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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

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 that the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2022, together with the comparative figures for the six months ended June 30, 2021 are as follows. The interim results for the six months ended June 30, 2022 have been reviewed by PricewaterhouseCoopers, the independent auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, and by the audit committee of the Company (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

	For the six months ended June 30,	
	2022	2021
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Revenue	54,516	82,618
Gross profit	8,658	37,834
(Loss)/profit before income tax	(30,692)	16,131
(Loss)/profit for the period	(24,386)	12,595

* For identification purposes only

The first half of 2022 was exceptionally difficult for the Group due to the impact of the COVID-19 outbreak. In response to the measures of local governments to contain the spread of COVID-19, we postponed our offline industry events for marketing services and offline courses for training services, resulting in a significant impact on our revenue recognition. In the six months ended June 30, 2022, our revenue decreased by RMB28.1 million as compared to the corresponding period of 2021, representing a 34.0% decrease year-over-year. In particular, revenue generated from our marketing services and training services, which were seriously affected by the COVID-19 outbreak, decreased by RMB21.1 million and RMB11.4 million, respectively, in the six months ended June 30, 2022 as compared to the corresponding period of 2021. Nevertheless, we are striving for new business opportunities and revenue streams. To enhance our competitiveness in the industry, we have been vigorously developing our new investment banking business and invested heavily in the first half of 2022.

We have always focused on the long-term strategy and sustainable development of our business. Currently, we have obtained licenses issued by the Hong Kong Securities and Futures Commission under the Securities and Futures Ordinance for conducting Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and are capable of providing entrepreneurs and growth enterprises with advisory services in private placements, mergers and acquisitions, and securities sponsorship and underwriting services for them to access public equity markets, as well as offering trading, investment consulting and asset management services to investors. Such investment banking business is expected to unlock new growth opportunities in various markets with a view to generating satisfactory returns for shareholders. The Board is therefore confident in the long-term development and business prospects of the Group.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended June 30, 2022

(Expressed in RMB)

	<i>Notes</i>	Unaudited Six months ended June 30, 2022 RMB'000	Unaudited June 30, 2021 RMB'000
Revenue from contracts with customers	5	54,516	82,618
Cost of revenue	6	(45,858)	<u>(44,784)</u>
Gross profit		8,658	37,834
Selling and marketing expenses	6	(7,048)	(7,538)
General and administrative expenses	6	(19,736)	(12,943)
Research and development expenses	6	(7,877)	(7,185)
Net impairment losses on financial and contract assets		(4,099)	(749)
Other income		1,796	6,060
Other (losses)/gain – net		(2,247)	<u>1,300</u>
Operating (loss)/profit		(30,553)	16,779
Finance income		713	314
Finance cost		(400)	<u>(531)</u>
Finance income/(cost) – net		313	(217)
Share of net losses of associates accounted for using the equity method		(452)	<u>(431)</u>
(Loss)/profit before income tax		(30,692)	16,131
Income tax credit/(expense)	7	6,306	<u>(3,536)</u>
(Loss)/profit for the period		(24,386)	<u><u>12,595</u></u>

		Unaudited	Unaudited
		Six months ended June 30,	Six months ended June 30,
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
(Loss)/profit attributable to:			
Owners of the Company		(24,386)	12,595
Non-controlling interests		<u>—</u>	<u>—</u>
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified to profit or loss:			
Currency translation differences		<u>18,980</u>	<u>(3,583)</u>
Total comprehensive (loss)/income for the period		<u><u>(5,406)</u></u>	<u><u>9,012</u></u>
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(5,406)	9,012
Non-controlling interests		—	—
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company			
Basic and diluted (RMB per share)	8	<u><u>(0.08)</u></u>	<u><u>0.04</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

as at June 30, 2022

(Expressed in RMB)

		Unaudited	Audited
		June 30,	December 31,
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		20,680	23,221
Intangible assets		3,404	3,441
Investments accounted for using the equity method		1,699	2,150
Deferred income tax assets		12,874	6,490
Other receivables		4,516	4,789
		<hr/>	<hr/>
Total non-current assets		43,173	40,091
		<hr/>	<hr/>
Current assets			
Other receivables		3,820	2,627
Accounts receivable	11	29,041	40,926
Prepayments and other current assets		21,130	11,737
Financial assets measured at fair value through profit or loss	10	140,797	122,563
Cash held on behalf of customers		1,882	–
Cash and cash equivalents		390,704	427,861
		<hr/>	<hr/>
Total current assets		587,374	605,714
		<hr/>	<hr/>
Total assets		630,547	645,805
		<hr/> <hr/>	<hr/> <hr/>

		Unaudited	Audited
		June 30,	December 31,
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		10,645	10,839
Lease liabilities		2,720	2,349
Deferred income tax liabilities		16	51
		<u>13,381</u>	<u>13,239</u>
Total non-current liabilities			
Current liabilities			
Accounts payable	12	2,756	1,353
Other payables		9,607	22,955
Income tax payable		4,158	7,607
Contract liabilities		86,554	73,797
Lease liabilities		7,918	11,715
Deferred income		2,000	–
Customer brokerage deposits		1,882	–
Other current liabilities		5,172	4,428
		<u>120,047</u>	<u>121,855</u>
Total current liabilities			
Total liabilities			
		<u><u>133,428</u></u>	<u><u>135,094</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		202	206
Share premium		425,113	435,952
Other reserves		55,968	34,331
Retained earnings		15,836	40,222
		<u>497,119</u>	<u>510,711</u>
Total equity			
Total equity and liabilities			
		<u><u>630,547</u></u>	<u><u>645,805</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 General information and significant events

1.1 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, Ugland 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 in the People’s Republic of China (the “**PRC**”).

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

The Group’s interim condensed consolidated financial information for the six months ended June 30, 2022 comprises the interim condensed consolidated balance sheet as at June 30, 2022, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months ended June 30, 2022, and a summary of significant accounting policies and other explanatory notes (the “**Interim Financial Information**”). The Interim Financial Information is presented in Renminbi (“**RMB**”), unless otherwise stated.

1 General information – continued

1.2 Significant events in the current reporting period

(a) *Investment in a new associate*

Zero2IPO Capital Limited (“**Zero2IPO Capital**”), a wholly owned subsidiary of the Company, became one of the promoters of TechStar Acquisition Corporation (“**TechStar**”) in June 2022. TechStar is a special purpose acquisition company (“**SPAC**”) incorporated in the Cayman Islands with limited liability. On June 24, 2022, TechStar has applied to The Stock Exchange of Hong Kong Limited (the “**SEHK**”) for its approval of the listing of, and permission to deal in, the class A ordinary shares and the warrants of TechStar to be issued to professional investors only on the Main Board of the SEHK.

In accordance with Chapter 18B of the Listing Rules, TechStar is established solely for the purpose of effecting a business combination with one or more businesses (the “**De-SPAC Transaction**”). TechStar is not presently engaged in any activities, and prior to the completion of the De-SPAC Transaction, TechStar will not engage in any operations other than the selection, structuring and completion of the De-SPAC Transaction. As of the date of its offering application to SEHK, Zero2IPO Capital held 15% of the issued Class B Shares of TechStar and nominated one director to its board of directors, therefore Zero2IPO Capital has significant influence over TechStar and accounted for this investment as an associate using equity method.

(b) *Impact from continuous outbreak of the COVID-19*

Affected by the continuous outbreak of the COVID-19 pandemic in China in the first half of 2022, the Group’s offline activities for marketing services and courses for training services in several cities were postponed, resulting in a significant impact on revenue recognition of the Group. Notwithstanding the short-term impact that the COVID-19 pandemic has brought to the Group for the six months ended June 30, 2022, the board of directors believes that the offline marketing services and training services delayed due to the COVID-19 pandemic could resume in the second half of the year and expects that the COVID-19 pandemic would not have a material adverse impact to the sustainability of the business in the foreseeable future.

(c) *Repurchase of ordinary shares*

During the first half of 2022, the Group repurchased a total of 3,259,200 ordinary shares at an aggregate consideration of approximately HKD9,884,000 (equivalent to RMB8,186,000) on the SEHK. Together with the shares repurchased but not cancelled during 2021, in total 3,997,600 ordinary shares had been cancelled during the six months ended June 30, 2022. The share repurchase and cancellation have been pre-approved by shareholders of the Company.

2 Basis of preparation

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited Interim Financial Information does not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by HKICPA, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended December 31, 2021.

3 Significant accounting policies

Except as described below, the accounting policies applied in the preparation of the Interim Financial Information are consistent with those used in the preparation of the consolidated financial statements for the year ended December 31, 2021. The adoption of the following new standards and amendments did not have any significant impact on the Interim Financial Information.

	Effective for accounting periods beginning on or after
Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16	January 1, 2022
Reference to the Conceptual Framework – Amendments to HKFRS 3	January 1, 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to HKAS 37	January 1, 2022
Annual Improvements to HKFRS Standards 2018–2020	January 1, 2022
Amendments to AG 5 Merger Accounting for Common Control Combinations	January 1, 2022

In addition, the HKICPA also published a number of new standards and amendments to standards which are effective for the financial year beginning on or after January 1, 2023 and have not been early adopted by the Group. Management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

4 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 interim condensed consolidated statement 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 six months ended June 30, 2022 and 2021 are as follows:

	Data services <i>RMB'000</i>	Marketing services <i>RMB'000</i>	Investment banking services <i>RMB'000</i>	Training services <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended June 30, 2022					
Revenue	26,478	13,400	6,464	8,174	54,516
Cost of revenue	(12,353)	(8,838)	(14,247)	(10,420)	(45,858)
Gross profit/(loss)	14,125	4,562	(7,783)	(2,246)	8,658
Six months ended June 30, 2021					
Revenue	24,416	34,454	4,153	19,595	82,618
Cost of revenue	(11,579)	(13,433)	(7,053)	(12,719)	(44,784)
Gross profit/(loss)	12,837	21,021	(2,900)	6,876	37,834

5 Revenue from contracts with customers

	Unaudited Six months ended June 30, 2022 RMB'000	Unaudited 2021 RMB'000
Revenue from contracts with customers		
<i>Recognised over time</i>		
Data services	10,814	10,204
Marketing services	13,400	34,454
Investment banking services	865	915
Training services	1,287	12,436
<i>Recognised at a point in time</i>		
Data services	15,664	14,212
Investment banking services	5,599	3,238
Training services	6,887	7,159
Total	54,516	82,618

The Group generally enters into service contracts with customers for a contract term less than one year. Therefore the Group has applied the practical expedient permitted under HKFRS 15 not to disclose the transaction price allocated to the unsatisfied performance obligations.

6 Expenses by nature

	Unaudited Six months ended June 30, 2022 RMB'000	Unaudited 2021 RMB'000
Employee benefit expense	52,186	41,484
Professional service fee	8,769	7,285
Depreciation and amortisation	7,383	5,130
Offline event costs	4,126	10,166
Advertisement expenses	2,417	2,627
Office expenses	1,944	1,387
Travel expenses	1,343	2,262
Utilities and property management fee	964	817
Auditor's remuneration	726	781
Others	661	511
Total	80,519	72,450

7 Income tax (credit)/expense

	Unaudited Six months ended June 30, 2022 RMB'000	Unaudited 2021 RMB'000
Current income tax		
Current tax on profits for the period	113	1,170
Deferred income tax		
Changes in deferred tax assets/liabilities	<u>(6,419)</u>	<u>2,366</u>
Income tax (credit)/expense	<u>(6,306)</u>	<u>3,536</u>

8 Earnings/(losses) per share

(a) Basic

The basic earnings/(losses) per share is calculated based on the profit/(loss) attributable to equity holders of the Company for the six months ended June 30, 2022 and 2021 divided by the weighted average number of shares in issued during the period.

	Unaudited Six months ended June 30, 2022 RMB'000	Unaudited 2021 RMB'000
Loss/(profit) attributable to owners of the Company (RMB'000)	(24,386)	12,595
Weighted average number of ordinary shares in issue (thousand) (i)	<u>311,110</u>	<u>305,341</u>
Basic losses/(earnings) per share (RMB per share)	<u>(0.08)</u>	<u>0.04</u>

(i) The issuance of shares upon exercise of the over-allotment option on January 20, 2021, and the repurchase of shares in January 2022, February 2022, March 2022, April 2022 and May 2022 were accounted at time portion basis.

(b) Diluted

For the six months ended June 30, 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 for the six months ended June 30, 2022 (six months ended June 30, 2021: nil).

10 Financial instruments by category

The Group holds the following financial instruments:

	<i>Notes</i>	Unaudited As at June 30, 2022 RMB'000	Audited As at December 31, 2021 RMB'000
Financial assets			
Financial assets at amortised cost	(a)		
– Accounts receivable	11	29,041	40,926
– Other receivables		8,336	7,338
– Cash held on behalf of customers		1,882	–
– Cash and cash equivalents		390,704	427,861
Financial assets measured at fair value through profit or loss (“FVPL”)			
– Investment in wealth management products (“WMP”)	(b)	140,797	122,563
		570,760	598,688
Financial liabilities			
Financial liabilities at amortised cost	(a)		
– Accounts payable	12	(2,756)	(1,353)
– Other payables (excluding employee benefits payables and other tax payables)		(1,844)	(2,457)
– Lease liabilities		(10,638)	(14,064)
– Customer brokerage deposits		(1,882)	–
		(17,120)	(17,874)

(a) As at June 30, 2022 and December 31, 2021, 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

	Unaudited As at June 30, 2022 <i>RMB'000</i>	Audited As at December 31, 2021 <i>RMB'000</i>
From third parties	35,793	43,061
From related parties	–	450
	35,793	43,511
Less: allowance for impairment	(6,752)	(2,585)
	29,041	40,926

An aging analysis of the gross accounts receivable as at June 30, 2022 and December 31, 2021, based on date of recognition, is as follows:

	Unaudited As at June 30, 2022 <i>RMB'000</i>	Audited As at December 31, 2021 <i>RMB'000</i>
Up to 90 days	10,000	30,718
90 days to 180 days	1,492	1,234
180 days to 360 days	15,867	9,632
360 days to 540 days	6,805	1,353
540 days above	1,629	574
	35,793	43,511

Based on the contract terms, the credit period granted by the Group is normally not exceeding one year.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics. The expected credit losses also incorporate forward looking information.

12 Accounts payable

Aging analysis of the accounts payable as at June 30, 2022 and December 31, 2021 based on the date of recognition are as follows:

	Unaudited As at June 30, 2022 <i>RMB'000</i>	Audited As at December 31, 2021 <i>RMB'000</i>
Up to 6 months	1,153	253
6 months to 1 year	503	1,100
1 to 2 years	1,100	–
	<u>2,756</u>	<u>1,353</u>

BUSINESS REVIEW 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. As of June 30, 2022, our proprietary PEdata Database had a total of over 285,600 registered users. 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. 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 approximately 82 customers for the six months ended June 30, 2022.
- **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 June 30, 2022, our online information platforms have accumulated over 2.8 million subscribers across our mobile applications, websites and major third-party platforms including WeChat, Weibo, Toutiao, NetEase, Sohu, Baidu, Snowball and Tencent. The number of views of PEdaily through third-party platforms was approximately 156.9 million for the six months ended June 30, 2022, representing a 48.7% increase year-over-year. 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 events and customized events, offering industry participants the opportunities to interact and socialize face-to-face. Our offline industry events were postponed to the second half of 2022 as a result of the recurrence of COVID-19 in China in the six months ended June 30, 2022.

- **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. For the six months ended June 30, 2022, we also served over 50 customers with our offline investment banking services. In the first half of 2022, our wholly-owned subsidiary, Zero2IPO Capital Limited became one of the promoters of TechStar Acquisition Corporation (“**TechStar**”), which is a special purpose acquisition company established for the purpose of effecting a business combination with one or more businesses (the “**De-SPAC Transaction**”) in accordance with Chapter 18B of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In June 2022, TechStar applied to the Stock Exchange for its approval of the listing of, and permission to deal in, the class A ordinary shares and the warrants of TechStar to be issued to professional investors only on the Main Board of the Stock Exchange. Zero2IPO Capital Limited is also a joint sponsor for the listing of TechStar.
- **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 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 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. In light of the regional resurgence of COVID-19 in China, our offline courses offered through SandHill College and Investment College originally scheduled to be held in the six months ended June 30, 2022 were postponed to the second half of 2022. We have also actively engaged in online training services amid the outbreak in order to capture the market demands.

Outlook

Although the challenge brought by the COVID-19 outbreak is expected to persist in the near future, we expect the overall economic and operating environment in China to recover gradually, driven by the increase in vaccination rate and the adjustment of governments' epidemic prevention and control measures. We will continue to focus on the implementation and upgrading of the existing businesses while extending our outreach to new growth opportunities pursuant to our long-standing diversified business strategy, thereby bringing us new profit growth and lasting market competitiveness. We will also maintain close contact with our customers and business partners through online communication channels and online service offerings.

In the meantime, we will continue to rigorously implement our cost control measures to achieve sustainable growth by integrating existing resources and optimizing business performance. We believe that the outlook for equity investment service industry remains promising and, with our accumulated industry experience, we are committed to becoming a more influential integrated service platform for the equity investment industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue decreased by 34.0% from RMB82.6 million for the six months ended June 30, 2021 to RMB54.5 million for the corresponding period in 2022, primarily due to decreased revenue generated from our marketing services and training services as a result of restrictions on offline activities during the regional resurgence of COVID-19 in early 2022 in China.

Cost of revenue

Our cost of revenue increased by 2.5% from RMB44.8 million for the six months ended June 30, 2021 to RMB45.9 million for the corresponding period in 2022, primarily due to an increase in employee benefit expenses, partially offset by a decrease in offline event costs as several of our industry events were postponed as a result of the recurrence of COVID-19 in China.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 77.0% from RMB37.8 million for the six months ended June 30, 2021 to RMB8.7 million for the corresponding period in 2022. Our gross profit margin decreased from 45.8% for the six months ended June 30, 2021 to 15.9% for the corresponding period in 2022, primarily because our revenue decreased while our cost of revenue increased slightly.

Data services

Our gross profit for data services increased by 10.2% from RMB12.8 million for the six months ended June 30, 2021 to RMB14.1 million for the corresponding period in 2022. Our gross profit margin for data services remained relatively stable at 52.6% and 53.3% for the six months ended June 30, 2021 and 2022, respectively.

Marketing services

Our gross profit for marketing services decreased by 78.1% from RMB21.0 million for the six months ended June 30, 2021 to RMB4.6 million for the corresponding period in 2022. Our gross profit margin for marketing services decreased from 61.0% for the six months ended June 30, 2021 to 34.0% for the corresponding period in 2022, primarily because several Zero2IPO events and customized events were postponed as a result of the recurrence of COVID-19 in China.

Investment banking services

Our gross loss for investment banking services increased significantly from RMB2.9 million for the six months ended June 30, 2021 to RMB7.8 million for the corresponding period in 2022. Our gross loss margin for investment banking services was 69.8% and 120.4% for the six months ended June 30, 2021 and 2022, respectively, primarily due to increased employee benefit expenses as we launched our new investment banking services in the second half of 2021 and continued our related efforts in the six months ended June 30, 2022.

Training services

We recorded gross loss for training services of RMB2.2 million for the six months ended June 30, 2022, as compared to gross profit of RMB6.9 million for the corresponding period in 2021. Our gross loss margin for training services was 27.5% for the six months ended June 30, 2022, as compared to gross profit margin for training services of 35.1% for the corresponding period in 2021, primarily because offline courses offered through SandHill College and Investment College were postponed as a result of the recurrence of COVID-19 in China.

Selling and marketing expenses

Our selling and marketing expenses decreased by 6.7% from RMB7.5 million for the six months ended June 30, 2021 to RMB7.0 million for the corresponding period in 2022, primarily due to decreases in advertisement expenses and travel expenses as a result of government measures to contain the spread of COVID-19.

General and administrative expenses

Our general and administrative expenses increased by 52.7% from RMB12.9 million for the six months ended June 30, 2021 to RMB19.7 million for the corresponding period in 2022, primarily due to an increase in employee benefit expenses as a result of increased headcount of administrative personnel.

Research and development expenses

Our research and development expenses increased by 9.7% from RMB7.2 million for the six months ended June 30, 2021 to RMB7.9 million for the corresponding period in 2022, primarily due to increases in employee benefit expenses as a result of increased headcount of research and development personnel and in other expenses, both in connection with the development of our Zero2IPO Securities mobile application.

Income tax credit/(expense)

We recorded income tax credit of RMB6.3 million for the six months ended June 30, 2022, as compared to income tax expense of RMB3.5 million for the corresponding period in 2021, primarily because we recorded loss before income tax in the six months ended June 30, 2022.

(Loss)/profit for the period

As a result of the foregoing, we recorded net loss of RMB24.4 million for the six months ended June 30, 2022, as compared to net profit of RMB12.6 million for corresponding period in 2021. Our net loss margin was 44.7% for the six months ended June 30, 2022, as compared to net profit margin of 15.2% for the for the corresponding period in 2021.

Total liabilities

Our total liabilities remained relatively stable at RMB135.1 million and RMB133.4 million as of December 31, 2021 and June 30, 2022, respectively.

Liquidity and Capital Resources

For the six months ended June 30, 2022, 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 net proceeds received in connection with the global offering of the Company (“**Global Offering**”) and cash generated from our operations.

Our net current assets decreased from RMB483.9 million as of December 31, 2021 to RMB467.3 million as of June 30, 2022. Our cash and cash equivalents decreased from RMB427.9 million as of December 31, 2021 to RMB390.7 million as of June 30, 2022.

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

During the six months ended June 30, 2022, our operations are primarily based in China with substantially all of our transactions being settled in Renminbi. 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 for the six months ended June 30, 2021 and 2022. 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 June 30, 2022, we had a capital investment commitment to an investee amounting to RMB1.8 million.

Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of the Group.

Future Plans for Material Investments and Capital Assets

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

Significant Investments, Material Acquisitions and Disposals

For the six months ended June 30, 2022, we did not hold any significant investments, except the wealth management products we invested in to preserve the time value of our cash reserves.

For the six months ended June 30, 2022, we did not make any material acquisitions or disposals of subsidiaries or affiliated companies.

Charge on Group’s assets

As of June 30, 2022, we had no charges on our assets.

OTHER INFORMATION

Employees

The Group had approximately 329 employees as of June 30, 2022, as compared to approximately 297 employees as of June 30, 2021. For the six months ended June 30, 2022, the Group incurred a total staff costs (including Directors' emoluments) of RMB52.2 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 PRC 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

The ordinary shares of the Company (the "**Shares**") were listed and commenced trading on 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 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**").

As disclosed in the Company's announcement dated June 6, 2022 (the "**Change in Use of Proceeds Announcement**"), having carefully considered the latest business environment and development needs of the Group, the Board had resolved and approved to re-allocate the unutilized Net Proceeds.

The following table sets forth the details of the Net Proceeds originally raised, utilized and unutilized Net Proceeds as of the dates indicated:

	Originally raised Net Proceeds Amount <i>HK\$ million</i>	Unutilized Net Proceeds as of April 30, 2022 as disclosed in the Change in Use of Proceeds Announcement Amount <i>HK\$ 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 Amount <i>HK\$ million</i>	Utilized Net Proceeds since April 30, 2022 and up to June 30, 2022 Amount <i>HK\$ million</i>	Unutilized Net Proceeds as of June 30, 2022 Amount <i>HK\$ million</i>
To expand geographical coverage in China	178.4	121.8	91.8	4.4	87.4
To improve offline service offerings and capture the industry trend toward online-offline integration	44.4	34.6	34.6	–	34.6
To upgrade online platforms and enrich online service offerings	26.3	8.7	8.7	1.4	7.3
To enhance sales and marketing efforts	44.8	34.5	34.5	1.2	33.3
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
To selectively pursue investment and acquisition opportunities	90.6	78.5	58.5	–	58.5
To develop investment banking services	–	–	50.0	3.4	46.6
To be used for additional working capital and other general corporate purposes	43.0	33.8	33.8	0.5	33.3
Total	452.9	337.3	337.3	10.9	326.4

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.

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 code provisions contained in the CG Code for the six months ended June 30, 2022, 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.

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 during the six months ended June 30, 2022.

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 during the six months ended June 30, 2022.

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

During the six months ended June 30, 2022, the Company repurchased a total of 3,259,200 Shares at an aggregate consideration of approximately HK\$9.88 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 2022	1,132,400	3.88	3.28	3,965
February 2022	478,400	3.70	3.43	1,693
March 2022	220,000	2.40	1.98	502
April 2022	971,200	2.75	2.30	2,434
May 2022	457,200	2.94	2.59	1,290
Total	3,259,200			9,884

Among the 3,259,200 Shares so repurchased, 2,867,200 Shares were cancelled as at the date of this announcement and the issued share capital of the Company was reduced by the nominal value thereof, and the Company is dealing with the cancellation procedures of the remaining 392,000 Shares so repurchased.

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 six months ended June 30, 2022.

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. HUANG Xubin and Mr. ZHANG Min, has reviewed with the management of the Company the interim results of the Company for the six months ended June 30, 2022. 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. The Audit Committee was satisfied that the Group's interim financial results for the six months ended June 30, 2022 were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended June 30, 2022.

In addition, the Company's external auditor, PricewaterhouseCoopers, has performed an independent review of the Group's interim condensed consolidated financial information for the six months ended June 30, 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Interim Dividend

The Board has resolved not to recommend payment of any interim dividend for the six months ended June 30, 2022.

Subsequent Event

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2022 and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.zero2ipo.cn). The interim report of the Company for the six months ended June 30, 2022 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, August 11, 2022

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. HUANG Xubin, Mr. ZHANG Min and Ms. YU Bin are the independent non-executive Directors.