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JF Wealth Holdings Limited

九方财富控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9636)

PROFIT WARNING

This announcement is made by JF Wealth Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment by the Company’s management of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2023 (the “**Period**”) and the current information available to the Board, the Group is expected to record a net loss attributable to the Shareholders for the Period in the range between RMB32 million to RMB42 million as compared to the net profit attributable to Shareholders of approximately RMB220 million recorded for the corresponding period in 2022. However, the non-HKFRS profit for the Period shall be in the range between RMB15 million to RMB25 million after excluding the share-based compensation expense of approximately RMB57 million. The Board considers that the anticipated significant decrease in net profit for the Period as compared to the corresponding period in 2022 was mainly attributable to the following factors:

1. The share-based compensation expenses

Pursuant to a resolution of the Board dated June 1, 2021, the Company adopted a restricted share unit scheme (the “**Pre-IPO RSU Scheme**”). On February 3, 2023, the Company granted to certain candidates (the “**Candidates**”) an aggregate of 5,686 shares of the Company (the “**Underlying Shares**”), which were adjusted to 28,430,000 Underlying Shares upon the completion of the capitalization issue immediately before the global offering of the Company (the “**Global Offering**”).

In accordance with the relevant accounting principles, the Company shall account for grant of the Underlying Shares as personnel cost in its general and administrative expenses based on the fair value of the Underlying Shares granted. The aforesaid fair value was assessed after taking into account the offer price of the Company’s share of the Global Offering, the expected dividends to be received during the vesting period as well as other important inputs by an external valuer. The Group also made an estimation of the expected retention rates of the Candidates at the end of the respective vesting periods of the Underlying Shares in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income.

As such, an amount of approximately RMB57 million was charged as share-based compensation expenses in the Group's consolidated statement of comprehensive income for the Period.

2. Decrease in revenue

The revenue from the Group's multiple products is recognized over the subscription period in line with the pattern under which the service was rendered. Thus, the unrecognized portions of the revenue were recorded as contract liabilities. It was also noted that the balance at the beginning of the Period was approximately RMB577 million which was approximately RMB88 million less than the balance as of January 1, 2022.

Hence, although the Group estimated an approximately 21% growth in the gross billing for the Period as compared to the corresponding period in 2022, the revenue recorded during the Period decreased by approximately RMB48 million accordingly.

3. Increase in operating expenses

The operating expenses increased by approximately 26% in the Period as compared to the corresponding period in 2022, which was mainly due to the following reasons:

- a) during the six months ended June 30, 2022, the Group reversed the provision in the amount of RMB59.4 million for the social insurance contribution and accounted for as a deduction in staff cost. This was an one-off event and the details of which could be referred to the section headed "Business – Social Insurance and Housing Provident Funds" of the prospectus of the Company dated February 28, 2023;
- b) the increase in the listing expense (including the expense incurred for the listing ceremony) amounted to approximately RMB15 million; and
- c) the expansion in the scale of business leads to the additional staff cost incurred during the Period, which resulted in the increase in staff cost of approximately RMB80 million and the rental cost of approximately RMB20 million.

As the Company is still in the process of finalizing the interim results of the Group for the Period, the information contained in this announcement is based only on the current information available to the Board and the preliminary assessment by the Board upon its review of the unaudited consolidated management accounts of the Group, which have not been audited nor reviewed by the Company's independent auditor or the audit committee of the Company. Therefore, the unaudited consolidated interim results of the Group for the Period are subject to changes and may differ from the information contained in this announcement. The financial results of the Company for the Period and other operating details of the Group will be disclosed in the interim results announcement of the Company, which is expected to be released before the end of August 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company, and should note that undue reliance on or use of the above information may cause investment risks.

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

Shanghai, China, July 18, 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.