to RMB13.5 million for the Reporting Period. The increase was primarily due to an increase in the Group's staff costs as a result of an increase in the number of the Group's research and development related employees and an increase in share-based payment expenses associated with the grant of share options to certain employees.

General and Administrative Expenses

The general and administrative expenses increased by RMB66.5 million or 86.4% from RMB77.0 million for the year ended December 31, 2022 to RMB143.5 million for the Reporting Period. The increase in general and administrative expenses was primarily due to (i) an increase in listing expenses associated with the Global Offering; (ii) an increase in staff costs as a result of an increase in the number of the Group's administrative staff due to business expansion; and (iii) an increase in share-based payment expenses associated with the grant of certain restricted shares and share options to certain employees in the Reporting Period.

Net Finance Expenses

The net finance expense decreased by RMB1.0 million or 30.3% from RMB3.3 million for the year ended December 31, 2022 to RMB2.3 million for the Reporting Period. The decrease in net finance expense was primarily due to the decrease of interest expense on bank loans in 2023.

Income Tax Expense and Effective Tax Rate

The income tax expense decreased by RMB16.1 million or 50.8% from RMB31.7 million for the year ended December 31, 2022 to RMB15.6 million for the Reporting Period. In December 2023, Changjiu Jinfu confirmed with related tax authority that it was entitled to be subject to an income tax rate of 15% during the years for the period from January 1, 2022 to December 31, 2025 according to Notice of Taxation on Continuing the Preferential Policies for Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (關於延續深圳前海深港現代服務業合作區企業所得稅優惠政策的通知) issued by the Ministry of Finance (財政部) and the State Taxation Administration (稅務總局). Changjiu Jinfu accrued income tax expense based on income tax rate of 25% in 2022. As a result, Changjiu Jinfu recognized effect of change of tax rate in respect of prior year with an amount of RMB13.1 million in profit or loss of 2023.

Under the Law of the PRC on Enterprise Income Tax (中華人民共和國企業所得稅法) (the “**EIT Law**”) and Implementation Regulation of the EIT Law (中華人民共和國企業所得稅法實施條例), the enterprise income tax rate of the Group’s PRC subsidiaries is 25%, unless subject to tax deduction or exemption. The effective tax rate of 13.2% for the Reporting Period was lower than the 25% statutory tax rate primarily due to the effect of the abovementioned factors. The effective tax rate of 24.8% for the year ended December 31, 2022 was consistent with the 25% statutory tax rate.

Profit for the Year and Net Profit Margin

As a result of the foregoing, the net profit increased by RMB6.4 million or 6.7% from RMB95.9 million for the year ended December 31, 2022 to RMB102.3 million for the Reporting Period, and the net profit margin decreased from 17.5% for the year ended December 31, 2022 to 15.9% for the Reporting Period.

Non-IFRS Measure

To supplement its historical financial information which are presented in accordance with IFRS, the Group also uses adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with IFRS. The Group believes that this non-IFRS measure facilitates comparisons of operating performance from year to year by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating its results of operations in the same manner as it helps the Group’s management. However, the Group’s presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group’s results of operations or financial condition as reported under IFRS.

The Group defines adjusted net profit as net profit adjusted by adding back listing expenses and share-based compensation expenses in relation to share incentive plans. The Group eliminates the potential impact of these items, which are either non-operating or one-off in nature and are not indicative of the actual operating performance of the Group.

Adjusted net profit (non-IFRS measure), defined as net profit adjusted by adding back the listing expenses and share-based compensation expenses in relation to share incentive plans, for the Reporting Period amounted to RMB154.4 million, representing an increase of 57.6% from RMB98.0 million for the year ended December 31, 2022.

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	102,323	95,912
Add:		
Listing expenses (<i>Note (i)</i>)	24,382	2,132
Share-based compensation expenses (<i>Note (ii)</i>)	27,647	–
Adjusted net profit for the year (non-IFRS measure)	<u>154,352</u>	<u>98,044</u>

Notes:

- (i) Listing expenses relate to the Global Offering, which are one-off in nature and are not directly related to our operating activities.
- (ii) Share-based compensation expenses relate to the restricted shares and share options that we granted under our share incentive plans, which are non-cash expenses that are commonly excluded from similar non-IFRS measures adopted by other companies in our industry.

Intangible Assets

The Group's intangible assets primarily reflecting the book value of the Group's VFS system and the North Star System. The Group's intangible assets increased from RMB3.4 million as of December 31, 2022 to RMB8.2 million as of December 31, 2023, primarily due to the purchase of the North Star System from certain related party for the Group's automobile dealership operation management services.

Right-of-use assets

Our right-of-use assets consisted primarily of leases for offices and apartments for our staff. Our right-of-use assets increased from RMB5.8 million as of December 31, 2022 to RMB6.9 million as of December 31, 2023, primarily due to the extension and rent increase on the lease for our office in Beijing.

Trade Receivables

The Group's trade receivables primarily represent outstanding amounts due from financial institutions and related parties.

The Group's trade receivables as of December 31, 2023 amounted to RMB159.9 million, representing an increase of RMB58.6 million or 57.8% as compared to RMB101.3 million as of December 31, 2022, primarily as a result of the growth of the Group's business and revenue.

Prepaid Expenses and Other Current Assets

The Group's prepaid expenses and other current assets primarily consist of (i) amounts due from related parties; (ii) prepaid expenses, primarily representing the listing expenses that will be deducted from equity upon the listing or recognized as expenses and prepaid expenses related to the purchase of certain IT systems for office management; (iii) input valued-added tax recoverable; (iv) deposits, primarily representing deposits paid for business tendering.

The Group's prepaid expenses and other current assets as of December 31, 2023 amounted to RMB23.3 million, representing a decrease of RMB3.7 million or 13.7% as compared to RMB27.0 million as of December 31, 2022, primarily due to a decrease in amounts due from related parties, which was partially offset by an increase in prepaid expenses.

Trade Payables

The Group's trade payables primarily consist of payments due to the Group's subcontracting service providers. In general, the Group is required to settle subcontracting service fees on a monthly basis.

The Group's trade payables remained relatively stable from RMB28.5 million as of December 31, 2022 to RMB29.6 million as of December 31, 2023.

Liquidity, Financial Resources and Capital Structures

As of December 31, 2023, the Group had cash and cash equivalents of RMB134.2 million (of which RMB2.4 million was denominated in HK\$ (December 31, 2022: Nil), and the rest was denominated in RMB). The Group's total interest-bearing bank loans decreased to RMB20.0 million as of December 31, 2023 from RMB75.0 million as of December 31, 2022.

As of December 31, 2023, the Group had interest-bearing bank loans amounting to RMB20.0 million (2022: RMB75.0 million), which were denominated in RMB with fixed interest rates at 3.85% and 4.6% per annum, and repayable within one year. The gearing ratio (total interest-bearing debts divided by total equity) as of December 31, 2023 was approximately 14.1% (December 31, 2022: 618.6%). The current ratio (total current assets divided by total current liabilities) as of December 31, 2023 was 1.6 (December 31, 2022: 1.0).

The Group finances its working capital requirements through a combination of funds generated from operations and alternative funding resources from equity and debt. The Group did not carry out any interest rate hedging policy.

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on January 9, 2024. There has been no change in the capital structure of the Company since then. The share capital of the Company is only comprised of ordinary shares. As of the date of this announcement, the issued share capital of the Company was US\$134.7740072, comprising 202,160,000 Shares with a par value of US\$0.00000066667 per Share.

Capital expenditure and commitments

The Group's capital expenditure in Reporting Period primarily comprised expenditure on property, plant and equipment and intangible assets, amounted to a total of RMB4.5 million (December 31, 2022: RMB1.0 million).

As of December 31, 2023, the Group had capital commitments of RMB13.9 million associated with the acquisition of certain software for office management (December 31, 2022: Nil).

Pledge of Assets

The Group's trade receivable from financial institutions with carrying values of approximately RMB133.0 million as of December 31, 2023 were pledged to secure certain bank loans granted to the Group (December 31, 2022: Nil).

Contingent Liabilities

As of December 31, 2023, the Group did not have any contingent liabilities (December 31, 2022: Nil).

Cash Flow

For the Reporting Period, the net cash generated from operating activities was RMB75.4 million, which was primarily due to the net profit position for the Reporting Period. The net cash generated from investing activities for the Reporting Period was RMB3.7 million, which was primarily due to net receipt from related parties and partially offset by purchase of property, plant and equipment and intangible assets. The net cash used in financing activities for the Reporting Period was RMB64.1 million, which was primarily due to the repayment of interest-bearing bank loans.

Foreign Exchange Risk

The Group operates its business primarily in the PRC. RMB is the currency used by the Group for valuation and settlement of all transactions. Any depreciation of RMB would adversely affect the value of any dividends paid by the Group to shareholders outside the PRC. Majority of the Group's cash and cash equivalents is denominated in RMB. The Group is currently not engaged in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange activities and make its best efforts to protect the cash value of the Group.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the Reporting Period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures. As of December 31, 2023, the Group did not hold any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group).

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Reporting Period (2022: Nil).

FUTURE PLANS FOR MAJOR INVESTMENTS

Save as disclosed in the section headed “Use of Proceeds from the Listing” in this announcement, the Group did not have any other immediate plans for material investment and capital assets as of the date of this announcement. The Group may look into business and investment opportunities in different business areas and consider whether any asset or business acquisitions, restructuring or diversification may become appropriate in order to improve its long-term competitiveness.

EMPLOYEES AND REMUNERATION POLICY

The Group employed 451 employees as of December 31, 2023 (December 31, 2022: 424). For the year ended December 31, 2023, the staff cost of the Group (including Directors’ remuneration) amounted to approximately RMB133.0 million (2022: RMB73.9 million). To promote employees’ knowledge and technical expertise, the Group offers training programmes to employees from time to time according to their job duties. Employees’ remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. Those who meet or exceed their performance expectation will also be rewarded discretionary bonuses. Selected Director, senior management members and employees were offered to participate in the Pre-IPO Restricted Share Plan and the Pre-IPO Share Option Plan, both approved and adopted by the Company on March 7, 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. The Company was not a listed company for the Reporting Period and hence, it is not required to follow the requirements in the code provisions related to corporate governance.

From the Listing Date to the date of this announcement, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities. As the Company’s shares have not been listed on the Stock Exchange during the year ended December 31, 2023, related rules under the Model Code that Directors shall observe do not apply to the Company for the year ended December 31, 2023. The Company had made specific enquiry to all Directors and all Directors confirmed that they have complied with the Model Code from the Listing Date to the date of this announcement. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group for the period from the Listing Date to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were not listed on the Stock Exchange during the year ended December 31, 2023. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities since the Listing Date and up to the date of this announcement.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules since the Listing Date and up to the date of this announcement. The Company maintained the minimum level of public float of 25% of its total issued share capital.

EVENTS AFTER THE REPORTING PERIOD

On January 9, 2024, the ordinary shares of the Company were listed on the Stock Exchange, and in connection with the Company's listing, 50,540,000 ordinary shares of the Company were issued through Global Offering at the offer price of HK\$5.95 per share for net proceeds of HK\$254.1 million.

Save for that, the Group did not have any other significant event after December 31, 2023 and up to the date of this announcement.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing intended to be applied in accordance with the section headed "Future Plans and Use of Proceeds" in the Prospectus and with details as set out as follow:

Usage	Percentage of total amount	Planned allocation of net proceeds <i>HK\$ million</i> <i>(approximately)</i>	As of the date of this announcement		Expected timeline for full utilization of proceeds
			Utilised amount <i>HK\$ million</i>	Unutilised amount <i>HK\$ million</i>	
Improve the Group's pledged vehicle monitoring services					
• Upgrade and promote our hardware and equipment	25.0%	63.6	–	63.6	By the end of 2026
• Increase the features of our software products	10.0%	25.4	–	25.4	By the end of 2026
Sub-total	35.0%	89.0	–	89.0	
Develop an integrated supporting system for the automobile sales and distribution industry					
• Recruit R&D staff	10.0%	25.4	–	25.4	By the end of 2026
• Deepen our cooperation with third-party vendors and enhance our R&D capabilities	10.0%	25.4	–	25.4	By the end of 2026
• Continue to improve our digital information infrastructure	10.0%	25.4	–	25.4	By the end of 2026
Sub-total	30.0%	76.2	–	76.2	

Usage	Percentage of total amount	Planned allocation of net proceeds <i>HK\$ million</i> <i>(approximately)</i>	As of the date of this announcement		Expected timeline for full utilization of proceeds
			Utilised amount <i>HK\$ million</i>	Unutilised amount <i>HK\$ million</i>	
Expand our automobile dealership operation management capacity					
• Improve our automobile dealership operation management services	11.5%	29.2	–	29.2	By the end of 2026
• Improve the quality of our automobile dealership operation management services	3.5%	8.9	–	8.9	By the end of 2026
Sub-total	15.0%	38.1	–	38.1	
Expand the Group's sales and marketing capacity					
• Expand our ground marketing teams	5.8%	14.7	–	14.7	By the end of 2026
• Expand our online marketing and promotion capacity	4.2%	10.7	–	10.7	By the end of 2026
Sub-total	10.0%	25.4	–	25.4	
General business operations and working capital	10.0%	25.4	–	25.4	N/A
Total	100%	254.1	–	254.1	

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has established the Audit Committee in compliance with the Listing Rules to fulfil the functions of reviewing and monitoring the financial reporting process and risk management and internal control systems of the Company. The Audit Committee consists of three members, namely, Mr. Wang Fukuan, Ms. Jin Ting and Mr. Dong Yang. Mr. Wang Fukuan is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company this annual results and the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial statements matters, including the review of the consolidated financial statements of the Group for the Reporting Period.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position as of December 31, 2023, consolidated statement of profit or loss, and the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2023 and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the websites of the Stock Exchange at (www.hkexnews.hk) and the Company at (www.99digtech.com). The annual report of the Company for the Reporting Period, which contains all information required by the Listing Rules, will be dispatched to the Company's shareholders and published on the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (“AGM”) will be held on Wednesday, May 29, 2024 while the notice and circular convening the AGM will be published and dispatched to the Company’s shareholders in the form required in the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, May 23, 2024 to Wednesday, May 29, 2024 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents together with the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, May 22, 2024.

By Order of the Board
Changjiu Holdings Limited
Ms. Li Guiping
*Chairwoman of the Board and
Executive Director*

Hong Kong, March 28, 2024

As of the date of this announcement, the Board comprises Ms. Li Guiping, Mr. Bo Shijiu and Ms. Jia Hui as executive Directors, Ms. Jin Ting as non-executive Director, and Mr. Shen Jinjun, Mr. Dong Yang, and Mr. Wang Fukuan as independent non-executive Directors.