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JF Wealth Holdings Ltd

九方财富控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9636)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The Board of Directors of JF Wealth Holdings Ltd announces the consolidated annual results of the Company and its subsidiaries for the year ended December 31, 2022, together with comparative figures for the year ended December 31, 2021.

HIGHLIGHTS

- For the year ended December 31, 2022, the total revenue of the Group was approximately RMB1,850.1 million, representing an increase of approximately 27.4% compared to approximately RMB1,451.9 million for the year ended December 31, 2021.
- For the year ended December 31, 2022, the profit of the Group was approximately RMB460.6 million, representing an increase of approximately 98.2% compared to approximately RMB232.3 million for the year ended December 31, 2021.
- The adjusted net profit attributable to owners of the Company (but not taking into account profit for the year from listing expenses) for the year ended December 31, 2022 was approximately RMB478.4 million, representing an increase of 86.2% compared to approximately RMB256.9 million for the year ended December 31, 2021.
- For the year ended December 31, 2022, the gross billing from the sales of SmartInvest Info was RMB818.0 million, representing a year-on-year increase of 34.0% from RMB610.5 million for the year ended December 31, 2021.
- As of December 31, 2022, we had a total of 245 accounts operated by MCNs on various internet platforms with approximately 36.0 million followers representing an increase of 7.0 million followers from last year. For the 30 days ended December 31, 2022 alone, we have obtained approximately 133.4 million video or page views and approximately 1.8 million interactions.

KEY FINANCIAL DATA

	Year ended December 31,		YOY change
	2022	2021	(%)
	<i>(RMB in millions)</i>		
Revenue	1,850.1	1,451.9	27.4
Gross profit	1,614.9	1,258.8	28.3
Profit from operations	483.8	302.6	59.8
Profit for the year	460.6	232.3	98.2

BUSINESS REVIEW AND OUTLOOK

Business Review of the Reporting Period

We are a leading online investment decision-making solution provider in China with a focus on the online investor content service market. We offer various software to help individual investors better understand the financial market and make investment plans or decisions.

We launched our business to equip investors with financial knowledge and market experience by providing investment decision-making solutions to customers through a data service model. Since our inception, we have continuously enhanced our experience, knowledge and technology and have become a comprehensive, user-oriented, and internet-based investment decision-making solution provider. Our tailored and diverse offerings, ranging from basic wealth management knowledge to advanced investment practicing skills, addresses the distinctive investment decision-making needs of individual investors at all levels of investment experience.

During the year of 2022, we generated revenue mainly from the following offerings:

- A. **SmartInvest Pro**, our proprietary App with both mobile and PC versions, is offered to our paying customers to provide our data services. These data services, including market data processing, indicator analysis tools, cloud chart viewing, prerecorded online investor education courses, livestreaming broadcasts, express market reviews, as well as various online high-end premium services, are tailored for the mass affluent class of individual investors.
- B. **SmartInvest Info**, our proprietary App with both mobile and PC versions, is offered to our paying customers to provide our financial information software services. These services, including professional, timely and broad financial market related information, data analysis, and investment decision-making support, are tailored to customers with greater investment experience and more complex needs.

Consistent with our strategies, the two offerings above combined maintained growth during the Reporting Period. The following table sets forth the breakdown of our key operating metrics for the periods indicated:

	Year ended December 31,	
	2022	2021
Sales of SmartInvest Pro		
Gross billing (RMB in millions)	1,173.6	1,373.0
High-end	845.0	972.8
Super Investor	326.2	396.8
Others	2.4	3.4
Number of paying users	38,159	38,901
Average gross billing per paying user (RMB in thousands)	30.8	35.3
Sales of SmartInvest Info		
Gross billing (RMB in millions)	818.0	610.5
Standard version	Less than 0.1	34.1
Premium version	688.4	507.4
Deluxe version	129.5	69.0
Number of paying users	30,026	62,832
Average gross billing per paying user (RMB in thousands)	27.2	9.7

Outlook

As a leading online investment decision-making solution provider in China with a focus on the online investor content service market in China, we will accomplish our mission with persistence. As the overall China capital market and the general economic conditions is expected to recover in 2023 with the ease of PRC COVID-19 restrictive measures, we believe our business will attract new customers and generate strong cashflows continuously from business operating.

In 2023, we plan to implement the following strategies, which we believe, will further strengthen our core competitive advantages and leading market positions:

Strategically acquire a target company and create business synergies through our customer base

On January 3, 2023, the Company entered into an equity transfer agreement, pursuant to which the Company has agreed to conditionally acquire the entire equity interest of a target company whose wholly-owned subsidiary possesses a fund distribution license issued by the China Securities Regulatory Commission in the PRC. Please see “History, Reorganization and Corporate Structure – Proposed Acquisition after the Track Record Period” in the Prospectus for further details.

The proposed acquisition is expected to create synergies and support the Group’s long-term business development. Our Directors believe that the proposed acquisition will complement and support the growth of the Group, by providing additional support to fund distribution business of the subsidiary of the target company through the Group’s customer base, and at the same time, expanding the scope of services provided by the Group to meet the current and future asset allocation needs of the Group’s own customers.

Continue to strengthen our traffic matrix to attract more potential customers

Our traffic matrix is the key momentum behind our customer acquisition process. We can more efficiently and effectively identify, target and attract potential customers through various media platforms from traditional media such as TV and radio, to internet terminals such as Smart Selection App, as well as MCN channels, represented by financial self-media IPs operating on various social media platforms.

Constant and high-quality traditional media broadcasting

We have established in-depth strategic cooperation with mainstream TV media including China Business Network (CBN) in Shanghai, Hubei Satellite TV and Tianjin Satellite TV. We collaborate closely with mainstream TV media for TV program production and have launched various professional finance TV programs, such as “Night View of Finance” (“夜觀財經”) on Hubei Satellite TV.

Content-enriched MCN channels

We enhance user stickiness and attract new customers through publishing high-quality contents on emerging user traffic portals and building up our high-quality MCN channels. We convert difficult and obscure financial and wealth management knowledge into a broad range of contents of interesting formats to increase users' learning interests and to enhance user stickiness of the software, including video, live broadcasting, online radio and audio lessons, articles and images. As of December 31, 2022, we had a total of 245 accounts operated by MCNs on various internet platforms with approximately 36.0 million followers. For the 30 days ended December 31, 2022 alone, we have obtained approximately 133.4 million video or page views and approximately 1.8 million interactions. We have also been focusing on cultivating high-quality MCN channels to increase user stickiness and help convert users to customers. Our MCN channels are highly influential in the market and are widely recognized. We will continue to optimize the efficacy of our multi-faceted traffic matrix through intensive collaboration with top-notch user traffic portals like WeChat official accounts, Douyin and Kuaishou to acquire user traffic, capture high-quality media resources and increase brand equity.

Continue to develop differentiated offerings and strong product development capabilities

Professional team with prudent and efficient methodology of product development

Our product development team, Jiufang Research Institute, is responsible for the development of the contents of our offerings. As of December 31, 2022, Jiufang Research Institute had 122 professionals with various experience in research, investment and other financial fields. Our Jiufang Research Institute covers areas including macro politics and economics, industries, companies, and financial engineering. The research results have become important basis for our analysis and published contents.

Experiences and Insights into China capital market and Chinese individual investors

Our competencies in accurately identifying and satisfying unmet consumer demands are largely attributable to our experiences and in-depth understandings into China capital market and Chinese individual investors. As of December 31, 2022, we had 217 employees with the securities investment advisor qualification granted by the Securities Association of China (中國證券業協會), ranking first among the 81 companies with Securities Investment Advisory License, according to the information displayed on the official website of the Securities Association of China, and 1,291 employees with the securities practitioner qualification. We seek to attract talents through our competitive remuneration package, corporate culture and renowned reputation and strive to provide outstanding employees with opportunities to become team leaders and industry experts.

Bespoke and diversified offerings

Accredited to our in-depth knowledge of the China capital market and Chinese individual investors, our tailored and diverse offerings address the distinctive investment decision making needs of individual investors at all levels of investment experience. The multi-tier services cater to the varying demands of different customers with various backgrounds.

Our SmartInvest Pro is tailored for the mass affluent class. We have formed a model that includes teaching, learning, practicing, guiding and companion and combining professional investment and wealth management knowledge with practices to enhance the learning experiences of our customers.

Our services seamlessly integrate personalized and professional financial information that we believe is relevant to various individual investors with different investment backgrounds. Furthermore, our contents are systematically arranged in our terminal database and presented with searchable categories, sub-categories and tags so that individual investors can conveniently pinpoint a particular pool of contents by searching for key tags or criteria or by simply browsing by subjects, providing more user-friendly content acquisition methods and enhancing interaction with customers, thereby enhancing customer stickiness.

Continue to invest in R&D and enhance our technology capabilities

We have built a fully digitized financial information processing and analysis system to connect information flow, data flow and our customers, based on underlying technologies including AI, cloud, big data and blockchain. As of December 31, 2022, our R&D department had 446 professional staff, representing 18.8% of the total workforce. Premised on the foundation infrastructure of AI, cloud and big data, and blockchain technology, we established two core technology center offices: a business center and a data center. With over 300 cloud servers deployed, our enterprise-level data management center can simultaneously process thousands of queries per second, underpinning the data-based customization and intelligent services in the front office and ultimately empowering operations efficiency, risk compliance and business management. Accredited to our potent center offices, we construct a full-cycle intelligent operational management system that penetrates all level of our business, empowering our sales, marketing and customer support functions.

We plan to incorporate more value-added functionality for SmartInvest Pro and SmartInvest Info, such as real-time market information analysis of foreign securities markets, customized technology-empowered toolkits and real-time responses capabilities, and optimize the visual look of our Apps and website, such as the content layout and display. In addition, we expect to develop more self-owned intellectual property related to AI modules and toolkits modules to facilitate our main business. We became one of the first ecological partners of Baidu's ERNIE Bot in March 2023, exploring the application of intelligent dialogue technological achievements in our business.

We intend to devote substantial resources to incorporating and integrating the latest technologies throughout our technology system, such as the latest high-speed data storage servers and cloud services to improve the technology infrastructure for our short videos. These technologies enable us to increasingly integrate advanced AI technology and machine learning algorithms into our services to refine our recommendation mechanisms, strengthen our AI video production capabilities, provide simpler and faster user access to our services and enhance user experiences.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Results

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,850,141	1,451,922
Cost of sales	<u>(235,276)</u>	<u>(193,110)</u>
Gross profit	1,614,865	1,258,812
Other income	230,373	237,568
Sales and marketing expenses	(972,686)	(855,927)
Research and development expenses	(229,528)	(194,157)
General and administrative expenses	<u>(159,264)</u>	<u>(143,653)</u>
Profit from operations	483,760	302,643
Finance costs	<u>(2,330)</u>	<u>(1,765)</u>
Profit before taxation	481,430	300,878
Income tax expense	<u>(20,876)</u>	<u>(68,547)</u>
Profit for the year	<u>460,554</u>	<u>232,331</u>

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately 27.4% to approximately RMB1,850.1 million for the year ended December 31, 2022, from approximately RMB1,451.9 million for the year ended December 31, 2021, primarily due to the increase in the revenue from the offering of SmartInvest Info through which our financial information software services is provided. The following table sets forth our revenue by segment for the years indicated:

	Year ended December 31, 2022		2021	
	Amount <i>RMB'000</i>	% of total revenue	Amount <i>RMB'000</i>	% of total revenue
SmartInvest Pro	1,140,362	61.6	1,149,307	79.2
SmartInvest Info	707,583	38.3	288,126	19.8
SmartInvest Intro	2,196	0.1	14,489	1.0
	<u>1,850,141</u>	<u>100.0</u>	<u>1,451,922</u>	<u>100.0</u>

The Group receives software fees or service fees from customers in advance prior to the beginning of providing customers with software licensing (SmartInvest Pro and SmartInvest Info) or online financial literacy education services (SmartInvest Intro). Software fees or service fees are recognized during a subscription period on a straight-line, time-elapsed basis. The customers are entitled to the refund of payments in relation to the proportionate services not yet rendered. The refund to customers will be accounted for as a decrease in the contract liabilities.

Our revenue from SmartInvest Pro decreased slightly by approximately 0.8% to approximately RMB1,140.4 million for the year ended December 31, 2022, from approximately RMB1,149.3 million the year ended December 31, 2021, which was primarily driven by the new customers we engaged in the first half of 2022 through promotions and discount events, and offset by the decrease in the average gross billing per paying user for the whole year.

Our revenue from SmartInvest Info increased significantly to approximately RMB707.6 million for the year ended December 31, 2022, from approximately RMB288.1 million for the year ended December 31, 2021, primarily attributable to an increase in the average gross billing per paying user which was partially offset by a decrease in the number of paying users. The decrease was mainly because we focused more on the premium/deluxe version (which was at a relatively higher price) since early 2022, resulting in an increase in the number of users who purchased the premium/deluxe version in the year of 2022 and a decrease in the number of users who purchased the standard version (which was at a relatively affordable price).

Cost of sales

Our cost of sales increased by approximately 21.8% to approximately RMB235.3 million for the year ended December 31, 2022, from approximately RMB193.1 million for the year ended December 31, 2021, primarily because our staff cost increased from approximately RMB176.2 million in the year ended December 31, 2021 to approximately RMB223.4 million in 2022, as a result of (i) an increase in the number of staff in our content development and production team that provided an expanding scale of content in support of the operations of our traffic matrix, and (ii) an increase in the number of staff in our service and operation team to meet the demands of rapidly increasing number of customers during the Period.

Gross profit and gross margin

As a result of the foregoing, our gross profit increased by approximately 28.3% to approximately RMB1,614.9 million for the year ended December 31, 2022, from approximately RMB1,258.8 million for the year ended December 31, 2021. Our gross margin increased to approximately 87.3% for the year ended December 31, 2022, from approximately 86.7% for the year ended December 31, 2021, mainly because the increase in our revenue outpaced the increase in our cost of sales, primarily due to the increase in the average gross billing per paying user as we shifted our focus to high-end customers.

Other income

Our other income decreased slightly by approximately 3.0% to approximately RMB230.4 million for the year ended December 31, 2022, from approximately RMB237.6 million for the year ended December 31, 2021, primarily due to a decrease of approximately RMB7.7 million in gain on disposal of intangible assets for the year ended December 31, 2022.

Sales and marketing expenses

Our sales and marketing expenses increased by approximately 13.6% to approximately RMB972.7 million for the year ended December 31, 2022, from approximately RMB855.9 million for the year ended December 31, 2021, primarily due to an increase in internet traffic procurement expenses, which was largely in line with our revenue growth.

Research and development expenses

Our research and development expenses increased by approximately 18.2% to approximately RMB229.5 million for the year ended December 31, 2022 from approximately RMB194.2 million for the year ended December 31, 2021, primarily due to (i) an increase in staff cost, mainly as a result of the increase in the number of research and development employees, and (ii) an increase in other research and development expenses, resulting from the increased cloud server expenses.

General and administrative expenses

Our general and administrative expenses increased by approximately 10.9% to approximately RMB159.3 million for the year ended December 31, 2022 from approximately RMB143.7 million for the year ended December 31, 2021, primarily due to (i) an increase of approximately RMB11.8 million in staff cost, resulting from our increased number of general and administrative staff in line with the growth of our business and (ii) an increase of approximately RMB7.4 million in depreciation of right-of-use assets as we entered into a two-year lease in April 2021 and therefore recognized more depreciation of right-of-use assets in 2022.

Income tax expense

We recognized income tax expense of approximately RMB20.9 million for the year ended December 31, 2022, compared to the income tax expense of approximately RMB68.5 million for the year ended December 31, 2021, primarily because (i) Shanghai Jiufangyun was granted the “Key Software Enterprise” in June 2022 which retroactively entitles it to a preferential income tax rate of 10% for 2021, resulting in our recognition of tax filing difference in current tax expense during the year of 2022; and (ii) the effect on deferred tax balances as of January 1, 2021 was recognized in deferred tax expense resulting from the change in tax rate, leading to the relatively higher income tax expense of the same period in 2021.

Profit for the year

As a result of the foregoing, we realized a profit of approximately RMB460.6 million for the year ended December 31, 2022, compared to approximately RMB232.3 million for the year ended December 31, 2021, representing a significant increase of approximately 98.2%.

Liquidity and Financial Resources

Our cash and other liquid financial resources (comprising (i) cash and cash equivalents including cash on hand and bank deposits; (ii) funds with underlying assets being listed as equity securities; (iii) wealth management products; (iv) listed equity securities; (v) asset management plan; and (vi) structured deposit.), increase from approximately RMB844.6 million as of December 31, 2021 to approximately RMB1,066.7 million as of December 31, 2022, primarily due to generate of cash from operating activities.

As of December 31, 2022 we did not have any outstanding borrowings. Accordingly, no gearing ratio is presented.

Capital Expenditure

Our capital expenditures, consisting of payments for the purchase of property, plant and equipment and intangible assets, were incurred mainly for servers, computers, computer software and office equipment. Our capital expenditures were approximately RMB9.8 million as of December 31, 2022, compared to approximately RMB14.5 million as of December 31, 2021.

Foreign Exchange Risk Management

For the year ended 31 December 2022, most of transactions denominated in non-RMB were denominated in U.S. dollars and Hong Kong dollars. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. In the past, the Group has not incurred any significant foreign currency exchange losses in its operations. As of December 31, 2022, the Group had not used any financial instruments for hedging purposes. The management team will continue to closely monitor the Group's foreign currency exchange risks and will consider implementing appropriate measures.

Pledge of assets by the Group

As of December 31, 2022, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (As of December 31, 2021: Nil).

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities (As of December 31, 2021: Nil).

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, or associated companies for the year ended December 31, 2022.

Material Investments

The Group did not have any material investments for the year ended December 31, 2022.

Future Plans for Material Investments or Capital Asset

As at December 31, 2022, the Group did not have detailed future plans for material investments or capital assets.

Employees

The following tables set forth the number of our employees by function as of December 31, 2022:

Employee Function

	Number of employees	% of Total
Content Development and Production	380	16.0
Sales and Marketing	889	37.4
Research and Development	446	18.8
Service and Operation	389	16.4
Administration	271	11.4
Total	2,375	100.0

The Group hires and promotes our staff based on their person on-the-job performance and development potential. The remuneration package of all our employees depends on their performance and market salary levels.

Refund Ratio

In line with the industry trend, we experienced an increase in the refund rate in 2022 for our offerings. The refund ratio by payment amounts of SmartInvest Pro and SmartInvest Info in 2022 amounted to 22.7% and 24.3%, respectively; while the refund ratio of the two offerings was 16.3% and 15.8%, respectively, in 2021.

The increase of refund ratio was mainly attributable to the unsatisfying performance of the overall financial market under the general slowdown in economic conditions and the general negative impact of the COVID-19 pandemic has weakened the customers' confidence in the market in the short term and their demand in investment decision-making solutions. We expect that our refund rate for major offerings will likely continue to decrease or maintain at a relatively lower level in the foreseeable future.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was successfully listed on the Main Board of the Stock Exchange upon the completion of issuance of 59,618,500 new shares. After deducting underwriting fees and related expenses, and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering were approximately HK\$978.9 million. As our Company was listed on the Stock Exchange on March 10, 2023, the net proceeds are unutilized yet.

The following table set forth the Group's intended timetable for use of proceeds as at March 30, 2023. The net proceeds are currently held as bank deposits and are planned to be used in the same manner of distribution as proposed in the Prospectus. Please see the section headed "Future Plans and Use of Proceeds" in the Prospectus for more details.

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized up to March 30, 2023 <i>(Approximately million in HKD)</i>	Amount of net proceeds unutilized as of March 30, 2023 <i>(Approximately million in HKD)</i>	Intended timetable for use of the unutilized net proceeds
i. Improvement of content production capabilities	20%	0	195.8	By December 31, 2024
ii. Enhancement of the traffic matrix	30%	0	293.7	By December 31, 2024
iii. Improvement of technology capabilities	30%	0	293.7	By December 31, 2024
iv. Investments in external KOLs or external MCNs	10%	0	97.9	By December 31, 2024
v. Working capital and general corporate purposes	10%	0	97.8	By December 31, 2024

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Company's shares have not been listed on the Stock Exchange as of December 31, 2022, the CG Code set out in Appendix 14 to the Listing Rules was not applicable to the Company during the year ended December 31, 2022.

The Company is committed to implementing the best corporate governance practices to protect shareholders' rights and enhance corporate value and accountability. The Company has adopted with the code provisions under the Corporate Governance Code as its own corporate governance code since the Listing Date.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' dealings in the securities of the Company. As the Company's shares have not been listed on the Stock Exchange as of the year ended December 31, 2022, related rules under the Model Code that Directors shall observe do not apply to the Company for the year ended December 31, 2022. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code since the Listing Date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

As the Company’s shares have not been listed on the Stock Exchange as of December 31, 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended December 31, 2022.

FINAL DIVIDEND

Taking into account the Company’s financial and cash flow position, the Board has resolved to recommend a final dividend of HK\$0.5 per Share (in cash) for the year ended December 31, 2022. The proposed final dividend of the Company is subject to the consideration and approval by Shareholders at the AGM. The Company will publish announcement, circular and notice regarding the AGM in accordance with the Listing Rules and the Articles of Association. The Company will also make separate announcement regarding the record date and date of closure of register of members for the payment of the proposed final dividend of the Company. It is expected that the proposed final dividend of the Company will be distributed before September 30, 2023.

SIGNIFICANT SUBSEQUENT EVENTS

On January 3, 2023, the Company entered into an equity transfer agreement, pursuant to which the Company has agreed to conditionally acquire the entire equity interest of a target company whose wholly-owned subsidiary possesses a fund distribution license issued by the China Securities Regulatory Commission in the PRC. The total consideration of the proposed acquisition is RMB135 million. Please see “History, Reorganization and Corporate Structure – Proposed Acquisition after the Track Record Period” in the Prospectus for further details.

On March 10, 2023, the Company’s Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited, where 59,618,500 Shares were issued and subscribed at an offer price of HK\$17.00 per Share by way of initial public offering to Hong Kong and overseas investors. Gross proceeds from these issues amounted to approximately HK\$978.92 million.

Except for the subsequent events disclosed above, after December 31, 2022 and up to the date of this announcement, there were no significant events affecting the Group need to be disclosed.

AUDIT COMMITTEE

The Board of Directors has established the Audit Committee, which consists of independent non-executive Directors, being Dr. ZHAO Guoqing (chairman), Mr. FAN Yonghong and Mr. TIAN Shu. The primary duties of the Audit Committee are to review and supervise financial reporting process and internal control systems of the Company.

The Audit Committee, together with the management of our Company, has reviewed the audited annual results of our Group for the year ended December 31, 2022.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended December 31,	
		2022	2021
	Note	RMB'000	RMB'000
Revenue	2	1,850,141	1,451,922
Cost of sales		<u>(235,276)</u>	<u>(193,110)</u>
Gross profit		1,614,865	1,258,812
Other income	3	230,373	237,568
Sales and marketing expenses		(972,686)	(855,927)
Research and development expenses		(229,528)	(194,157)
General and administrative expenses		<u>(159,264)</u>	<u>(143,653)</u>
Profit from operations		483,760	302,643
Finance costs		<u>(2,330)</u>	<u>(1,765)</u>
Profit before taxation	4	481,430	300,878
Income tax	5	<u>(20,876)</u>	<u>(68,547)</u>
Profit for the year		<u>460,554</u>	<u>232,331</u>
Attributable to:			
Equity shareholders of the Company		460,554	232,178
Non-controlling interests		<u>–</u>	<u>153</u>
Profit for the year		<u>460,554</u>	<u>232,331</u>
Earnings per share	6		
Basic and diluted (RMB)		<u>1.22</u>	<u>0.61</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	460,554	232,331
Other comprehensive income for the year (after tax)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the Mainland China	(353)	–
Other comprehensive income for the year	(353)	–
Total comprehensive income for the year	460,201	232,331
Attributable to:		
Equity shareholders of the Company	460,201	232,178
Non-controlling interests	–	153
Total comprehensive income for the year	460,201	232,331

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		19,667	21,411
Right-of-use assets		46,147	46,975
Intangible assets		5,671	6,178
Deferred tax assets		78,075	107,396
		<u>149,560</u>	<u>181,960</u>
Current assets			
Financial assets at fair value through profit or loss		713,704	801,358
Prepayments and other receivables	7	146,913	156,968
Cash and cash equivalents		352,987	43,239
		<u>1,213,604</u>	<u>1,001,565</u>
Current liabilities			
Contract liabilities	8	577,152	664,992
Income tax payable		19,400	87,155
Accrued expenses and other current liabilities	9	188,669	314,429
Lease liabilities		38,765	45,890
		<u>823,986</u>	<u>1,112,466</u>
Net current assets/(liabilities)		<u>389,618</u>	<u>(110,901)</u>
Total assets less current liabilities		<u>539,178</u>	<u>71,059</u>
Non-current liabilities			
Lease liabilities		9,755	1,837
		<u>9,755</u>	<u>1,837</u>
NET ASSETS		<u>529,423</u>	<u>69,222</u>

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Capital and reserves			
Share capital		*	*
Reserves		<u>529,423</u>	<u>69,222</u>
Total equity attributable to equity shareholders of the Company		529,423	69,222
Non-controlling interests		<u>—</u>	<u>—</u>
TOTAL EQUITY		<u>529,423</u>	<u>69,222</u>

* The balance represents an amount less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements.

2. REVENUE

The principal activities of the Group are selling SmartInvest Pro and SmartInvest Info and providing online financial literacy education services (SmartInvest Intro) in the PRC.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
SmartInvest Pro	1,140,362	1,149,307
SmartInvest Info	707,583	288,126
SmartInvest Intro	2,196	14,489
	<u>1,850,141</u>	<u>1,451,922</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Over time	<u>1,850,141</u>	<u>1,451,922</u>

3. OTHER INCOME

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Government grants		
– VAT refund	121,927	134,997
– other government grants	29,533	12,382
Gain on software copyright transfer	50,381	54,461
Net gain on financial assets		
at fair value through profit or loss	25,950	22,417
Interest income	673	105
Net gain on disposal of investment properties	–	1,371
Net gain on disposal of intangible assets	–	7,670
Others	1,909	4,165
Total	230,373	237,568

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff Cost

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Salaries, wages and other benefits	671,384	572,722
Contributions to defined contribution retirement plan	6,727	48,068
Total	678,111	620,790

Included in:

Cost of sales	223,406	176,243
Research and development expenses	196,141	186,248
General and administrative expenses	54,145	42,390
Sales and marketing expenses	204,419	215,909

(b) Finance cost

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Interest expense on lease liabilities	2,330	1,765

(c) **Other items**

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Internet traffic procurement expenses	768,269	640,018
Amortisation of intangible assets	3,757	12,844
Rental and property fee	10,014	6,889
Rental Exemption of COVID-19	(6,658)	–
Technology service fee	8,618	1,561
Taxes and surcharges	17,647	18,877
Office and travel expenses	7,153	6,025
Depreciation charge	8,251	4,895
Audit fee	1,641	90
Listing expenses	17,884	24,746
Depreciation of right-of-use assets	37,721	25,518

5. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Taxation in the consolidated statements of profit or loss

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax (“EIT”) Provision for the year	19,400	86,768
– Over-provision in respect of prior years	(27,845)	–
Deferred tax		
– Reversal/(Origination)of temporary differences	29,321	(18,221)
	<u>20,876</u>	<u>68,547</u>

6. EARNINGS PER SHARE

Weighted average number of ordinary shares:

	Year ended December 31,	
	2022	2021
Ordinary shares at 31 December	81,230	81,230
Effect of treasury shares	(5,686)	(5,686)
Effect of Capitalization Issue on March 10, 2023	377,644,456	377,644,456
Weighted average number of ordinary shares	<u>377,720,000</u>	<u>377,720,000</u>

Basic earnings per share:

	2022	2021
Profit attributable to ordinary equity shareholders of the Company (RMB'000)	460,554	232,178
Weighted average number of ordinary shares	<u>377,720,000</u>	<u>377,720,000</u>
Basic earnings per share (RMB per share)	<u>1.22</u>	<u>0.61</u>

As there were no potential dilutive ordinary shares during the years ended December 31, 2022 and 2021, the amount of diluted earnings per share is equal to basic earnings per share.

7. PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from related parties	36,981	56,814
VAT refund receivable	34,272	47,567
Loan to third party	25,000	–
Prepayment to suppliers	18,511	28,875
Deposits	13,763	6,799
Deferred listing expenses	5,466	5,436
Employee loans	5,900	–
Receivables from software copyright transfer	5,500	–
Receivables from internet platforms	327	8,728
Others	1,193	2,749
	<u>146,913</u>	<u>156,968</u>

8. CONTRACT LIABILITIES

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Advances received from customers	<u>577,152</u>	<u>664,992</u>

Movements in contract liabilities

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Balance at January 1	664,992	344,556
Additions	2,218,145	2,036,567
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(594,180)	(313,794)
Decrease in contract liabilities as a result of recognising revenue during the same year	(1,255,960)	(1,138,128)
Decrease in contract liabilities as a result of refund to customers	(455,845)	(264,209)
Balance at December 31	<u>577,152</u>	<u>664,992</u>

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As at December 31,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
The Group		
Amounts due to related parties	20,654	20,612
Accrued payroll and welfare	84,522	158,261
VAT and surcharges payable	27,306	82,324
Accrued listing expenses	14,132	8,155
Accrued internet traffic procurement expense	32,414	40,324
Other accrued expenses and other payables	9,641	4,753
	<hr/>	<hr/>
Total	188,669	314,429
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10. DIVIDENDS

On 30 March 2023, the Board of directors proposed the payment of a final dividend of HK\$0.5 per Share, amounting to approximately HK\$232.9 million, for the year ended 31 December 2022. The source of the proposed dividend payment is from the retained profits. The proposed final dividend is subject to the approval by shareholders of the Company at the forthcoming annual general meeting. (2021:Nil)

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures and related notes in the consolidated statements of financial position, consolidated statements of profit or loss and consolidated statements of comprehensive income of our Group for the year ended December 31, 2022 as set out in this announcement have been agreed by the Company's auditor, KPMG, to the amounts set out in the draft consolidated financial statements of the Group for the year. The work performed by KPMG 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 KPMG on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at <https://jfwalth.investorroom.com>. The annual report of the Company for the year ended December 31, 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders of the Company and available on the above websites in due course.

DEFINITIONS

“AGM”	the forthcoming annual general meeting for the year ended December 31, 2022 of the Company
“AI”	artificial intelligence
“App(s)”	application software designed to run on PC, smartphone and other mobile devices
“Articles of Association”	the articles of association of the Company, conditionally adopted on February 23, 2023 with effect from the Listing Date, and as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code and Corporate Governance Report
“Company”, “our Company”, “the Company” or “JF Wealth”	JF Wealth Holdings Ltd (九方财富控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on May 3, 2021, with its Shares listed on the Main Board of the Stock Exchange on the Listing Date under the stock code 9636
“Director(s)”	the director(s) of our Company
“gross billing”	the total amount of cash received for the sale of product/service in such period including tax, net of the total amount of refunds for a specific period

“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries and, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKD”	the lawful currency of Hong Kong
“KOL(s)”	acronym for “key opinion leaders,” the users of an internet product who are accepted or trusted by other users of the internet product and can significantly influence their decisions
“Listing Date”	March 10, 2023, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“mass affluent class”	individual investors in China with a balance of investible securities equal to or above RMB300,000 or typically an average annual household/individual income within RMB500,000
“MCN(s)”	acronym for “multi-channel network,” is an organization that offers assistance in areas such as production, content programming, monetization and audience development to the internet KOLs or internet celebrity
“MCN channel(s)”	accounts operated by MCNs on various internet platforms including Kuaishou, Douyin, WeChat and Weibo, etc.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“PC”	acronym for “personal computer”
the “PRC” or “China”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated February 28, 2023

“Period” or “Reporting Period”	the year ended December 31, 2022
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of HKD0.00001 each
“Shareholders”	holder(s) of the Share(s)
“SmartInvest Info”	九方智投擒龍版, the proprietary App with both mobile and PC versions through which the Group provides its financial information software services
“SmartInvest Intro”	贏馬學堂, the proprietary mobile App through which the Group provides its online financial literacy education services
“SmartInvest Pro”	九方智投旗艦版, our proprietary App with both mobile and PC versions through which the Group provide services
“Smart Selection”	our proprietary App with both mobile and PC versions, serving as a marketing channel through which the Group distribute free investment-related contents, as opposed to our revenue-generating Apps, namely SmartInvest Pro, SmartInvest Intro and SmartInvest Info
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“traffic”	in terms of traffic in our market matrix, the flow of audience on various media platforms
“%”	percent

By order of the Board
JF Wealth Holdings Ltd
CHEN Wenbin
Chairman of the Board

Shanghai, China, March 30, 2023

As of the date of this announcement, the non-executive Directors are Mr. CHEN Wenbin, Mr. YAN Ming, Ms. CHEN Ningfeng and Mr. CHEN Jigeng, the executive Director is Mr. CAI Zi and the independent non-executive Directors are Dr. ZHAO Guoqing, Mr. FAN Yonghong and Mr. TIAN Shu.