

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



ZERO2IPO HOLDINGS INC.

清科創業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1945)

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

The board (the “**Board**”) of directors (the “**Directors**”) of Zero2IPO Holdings Inc. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2023 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2022 are as follows. The consolidated financial statements for the year ended December 31, 2023 have been audited by PricewaterhouseCoopers, the independent auditor of the Company (the “**Auditor**”) in accordance with Hong Kong Standards on Auditing. The results have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

In this announcement, “we”, “us”, “our” and “Zero2IPO” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS OF ANNUAL RESULTS

	For the Year Ended December 31,		Change
	2023	2022	
	RMB’000	RMB’000	
Revenue	238,461	220,632	8.1%
Profit before income tax	21,002	23,696	(11.4%)
Profit for the year	16,035	19,632	(18.3%)
Adjusted net profit (Non-HKFRS measure) ⁽¹⁾	20,450	19,632	4.2%

Note:

(1) See “Management Discussion and Analysis – Adjusted net profit (non-HKFRS measure).”

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2023

		Year ended December 31,	
		2023	2022
	Note	RMB'000	RMB'000
Revenue from contracts with customers	4	238,461	220,632
Cost of revenue	5	<u>(143,265)</u>	<u>(123,644)</u>
Gross profit		95,196	96,988
Selling and marketing expenses	5	(18,117)	(15,964)
General and administrative expenses	5	(54,069)	(41,565)
Research and development expenses	5	(17,753)	(20,284)
Net impairment losses on financial and contract assets		(6,905)	(7,852)
Other income	6	7,203	9,368
Other losses – net	6	<u>(259)</u>	<u>(1,641)</u>
Operating profit		5,296	19,050
Finance income		16,192	5,479
Finance costs		<u>(1,936)</u>	<u>(1,006)</u>
Finance income – net		14,256	4,473
Share of profit of associates accounted for using the equity method		<u>1,450</u>	<u>173</u>
Profit before income tax		21,002	23,696
Income tax expense	7	<u>(4,967)</u>	<u>(4,064)</u>
Profit for the year		<u>16,035</u>	<u>19,632</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
for the year ended December 31, 2023

		Year ended December 31,	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Profit attributable to:			
Owners of the Company		16,125	20,353
Non-controlling interests		(90)	(721)
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
– Currency translation differences		<u>6,156</u>	<u>34,085</u>
Total comprehensive income for the year		<u>22,191</u>	<u>53,717</u>
Total comprehensive income attributable to:			
Owners of the Company		22,281	54,438
Non-controlling interests		(90)	(721)
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (RMB per share)	8	<u>0.05</u>	<u>0.07</u>

CONSOLIDATED BALANCE SHEET

as at December 31, 2023

		As at December 31,	
		2023	2022
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		45,379	54,085
Intangible assets		2,998	3,352
Investments accounted for using the equity method		3,773	2,323
Deferred income tax assets		8,094	10,072
Financial assets measured at fair value through profit or loss	10	31,908	30,973
Other non-current assets		20,918	6,398
Total non-current assets		113,070	107,203
Current assets			
Other receivables		3,335	2,991
Accounts receivable	11	28,009	54,964
Contract assets		3,488	12,441
Prepayments and other current assets		10,227	15,769
Financial assets measured at fair value through profit or loss	10	163,043	115,127
Cash held on behalf of customers		5,123	7,454
Short-term bank deposits		309,470	304,078
Cash and cash equivalents		103,682	142,281
Total current assets		626,377	655,105
Total assets		739,447	762,308

CONSOLIDATED BALANCE SHEET (CONTINUED)*as at December 31, 2023*

		As at December 31,	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		10,063	10,451
Lease liabilities		25,510	32,175
Deferred income tax liabilities		52	1
Total non-current liabilities		35,625	42,627
Current liabilities			
Accounts payable	12	4,488	6,369
Other payables		26,888	24,150
Income tax payable		5,911	11,710
Contract liabilities		72,273	102,196
Lease liabilities		18,620	14,360
Customer brokerage deposits		5,123	7,454
Other current liabilities		2,769	4,580
Total current liabilities		136,072	170,819
Total liabilities		171,697	213,446
EQUITY			
Equity attributable to the owners of the Company			
Share capital		200	201
Share premium		414,530	418,332
Other reserves		83,939	74,965
Retained earnings		69,442	55,635
		568,111	549,133
Non-controlling interests		(361)	(271)
Total equity		567,750	548,862
Total equity and liabilities		739,447	762,308

NOTES:

1 General information

Zero2IPO Holdings Inc. (the “**Company**”) was incorporated in the Cayman Islands on August 1, 2019, as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The Company is an investment holding company.

The Company and its subsidiaries (together referred as to the “**Group**”) are principally engaged in providing integrated equity investment service, namely data services, marketing services, investment banking services and training services (collectively, the “**Business**”) in the People’s Republic of China (the “**PRC**”).

Mr. Ni Zhengdong (倪正東) is the controlling shareholder of the Group.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with principal accounting policies as set out below which are in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRSs comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The preparation of financial statements in conformity with HKFRSs 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.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss (“**FVPL**”).

The Group has applied the following amendments for the first time for its annual reporting period commencing January 1, 2023:

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

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards, amendments not yet adopted

Certain new standards, amendments to standards and interpretations have been published that are not mandatory for the year ended December 31, 2023 and have not been early adopted by the Group. These are not expected to have a significant effect on the consolidated financial information of the Group in the current or future reporting periods and on foreseeable future transactions.

3 Segment information

The Group's business activities are mainly in data services, marketing services, investment banking services and training services and are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). As a result of this evaluation, the Group is organised into four reportable segments according to the revenue streams of the Group, and the revenue streams of the Group are data services, marketing services, investment banking services and training services.

The CODM assesses the performance of the operating segments based on the gross profit. The reconciliation of gross profit to profit before income tax is shown in the consolidated statements of comprehensive income. There were no separate segment assets and segment liabilities information provide to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

3 Segment information

The segment results for the years ended December 31, 2023 and 2022 are as follows:

	Data services	Marketing services	Investment banking services	Training services	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2023					
Revenue	70,425	85,722	32,376	49,938	238,461
Cost of revenue	<u>(30,992)</u>	<u>(43,176)</u>	<u>(32,332)</u>	<u>(36,765)</u>	<u>(143,265)</u>
Gross profit	<u>39,433</u>	<u>42,546</u>	<u>44</u>	<u>13,173</u>	<u>95,196</u>
2022					
Revenue	62,250	74,259	51,967	32,156	220,632
Cost of revenue	<u>(27,572)</u>	<u>(26,537)</u>	<u>(42,760)</u>	<u>(26,775)</u>	<u>(123,644)</u>
Gross profit	<u>34,678</u>	<u>47,722</u>	<u>9,207</u>	<u>5,381</u>	<u>96,988</u>

4 Revenue from contracts with customers

An analysis of the Group's revenue by category for the years ended December 31, 2023 and 2022 was as follows:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers		
<i>Recognised over time</i>		
Data services	21,622	23,783
Marketing services	85,722	74,259
Investment banking services	17,145	19,279
Training services	44,563	24,399
<i>Recognised at a point in time</i>		
Data services	48,803	38,467
Investment banking services	15,231	32,688
Training services	<u>5,375</u>	<u>7,757</u>
Total	<u>238,461</u>	<u>220,632</u>

5 Expenses by nature

The details of cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Employee benefit expense	120,363	119,585
Offline event costs	41,113	21,626
Professional service fee	22,615	20,836
Depreciation and amortisation	20,630	17,389
Travel expenses	10,928	4,491
Office expenses	4,510	3,523
Advertisement expenses	3,224	5,653
Utilities and property management fee	3,112	2,672
Auditor's remuneration		
– Audit service	2,400	2,400
– Non-audit service	100	–
Others	4,209	3,282
Total	<u>233,204</u>	<u>201,457</u>

6 Other income and other losses – net

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
(a) Other income		
Rental income	6,119	–
Government grants	625	8,815
Others	459	553
Total	<u>7,203</u>	<u>9,368</u>
(b) Other losses – net		
Fair value change of financial assets measured at FVPL	5,627	2,583
Exchange loss	(345)	(4,829)
(Loss)/gain on disposal of property, plant and equipment/termination of lease contract	(31)	631
Donations	(5,420)	–
Others	(90)	(26)
Total	<u>(259)</u>	<u>(1,641)</u>

7 Income tax expenses

Income tax expenses in the consolidated statement of comprehensive income represents:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
Current tax on profits for the year	2,938	7,696
Deferred income tax		
Changes in deferred tax assets/liabilities	<u>2,029</u>	<u>(3,632)</u>
Income tax expense	<u>4,967</u>	<u>4,064</u>

8 Earnings per share

(a) Basic

The basic earnings per share is calculated based on the profit attributable to equity holders of the Company for the year ended December 31, 2023 and 2022 divided by the weighted average number of shares in issued during the year.

	Year ended December 31,	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	16,125	20,353
Weighted average number of ordinary shares in issue (thousand)	<u>307,101</u>	<u>311,047</u>
Basic earnings per share (RMB per share)	<u>0.05</u>	<u>0.07</u>

The repurchase of shares for the year ended December 31, 2022 and 2023 were accounted at time portion basis.

(b) Diluted

For the years ended December 31, 2023 and 2022, there were no dilutive potential ordinary shares on the Company outstanding. Therefore, there was no dilution impact on weighted average number of shares on the Company.

9 Dividends

No dividend has been paid or declared by the Company during the year ended December 31, 2023 (2022: nil).

10 Financial instruments by category

The Group holds the following financial instruments:

		As at December 31,	
	<i>Notes</i>	2023	2022
		RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost	(a)		
– Accounts receivable	11	28,009	54,964
– Other receivables (including current and non-current portion)		14,085	9,389
– Cash held on behalf of customers		5,123	7,454
– Short-term bank deposits		309,470	304,078
– Long-term bank deposits		10,168	–
– Cash and cash equivalents		103,682	142,281
Financial assets at FVPL			
– Investment in wealth management products (“WMPs”)	(b)	163,043	115,127
– Investment in TechStar Acquisition Corporation (“TechStar”) Class B Share and Promoter Warrant		31,908	30,973
		665,488	664,266
Financial liabilities			
Financial liabilities at amortised cost	(a)		
– Accounts payable	12	(4,488)	(6,369)
– Other payables (excluding employee benefits payables, accrual expense and other tax payables)		(5,807)	(3,655)
– Lease liabilities		(44,130)	(46,535)
– Customer brokerage deposits		(5,123)	(7,454)
		(59,548)	(64,013)

(a) As at December 31, 2023 and 2022, the fair values of the financial assets and financial liabilities at amortised cost approximated their respective carrying amounts.

(b) The WMPs were not principal guaranteed, and were therefore classified as financial assets as FVPL.

11 Accounts receivable

An aging analysis of the gross accounts receivable as at December 31, 2023 and 2022 based on date of recognition, is as follows:

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 3 months	22,869	35,211
3 months to 12 months	5,285	14,567
12 months to 18 months	2,346	12,251
18 months to 24 months	200	1,726
Over 24 months	10,580	898
	<u>41,280</u>	<u>64,653</u>
Gross carrying amount	<u>41,280</u>	<u>64,653</u>
Less: impairment provision	<u>(13,271)</u>	<u>(9,689)</u>
Total accounts receivable	<u>28,009</u>	<u>54,964</u>

12 Accounts payable

Aging analysis of the accounts payables as at December 31, 2023 and 2022 based on the date of recognition are as follows:

	As at December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	2,779	5,840
6 months to 1 year	285	29
1 to 2 years	924	500
2 to 3 years	500	–
	<u>4,488</u>	<u>6,369</u>

13 Events after the reporting period

(a) Repurchase and cancellation of ordinary shares

From January 1, 2024 to March 26, 2024, the Company repurchased 90,400 ordinary shares from the market. The Company cancelled 120,400 shares, which were repurchased during the second half of the year ended December 31, 2023. The buy-back and cancellation were pre-approved by shareholders.

(b) Connected transaction in relation to the acquisition of interest in Beijing Zero2IPO Zhida Investment Management Center (Limited Partnership) (the “Fund”)

On December 1, 2023, Beijing Zero2IPO Ventures Information Consulting Co., Ltd. (“Zero2IPO Ventures”) entered into partnership interest transfer agreements with each of the Transferors (including Fuzhou Development Zone Kehulian Information Technology Co., Ltd., Ms. YANG Zhen, Ms. CHEN Hongying, Mr. YANG Qianchu and Mr. ZHANG Can, each being a limited partner in the Fund), respectively, pursuant to which Zero2IPO Ventures conditionally agreed to purchase, and the Transferors conditionally agreed to sell, approximately 14.72% of the partnership interests in the Fund in aggregate at a total consideration of RMB28.3 million. The partnership interest transfer agreements and the transactions contemplated thereunder were approved by the independent shareholders of the Company during the extraordinary general meeting held on February 27, 2024. Zero2IPO Ventures paid 90% of the total consideration of approximately RMB25,466,000 on March 15, 2024, and will pay the remaining 10% of the total consideration of approximately RMB2,830,000 after completing the alterations registration.

BUSINESS OVERVIEW AND OUTLOOK

Overview

We are an integrated service platform for equity investment industry, which provides data, marketing, investment banking and training services to participants in the equity investment industry. We offer a broad range of services through both online and offline channels for all participants in the equity investment industry, including investors, entrepreneurs, growth enterprises and government agencies.

- **Data Services.** We enable convenient and easy-to-navigate access to industry data and informed decision-making through our PEdata Database and research report services, leveraging our extensive data resources as well as our robust data collection, analytics and research capabilities. Our PEDATA MAX, an upgraded SaaS-based version of our PEdata Database, integrates multi-dimensional data of China's equity investment industry and provides timely, accurate and comprehensive professional data services for investors, entrepreneurs, growth enterprises and government agencies. As of December 31, 2023, our proprietary PEdata Database and PEDATA MAX had a total of approximately 350,000 registered users. We also compile customized reports to address our customers' specific information needs and support their strategic decision-making process, as well as provide periodic standardized research reports enabling industry participants to track, understand and analyze China's equity investment industry. We compiled customized reports for over 200 customers for the year ended December 31, 2023.
- **Marketing Services.** We offer omni-channel marketing services through our online information platforms such as PEdaily and offline industry events, which also track industry trends and facilitate intra- and inter-industry networking. Our online information platforms offer high-quality content focused on China's equity investment industry. As of December 31, 2023, our online information platforms have accumulated approximately 3.2 million subscribers across our mobile applications, websites and major third-party platforms including WeChat, Weibo, Toutiao, NetEase, Sohu, Baidu, Snowball and Tencent. Our PEdaily has served a diversified customer base with its online advertising services, including an increasing number of renowned enterprises, which contributed to our business growth. We organize offline industry events, including Zero2IPO brand events and customized events, offering industry participants the opportunities to interact and socialize face-to-face. For the year ended December 31, 2023, we organized three offline Zero2IPO brand events, fifteen offline customized events and four offline salons, covering an aggregate of over 12,000 participants.

- **Investment Banking Services.** We not only connect early-stage entrepreneurs and growth enterprises with investors through our online investor-entrepreneur matching platform Deal-Market, but also assist them at their growth or later stages. With our dedicated offline investment banking services, we enable early-stage entrepreneurs and growth enterprises to capture business and financing opportunities, investors to identify appropriate investment targets, and government agencies to formulate targeted local economic development strategies. Moreover, we provide entrepreneurs and growth enterprises with advisory services in private placements and mergers and acquisitions, and securities sponsorship and underwriting services for them to access public equity markets. We also offer trading, investment consulting and asset management services to investors. To that end, we have assembled a boutique investment banking team well-versed in the industry, committed to bridging together Chinese enterprises with overseas capital markets. Our Zero2IPO Securities mobile application, a secondary market trading platform focusing on Hong Kong stock market, provides investors with a full range of trading services, including real-time quotes, online trading, IPO subscription, equity capital market information and financial information.
- **Training Services.** We offer a variety of equity investment-related online and offline training courses primarily through Sand College, Zero2IPO SandHill College and Zero2IPO Investment Research Institute, targeting at a wide variety of audience including investment professionals, entrepreneurs, government officials, and college students seeking a career in the equity investment industry. We also provide customized training services targeting institutional customers, especially government agencies and large enterprises. Specifically, we provide a series of industry-specific courses, including primarily Master courses with prominent industry investors as mentors and equity investment strategy courses, in addition to our regular course offerings at Zero2IPO SandHill College. Our online and offline training services have provided new entrants and experienced professionals with foundational knowledge of and perceptive insights into China's equity investment industry.

OUTLOOK

“Seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old” is the main guidance for China’s economic work in 2024. Under this new guidance, we will harness the power of technological innovation to drive business innovation and promote the steady and high-quality development of enterprises. We firmly believe that technology and innovation are important strategic directions for the future and are also essential for achieving sustainable development. By deeply understanding the needs of our clients, we hope to explore a technology and innovation-based smart ecosystem business model, expand the breadth and depth of our services, continuously improve and upgrade our service model, and strengthen our core competitiveness.

Looking forward, as a pioneer in the equity investment services industry, we will continue to adapt to market changes under the new economic backdrop, tackle various challenges, maintain competitiveness through technology empowerment, and effectively seize long-term development opportunities. We are committed to bringing more value returns to our clients and shareholders. We believe that relying on our unique industry data resources built over more than twenty years and our extensive brand recognition, we have the potential to achieve all-round and multi-dimensional growth in our business.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue increased by 8.1% from RMB220.6 million in 2022 to RMB238.5 million in 2023, mainly contributed by (1) the increase in revenue generated from training services as a result of the resumption of our offline courses after the relaxation of the COVID-19 epidemic control measures, (2) the increase in revenue generated from marketing services driven by our efforts to actively organize offline events after the relaxation of the COVID-19 epidemic control measures, and (3) the increase in revenue generated from data services as a results of the increased revenue generated from customized reports we compiled.

Cost of revenue

Our cost of revenue increased by 15.9% from RMB123.6 million in 2022 to RMB143.3 million in 2023, primarily due to the increase in cost of revenue relating to our marketing services and training services as a result of the increase in venue costs for offline events and set-up costs.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 1.9% from RMB97.0 million in 2022 to RMB95.2 million in 2023. Our gross profit margin decreased from 44.0% in 2022 to 39.9% in 2023, primarily because (1) revenue generated from investment banking services decreased as a result of the downturn of financial capital market environment, while the cost of revenue related to investment banking services remained relatively stable, and (2) we recorded a decrease in revenue related to our online advertising services due to the impact of the market conditions.

Data services

Our gross profit for data services increased by 13.5% from RMB34.7 million in 2022 to RMB39.4 million in 2023, primarily due to the increase in revenue generated from our PEDATA MAX and customized report services in 2023 while the relevant cost of revenue, which mainly consist of employee benefit expenses, remained stable. Our gross profit margin for data services remained relatively stable at 55.7% and 56.0% in 2022 and 2023, respectively.

Marketing services

Our gross profit for marketing services decreased by 10.9% from RMB47.7 million in 2022 to RMB42.5 million in 2023, primarily because the increase in cost of revenue outpaced the increase in revenue. Our gross profit margin for marketing services decreased from 64.2% in 2022 to 49.6% in 2023, primarily due to (1) the decrease in revenue related to our online advertising services affected by the market conditions, and (2) the increase in venue costs for offline events and set-up costs.

Investment banking services

Our gross profit for investment banking services decreased significantly from RMB9.2 million in 2022 to RMB0.04 million in 2023. Our gross margin for investment banking services decreased from 17.7% in 2022 to 0.14% in 2023, primarily because revenue generated from investment banking services decreased as a result of a downturn of financial capital market environment that escalated financing challenges, while cost of revenue related to investment banking services remained relatively stable.

Training services

Our gross profit for training services increased significantly from RMB5.4 million in 2022 to RMB13.2 million in 2023. Our gross profit margin for training services increased from 16.8% in 2022 to 26.4% in 2023, primarily because we organized more offline training courses after the relaxation of COVID-19 epidemic control measures.

Selling and marketing expenses

Our selling and marketing expenses increased by 13.1% from RMB16.0 million in 2022 to RMB18.1 million in 2023, primarily due to the increased in travel expense and office expense related to marketing activities, which is in line with our business growth.

General and administrative expenses

Our general and administrative expenses increased by 30.0% from RMB41.6 million in 2022 to RMB54.1 million in 2023, primarily due to the increase in travel, transportation and employee benefit expenses, which is in line with the growth trend of our business.

Research and development expenses

Our research and development expenses decreased by 12.3% from RMB20.3 million in 2022 to RMB17.8 million in 2023, primarily due to the decrease in research and development expenses related to our investment banking services as we strategically optimized our online consulting services.

Finance income, net

Our net finance income increased significantly from RMB4.5 million in 2022 to RMB14.3 million in 2023, primarily due to the increase in interest income earned on our bank deposits.

Income tax expense

Our income tax expense increased by 22.0% from RMB4.1 million in 2022 to RMB5.0 million in 2023, primarily due to the decrease in additional tax deduction for research and development expenses as a result of the decrease in research and development expenses.

Profit for the year

As a result of the foregoing, our net profit decreased by 18.4% from RMB19.6 million in 2022 to RMB16.0 million in 2023. Our net margin decreased from 8.9% in 2022 to 6.7% in 2023.

Adjusted net profit (non-HKFRS measure)

To supplement our consolidated financial statements which are presented in accordance with HKFRSs and consistent with the measures adopted by our industry peers listed on the Stock Exchange, we also use a non-HKFRS measure, adjusted net profit, as an additional financial measure, which is not required by, or presented

in accordance with, HKFRSs. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit may not be comparable to similarly titled measures presented by other companies, as companies may not calculate adjusted net profit in the same manner. The use of such non-HKFRS measure has limitations as an analytical tool, because it does not reflect all items of income and expense that affect our operations. The item that is adjusted for may continue to be incurred and should be considered in the overall understanding and assessment of our operating performance. You should not consider adjusted net profit in isolation, or as substitute for analysis of, our results of operations or financial position as reported under HKFRSs. Adjusted net profit, as we present it, represents our profit for the year excluding donations and adjusted income tax expense which refers to income tax expense associated with donations.

The following table reconciles our adjusted net profit, a non-HKFRS measure, presented to profit for the year under HKFRSs.

	Year ended December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Profit for the year	16,035	19,632
Add: Donations	5,420	–
Less: Adjusted income tax expense	(1,005)	–
	<hr/>	<hr/>
Adjusted net profit	<u>20,450</u>	<u>19,632</u>

Our adjusted net profit was RMB19.6 million and RMB20.5 million in 2022 and 2023, respectively. Our adjusted net profit margin was 8.9% and 8.6% in 2022 and 2023, respectively.

Liquidity and Capital Resources

We financed our capital expenditures and working capital requirements principally with cash generated from our operations. Our liquidity and capital resources remained solid as of December 31, 2023, with cash and cash equivalents and short-term bank deposits of approximately RMB413.2 million in multiple currencies. Our working capital, calculated by current assets less current liabilities, remained relatively stable at RMB484.3 million and RMB490.3 million as of December 31, 2022 and 2023, respectively.

We actively and regularly review and manage our capital structure to maintain a balance between shareholder return and solid capital position. Our management will continue to make adjustments, when necessary, to maintain a stable capital structure and to reduce the cost of capital and manage liquidity risk.

Exposure to Exchange Rate Fluctuation

Our operations are mainly carried out in mainland China and Hong Kong, with most transactions settled in Renminbi and Hong Kong dollars. Our cash and cash equivalents and short-term bank deposits were denominated in Renminbi, Hong Kong dollars and U.S. dollars. Our reporting currency is Renminbi. Any significant exchange rate fluctuations of foreign currencies against Renminbi may have an impact on our financial position and performance.

We did not enter into any hedging transaction or forward contract arrangement to hedge our foreign exchange exposure in 2023. We manage our foreign exchange risk by closely monitoring the movement of the foreign currency rates. Our management will continue to closely monitor our capital and operational needs and manage foreign exchange risks accordingly.

Capital Commitments

As of December 31, 2023, we had a capital investment commitment to an investee amounting to RMB1.8 million.

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the prospectus of the Company dated December 16, 2020 and this announcement, as of the date of this announcement, we did not have other substantial future plans for material investments and capital assets.

Significant Investments, Material Acquisitions and Disposals

On December 1, 2023, Beijing Zero2IPO Ventures Information Consulting Co., Ltd. (北京清科創業信息諮詢有限公司) (the “**Zero2IPO Ventures**”), a consolidated affiliated entity of the Company, entered into partnership interest transfer agreements with each of Fuzhou Development Zone Kehulian Information Technology Co., Ltd. (福州開發區科互聯信息科技有限公司), Ms. YANG Zhen, Ms. CHEN Hongying, Mr. YANG Qianchu, and Mr. ZHANG Can (collectively, the “**Transferors**”), respectively, pursuant to which Zero2IPO Ventures conditionally agreed to purchase, and the Transferors conditionally agreed to sell, approximately 14.72% of the partnership interests in Beijing Zero2IPO Zhida Investment Management Center (Limited Partnership) (北京清科致達投資管理中心(有限合夥)) (the “**Fund**”) in aggregate at a total consideration of RMB28.3 million (the “**Partnership Interest Transfer**”). The Partnership Interest Transfer was approved at the extraordinary general meeting of the Company on February 27, 2024. For further details, please refer to the announcement of the Company dated December 1, 2023 and the circular of the Company dated January 26, 2024. Taking into account the investment management capabilities and experience of the Group and the Company’s business and strategies, participation in investment in the Fund would help broaden and diversify the Group’s customer base, and seek potential business opportunities from the investment portfolio of the Fund in line with the Group’s strategies. In addition, the investment in the Fund would also provide the Group with possible strong financial returns.

During the Reporting Period, we invested in wealth management products to preserve the time value of our cash reserves. As of December 31, 2023, none of the aforementioned wealth management products that subscribed with the same financial institution had an aggregate value of 5% or more of the total assets of the Group and we do not consider such investments to be significant investments.

Save as disclosed in this announcement, during the Reporting Period, we did not make any significant investments, material acquisitions or disposals of subsidiaries or affiliated companies.

Charge on Group’s Assets

As of December 31, 2023, we had no charges on our assets.

Borrowings

As of December 31, 2023, we did not have any outstanding bank loans or other borrowings.

Gearing Ratio

As of December 31, 2023, our gearing ratio, calculated as total liabilities divided by total assets, was 23.2%, which decreased from 28.0% as of December 31, 2022.

Key Financial and Business Performance Indicators

The key financial and business performance indicators comprise profitability growth and return on equity. Details of our profitability growth are shown in the paragraph headed “Profit for the year” in this announcement. Our return on equity decreased from 3.7% for 2022 to 2.8% for 2023, primarily due to the decreased net profit as we made charitable donations of RMB5.4 million.

OTHER INFORMATION

Employees

The Group had approximately 306 employees as of December 31, 2023, as compared to approximately 338 employees as of December 31, 2022. For the year ended December 31, 2023, the Group incurred a total staff costs (including Directors’ emoluments) of RMB120.4 million. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group’s employees includes salaries, performance-based cash bonuses and other incentives. As required under applicable laws and regulations, the Group makes contributions to social insurance fund, including pension, medical, unemployment, maternity and work-related injury, and to housing provident fund for the Group’s employees. The Group has adopted a training protocol, pursuant to which the Group provides pre-employment and regular continuing management and technical training to the Group’s employees.

We recognize the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, we are committed to our employees’ continuing education and development.

Use of Proceeds from the Global Offering

The ordinary shares of the Company (the “**Shares**”) were listed on the Stock Exchange on December 30, 2020. The net proceeds (after deduction of underwriting fees and commissions and related costs and expenses) received by the Company from the global offering of the Company (the “**Global Offering**”) amounted to approximately HK\$386.9 million, and an additional net proceeds of approximately HK\$66.0 million were received by the Company from the allotment and issue of Shares as a result of the full exercise of the over-allotment option (collectively, the “**Net Proceeds**”).

The Company published an announcement on June 6, 2022 (the “**Change in Use of Proceeds Announcement**”) relating to the change in use of the unutilized Net Proceeds by (a) reallocating approximately HK\$50.0 million which was originally allocated for expanding geographical coverage in China and selectively pursuing investment and acquisition opportunities to development of investment banking services; and (b) extending the expected timeline of the use of the unutilized Net Proceeds from December 2022 or December 2023 (as the case may be) to December 2024. Such changes were made primarily due to (i) the Group’s plan to expand geographical coverage in China had been delayed because of the impact of the continuous outbreak of the COVID-19 pandemic, (ii) only a small portion of the Net Proceeds which were originally planned by the Group to pursue investment and acquisition opportunities has been utilized, and (iii) the Group’s intention to facilitate the expansion of the investment banking services and improve the efficiency of capital use. For further details, please refer to the Change in Use of Proceeds Announcement. The Group has applied and intends to apply the remaining Net Proceeds according to the revised plans disclosed in the Change in Use of Proceeds Announcement.

The following table sets forth the details as of the dates indicated:

	Originally raised Net Proceeds <i>Amount</i> <i>HK\$ in million</i>	Unutilized Net Proceeds prior to re-allocation as of April 30, 2022 as disclosed in the Change in Use of Proceeds Announcement <i>Amount</i> <i>HK\$ in million</i>	Balance of the unutilized Net Proceeds after re-allocation as of April 30, 2022 as disclosed in the Change in Use of Proceeds Announcement <i>Amount</i> <i>HK\$ in million</i>	Unutilized Net Proceeds as of December 31, 2022 <i>Amount</i> <i>HK\$ in million</i>	Utilized Net Proceeds during the year ended December 31, 2023 <i>Amount</i> <i>HK\$ in million</i>	Unutilized Net Proceeds as of December 31, 2023 <i>Amount</i> <i>HK\$ in million</i>
To expand geographical coverage in China	178.4	121.8	91.8	61.5	36.5	25.0
To improve offline service offerings and capture the industry trend toward online-offline integration	44.4	34.6	34.6	34.4	6.2	28.2
To upgrade online platforms and enrich online service offerings	26.3	8.7	8.7	1.1	1.1	-
To enhance sales and marketing efforts	44.8	34.5	34.5	28.6	4.9	23.7
To scale services into overseas emerging markets, such as Southeast Asia and India, in order to capture significant growth opportunities	25.4	25.4	25.4	25.4	-	25.4
To selectively pursue investment and acquisition Opportunities	90.6	78.5	58.5	58.5	-	58.5
To develop investment banking services	-	-	50.0	28.2	27.9	0.3
To be used for additional working capital and other general corporate purposes	43.0	33.8	33.8	31.8	8.0	23.8
Total	452.9	337.3	337.3	269.5	84.6	184.9

Note: The inconsistency between the sum of the numbers in the above table is due to rounding.

The Company currently expects to fully utilize the Net Proceeds by December 2024. The expected timeline is based on estimation of the future market condition made by the Group. It may be subject to change based on the current and future development of market conditions.

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

During the Reporting Period, the Company repurchased a total of 882,400 Shares at an aggregate consideration of approximately HK\$2.1 million on the Stock Exchange in order to reflect the Company's confidence in its long-term business prospects and to enhance the value of the Shares thereby improving the return to shareholders of the Company. The details of the repurchase of such Shares are set out as follows:

Month of repurchase	Number of Shares repurchased	Maximum price paid per Share (HK\$)	Minimum price paid per Share (HK\$)	Total consideration (HK\$'000)
January 2023	350,400	3.00	2.80	1,007
February 2023	253,600	2.90	2.58	690
March 2023	29,200	2.40	2.25	68
April 2023	24,400	2.31	2.22	55
May 2023	9,600	1.81	1.66	17
June 2023	67,600	1.95	1.70	123
July 2023	27,200	1.76	1.60	46
August 2023	12,800	1.40	1.23	17
September 2023	25,200	1.32	1.16	31
October 2023	24,800	1.22	1.03	28
November 2023	37,600	1.16	1.03	42
December 2023	20,000	1.10	1.02	20
Total	882,400			2,144

Note: The inconsistency between the sum of the numbers in the above table is due to rounding.

All of the 882,400 Shares so repurchased were canceled as at the date of this announcement and the issued share capital of the Company was reduced by the nominal value thereof.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Final Dividend

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2023.

Annual General Meeting (the “2024 AGM”)

The 2024 AGM will be held on May 22, 2024. A notice convening the 2024 AGM will be published and dispatched to the shareholders of the Company (if requested) in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in due course.

Closure of the Register of Members

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Friday, May 17, 2024 to Wednesday, May 22, 2024, both days inclusive, and during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company’s branch share registrar and transfer office in Hong Kong, 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. (Hong Kong time) on Thursday, May 16, 2024.

Sufficiency of Public Float

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

Compliance with Corporate Governance Code

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with all code provisions contained in the CG Code during the Reporting Period, save for deviation from code provision C.2.1 of the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are held by Mr. NI Zhengdong. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. NI Zhengdong has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2023.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

The Group’s employees, who are likely to be in possession of inside information of the Group, are also subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company.

Audit Committee and Review of Financial Statements

The Audit Committee comprising three independent non-executive Directors, namely Ms. YU Bin (being the chairwoman of the Audit Committee), Mr. YE Daqing and Mr. ZHANG Min, has reviewed with the management of the Company the consolidated financial statements of the Company for the year ended December 31, 2023. The Audit Committee has also reviewed the accounting policies and practices adopted by the Company and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group with management and the Auditor. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended December 31, 2023.

Auditor's Procedures Performed on this Results Announcement

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto in this results announcement of the Group for the year ended December 31, 2023 have been agreed by the Auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

Subsequent Event

Save for (1) the repurchase of 90,400 Shares by the Company on the Stock Exchange during the period from January 1, 2024 to March 26, 2024 and the cancellation of 120,400 Shares, which were repurchased during the second half of the year ended December 31, 2023, and (2) the Partnership Interest Transfer approved by the shareholders of the Company on February 27, 2024 with payment of 90% of the total consideration of approximately RMB25.5 million on March 15, 2024 as disclosed in Note 13, there has been no other significant event subsequent to December 31, 2023 and up to the date of this announcement that is required to be disclosed by the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.zero2ipo.cn). The annual report of the Company for the year ended December 31, 2023 will be dispatched to the shareholders of the Company (if requested) and published on the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

By order of the Board
Zero2IPO Holdings Inc.
NI Zhengdong
Chairman and Chief Executive Officer

Beijing, the PRC, March 26, 2024

As at the date of this announcement, the Board comprises Mr. NI Zhengdong, Ms. FU Xinghua and Ms. ZHANG Yanyan as executive Directors, Mr. KUNG Hung Ka as non-executive Director, and Mr. YE Daqing, Mr. ZHANG Min and Ms. YU Bin as independent non-executive Directors.