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## **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, 2020**

#### **FINANCIAL HIGHLIGHTS OF ANNUAL RESULTS**

	<b>For the Year Ended December 31,</b>		<b>Change</b>
	<b>2020 RMB'000</b>	<b>2019 RMB'000</b>	
<b>Revenue</b>	<b>178,465</b>	167,442	6.6%
Profit before income tax	<b>39,126</b>	43,172	(9.4)%
<b>Profit for the year</b>	<b>31,448</b>	34,525	(8.9)%
<b>Non-HKFRS measure<sup>(1)</sup></b>			
Adjusted net profit	<b>50,171</b>	38,794	29.3%

*Note:*

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

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

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, 2020, together with the comparative figures for the year ended December 31, 2019 are as follows. The consolidated financial statements for the year ended December 31, 2020 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 Company (the “**Audit Committee**”).

\* For identification purpose only.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended December 31, 2020*

		<b>Year ended December 31,</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers	4	<b>178,465</b>	167,442
Cost of revenue	5	<b>(74,890)</b>	(86,048)
<b>Gross profit</b>		<b>103,575</b>	81,394
Selling and marketing expenses	5	<b>(16,504)</b>	(10,300)
General and administrative expenses	5	<b>(39,493)</b>	(21,229)
Research and development expenses	5	<b>(8,873)</b>	(7,679)
Net impairment losses on financial and contract assets		<b>(1,043)</b>	(536)
Other income		<b>2,123</b>	2,646
Other gain – net		<b>1,136</b>	1,252
<b>Operating profit</b>		<b>40,921</b>	45,548
Finance income		<b>118</b>	60
Finance costs		<b>(1,369)</b>	(2,436)
Finance cost – net		<b>(1,251)</b>	(2,376)
Share of net losses of associates accounted for using the equity method		<b>(544)</b>	–
<b>Profit before income tax</b>		<b>39,126</b>	43,172
Income tax expense	6	<b>(7,678)</b>	(8,647)
<b>Profit for the year</b>		<b>31,448</b>	34,525
<b>Profit attributable to:</b>			
Owners of the Company		<b>31,448</b>	34,525
Non-controlling interests		–	–
<b>Other comprehensive income, net of tax</b>			
Items that maybe subsequently reclassified to profit or loss			
Currency translation differences		<b>20</b>	–
<b>Total comprehensive income for the year</b>		<b>31,468</b>	34,525
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>31,468</b>	34,525
Non-controlling interests		–	–
<b>Earnings per share for profit attributable to owners of the Company</b>			
Basic and diluted (RMB per share)	7	<b>0.12</b>	0.13

# **CONSOLIDATED BALANCE SHEET**

*as at December 31, 2020*

		<b>As at December 31,</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>24,900</b>	32,545
Intangible assets		<b>143</b>	164
Investments accounted for using the equity method		<b>456</b>	–
Deferred income tax assets		<b>8,329</b>	5,205
Other non-current assets		<b>2,921</b>	2,577
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>36,749</b>	40,491
<b>Current assets</b>			
Prepayments and other receivables		<b>4,126</b>	2,100
Accounts receivable	9	<b>17,417</b>	18,121
Contract assets		<b>9,058</b>	9,157
Other current assets		<b>2,565</b>	1,607
Financial assets measured at fair value through profit or loss		<b>84,882</b>	78,052
Cash and cash equivalents		<b>403,059</b>	21,023
		<hr/>	<hr/>
<b>Total current assets</b>		<b>521,107</b>	130,060
		<hr/>	<hr/>
<b>Total assets</b>		<b>557,856</b>	170,551
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED BALANCE SHEET (CONTINUED)***as at December 31, 2020*

		<b>As at December 31,</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income		<b>11,196</b>	11,676
Lease liabilities		<b>8,272</b>	14,950
Deferred income tax liabilities		<b>17</b>	7
<b>Total non-current liabilities</b>		<b>19,485</b>	26,633
<b>Current liabilities</b>			
Accounts payable	10	<b>3,912</b>	4,187
Other payables		<b>31,954</b>	16,634
Income tax payable		<b>13,623</b>	9,073
Contract liabilities		<b>45,119</b>	25,179
Lease liabilities		<b>10,024</b>	8,985
Other current liabilities		<b>2,707</b>	1,511
<b>Total current liabilities</b>		<b>107,339</b>	65,569
<b>Total liabilities</b>		<b>126,824</b>	92,202
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>196</b>	—*
Combined capital		<b>—</b>	30,000
Share premium		<b>355,819</b>	—
Other reserves		<b>44,075</b>	16,611
Retained earnings		<b>30,942</b>	31,738
<b>Total equity</b>		<b>431,032</b>	78,349
<b>Total equity and liabilities</b>		<b>557,856</b>	170,551

\* The amount is less than RMB1,000

## NOTES:

(Expressed in RMB unless otherwise indicated)

### 1 General information

The Company was incorporated in the Cayman Islands on August 1, 2019, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in providing integrated equity investment service, namely data services, consulting services, marketing services and training services (collectively, the “**Business**”) in People's Republic of China (the “**PRC**”).

Mr. Ni Zhengdong is the controlling shareholder of the Group.

Prior to the reorganization of the Group (as described under the section headed “History, Reorganization and Corporate Structure – Our Reorganization” in the prospectus of the Company dated December 16, 2020 (the “**Prospectus**”), the Business was principally carried out by Zero2IPO Consulting Group Co., Ltd. (清科管理顧問集團有限公司) (“**Zero2IPO Group**”) (formerly known as Zero2IPO Finance Management and Consulting Co., Ltd. (清科財務管理顧問集團有限公司)) through: (i) Beijing Zero2IPO Venture Information Consulting Co., Ltd. (北京清科創業信息諮詢有限公司) (“**Zero2IPO Ventures**”), a then subsidiary of Zero2IPO Group; (ii) certain subsidiaries of Zero2IPO Ventures; (iii) Ningbo Zero2IPO Ningfeng Enterprise Management Consulting Co., Ltd. (寧波清科寧豐企業管理諮詢有限責任公司) (“**Ningbo Zero2IPO**”), a then subsidiary of Zero2IPO Group and (iv) the business unit providing consulting services within the Zero2IPO Group.

In the preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganization pursuant to which the Business was transferred to the Company.

The Company's initial public offering of its shares (“**Initial Public Offering**” or “**IPO**”) on the Main Board of The Stock Exchange of Hong Kong Limited has been completed on December 30, 2020 with issuance of 40,000,000 new shares with normal value of USD0.0001 each at an offer price of HKD11.00 per share.

### 2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance.

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**”).

All effective standards, amendments to standards and interpretations for the financial year beginning on January 1, 2020, are consistently applied to the Group throughout the all periods presented.

The Group also elected to early adopt the Amendment to HKFRS 16 COVID-19 - Related rent concessions retrospectively from January 1, 2020. The Group has applied the practical expedient to all qualifying COVID-19 - Related rent concessions. The application has no impact to the opening reserves as at January 1, 2020. The amount of which the Group recognised changes in lease payments that resulted from rent concessions in the profit or loss for the year ended December 31, 2020 was not material.

### ***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, 2020 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, consulting services and training services and are regularly reviewed and evaluated by the chief operating decision maker (the "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, consulting 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.

The segment results for the years ended December 31, 2020 and 2019 are as follows:

	<b>Data services RMB'000</b>	<b>Marketing services RMB'000</b>	<b>Consulting services RMB'000</b>	<b>Training services RMB'000</b>	<b>Total RMB'000</b>
<b>2020</b>					
Revenue	51,635	85,981	19,635	21,214	178,465
Cost of revenue	(19,444)	(30,457)	(9,058)	(15,931)	(74,890)
<b>Gross profit</b>	<b>32,191</b>	<b>55,524</b>	<b>10,577</b>	<b>5,283</b>	<b>103,575</b>
<b>2019</b>					
Revenue	53,105	67,770	24,092	22,475	167,442
Cost of revenue	(25,643)	(31,612)	(12,604)	(16,189)	(86,048)
<b>Gross profit</b>	<b>27,462</b>	<b>36,158</b>	<b>11,488</b>	<b>6,286</b>	<b>81,394</b>

#### 4 Revenue from contracts with customers

An analysis of the Group's revenue by category for the years ended December 31, 2020 and 2019 was as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
<b>Revenue from contracts with customers</b>		
<i>Recognised over time</i>		
Data services	19,539	19,190
Marketing services	85,981	67,770
Consulting services	1,016	2,947
Training services	13,243	10,869
<i>Recognised at a point in time</i>		
Data services	32,096	33,915
Consulting services	18,619	21,145
Training services	7,971	11,606
<b>Total</b>	<b>178,465</b>	<b>167,442</b>

#### 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,	
	2020	2019
	RMB'000	RMB'000
Employee benefit expense	63,706	69,614
Depreciation and amortisation	11,654	15,885
Offline event costs	10,984	12,624
Event promotion costs	1,569	419
Video recording fee	951	592
Data purchase fee	616	113
Event organization fee	929	741
Travel expense	3,597	4,665
Advertisement expense	4,810	1,371
Professional service fee	5,896	3,918
Auditor's remuneration	1,280	—
Printing cost	822	1,225
Office expenses	1,824	848
Utilities and property management fee	1,680	2,317
Listing expenses	24,964	5,692
Others	4,478	5,232
<b>Total</b>	<b>139,760</b>	<b>125,256</b>

## 6 Income tax expenses

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

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Current income tax		
Current tax on profits for the year	10,792	9,090
Deferred income tax		
Changes in deferred tax assets/liabilities	(3,114)	(443)
<b>Income tax expenses</b>	<b>7,678</b>	<b>8,647</b>

## 7 Earnings per share

### 7a 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, 2020 and 2019 divided by the weighted average number of shares in issued during the year.

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Profit attributable to owners of the Company (RMB'000)	31,448	34,525
Weighted average number of ordinary shares in issue (thousand) (i)	260,222	260,000
Basic earnings per share (RMB per share)	0.12	0.13

- (i) The weighted average number of ordinary shares in issue used for the calculation of basic earnings per share for the years ended December 31, 2020 and 2019 have been retrospectively adjusted for the capitalization issue. The ordinary shares which were issued and allotted by the Company in connection with Reorganisation, had been treated as if these shares were in issue since the beginning. The issuance of Initial Public Offering in December 2020 is accounted at time portion basis.

### 7b Diluted

For the years ended December 31, 2020 and 2019, 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.



## 8 Dividends

Zero2IPO Ventures declared dividends of RMB30,000,000 for the year of 2019 to its then shareholders in May 2020. The dividends were fully paid in May 2020.

No dividend was paid by the Company during the year ended December 31, 2020 (2019: nil).

## 9 Accounts receivable

Aging analysis of the gross accounts receivable as at December 31, 2020 and 2019, based on date of recognition, is as follows:

	<b>As at December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Up to 30 days	<b>11,170</b>	11,056
30 days to 90 days	<b>1,087</b>	2,298
90 days to 180 days	<b>3,171</b>	3,686
180 days to 360 days	<b>1,902</b>	783
360 days to 540 days	<b>866</b>	632
540 days to 2 years	<b>390</b>	55
2 years above	<b>789</b>	525
	<hr/>	<hr/>
Gross carrying amount	<b>19,375</b>	19,035
	<hr/>	<hr/>
Less: impairment provision	<b>(1,958)</b>	(914)
	<hr/>	<hr/>
Total accounts receivable	<b>17,417</b>	18,121
	<hr/>	<hr/>

## 10 Accounts payable

Aging analysis of the accounts payable as at December 31, 2020 and 2019 based on the date of recognition are as follows:

	<b>As at December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Up to 6 months	<b>3,612</b>	3,887
6 months to 1 year	<b>–</b>	300
1 to 2 years	<b>300</b>	–
	<hr/>	<hr/>
	<b>3,912</b>	4,187
	<hr/>	<hr/>

## BUSINESS OVERVIEW AND OUTLOOK

### Overview

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on December 30, 2020 (the “**Listing Date**”).

We are an integrated service platform for equity investment industry, which provides data, marketing, consulting and training services to participants in the equity investment industry<sup>1</sup>. 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. As of December 31, 2020, our proprietary PEdata Database had a total of over 248,600 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. In 2020, we compiled customized reports for approximately 132 customers.
- **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, 2020, our online information platforms have accumulated over two million subscribers across our mobile applications, websites and major third-party platforms including WeChat, Weibo, Toutiao, NetEase and Sohu. We organize offline industry events, including Zero2IPO events and customized events, offering industry participants the opportunities to interact and socialize face-to-face. In 2020, we organized two offline Zero2IPO events, covering an aggregate of over 2,400 participants. We also organized 18 offline customized events in 2020, covering over 3,200 participants.

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<sup>1</sup> Not licensed to provide intermediary services in the equity investment market such as brokerage and asset management services.

- **Consulting Services.** We connect entrepreneurs and growth enterprises with investors through our online investor-entrepreneur matching platform Deal-Market and offline consulting services, providing them with business development solutions and capital resources throughout their lifecycles. Our consulting services also enable investors to locate appropriate investment targets. Deal-Market covered over 99,900 business projects as well as over 13,000 investors as of December 31, 2020. We also served approximately 88 entrepreneurs and growth enterprises with our offline consulting services.
- **Training Services.** We offer a variety of equity investment-related online and offline training courses primarily through SandHill University, SandHill College and Investment College, 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. In 2020, our online and offline training services provided over 13,800 new entrants and experienced professionals with foundational knowledge of and perceptive insights into China's equity investment industry.

## Outlook

Looking forward, we will continue to devote to serving the equity investment industry and reinforce our competitive strengths which have contributed to our industry-leading position. We plan to strengthen and complement our business portfolio and service content, to deliver professional and comprehensive one-stop services. Our unique business model enables indispensable value propositions to our customers and business partners. Based on our research, along with the effective containment of the COVID-19 outbreak in 2021, the market size of the equity investment industry is expected to increase, which in turn is expected to drive the development of the equity investment service industry.

We believe Zero2IPO is of distinctive value in the equity investment service industry. Tracing back our 20 years of corporate history, we have established a good track record in creating compelling values to our customers, business partners and Shareholders. Leveraging our solid brand recognition and market presence, we achieved year-over-year revenue growth despite the impact of the outbreak. As we accumulate our business networks and capital and other resources, we believe we are well-positioned to further grow our business in the equity investment service industry.

We will seize the market opportunity to explore and promote our equity investment services. We expect to expand our geographical coverage in China and overseas, and plan to continue to upgrade our online platforms and enrich our online service offerings. In addition, we intend to improve our offline services and enhance online-offline synergy. We are confident in the prospect of our business in future.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Revenue**

Our revenue increased by 6.6% from RMB167.4 million in 2019 to RMB178.5 million in 2020, mainly contributed by an increase in revenue generated from marketing services, which was in turn due to (1) a large-scale customized event we organized in 2020, and (2) increased event sponsorship fees we collected from our China Venture Capital and Equity Investment Annual Forum as a result of its increased scale and exposure.

### **Cost of revenue**

Our cost of revenue decreased by 12.9% from RMB86.0 million in 2019 to RMB74.9 million in 2020, primarily due to decreases in (1) employee benefit expenses as a result of exempted or reduced social insurance contribution in accordance with a government policy during the COVID-19 outbreak and (2) depreciation and amortization in relation to our surrender of leased property in 2019, and our enhanced cost control.

### **Gross profit and gross profit margin**

As a result of the foregoing, our gross profit increased by 27.3% from RMB81.4 million in 2019 to RMB103.6 million in 2020. Our gross profit margin increased from 48.6% in 2019 to 58.0% in 2020, primarily because our revenue increased as we continued to grow our business while the cost of revenue decreased.

### **Data services**

Our gross profit for data services increased by 17.1% from RMB27.5 million in 2019 to RMB32.2 million in 2020. Our gross profit margin for data services increased from 51.7% in 2019 to 62.3% in 2020.

### **Marketing services**

Our gross profit for marketing services increased by 53.3% from RMB36.2 million in 2019 to RMB55.5 million in 2020. Our gross profit margin for marketing services increased from 53.4% in 2019 to 64.6% in 2020.

## **Consulting services**

Our gross profit for consulting services decreased by 7.8% from RMB11.5 million in 2019 to RMB10.6 million in 2020. Our gross profit margin for consulting services increased from 47.7% in 2019 to 53.9% in 2020.

## **Training services**

Our gross profit for training services decreased by 15.9% from RMB6.3 million in 2019 to RMB5.3 million in 2020. Our gross profit margin for training services decreased from 28.0% in 2019 to 24.9% in 2020, primarily because revenue generated from training services decreased as a result of postponed course delivery and revenue recognition of SandHill College in the first half of 2020 caused by the COVID-19 outbreak, while its cost of revenue, which mainly included employee benefit expenses and depreciation and amortization, remained relatively stable. We nevertheless experienced a significant increase in contract liabilities relating to prepayments we received for courses at SandHill College in 2020.

## **Selling and marketing expenses**

Our selling and marketing expenses increased by 60.2% from RMB10.3 million in 2019 to RMB16.5 million in 2020, primarily due to increases in (1) employee benefit expenses as a result of the increased compensation level for new hires in order to attract talents, and (2) advertising expenses in an effort to enlarge the customer base of our SandHill College, which has proven to lead to a significant increase in related contract liabilities.

## **General and administrative expenses**

Our general and administrative expenses increased by 86.3% from RMB21.2 million in 2019 to RMB39.5 million in 2020, primarily due to listing expenses in connection with the initial public offering of the Company of RMB25.0 million.

## **Research and development expenses**

Our research and development expenses increased by 15.6% from RMB7.7 million in 2019 to RMB8.9 million in 2020, primarily due to internal responsibility re-allocation in an effort to reinforce our research and development capability.

## **Income tax expense**

Our income tax expense decreased by 10.5% from RMB8.6 million in 2019 to RMB7.7 million in 2020, primarily due to (1) a decrease in profit before income tax caused by the listing expenses in connection with the initial public offering of the Company, and (2) an increase in tax deductible research and development expenses.

## Profit for the year

As a result of the foregoing, our net profit decreased by 9.0% from RMB34.5 million in 2019 to RMB31.4 million in 2020. Our net margin slightly decreased from 20.6% in 2019 to 17.6% in 2020, primarily due to listing expenses in connection with the initial public offering of the Company of RMB25.0 million.

## 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 the effect of listing expenses.

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

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<i>(RMB in thousands)</i>	
<b>Profit for the year</b>	<b>31,448</b>	34,525
Add: Listing expenses	<b>24,964</b>	5,692
Less: Tax effect of adjustment	<b>(6,241)</b>	(1,423)
<b>Adjusted net profit</b>	<b><u>50,171</u></b>	<b><u>38,794</u></b>

Our adjusted net profit was RMB38.8 million and RMB50.2 million in 2019 and 2020, respectively. Our adjusted net profit margin was 23.2% and 28.1% in 2019 and 2020, respectively.

## **Liquidity and Capital Resources**

In 2020, our primary uses of cash are to fund the daily operations of our business. We financed our capital expenditures and working capital requirements principally with cash generated from our operations.

Our net current assets increased from approximately RMB64.5 million as of December 31, 2019 to approximately RMB413.8 million as of December 31, 2020. Our cash and cash equivalents increased from approximately RMB21.0 million as of December 31, 2019 to approximately RMB403.1 million as of December 31, 2020.

In order to manage liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our senior management to finance our operations and mitigate the effects of fluctuations in cash flows.

## **Exposure to Exchange Rate Fluctuation**

Currently, all of our operations are in China with all of our transactions being settled in RMB. We did not experience any impact or difficulties in liquidity on our operations resulting from currency exchange and we made no hedging transaction or forward contract arrangement in 2019 and 2020. In this respect, we are not exposed to any significant foreign currency exchange risk. However, our management will closely monitor foreign exchange risk to ensure that appropriate measures are implemented in a timely and effective manner.

## **Capital Commitments**

As of December 31, 2020, we had a capital investment commitment to an investee amounting to RMB3.0 million.

## **Contingent Liabilities**

As of December 31, 2020, 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, we did not have other substantial future plans for material investments and capital assets.

## **Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies**

In 2020, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.



## **Significant Investments and Acquisition of Capital Assets**

In 2020, we did not hold any significant investments nor made any significant acquisition of capital assets, except the wealth management products we invested in to preserve the time value of our cash reserves.

## **Change on Group's Assets**

As of December 31, 2020, we had no charges on our assets.

## **Principal Risks and Uncertainties**

### **COVID-19 outbreak**

The major difficulty we encountered in 2020 was the COVID-19 outbreak. Our revenue in the first half of 2020 was adversely affected by the COVID-19 outbreak, primarily because the provision of our offline services, such as Zero2IPO events and SandHill College, was disturbed by the government measures requiring quarantine and social distancing in order to contain the spread of the pandemic. Further, we experienced extended payment cycle of customers as a result of the COVID-19 outbreak. In addition, the overall economic conditions in China are also subject to the risk of a general slowdown, which could adversely affect the equity investment service industry and our business operations.

On the other side, the COVID-19 outbreak and relevant government measures accelerated a growing demand for online services, which also facilitated the rapid expansion of our online platforms. Prompted by the pressing needs for equity investment services during the COVID-19 outbreak, we had also been exploring online delivery of our offline services as an alternative and had successfully organized various online roadshows, online industry events and online training sessions.

While facing the challenges brought by the COVID-19 outbreak, we have taken our corporate social responsibility and did not lay off any employee or cut salary of our employees, which leads to relatively stable costs for us. Notwithstanding the business disruptions caused by the COVID-19 outbreak as described above, our business has been recovering since the second half of 2020 given the improved situation in China, and for the postponed events and courses, many of them have been held in the second half of 2020 online or offline. As we generally record a higher level of revenue in the second half of a year, the COVID-19 outbreak did not have a material adverse effect on the operations of our offline services and our overall business operations for the year of 2020. In 2020, our revenue increased by 6.6% from RMB167.4 in 2019 to RMB178.5 million despite the impact of the COVID-19 outbreak.



## **Credit risk**

Our maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents, accounts receivable, contract assets and wealth management products issued by banks carried at fair value through profit or loss. To manage this risk, our deposits are mainly with state-owned or other reputable financial institutions in China. There has been no recent history of default in relation to these financial institutions. Our wealth management products are issued by banks investing in low risk underlying assets, which mainly consist of bank deposits, central bank bills, local government debts, corporate bonds and debts with high credit ratings. Thus, our Directors are of the view that the expected credit loss related to cash and cash equivalents and wealth management products is immaterial.

Our exposure to credit risk is also influenced by the characteristics of each customer. We perform credit evaluation on customer's history of making payments and current ability to pay. We do not obtain collaterals from customers. As of December 31, 2019 and 2020, approximately RMB7.8 million and RMB6.8 million of our accounts receivable were due from top five debtors. Given our strong business relationship with these customers, our senior management does not expect any significant loss from non-performance of these customers. In addition, we do not provide any guarantee that would exposes us to credit risk.

## **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" and "Adjusted net profit (non-HKFRS measure)" in this section of this announcement. Our return on equity decreased from 44.9% for 2019 to 12.4% for 2020, primarily due to an increase in our equity.

## **OTHER INFORMATION**

### **Employees, Training and Remuneration Policies**

As of December 31, 2020, we had 243 employees. The staff costs including Directors' emoluments were approximately RMB63.7 million in 2020.

Our employees' compensation includes salaries, performance-based cash bonuses and other incentives. As required under PRC laws and regulations, we make contributions to social insurance fund, including pension, medical, unemployment, maternity and work-related injury, and to housing provident fund for our employees. We have adopted a training protocol, pursuant to which we provide pre-employment and regular continuing management and technical training to our employees.

We adopted a share incentive scheme (the “**Post-IPO RSU Scheme**”) on December 7, 2020, which is not subject to the provisions of Chapter 17 of the Listing Rules as the Post-IPO RSU Scheme does not involve the grant of options by the Company to subscribe for new shares. The purpose of the Post-IPO RSU Scheme is to reward Directors, members of the senior management and employees for their past contribution to the success of our Group, and to provide incentives to them to further contribute to our Group. No award of restricted share units has been granted under the Post-IPO RSU Scheme since its adoption and up to the date of this announcement.

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**

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\$422.8 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. The Company intends to apply the proceeds in the manner as described under the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Since the Listing Date and up to December 31, 2020, the Company has not utilized any of the net proceeds raised from the Global Offering. The Group will gradually utilise the net proceeds in accordance with the intended purposes disclosed in the Prospectus.

### **Pre-emptive Rights**

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended December 31, 2020.

## **Final Dividend**

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2020.

## **Annual General Meeting (the “2021 AGM”)**

The 2021 AGM will be held on June 4, 2021. A notice convening the 2021 AGM will be published and dispatched to the shareholders of the Company 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 2021 AGM, the register of members of the Company will be closed from June 1, 2021 to June 4, 2021, 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 2021 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on May 31, 2021.

## **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 as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 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 the applicable code provisions contained in the CG Code during period from the Listing Date to December 31, 2020, save for deviation from code provision A.2.1 of the CG Code.

Code provision A.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 A.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, 2020.

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 10 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 for the period from the Listing Date to December 31, 2020.

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. XU Shaochun 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, 2020. 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 Company’s 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, 2020.

## **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, 2020 have been agreed by the Company's 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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

## **Subsequent Event**

There were no other significant events that might affect the Group subsequent to the year ended December 31, 2020.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.zero2ipo.cn](http://www.zero2ipo.cn)). The annual report of the Company for the year ended December 31, 2020 will be dispatched to the Shareholders 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 30, 2021

*As at the date of this announcement, Mr. NI Zhengdong, Ms. FU Xinghua and Ms. ZHANG Yanyan are the executive Directors; Mr. KUNG Hung Ka is the non-executive Director; and Mr. XU Shaochun, Mr. ZHANG Min and Ms. YU Bin are the independent non-executive Directors.*

\* For identification purpose only