



清 科 创 业

Zero2IPO Ventures

清科創業控股有限公司*

ZERO2IPO HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1945

2021

Annual Report

*For identification purpose only

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Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

“2022 AGM”	the AGM to be held on May 18, 2022
“AGM”	annual general meeting of the Company
“Articles”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Beijing Huchuang”	Beijing Zero2IPO Huchuang Management Consulting Service Co., Ltd. (北京清科互創管理諮詢服務有限公司), a limited liability company established under the laws of the PRC on June 8, 2020 and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Cayman Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CEO”	chief executive officer of the Company
“CG Code”	the “Corporate Governance Code” as contained in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “Group” or “we”	Zero2IPO Holdings Inc. (清科創業控股有限公司*), formerly known as Zero2ipo Holdings, an exempted company incorporated under the laws of Cayman Islands with limited liability on August 1, 2019, and, except where the context indicated otherwise, all of its subsidiaries
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Zero2IPO Ventures and its subsidiaries, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
“Contractual Arrangements”	a series of contractual arrangements we entered into to allow our Company to exercise control over the business operation of the Consolidated Affiliated Entities and enjoy all the economic interests derived therefrom
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Ni and JQ Brothers Ltd.
“Director(s)”	the director(s) of the Company

* For identification purposes only

Definitions (Continued)

“Global Offering”	the Hong Kong public offering and the international offering of shares in connection of the IPO
“HKFRS”	Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“ICP License”	Value-added Telecommunications Service Operating Permit for Internet Information Services
“IPO”	the Company’s initial public offering of its Shares
“Listing Date”	30 December 2020, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules
“Mr. Ni”	Mr. NI Zhengdong (倪正東), our chairman of the Board, executive Director, chief executive officer and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated December 16, 2020
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the year ended December 31, 2021
“RMB”	Renminbi, the lawful currency of the PRC
“RSU”	restricted share unit
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of par value US\$0.0001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

Definitions (Continued)

“VATS”	value-added telecommunication services
“VATS license”	value-added telecommunication service operating permit, which includes without limitation, the ICP License
“Zero2IPO Group”	Zero2IPO Consulting Group Co., Ltd. (清科管理顧問集團有限公司), formerly known as Zero2IPO Finance Management and Consulting (Beijing) Co., Ltd. (清科財務管理諮詢(北京)有限公司), a limited liability company established under the laws of the PRC on November 22, 2005, which holds 100% of the equity interests in Zero2IPO Ventures
“Zero2IPO Ventures”	Beijing Zero2IPO Venture Information Consulting Co., Ltd. (北京清科創業信息諮詢有限公司), a limited liability company established under the laws of the PRC on September 10, 2013, one of the Consolidated Affiliated Entities, whose sole registered shareholder is Zero2IPO Group
“%”	per cent



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. NI Zhengdong (*Chairman and CEO*)
 Ms. FU Xinghua
 Ms. ZHANG Yanyan

Non-executive Director

Mr. KUNG Hung Ka

Independent Non-executive Directors

Mr. XU Shaochun
 Mr. ZHANG Min
 Ms. YU Bin

JOINT COMPANY SECRETARIES

Ms. YANG Zhen
 Mr. CHENG Ching Kit

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Ms. ZHANG Yanyan
 Ms. YANG Zhen

AUDIT COMMITTEE

Ms. YU Bin (*Chairwoman*)
 Mr. XU Shaochun
 Mr. ZHANG Min

REMUNERATION COMMITTEE

Mr. XU Shaochun (*Chairman*)
 Mr. NI Zhengdong
 Mr. ZHANG Min

NOMINATION COMMITTEE

Mr. NI Zhengdong (*Chairman*)
 Mr. ZHANG Min
 Ms. YU Bin

AUDITOR

PricewaterhouseCoopers
Certified Public Accountant
 Registered Public Interest Entity Auditor
 22/F, Prince's Building
 Central
 Hong Kong

REGISTERED OFFICE

PO Box 309
 Ugland House
 Grand Cayman
 KY1-1104
 Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

10th Floor, Air China Century Building
 Building No.1, No. 40 Xiaoyun Road
 Chaoyang District
 Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
 No. 248 Queen's Road East
 Wanchai
 Hong Kong

PRINCIPAL BANK

Shanghai Pudong Development Bank
 Beijing East Third Ring Road Branch
 Pengrun Building, No. 26 Xiaoyun Road
 Chaoyang District
 Beijing, the PRC

Corporate Information (Continued)

LEGAL ADVISOR

As to Hong Kong law:
Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F, Jardine House
1 Connaught Place, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

Stock code: 1945

WEBSITE

www.zero2ipo.cn



Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the Group's annual report for the year ended December 31, 2021.

BUSINESS REVIEW

In 2021, the Group's revenue was RMB207.9 million, representing a 16.5% increase from RMB178.5 million in 2020. Specifically, data services recorded revenue of RMB55.3 million in 2021, representing a 7.1% increase from RMB51.6 million in 2020. Training services recorded revenue of RMB41.1 million in 2021, representing a 93.9% increase from RMB21.2 million in 2020. The gross profit for training services also increased significantly by 107.5% to RMB11.0 million in 2021 from RMB5.3 million in 2020.

Looking back on 2021, we forged ahead, relying on the Company's strong database resources and integrating with AI technology to create a matrix of five data-driven online products with PEDATA MAX as the core. Meanwhile, we officially launched a series of investment banking services, therefore completing an important part of our business portfolio. Along with the new investment banking services, we have developed a brand-new product, Zero2IPO Securities mobile application, which enables online trading in the Hong Kong stock market. At present, we have substantially accomplished its strategic layout covering both the primary and secondary markets.

In 2021, as fundraising in China's equity investment market picked up significantly with the total amount of newly raised funds reaching RMB2 trillion, equity investment has become an important driver of the Chinese economy. In addition to super first-tier cities in equity investment industry, such as Beijing, Shanghai and Shenzhen, China's second-tier cities and lower-tier cities are increasingly active in equity investment activities. Our team has provided local government agencies in 11 cities across the nation, including Nanjing, Xi'an, Ningbo, Sanya, and Wuhan, with a comprehensive service portfolio that promotes industry-finance integration and enterprise innovation, and has provided consulting and financing services for a number of well-established funds.

OUTLOOK

Looking ahead to 2022, leveraging China's increased efforts in reinforcing the real economy and establishing a new pattern of development, the equity investment industry will continue to be thriving. As a leading integrated service platform for the domestic equity investment industry, we are honored to further contribute to the development of the industry. We will continuously improve our service system and actively expand our service scale, to provide timely, accurate and complete professional services to more investment institutions and start-up companies.

A new blueprint is being drawn, and a new journey is a long way to go. Dedicated to the equity investment industry for more than 20 years, we will never forget where our venture started. Starting from data, we will create more business value for our clients and partners through the synergy among our different business lines that attract business opportunities and strengthen service capability for each other. As the Company accomplishes its strategic layout, our services will cover every step of "fundraising, investment, management and exit" of investment firms and grow with start-up companies from early-stage financing to initial public offering.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express sincere gratitude to our clients, partners and Shareholders for their continuous support and trust in the Group, as well as the dedication and hard work of our management and all employees.

Chairman of the Board
NI Zhengdong

March 17, 2022

Financial Highlights

RESULTS OF OPERATION

	For the Year Ended December 31,				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000
Revenue	129,343	164,130	167,442	178,465	207,893
Profit before income tax	24,242	34,461	43,172	39,126	18,054
Profit for the year	18,413	27,161	34,525	31,448	11,467
Non-HKFRS measure*					
Adjusted net profit	22,064	27,161	38,794	50,171	33,727

Note:

* See "Management Discussion and Analysis-Adjusted net profit (non-HKFRS measure)" in this annual report.

ASSETS AND LIABILITIES

	As at December 31,				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000
Total assets	152,340	190,295	170,551	557,856	645,805
Total liabilities	(105,175)	(114,820)	(92,202)	(126,824)	(135,094)
Equity attributable to the owners of the Company	47,165	75,475	78,349	431,032	510,711

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

Overview

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

In 2021, we rolled out PEDATA MAX, an upgraded SaaS-based version of our PEdata Database. In line with our business development, we also introduced our ZeroIPO Securities mobile application in 2021, a secondary market trading platform focusing on Hong Kong stock market, providing investors with a full range of trading services.

In addition, we maintained a proactive attitude towards the exploration of business opportunities and the optimization of business offerings. We upgraded our consulting services, which has been renamed as investment banking services, in 2021 leveraging our proximity to the Hong Kong capital markets as a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and successfully 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. We believe that the new business will help us capture more business opportunities and further complement our integrated service platform for equity investment industry.

In the same year, we actively expanded our business in terms of geographical coverage and service portfolio. We scaled into an increasing number of cities with our comprehensive equity investment service offerings, among which the training services has grown the fastest.

Leveraging our diversified customer base and customer-oriented mindset, we offer a variety of online and offline services for government agencies, funds, enterprises and individual investors. Specifically, we provide a comprehensive portfolio of services aiming to facilitate industry-finance integration and enterprise innovation for local government agencies of 11 cities nationwide, including Nanjing, Xi’an, Ningbo, Sanya, Wuhan, and also provide consulting and fund-raising services for a number of well-established funds.

- **Data Services.** We enable convenient and easy-to-navigate access to industry data and informed decision-making through our PEdata Database and research report services, leveraging our extensive data resources as well as our robust data collection, analytics and research capabilities. As of December 31, 2021, our proprietary PEdata Database had a total of over 275,800 registered users. Empowered by big data analytics and AI technologies such as deep learning and natural language processing, we rolled out PEDATA MAX, an upgraded SaaS-based version of our PEdata Database, to integrate multi-dimensional data of China’s equity investment industry and provide 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. In 2021, we compiled customized reports for approximately 165 customers.

Management Discussion and Analysis

- **Marketing Services.** We offer omni-channel marketing services through our online information platforms such as PEdaily and offline industry events, which also track industry trends and facilitate intra- and inter-industry networking. Our online information platforms offer high-quality content focused on China's equity investment industry. As of December 31, 2021, our online information platforms have accumulated over 2.3 million subscribers across our mobile applications, websites and major third-party platforms including WeChat, Weibo, Toutiao, NetEase and Sohu. The number of registered users, downloads and installs of PEdaily mobile application grew significantly in 2021, representing an over 30% increase compared with those in 2020. Our PEdaily also 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. In 2021, we organized four offline Zero2IPO events, covering an aggregate of over 2,600 participants. We also organized 12 offline customized events in 2021, covering almost 3,000 participants.
- **Investment Banking Services.** We expanded and upgraded our consulting services, which has been renamed as investment banking services, in 2021. 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 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. In 2021, we served approximately 145 customers with our offline services. 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. Among others, we rolled out our Zero2IPO Securities mobile application in 2021, a secondary market trading platform focusing on Hong Kong stock market. Zero2IPO Securities provides investors with a full range of trading services, including real-time quotes, online trading, IPO subscription, equity capital market information and financial information. We contributed over RMB13.0 million in launching the new business, which is expected to unlock new growth opportunities in various markets.
- **Training Services.** We offer a variety of equity investment-related online and offline training courses primarily through SandHill University, SandHill College and Investment College, targeting at a wide variety of audience including investment professionals, entrepreneurs, government officials, and college students seeking a career in the equity investment industry. We also provide customized training services targeting institutional customers, especially government agencies and large enterprises. Our training business grew rapidly in 2021. Specifically, we launched 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.

Management Discussion and Analysis (Continued)

Outlook

Looking forward, as a leading integrated service platform for equity investment industry in China, we will adapt to and capitalize on the new trends amidst the capital market reform. Specifically, we will steadfastly focus on big data technologies to refine our portfolio of five online products with PEDATA MAX as the core, and continue to enhance our online and offline service offerings, enrich our service coverage and expand our service scale, to provide more comprehensive, professional and valuable one-stop services for existing and new customers with our enduring dedication in China's equity investment service industry.

We believe with the development of China's capital market, the expansion of our business segments and the optimization of our business offerings, we will be able to expand our geographical coverage and customer base. Based on our accumulation of equity investment experiences and resources over the past 20 years, we aspire to assist an increasing number of Chinese enterprises in their exploration of the global capital markets.

FINANCIAL REVIEW

Revenue

Our revenue increased by 16.5% from RMB178.5 million in 2020 to RMB207.9 million in 2021, mainly contributed by (1) an increase in revenue generated from training services, which was in turn due to increases in course enrollments and unit prices of our training courses provided at SandHill College, and (2) an increase in revenue generated from investment banking services driven by the growth of the comprehensive services targeting local government agencies.

Cost of revenue

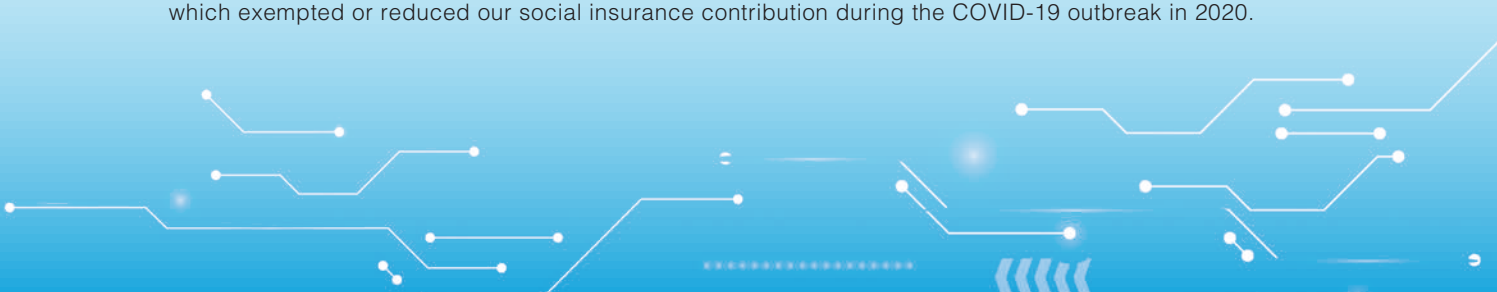
Our cost of revenue increased by 45.3% from RMB74.9 million in 2020 to RMB108.8 million in 2021, primarily due to (1) the increase in employee benefit expenses as a result of (i) the increased headcount to accommodate our business growth and expansion and (ii) the discontinuation of government relief policies in 2021, which exempted or reduced our social insurance contribution during the COVID-19 outbreak in 2020, and (2) the increase in offline event costs, which is in line with the increased scale of our offline training services.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 4.3% from RMB103.6 million in 2020 to RMB99.1 million in 2021. Our gross profit margin decreased from 58.0% in 2020 to 47.7% in 2021, primarily because the increase in our revenue was outpaced by the increase in our cost of revenue as a result of the increased employee benefit expenses driven by (1) increased headcount, (2) the incurrence of share-based compensation expenses, and (3) the discontinuation of government relief policies in 2021, which exempted or reduced our social insurance contribution during the COVID-19 outbreak in 2020.

Data services

Our gross profit for data services decreased by 13.7% from RMB32.2 million in 2020 to RMB27.8 million in 2021. Our gross profit margin for data services decreased from 62.3% in 2020 to 50.3% in 2021, primarily due to an increase in employee benefit expenses as a result of (1) the increased headcount of our data service personnel to develop PEDATA MAX, and (2) the discontinuation of government relief policies in 2021, which exempted or reduced our social insurance contribution during the COVID-19 outbreak in 2020.



Management Discussion and Analysis (Continued)

Marketing services

Our gross profit for marketing services decreased by 8.5% from RMB55.5 million in 2020 to RMB50.8 million in 2021. Our gross profit margin for marketing services decreased from 64.6% in 2020 to 60.9% in 2021, primarily because a large-scale customized event originally scheduled to be held in late 2021 was postponed to 2022 as a result of the recurrence of COVID-19.

Investment banking services

Our gross profit for investment banking services decreased by 9.4% from RMB10.6 million in 2020 to RMB9.6 million in 2021. Our gross profit margin for investment banking services decreased from 53.9% in 2020 to 34.2% in 2021, primarily because the increase in revenue generated from investment banking services was outpaced by the increase in cost of revenue in relation to investment banking services as a result of the increased employee benefit expenses driven by the expansion of our offline service team.

Training services

Our gross profit for training services increased significantly from RMB5.3 million in 2020 to RMB11.0 million in 2021. Our gross profit margin for training services remained relatively stable at 24.9% and 26.8% in 2020 and 2021, respectively.

Selling and marketing expenses

Our selling and marketing expenses increased by 9.1% from RMB16.5 million in 2020 to RMB18.0 million in 2021, primarily due to the incurrence of share-based compensation expenses to incentivize our sales and marketing force.

General and administrative expenses

Our general and administrative expenses increased by 41.8% from RMB39.5 million in 2020 to RMB56.0 million in 2021, primarily due to (1) the incurrence of share-based compensation expenses to incentivize our management and general administration team, and (2) the upfront expenses relating to the introduction of our new investment banking services in 2021.

Research and development expenses

Our research and development expenses increased by 93.3% from RMB8.9 million in 2020 to RMB17.2 million in 2021, primarily due to increases in employee benefit expenses and others in connection with the development of our PEDATA MAX and Zero2IPO Securities mobile applications. Technology and innovation are the core competencies of our Company. We believe that our new products will complement our existing business portfolio while enhancing our competitiveness and facilitating our continuous growth in the long run.

Income tax expense

Our income tax expense decreased by 14.3% from RMB7.7 million in 2020 to RMB6.6 million in 2021, primarily due to a decrease in profit before income tax.

Profit for the year

As a result of the foregoing, our net profit decreased by 63.4% from RMB31.4 million in 2020 to RMB11.5 million in 2021. Our net margin decreased from 17.6% in 2020 to 5.5% in 2021.

Management Discussion and Analysis (Continued)

Adjusted net profit (non-HKFRS measure)

To supplement our consolidated financial statements which are presented in accordance with HKFRSs and consistent with the measures adopted by our industry peers listed on the Stock Exchange, we also use a non-HKFRS measure, adjusted net profit, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit may not be comparable to similarly titled measures presented by other companies, as companies may not calculate adjusted net profit in the same manner. The use of such non-HKFRS measure has limitations as an analytical tool, because it does not reflect all items of income and expense that affect our operations. The item that is adjusted for may continue to be incurred and should be considered in the overall understanding and assessment of our operating performance. You should not consider adjusted net profit in isolation, or as substitute for analysis of, our results of operations or financial position as reported under HKFRSs. Adjusted net profit, as we present it, represents our profit for the year excluding the effect of listing expenses, share-based compensation expenses and government grants.

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

	Year ended December 31,	
	2021	2020
Profit for the year	11,467	31,448
Add: Listing expenses	–	24,964
Add: Share-based compensation expenses	27,356	–
Less: Government grants	(5,000)	–
Less: Adjusted income tax expense	(96)	(6,241)
Adjusted net profit	33,727	50,171

Our adjusted net profit was RMB50.2 million and RMB33.7 million in 2020 and 2021, respectively. Our adjusted net profit margin was 28.1% and 16.2% in 2020 and 2021, respectively.

Total liabilities

Our total liabilities increased by 6.5% from RMB126.8 million as of December 31, 2020 to RMB135.1 million as of December 31, 2021, primarily due to the increase in our contract liabilities from RMB45.1 million as of December 31, 2020 to RMB73.8 million as of December 31, 2021 as a result of the significant increase in contract liabilities relating to prepayments we received in connection with our training and marketing services in 2021.

Liquidity and Capital Resources

In 2021, 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 and cash generated from our operations.

Management Discussion and Analysis (Continued)

Our net current assets increased from approximately RMB413.8 million as of December 31, 2020 to approximately RMB483.8 million as of December 31, 2021. Our cash and cash equivalents increased from approximately RMB403.1 million as of December 31, 2020 to approximately RMB427.9 million as of December 31, 2021.

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 Reporting Period, our operations are primarily based in China with substantially all of our transactions being settled in RMB. We did not experience any impact or difficulties in liquidity on our operations resulting from currency exchange and we made no hedging transaction or forward contract arrangement in 2020 and 2021. In this respect, we are not exposed to any significant foreign currency exchange risk. However, our management will closely monitor foreign exchange risk to ensure that appropriate measures are implemented in a timely and effective manner.

Capital Commitments

As of December 31, 2021, we had a capital investment commitment to an investee amounting to RMB1.8 million.

Contingent Liabilities

As of December 31, 2021, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus and this report, we did not have other substantial future plans for material investments and capital assets.

Significant Investments, Material Acquisitions and Disposals

During the Reporting Period, we invested in wealth management products to preserve the time value of our cash reserves. For details, please refer to the announcement of the Company dated August 5, 2021.

Save as disclosed above, the Group had no significant investment during the Reporting Period.

For the year ended December 31, 2021, we did not make any material acquisitions or disposals of subsidiaries or affiliated companies.

Charge on Group's Assets

As of December 31, 2021, we had no charges on our assets.



Management Discussion and Analysis (Continued)

Principal Risks and Uncertainties

COVID-19 outbreak

In 2021, the COVID-19 pandemic was to some extent alleviated in China. However, the regional COVID-19 resurgence and the emergence of new variants may continue to pose significant risks to the global economic recovery. The adverse impact of the pandemic on macroeconomic environment has led to loss of confidence by investors, which can take time to rebuild. As a result, our business prospect is subject to challenges and uncertainties for the coming year. Nevertheless, we are continuously monitoring the impact of the COVID-19 outbreak to respond to the changing situations surrounding the pandemic resurgence and further development.

Local governments in China implemented a series precautionary and control measures to contain the regional COVID-19 resurgence, which resulted in postponed offline training courses and offline industry events in certain cities, and therefore resulted in an impact of approximately RMB20.0 million on revenue in 2021. Driven by customers' growing demand from offline to online amidst the outbreak, we actively scaled our online services and organized several online training courses and online industry events as alternatives to offline. We believe that China will continue to drive the global economic growth in the post-pandemic era. Our management will continue to prudently evaluate our business operations while actively exploring new market opportunities in order to capitalize on the rapid growth of China's equity investment industry.

Credit risk

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

Our exposure to credit risk is also influenced by the characteristics of each customer. We perform credit evaluation on customer's history of making payments and current ability to pay. We do not obtain collaterals from customers. As of December 31, 2020 and 2021, approximately RMB6.8 million and RMB24.9 million of our accounts receivable were due from top five debtors. Given our strong business relationship with these customers and the past credit record of these customers, our senior management does not expect any significant loss from non-performance of these customers. In addition, we do not provide any guarantee that would expose us to credit risk.

Key Financial and Business Performance Indicators

The key financial and business performance indicators comprise profitability growth and return on equity. Details of our profitability growth are shown in the paragraphs headed "Profit for the year" and "Adjusted net profit (non-HKFRS measure)" in this section of this annual report. Our return on equity decreased from 12.4% for 2020 to 2.4% for 2021, primarily due to the decrease in profit and the increase in our equity.

Directors and Senior Management

OUR DIRECTORS

The Board currently consists of seven Directors, comprised of three executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth information regarding the Directors.

Name	Age	Position	Date of Appointment as Director
Executive Directors			
Mr. NI Zhengdong (倪正東)	47	Chairman of the Board, executive Director and chief executive officer	August 1, 2019
Ms. FU Xinghua (符星華)	40	Executive Director and senior vice president	May 29, 2020
Ms. ZHANG Yanyan (張妍妍)	40	Executive Director and senior vice president	May 29, 2020
Non-executive Director			
Mr. KUNG Hung Ka (龔虹嘉)	57	Non-executive Director	May 29, 2020
Independent Non-executive Directors			
Mr. XU Shaochun (徐少春)	58	Independent non-executive Director	December 7, 2020
Mr. ZHANG Min	53	Independent non-executive Director	December 7, 2020
Ms. YU Bin (余濱)	52	Independent non-executive Director	December 7, 2020

Executive Directors

Mr. NI Zhengdong (倪正東), aged 47, is our chief executive officer, executive Director and chairman of the Board. He is primarily responsible for the overall management of the business, strategy and corporate development of our Group. Mr. Ni started the business of our Group in 2001 and was appointed as an executive Director of our Group in August 2019. He has served as the executive director and then as the chairman of Zero2IPO Group since its inception in 2005. Mr. Ni has also served as the chairman and general manager of Zero2IPO Ventures since November 2017 and September 2013, respectively, and was the executive director of Zero2IPO Ventures from September 2013 to November 2017. He has served as a director and the general manager at Beijing Zero2IPO Innovation and Venture Consulting Co., Ltd. (北京清科新創創業諮詢有限公司) and Beijing Huchuang since August 2019 and June 2020, respectively. Mr. Ni has over 20 years of experience in the equity investment service industry.

Mr. Ni has served as an independent director of Talkweb Information System Inc. (拓維信息系統股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002261), since September 2017. He also served as an independent non-executive director of Kingdee International Software Group Company Limited (金蝶國際軟件集團有限公司), a company listed on the Stock Exchange (stock code: 0268), from January 2021 to December 2021, as an independent director of iKang Healthcare Group, Inc., a company previously listed on NASDAQ (symbol: KANG), from March 2015 to January 2019, and as a director of Beijing Sanfo Outdoor Products Co., Ltd. (北京三夫戶外用品股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002780), from June 2011 to June 2017.

Mr. Ni obtained a bachelor's degree in engineering mechanics from Hunan University (湖南大學) in July 1996, and a master's degree in engineering mechanics from Tsinghua University (清華大學) in January 2000. He also graduated from a business administration PhD programme from Tsinghua University in January 2007.

Directors and Senior Management (Continued)

Ms. FU Xinghua (符星華), aged 40, is our executive Director and senior vice president. She is primarily responsible for the overall management of the data services of our Group. Ms. Fu joined our Group in August 2009 and was appointed as an executive Director in May 2020. She has served as a director of Zero2IPO Ventures and Beijing Zero2IPO Innovation and Venture Consulting Co., Ltd. since November 2017 and December 2019, respectively. Ms. Fu served various positions at Zero2IPO Group since August 2009, including managing director responsible for fund of funds business, and managing director responsible for the data services, and currently serves as a partner.

Ms. Fu obtained a bachelor's degree in communication engineering from Beihang University (北京航空航天大學) in July 2004 and an MBA degree from Tsinghua University (清華大學) in 2018.

Ms. ZHANG Yanyan (張妍妍), aged 40, is our executive Director and senior vice president. She is primarily responsible for the overall management of the marketing services of our Group. Ms. Zhang joined our Group in March 2006 and was appointed as an executive Director in May 2020. She has also served as a director of Zero2IPO Ventures, Beijing Zero2IPO Innovation and Venture Consulting Co., Ltd., and Nanjing Zero2IPO Aining Enterprise Management Consulting Co., Ltd. (南京清科艾寧企業管理諮詢有限責任公司), since November 2017, December 2019 and August 2019, respectively. She also served as a director of Xi'an Zero2IPO Aixi Enterprise Management Consulting Co., Ltd. (西安清科艾西企業管理諮詢有限公司) from June 2018 to October 2021, and as a director of Ningbo Zero2IPO Ningfeng Enterprise Management Consulting Co., Ltd. (寧波清科寧豐企業管理諮詢有限責任公司) from April 2020 to March 2022. Ms. Zhang served various positions at Zero2IPO Group since March 2006, including operating manager, vice president, the managing director of marketing service division, and currently serves as a partner.

Ms. Zhang received a bachelor's degree in English literature and business administration from Huazhong University of Science and Technology (華中科技大學) in June 2004, and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in November 2019.

Non-executive Director

Mr. KUNG Hung Ka (龔虹嘉), aged 57, is a non-executive Director of our Company. He was appointed as a non-executive Director in May 2020 and is primarily responsible for providing guidance and advice on the business strategies of our Group. Mr. Kung has served as a director of Zero2IPO Group since February 2017 and beneficially owns all the equity interest in Wealth Strategy Holding Limited (富策控股有限公司), a Shareholder of our Company. Mr. Kung has over 20 years experience in information technology and electronics industries.

Mr. Kung has served as a director of Shanghai Fullhan Microelectronics Co., Ltd. (上海富瀚微電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300613), since April 2013. He also served as the chairman of Vcanbio Cell & Gene Engineering Co., Ltd. (中源協和細胞基因工程股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600645), from December 2018 to December 2021, and as a director and vice chairman of Hangzhou Hikvision Digital Technology Co., Ltd. (杭州海康威視數字技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002415), from June 2008 to March 2021. Mr. Kung has founded and/or invested in a number of enterprises in the technology and biotechnology industry, including, among others, Genetron Holdings Limited (symbol: GTH), a company listed on NASDAQ, and Beijing Watchdata Technologies Co., Ltd. (北京握奇數據股份有限公司). He has served as a director of Pan Asia Information Services Limited (亞洲資訊服務有限公司) since July 1994, and as the chairman of the board of Fortune Time Technology Limited (富年科技有限公司) since April 2002.

Mr. Kung graduated from the faculty of computer science from Huazhong Institute of Technology (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in 1986.

Directors and Senior Management (Continued)

Independent Non-executive Directors

Mr. XU Shaochun (徐少春), aged 58, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgement to our Board. Mr. Xu has over 25 years of experience in information technology and software development industry. Mr. Xu is currently serving as the chief executive officer and chairman of the board of directors of Kingdee International Software Group Company Limited (金蝶國際軟件集團有限公司), a company listed on the Stock Exchange (stock code: 0268), which he founded in August 1993.

Mr. Xu obtained a bachelor's degree in computer science from Southeast University (東南大學) (formerly known as Nanjing Institute of Technology (南京工學院)) in July 1983 and a master's degree in economics from Institute for Fiscal Science of Ministry of Finance (財政部財政科學研究所) (currently known as Chinese Academy of Fiscal Sciences (中國財政科學研究院)) in September 1988. He also received an EMBA degree from China Europe International Business School (中歐國際工商學院) in November 2004. Mr. Xu was accredited as a senior economist (高級經濟師) by Guangdong Provincial Human Resources Department (廣東省人事廳) in January 2000.

Mr. ZHANG Min, aged 53, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgement to our Board. Mr. Zhang has over 15 years of experience in investment management. Mr. Zhang has served as the general manager of Shanghai Empower Investment Co., Ltd. (上海合之力投資管理有限公司) since September 2012. Prior to that, Mr. Zhang served as a business development director at Morningstar Information Technology Consulting (Shanghai) Co., Ltd. (晨興信息科技諮詢(上海)有限公司) from December 2005 to October 2008, as a vice president at Media Partners International Limited (上海梅迪派勒廣告有限公司) from December 2002 to December 2005, and as a senior manager in risk control department at PricewaterhouseCoopers from March 2001 to November 2002. He has also served as an independent director of Greenland Technologies Holding Corporation, a company listed on NASDAQ (symbol: GTEC), since October 2019.

Mr. Zhang obtained a bachelor's degree in economics from Sichuan University (四川大學) in July 1989 and a master's degree in international business from The Norwegian School of Economics and Business Administration in the Spring term of 1995.

Ms. YU Bin (余濱), aged 52, is an independent non-executive Director of our Company. She is primarily responsible for supervising and providing independent judgement to our Board. Ms. Yu served as the chief financial officer of LAIX Inc., a company listed on the New York Stock Exchange (symbol: LAIX), from September 2017 to January 2020. Prior to that, Ms. Yu served as the chief financial officer of InnoLight Technology Corporation (蘇州旭創科技有限公司). She also served as the chief financial officer of Star China International Media Limited (星空華文國際傳媒有限公司) from May 2013 to January 2015. She also served as the vice president of finance and then as the chief financial officer of Tudou Holdings Limited, which subsequently merged with Youku Inc. in 2012, forming Youku Tudou Inc., a company previously listed on the New York Stock Exchange (symbol: YOKU), from July 2010 to April 2013. She also worked at KPMG during the 2000s.

Ms. Yu has served as an independent non-executive director of iDreamSky Technology Holdings Limited (創夢天地科技控股有限公司), a company listed on the Stock Exchange (stock code: 1119), since May 2018, and as an independent director of Kuke Music Holding Limited, a company listed on the New York Stock Exchange (symbol: KUKU), since January 2021. Ms. Yu has also served as an independent director of GDS Holdings Limited, a company listed on NASDAQ (symbol: GDS), since November 2016. She has also served as an independent director of Baozun Inc., a company listed on NASDAQ (symbol: BZUN), since May 2015 and as an independent non-executive director of Tian Ge Interactive Holdings Limited (天鵝互動控股有限公司), a company listed on the Stock Exchange (stock code: 1980), from June 2014 to January 2021.

Directors and Senior Management (Continued)

Ms. Yu obtained a bachelor's degree in English literature from Xi'an International Studies University (西安外國語大學) (formerly known as Xi'an Foreign Language Institute (西安外國語學院)) in the PRC in July 1992, a master of education degree and a master of science degree in accounting from the University of Toledo in the U.S. in August 1998 and May 1999, respectively, and a Tsinghua-INSEAD Executive MBA degree from Tsinghua University (清華大學) and INSEAD in January 2013. She qualified as a Certified Public Accountant (non-practicing) in May 2001, awarded by the Accountancy Board of Ohio.

SENIOR MANAGEMENT

Mr. NI Zhengdong (倪正東), is our founder, chief executive officer, an executive Director and chairman of the Board. See "Directors and Senior Management – Our Directors" for details.

Ms. FU Xinghua (符星華), is our executive Director and senior vice president. See "Directors and Senior Management – Our Directors" for details.

Ms. ZHANG Yanyan (張妍妍), is our executive Director and senior vice president. See "Directors and Senior Management – Our Directors" for details.

Mr. HU Zhiguang (胡之光), aged 43, is our senior vice president. He is primarily responsible for the overall management of the training services of our Group. Mr. Hu joined our Group in March 2016 and was appointed as our senior vice president in June 2020. He has served as the executive dean of SandHill College at and the director of Hangzhou Zero2IPO Sandhill Investment Management Co., Ltd. (杭州清科沙丘投資管理有限公司) since April 2017 and April 2020, respectively. He has also served as the general manager of Nanjing Zero2IPO Aining Investment Management Consulting Co., Ltd. (南京清科艾寧投資管理諮詢有限公司) since March 2019, and as the executive director and general manager of Hangzhou Zero2IPO Sandhill Venture Service Co., Ltd. (杭州清科沙丘創業服務有限公司) since March 2020. Mr. Hu served various positions at Zero2IPO Group since March 2016, including vice president responsible for training services, and currently serves as a partner at Zero2IPO Group.

From January 2010 to June 2016, Mr. Hu served as a vice president at Hangzhou Hantang Cultural Communication Co., Ltd. (杭州漢唐文化傳播有限公司). Prior to that, in July 2003, Mr. Hu founded and served as the chairman of the board at Hangzhou Boke Information Technology Co., Ltd. (杭州博客信息技術有限公司).

Mr. Hu obtained a bachelor's degree in computer application from Hangzhou Business School (杭州商學院) in July 2003 and an MBA degree from Zhejiang University (浙江大學) in December 2012.

Ms. YANG Zhen (楊真), aged 40, is our chief financial officer and joint company secretary. She is primarily responsible for the overall management of financial and accounting affairs as well as secretarial matters of our Group. Ms. Yang joined our Group in June 2017 as the board secretary of Zero2IPO Ventures, and was appointed as our chief financial officer in May 2020 and as a joint company secretary of our Company in June 2020.

From June 2008 to March 2017, Ms. Yang worked at Beijing Spearhead Integrated Marketing Communication Co., Ltd. (北京華誼嘉信整合營銷顧問股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300071), and served various positions, including securities affairs representative, manager of investment development department, board secretary and vice president.

Ms. Yang obtained a bachelor's degree in economics from Qingdao University (青島大學) in July 2004 and a master's degree in economics from Renmin University of China (中國人民大學) in June 2006. Ms. Yang also holds a board secretary qualification certificate issued by the Shenzhen Stock Exchange in July 2010.

Directors and Senior Management (Continued)

Mr. ZHANG Lei (張磊), aged 40, is our chief technology officer. He is primarily responsible for the overall management of research and development and technological issues. Mr. Zhang joined our Group in September 2014 as a deputy general manager responsible for research and development at Zero2IPO Ventures, and was appointed as our chief technology officer in June 2020. He has also served as a director of Hainan Qingyou Venture Information Consulting Co., Ltd. (海南清柚創業信息諮詢有限公司), Qingdao Zero2IPO Aihe Enterprise, Management Consulting Service Co., Ltd. (青島清科艾和企業管理諮詢服務有限公司) and Zhuhai Zero2IPO Aiyue Venture Consulting Co., Ltd. (珠海清科艾粵創業諮詢有限公司), since December 2019 and March 2020 and August 2020, respectively.

Prior to joining us, Mr. Zhang worked as a software architect at Beijing Digital Yizhi Technology Development Co., Ltd. (北京數碼易知科技發展有限責任公司) from September 2013 to September 2014, and served as a department manager at Beijing Zhishi Enterprise Management Consulting Co., Ltd. (北京智識企業管理諮詢有限公司) from May 2005 to September 2013.

Mr. Zhang obtained a bachelor's degree in management information systems from Beijing Institute of Information Engineering (北京信息工程學院) in July 2002 and a master's degree in systems engineering from Beihang University (北京航空航天大學) in March 2005.

Ms. JIANG Jun (江君), aged 40, is our senior vice president. She is primarily responsible for the overall management of the investment banking services of our Group. Ms. Jiang joined our Group in July 2021 as a chief executive officer of our wholly-owned subsidiary, Zero2IPO International Holdings Limited in Hong Kong, and was appointed as our senior vice president in December 2021. She also currently serves as a partner at Zero2IPO Group.

Prior to joining us, Ms. Jiang worked as the chief executive officer at Fortune Financial Capital Limited (富強金融資本有限公司) from November 2018 to July 2021, and served as a managing director at Orient Finance Holdings (Hong Kong) Limited (東方金融控股(香港)有限公司) from January 2014 to September 2018. She also worked as an executive director at China Merchants Securities (HK) Co., Limited (招商證券(香港)有限公司) from March 2010 to December 2013, as a director at CMB International Capital Corporation Limited (招銀國際金融有限公司) from December 2008 to February 2010, and as a vice president at China Merchants Bank (招商銀行) from August 2006 to November 2008, respectively.

Ms. Jiang obtained a bachelor's degree in economic law from Southeast University (東南大學) in September 2003 and an MBA degree in corporate finance from University of Dundee in July 2005. She further obtained an EMBA degree from Cheung Kong Graduate School of Business in September 2018.

JOINT COMPANY SECRETARIES

Ms. YANG Zhen (楊真), is our chief financial officer and joint company secretary. See "Directors and Senior Management – Senior Management" for details.

Mr. CHENG Ching Kit (鄭程傑), was appointed as a joint company secretary of our Company in June 2020. Mr. Cheng is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 9 years of experience in corporate secretarial field. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since 2018. Mr. Cheng obtained a bachelor of commerce degree with a major in finance from the University of Queensland, Australia in December 2010.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has complied with all code provisions under the CG Code throughout the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference which are published on the websites of the Stock Exchange and the Company.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As of the date of this annual report, the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors as follows:

Executive Directors

Mr. NI Zhengdong (*Chairman and CEO*)
Ms. FU Xinghua
Ms. ZHANG Yanyan

Non-executive Director

Mr. KUNG Hung Ka

Independent Non-executive Directors

Mr. XU Shaochun
Mr. ZHANG Min
Ms. YU Bin

The biographies of the Directors as at the date of this annual report are set out on pages 16 to 20 in the section headed "Directors and Senior Management" of this annual report.

Corporate Governance Report (Continued)

During the Reporting Period, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties.

Save as disclosed in the Prospectus and in this annual report, to the best knowledge of the Company, none of the Directors has any relationship with any other Director or chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision of the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as the identity of the public companies or organizations and the time involved to the issuer, the Directors have agreed to disclose their significant commitments and any subsequent change to the Company in a timely manner.

Board Diversity Policy

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy (the "Board Diversity Policy") to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, gender, skills, age, professional experience, knowledge, culture, education background and length of service. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. As of December 31, 2021, the diversity profile of the Board is analyzed as follows:

Position	Number of Directors
Executive Director	3
Non-executive Director	1
Independent Non-executive Director	3

Gender	Number of Directors
Male	4
Female	3

Corporate Governance Report (Continued)

Age	Number of Directors
40 or below	2
41 to 50	1
51 or above	4

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the Listing Rules and relevant regulatory requirements.

In accordance with A.6.5 (which has been re-arranged as code provision C.1.4 since January 1, 2022) of the CG Code with regards to continuous professional development, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. The Company also arranges trainings to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a director.



Corporate Governance Report (Continued)

During the Reporting Period, written training material and monthly regulatory updates were provided to the Directors and senior management of the Company.

Chairman and Chief Executive Officers

Under code provision A.2.1 (which has been re-arranged as code provision C.2.1 since January 1, 2022) of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. The roles of the Chairman and Chief Executive Officer of the Company are held by Mr. NI Zhengdong. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. NI Zhengdong has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In light of the above, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in the circumstances of the Company.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company on December 7, 2020 for an initial term of three years commencing from the date of such service contract.

Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company on December 7, 2020 for an initial term of three years commencing from the date of such letter of appointment.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles, any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by the Shareholders at the next following general meeting of the Company after appointment.

In accordance with the Articles, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than seven days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the relevant papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors or Board Committee members for information and records.

Corporate Governance Report (Continued)

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board Committee meeting are sent to the Directors/Board Committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

Apart from the regular Board meetings, the Chairman also held a meeting on March 30, 2021 with all independent non-executive Directors without the presence of executive Directors.

For the year ended December 31, 2021, four Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Name of Director	Attended/Eligible to attend
Mr. NI Zhengdong	4/4
Ms. FU Xinghua	4/4
Ms. ZHANG Yanyan	4/4
Mr. KUNG Hung Ka	4/4
Mr. XU Shaochun	4/4
Mr. ZHANG Min	4/4
Ms. YU Bin	4/4

Model Code for Securities Transactions

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' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

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

Delegation by the Board

The Board reserves for its decision right for all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Report (Continued)

Corporate Governance Function

The Board is responsible for performing the functions set out in code provision D.3.1 (which has been re-arranged as code provision A.2.1 since January 1, 2022) of the CG Code. The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

1. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
4. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; and
5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

BOARD COMMITTEES

Audit Committee

The Company establishes an Audit Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three members, namely Ms. YU Bin, Mr. XU Shaochun and Mr. ZHANG Min, with Ms. YU Bin being the chairwoman of the committee.

The primary duties of the Audit Committee are to review and supervise the financial activities of the Company, to consider and approve the risk management, internal control evaluation proposal, the audit budget of the Company, and to perform other duties and responsibilities as assigned by the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Code provision C.3.3(e)(i) (which has been re-arranged as code provision D.3.3(e)(i) since January 1, 2022) of the CG Code provides that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the Auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision C.3.3(e)(i) of the CG Code during the Reporting Period.

Three meetings of the Audit Committee were held for the year ended December 31, 2021 and the attendance record of the Audit Committee members is set out in the table below:

Name of Director	Attended/ Eligible to attend
Ms. YU Bin (<i>Chairwoman</i>)	3/3
Mr. XU Shaochun	3/3
Mr. ZHANG Min	3/3

Corporate Governance Report (Continued)

For the year ended December 31, 2021, the Audit Committee reviewed the Group's policies on corporate governance and discussed the same with the Board, reviewed the financial reporting system, compliance procedures, internal control and risk management systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions) and associated processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

The Audit Committee also reviewed the interim results of the Group for the six months ended June 30, 2021, the annual results of the Group for the year ended December 31, 2021 as well as the audit report prepared by the Company's external auditor relating to accounting issues and major findings in course of audit.

There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the respective website of the Company and the Stock Exchange.

Nomination Committee

The Company establishes a Nomination Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. NI Zhengdong, Mr. ZHANG Min and Ms. YU Bin, with Mr. NI Zhengdong being the chairman of the committee.

The primary duties of the Nomination Committee include, without limitation, formulating procedures and standards for the election of Directors and senior Management, preliminarily examining the eligibility of candidates for Director and senior management positions; and making recommendations to the Board on matters relating to the appointment of Directors and senior management.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the Board Diversity Policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

One meeting of the Nomination Committee was held for the year ended December 31, 2021 and the attendance record of the Nomination Committee members is set out in the table below:

Name of Director	Attended/ Eligible to attend
Mr. NI Zhengdong (<i>Chairman</i>)	1/1
Mr. ZHANG Min	1/1
Ms. YU Bin	1/1

In the meeting held on March 30, 2021, the Nomination Committee reviewed and discussed the policy, procedure and criteria for nomination of the Directors, reviewed and discussed the Board Diversity Policy, assessed the independence of independent non-executive Directors, reviewed the time commitment required from the non-executive Director and fulfilled duties as required aforesaid.

Corporate Governance Report (Continued)

Remuneration Committee

The Company establishes a Remuneration Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three members, namely Mr. XU Shaochun, Mr. NI Zhengdong and Mr. ZHANG Min, with Mr. XU Shaochun being the chairman of the committee.

The primary duties of the Remuneration Committee include to organize and formulate the remuneration policy and plan of Directors and senior management, to propose the remuneration distribution plan and other matters required as authorized by the Board.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

One meeting of the Remuneration Committee was held for the year ended December 31, 2021 and the attendance record of the Remuneration Committee members is set out in the table below:

Name of Director	Attended/ Eligible to attend
Mr. XU Shaochun (<i>Chairman</i>)	1/1
Mr. NI Zhengdong	1/1
Mr. ZHANG Min	1/1

REMUNERATION OF SENIOR MANAGEMENT

Please refer to Note 8 to the consolidated financial statements for details of remuneration of members of the Board for the year ended December 31, 2021.

Details of the remuneration by band of senior management of the Company, whose biographies are set out on pages 19 to 20 of this annual report, for the year ended December 31, 2021 are set out below:

Remuneration band (<i>in HK\$</i>)	Number of individual
0 – 1,000,000	2
1,000,001 – 1,500,000	2
1,500,001 – 2,000,000	2
over 2,000,000	1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with timely updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

Corporate Governance Report (Continued)

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report included in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the Board's responsibility to ensure that the Company has established and maintained adequate and effective risk management and internal control systems. The Board delegates its responsibility to the Audit Committee to review and supervise the risk management and internal control system of the Group. The Board is also responsible for overseeing the key risks of the Company, including determining the level of risk the Company expects and is able to take, and proactively considering, analyzing and formulating strategies to manage the key risks that the Company is exposed to. The Audit Committee oversees the management of the design, implementation and monitoring of risk management and internal control systems. The senior management team also provides all necessary and relevant information to the Board, giving the Directors sufficient explanation and information they need to discharge their responsibilities and make an informed assessment of financial and other information put before them for approval. The internal audit team of the Company conducts independent assessment of risk management and internal control systems, and carried out its work under the leadership of the Board and the Audit Committee. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of any necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance.

Risk Management

The Company is committed to continuously improving the risk management system, including structure, process and culture, through the enhancement of risk management ability, to ensure long-term growth and sustainable development of the Company's business. The Company has established a risk management system which sets out the roles and responsibilities of each relevant party as well as the relevant risk management policies and processes. Each business group of the Company, on a regular basis, identifies and assesses risk factors that may negatively impact the achievement of its objectives, and formulates appropriate response measures.

The Audit Committee assists the Board in supervising the overall risk status of the Company and evaluating the change in the nature and severity of the Company's major risks. The Audit Committee considers that the management of the Company has taken appropriate measures to address and manage the key risks which they are responsible for at a level acceptable to the Board.

The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems. The review process comprises, among other things, meetings with management of business groups, internal audit team, legal, personnel and the external auditors, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company. The Board is of the view that throughout the Reporting Period, the risk management and internal control systems of the Company are effective and adequate.

In addition, the Board believes that the Company's accounting and financial reporting functions have been performed by staff with the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. Based on the work report from the Audit Committee, the Board also believes that the Company's internal audit function is adequate with sufficient resources and budget. The relevant staff has appropriate qualifications and experience, and receives sufficient training and development.

Corporate Governance Report (Continued)

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Group during the year ended December 31, 2021 was approximately as follows:

Type of Services	Amount (RMB'000)
Audit and audit related services	2,400
Non-audit services	–
Total	2,400

JOINT COMPANY SECRETARIES

Ms. YANG Zhen and Mr. CHENG Ching Kit have been appointed as our joint company secretaries. Biographical information of Ms. YANG Zhen and Mr. CHENG Ching Kit is set out in the section headed "Directors and Senior Management" in this annual report. Mr. CHENG Ching Kit is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited, and assists Ms. YANG Zhen in company secretarial affairs. The primary corporate contact person of Mr. CHENG Ching Kit at the Company is Ms. YANG Zhen.

For the year ended December 31, 2021, Ms. YANG Zhen and Mr. CHENG Ching Kit have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The annual general meeting of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Board as well as chairmen of the Remuneration Committee Audit Committee and Nomination Committee and, in their absence, other members of the respective committees will be available to answer questions at shareholder meetings. The Auditor will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.zero2ipo.cn, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The 2021 annual general meeting at which the external auditors attended was convened on June 4, 2021, and an extraordinary general meeting was convened on September 15, 2021. All directors have attended each of the two general meetings. The Board encourages all its shareholders to participate in the forthcoming AGM where the members of the Board and external auditors will be present and communicate with its shareholders.

Corporate Governance Report (Continued)

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles. Any one or more members holding as of date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or any one of the joint company secretaries of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at 10th Floor, Air China Century Building, Building No.1, No. 40 Xiaoyun Road, Chaoyang District, Beijing, the PRC.

CHANGE IN CONSTITUTIONAL DOCUMENTS

No changes were made to the Articles of the Company during the year ended December 31, 2021.



Environmental, Social and Governance Report

1 ABOUT THE REPORT

Zero2IPO Holdings Inc. and its subsidiaries (collectively referred to as the “Group” or “we”) are pleased to publish our second Environmental, Social, and Governance (“ESG”) Report (the “Report”). By reporting the ESG policies, measures, initiatives and strategies of the Group, the Report allows various stakeholders to learn more about our visions and commitments to implementing our sustainable development philosophy.

Reporting Standard

The Report is prepared based on the Environmental, Social, and Governance Reporting Guide (the “ESG Reporting Guide”) under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Report has complied with the “comply or explain” provisions in the ESG Reporting Guide in accordance with the practical circumstances of the Company.

The content adheres to the four reporting principles of “materiality”, “quantitative”, “balance”, and “consistency”.

Materiality:

The Group communicated with stakeholders and conducted the materiality assessment for identifying material ESG factors and the selection criteria from 1 January 2021 to 31 December 2021 (the “Year” or the “Reporting Period”). We have disclosed relevant descriptions of material stakeholders and the process and results of stakeholder engagement in the Report.

Quantitative:

The Group has disclosed the information on the statistical standards, methodologies, calculation tools as well as sources of conversion factors in the Report.

Balance:

The Report impartially describes the Group’s performance during the Reporting Period, to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency:

The statistical methods and standards for data disclosed in the Report, unless otherwise specified, are consistent with previous years. If there are any changes to the methodologies, calculations, or any other factors that affect meaningful comparison, we will make a clear explanation.



Environmental, Social and Governance Report

Reporting Scope

The Report describes the overall performance of the Group on sustainable development relating to its main operation, and the fulfillment of our corporate social responsibility in the Reporting Period.

Unless otherwise specified, the Report covers the core businesses of the Group. The reporting boundary of environmental data covers the following*:

- Beijing Zero2IPO Innovation and Venture Consulting Co., Ltd. (北京清科新創創業諮詢有限公司)
- Beijing Zero2IPO Venture Information Consulting Co., Ltd. (北京清科創業信息諮詢有限公司)
- Beijing Zero2IPO Huchuang Management Consulting Service Co., Ltd. (北京清科互創管理諮詢服務有限公司)
- Hangzhou Zero2IPO Sandhill Investment Management Co., Ltd. (杭州清科沙丘投資管理有限公司)
- Beijing Zero2IPO Venture Information Consulting Co., Ltd. Shenzhen Branch (北京清科創業信息諮詢有限公司深圳分公司)
- Shanghai Qingyou Enterprise Management Consulting Co., Ltd. (上海清柚企業管理諮詢有限公司)
- Zero2IPO International Holdings Limited (清科國際控股(香港)有限公司)
- Zero2IPO Capital Limited (清科資本有限公司)
- Zero2IPO Digital Technology Limited (清科數科有限公司)
- Zero2IPO Asset Management Limited (清科資產管理有限公司)
- Zero2IPO Credit Finance Limited (清科信貸財務有限公司)
- Zero2IPO Securities Limited (清科證券有限公司)

* *The environmental boundary only covers the businesses that have certain impact on the environment. The environmental impact of other businesses is relatively minor, therefore, those businesses are not included in the environmental boundary.*

Environmental, Social and Governance Report

Languages for the Report

The Report is available in both English and Chinese. If there are inconsistencies between the English and Chinese versions, the English version shall prevail.

Approval of the Report

The Report has been approved by the board of directors (the "Board") of the Group on 17 March 2022.

Report Publications

The report is available in an electronic version. The electronic version of the Report is available for review and downloading at the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.zero2ipo.cn).

Contact Details

The feedback of stakeholders is valuable, which can help the Group establish a more detailed and sound sustainability strategy. Should you have any enquiries or suggestions, please do not hesitate to contact us through the following channels:

Address: 10 Floor, Air China Century Building, No.1 Building, No. 40 Xiaoyun Road, Chaoyang District, Beijing

E-mail: investor@zero2ipo.com.cn

Tel: (86) 010-64158500



Environmental, Social and Governance Report

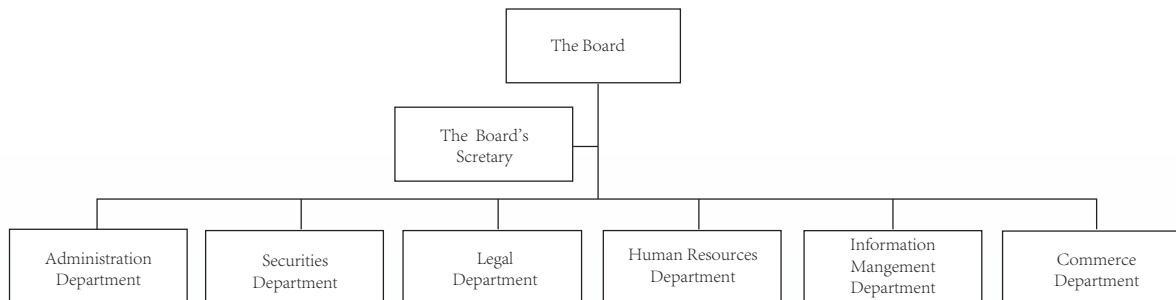
2 SUSTAINABLE DEVELOPMENT MANAGEMENT

We firmly believe that a good corporate culture is the cornerstone for fulfilling our mission and realizing our vision. We adhere to high standards of corporate governance, integrate ESG concepts into corporate culture, promote sustainable development, create more value for stakeholders, and contribute to sustainable development.

2.1 Board Statement

To strengthen our sustainable development management and integrate the concept of sustainable development into the overall strategy, policy and business plan of the Group, an ESG working group has been established. The Board takes full accountability for the ESG governance and sustainable development of the Group. They are responsible for monitoring the Group's material issues, performance and regularly assessing and evaluating ESG-related risks and opportunities. Under the authority of the Board, the ESG working group considers and evaluates the concerns and interests of various stakeholders through a materiality assessment to determine the Group's ESG management approach, strategy, priorities and objectives. The Board will keep reviewing the Group's performance periodically on ESG targets and goals.

2.2 ESG Governance Structure



ESG Governance Structure Chart

The Group has established its internal organizational structure and methodology for ESG work to fully implement ESG management requirements.

The ESG working group is a specialized organization under the Board. They are coordinated by the Secretary of the Board, with members including various department heads, which oversees the implementation and achievement of the ESG vision, strategy, goals and framework and provides advice. The Board supervises and provides guidance to the ESG working group's daily work while the ESG working group works independently with no interference by other departments of the company.

ESG Working Group:

The ESG working group is responsible for analysis, identification, assessment and response to the Group's ESG risks, which will be under consideration by the corporate comprehensive risk management. It also assists to build communication channels and methods with the Group's stakeholders, ensure that relevant policies are in place to effectively promote the relationship between the Group and stakeholders and protect the Group's reputation. Moreover, it identifies and evaluates ESG related matters that have an impact on the Group's operations and the rights and interests of other important stakeholders. The members are responsible for the review and submission of ESG related reports and matters to the Board for deliberation.

Environmental, Social and Governance Report

2.3 Stakeholder Engagement

The Group deeply understands the importance of close communication with stakeholders. We are committed to listening attentively to the views and expectations of various stakeholders in the process of operating our business. The valuable opinions have helped us review our current management on the environmental and social performance and have also served as a basis for the formulation of our sustainability strategies.

In order to understand the stakeholders' expectations and requirements, the Group has outlined the following various channels to collect comments regarding its ESG performance.

Key Stakeholders	Main Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> • General meetings • Investor meetings • Shareholder visits • Corporate communications, such as letter to shareholders
Government	<ul style="list-style-type: none"> • Policy documents and guidelines • Information disclosures • Working meetings • Seminars
Regulatory Authorities	<ul style="list-style-type: none"> • Regulatory policy • Meetings with regulatory authorities • Visits • Work reporting
Customers	<ul style="list-style-type: none"> • Customer satisfaction survey and feedback forms • Customer service centre • Customer visits • Daily operation and communication • Online service platform • Telephone and email

Environmental, Social and Governance Report

Key Stakeholders	Main Communication Channels
Employees	<ul style="list-style-type: none"> • Staff opinion survey • Channels for staff to express opinions, such as opinion box • Performance assessment • Business briefings • Meetings for staff • Seminars/workshops
Suppliers	<ul style="list-style-type: none"> • Supplier management procedure • Supplier assessment system • Supplier meetings • On-site visits
Business Partners	<ul style="list-style-type: none"> • Cooperation projects • Business meetings • Visits • Seminars
Industry Peers	<ul style="list-style-type: none"> • Strategic cooperation projects • Communication conferences • Group notice

Environmental, Social and Governance Report

2.4 Materiality Assessment

The Group has been committed to improving sustainable development through corporate management, business strategies, and implementation. During the Reporting Period, we identified material ESG issues by taking reference with the guidelines of the Stock Exchange and the materiality map of the Sustainability Accounting Standards Board (SASB), with the consideration of the expectations and concerns of our major internal and external stakeholders. As a result, the Group has prioritized 18 material ESG issues with 6 issues of high materiality and 12 issues of moderate materiality. The result forms the basis of the Report and assists the company in defining ways to deal with new risks and opportunities.

The results of the materiality assessment are shown below:

ESG Issues of High Materiality

- Service quality assurance
- Protect customer privacy
- Data security
- Anti-corruption and anti-fraud
- Occupational safety and health
- Staff training and development

ESG Issues of Moderate Materiality

- Intellectual property management
- Integrity and compliance operation
- Anti-money laundering and terrorist financing
- Employment management and employee rights
- Labour standard
- Operation management on the impact to environment and natural resources
- Combat climate change
- Energy use and efficiency management
- Greenhouse gas emissions management
- Supply chain management
- Waste management
- Community involvement and contribution

Environmental, Social and Governance Report

3 REMARKABLE MANAGEMENT ON PRODUCT AND SERVICE

The Group is a pioneer in China's entrepreneurship and investment industry since 2001. We engage in data services, marketing services, investment banking service and training services. Moreover, our service provides timely, accurate and effective data statistics, information, online learning and investment and financing docking services for the entrepreneurship and investment industry.

Providing quality products and services to customers to enhance customer satisfaction is the key to business success. The Group is committed to ensuring product and service quality, protecting customer's privacy and implementing responsible supply chain management.

3.1 Product Responsibility

As a leading service provider in the equity investment industry providing a major service platform for entrepreneurship and investment, we aim to provide high quality and service to our customers. In order to standardize the company's customer management, simplify customer management procedures, clarify management standards and responsibilities, promote the continuous expansion of the company's business scale, and ensure the sound development of the company, a Customer Management System (《客戶管理制度》) has been implemented to establish a specific customer management standard and working procedure. All relevant department responsibilities are stated clearly in the system.

Product and Service Quality Assurance

The Commerce Department is responsible for implementing customer needs, communicating with various business and production units, coordinating resource allocation, communicating and coordinating with production units, in order to ensure the quality, quantity and timely supply of products required by customers.

In addition, it is also responsible for handling of product after-sales problems and other service complaints, assist in investigation, verification of claims and user feedback. Customer feedback is the key to our continuous improvement. The effectiveness of product after-sales service of our products will be evaluated and assessed to continuously improve the quality of our products and services.

In order to standardize all procedures at each stage throughout the product cycle for quality assurance, for our five major online platforms, a set of approval procedures is established for different product stage. No products sold or shipped by the Group were subject to recalls for safety and health reasons during the Year.

Customer Relationship Management

The Group values customers' suggestions and expectations. We organize customer symposiums, exchange meetings and other customer communication activities to maintain and stabilize good relationship with customers. We will also provide innovative customer service according to the actual business situation of customers.



Environmental, Social and Governance Report

Customer Service and Complaint Handling

The Customer Management System listed out our standard procedures in handling customer complaints and opinions. The principle “accurate records, timely processing, compliance and prudence (準確紀錄、及時處理、合規審慎)” is the attitude that we follow to face complaints and opinions, which ensure customer can receive timely feedback and effective handling. The Customer Service Department implements the “First Serve Accountability System (首問責任制)” and our professional customer service team handles customer assistance and consultation. The first recipient must provide corresponding services or guidance and track the completion of the whole service process. They are also responsible for evaluating and assessing the quality of those feedback from each department and track the process of complaint. Furthermore, the Commerce Department handles product after-sales issues and other services complaints, assist in investigations, verify claims and provide feedback to customers. The Finance Department provides the refund service if necessary. During the Reporting Period, no customer complaints on products or services were received.

3.2 Privacy Security

The Group emphasizes greatly in protecting the privacy of customers and strictly abides by the Regulations on Security Protection of Computer Information Systems of the People’s Republic of China (《中華人民共和國計算機信息系統安全保護條例》) and the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) and other relevant laws and regulations in the PRC related to information security. The important information of customers is kept in high confidentiality to prevent leakage. Any transfer or access is forbidden without any permission. During the Reporting Period, the Group had not violated any laws or regulations relating to privacy matters.

To safeguard the information of our valuable customers, we have established various regulations and systems focusing on information security management and customer’s privacy protection.

For information security management, we have implemented a Computer Management System (《計算機管理制度》), a Computer Room Management System (《機房管理制度》), a User Authority Management System (《用戶權限管理制度》), a Virus Detection and Network Security Vulnerability Detection System (《病毒檢測及網絡安全漏洞檢測制度》), and other management systems.

Information Security Management Main Measures

- Install anti-virus software, anti-hacking software and spam elimination software in the server, and regularly update the software
- Check network security and virus detection regularly
- Update the virus database for the hardware firewall, detect viruses and security vulnerabilities in the network, and take necessary preventive measures regularly
- Define different information access rights for different users in the Group
- Clear information access rights when employees resign, take long vacation, or other situations which leads to a long absent period

For customer’s privacy protection, we have carried out an Encryption Management System (《加密管理制度》), the Confidential Document Management System (《涉密文件管理制度》) and a Data Confidentiality and Data Backup System (《數據保密及數據備份制度》).

Environmental, Social and Governance Report

Customer's Privacy Protection Main Measures
<ul style="list-style-type: none"> • Determine the access rights, access methods and approval procedures of the users according to the confidentiality regulations and purposes of the data • Stipulate the rules of password setting through password policy management • Set up a corresponding encryption area for each department in the file server of the Group • Automatically encrypt the uploaded confidential files by the confidential document management platform

The Group addresses data security risk through a variety of measures to strengthen the management of the information system, ensure the normal operation of the company's information system, prevent various factors from causing harm to the computer information system, and ensure efficient and safe operation. Moreover, we put the customer's and the Group's information first. We guarantee the security of confidential documents during office use, prevent their leakage due to subjective or objective reasons during any usage.

Once any network violation case is observed, our network administrator shall promptly stop and report to the network centre for the computer violations and crimes that occur in relevant unit, and secure the network system at the same time. The incident should be recorded in detail and truthfully, relevant logs should be kept safely. The identity of the whistle blower will be kept strictly confidential. The Group will actively cooperate with the investigation and punishment of illegal and criminal incidents.

3.3 Supply Chain Management

The Group strives to promote the concept of sustainable development and compliance governance to the supply chain. We have formulated a Supply Chain Management System (《供應商管理制度》) to enhance corporate responsibility throughout our supply chain. The system regulates the selection procedure and monitors the work of supplies continuously.

The Business Department is responsible for the selection and assessment of suppliers while the Finance Department is responsible for monitoring the implementation of supplier management.

To ensure compliance with the Group's procurement policy, the Group requires the Business Department to provide at least three sources of quotation in a fair and open manner for selection. In the Year, the Group updated our comprehensive selection criteria include price, quality, service and delivery. The Group takes environmental and social factors into consideration and incorporate green procurement criteria in supplier selection and procurement. Priority will be given to suppliers and products that fulfill environmental protection and corporate social responsibility and perform well in corporate social responsibilities such as employment, occupational safety and health, anti-corruption, and fair trade.

The Finance Department and the Legal Department will check randomly on the authenticity and integrity of suppliers, and their compliance with corporate social responsibilities. A Supplier Basic Information Form (《供應商基礎信息登記表》) will be used to record the supplier performance after each reviewing. Failure will result in removal from our supplier list.

Environmental, Social and Governance Report

During the Reporting Period, we have 20 main suppliers, which provide marketing promotion, venue construction, travel service, shared expenses and other services. The regional distribution of the main suppliers is shown below:

Region	Number of Suppliers
Beijing	11
Qingdao, Shandong	2
Changsha, Hunan	1
Henan	1
Hong Kong	1
Jiangxi	1
Shanghai	1
Shenzhen	1
Zhejiang	1

4 OPERATION MANAGEMENT

Integrity and honesty are the foundation of our business. The Group adheres to standardized operations, strengthens anti-money laundering and anti-corruption work, promotes information disclosure, and actively creates an honest and fair corporate culture.

We implemented the Internal Audit Supervision System form (《內部審計制度》) to safeguard the legitimate rights and interests, strengthen the Group's operation and management, improve the economic benefits, and promote the company's sustainable and healthy development. In accordance with the laws, regulations, policies of the country and various rules and regulations of the Group, we conduct the internal audit supervision. The Audit Department is set up under the Audit Committee of the Board, which independently performs audit work under guidance.

The Audit Department focuses on reviewing the Group's financial revenue and expenditure, financial budget, financial accounts, asset quality, operating performance, and the authenticity of financial information and the compliance, rationality and legitimacy of economic activity revenue and expenditure regularly. In addition, it is also responsible for checking, evaluating, assessing and giving feedback on the soundness, rationality and effectiveness of the internal control system and operational risk of the Group.

Spiritual or material rewards will be given to internal auditors who are loyal to their duties, adhere to principles, and have made outstanding contributions, as well as those who have uncovered and reported illegal acts and protected company property. Once the violation of laws and regulations are validated, we will conduct sanctions with relevant regulations or transfer them to judicial authorities.

Environmental, Social and Governance Report

4.1 Zero Tolerance to Corruption and Money Laundering

The Group strictly abides by relevant laws and regulations such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》).

The Group has implemented an Integrity Management System (《廉政管理制度》) in order to generate a clean and efficient working atmosphere, strengthen the Group's anti-corruption construction, enhance self-discipline awareness, improve legal concepts, and standardize the behaviour of all staff members. All staff members are not allowed to take advantage of their positions, embezzle company property, misappropriate public funds, and are not allowed to accept, offer or introduce bribes. Asking for or accepting valuables from any units or individuals are strictly prohibited. Anyone who violates relevant regulations or fails to report any violations, the relevant parties and leaders will be strictly held accountable according to the system. Relevant regulations are also stated clearly in the Employee Handbook to stipulate our employees to comply with relevant laws and regulations.

In the Reporting Period, the Board and the management of the Group have participated in the Group's anti-corruption training. The training contents include practical guides and video clips, which took reference from the materials from the Independent Commission Against Corruption. The training strengthened the attendees' awareness on the internal control and integrity culture of the Group.

We also formulated an Anti-money laundering internal control system (《反洗錢內部控制制度》) to prevent and combat money laundering and other serious criminal activities through business, maintain economic order, and ensure the Group's operating safety and reputation. Our Legal Department is responsible for the supervision and inspection of the Group's anti-money laundering work. Each operation department is responsible for the identification, verification, registration of customer identities, storage of customer identity information and transaction records, and reporting to department heads on large-value transactions and suspicious transactions. After reviewing, if the transaction constitutes suspicion in money laundering, the department head should report to the General Manager of the Group. A written report should be made to the local public security agency if necessary.

All employees are required to join anti-money laundering training mandatory to strengthen relevant knowledge. The training contents, which are provided by the Legal Department, include relevant laws and regulations, anti-money laundering internal control system of the Group and money laundering risk, etc.

During the Reporting Period, the Group had not involved in any litigation of corruption or bribery, which fully reflected the effectiveness of our anti-corruption work.



Environmental, Social and Governance Report

4.2 Information Management

The Group strictly complies with laws and regulations related to publicity and advertising such as the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》). To strengthen external publicity and communication, the Group will publish information regularly via a different channel, therefore, we have formulated an External Publicity Management System (《信息披露管理制度》) to regulate the external publicity work of the Group. All publicity materials must comply with the following principles:

- Compliance with laws and regulations
- Truthfulness, accuracy and completeness
- Active and timely disclosure
- Openness, fairness, impartiality and simultaneity
- Continuous disclosure

All external publicity materials must be approved by the relevant departments, such as the Securities Department, before their execution.

No laws or regulations relating to advertisements and information on the Group services nor products had been violated in the Reporting Year.

4.3 Intellectual Property Protection

A robust intellectual property protection system is the foundation for driving research and development. To regulate the management of intellectual property ("IP") rights of the Group and protect our IP rights from infringement, we have formulated an IP Management Regulation (《知識產權管理規定》) according to relevant laws and regulations, such as the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》). The regulation focuses to formulate the strategy and work plan on IP, deliberate and decide the important issues related to the IP of the Group in order to protect the Group's intellectual property rights from infringement, and quickly crack down on illegal acts that infringe the company's intellectual property rights.

An IP Work Leading Group is established, which is led by the Group's Legal Department, to formulate the strategy and work plan on IP, deliberate and decide the important issues related to the IP of the Group; while the Legal Department is responsible for registration, management and protection of our IP such as trademark and software copyright.

The Group understands the importance of intellectual property rights. We encourage our employees to obtain patents and copyrights in order to protect their intellectual property rights.

Environmental, Social and Governance Report

5 EMPLOYEES' WELFARE AND BENEFITS

The Group understands that every employee is the foundation of our business and sustainable development. We protect the rights and interests of employees and care about their well-being to strengthen the cohesion of the Group. In addition, we provide comprehensive ongoing training to support employee professional development.

As an open integrated service company, we emphasize two-way communication with our employees. The Group has established a bridge for effective communication with employees, encouraging employees to fully express their opinions or put forward reasonable suggestions on work. All employees can communicate with HR department through on-site, email or WeChat directly.

5.1 Protection of Employment Rights

The Group has formulated the Employee Handbook (《員工手冊》), which clearly stipulates the rights, responsibilities and obligations that employees can enjoy during their term of office. Through clear articles, employees can understand the Group's requirements, understand their own rights and interests, and ensure that they understand the expectations of both employees and the Company. We strictly comply with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), and other relevant laws and regulations.

The HR Department of the Group develops recruitment plans in accordance with the recruitment needs of various departments, and continuously introduces talents to join the Group through open recruitment, internal referral and other channels. The HR Department of the Group strictly implements the recruitment and promotion with adherence to the selection principle of fairness and selection of high calibre, and provides equal job opportunities in accordance with their competence and abilities. We strongly forbid any forms of discrimination such as race, color, religious belief and gender.

Labour contract is a two-way protection to the legitimate rights and interests of the Group and our employees. Five-day working week with flexible working hour is adopted in the Group. Overtime allowance will be provided after approval. We strictly comply with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Provisions on the Prohibition Against the Use of Child Labour (《禁止使用童工規定》). The personal information of the applicant will be verified during the recruitment process to ensure no child labour will be employed. The employment will be terminated immediately according to the contract if any employee provides false information. The Group is committed to preventing any child labour from the source. During the Reporting Period, there was no child labour nor forced labour in the Group.

Remuneration and Benefits

The Group reviews and formulates reasonable salary levels every year based on changes in the labour market, industry competitiveness and our overall operating conditions, and evaluates individual salaries based on individual performance and potential. We provide competitive salaries for our employees.

Besides the national statutory five insurances and one fund, we provide various kinds of benefits to our employees, such as employee travel, birthday party and gift, mid-autumn festival gift, cash for wedding and childbirth. Apart from the national statutory holiday, our employees are entitled to annual leave, sick leave, wedding leave, maternity leave, breastfeed leave, paternity leave, funeral leave and other types of leave.

Environmental, Social and Governance Report

During the Reporting Period, we have organized various activities to show care and support to our employees. The activities could enhance their sense of belonging and cohesion.



Tea gathering



Dalgona challenge



Lantern festival – Riddle guessing



Team building activity

Performance Assessment System (《績效考核制度》)

For further improvement of the work quality and efficiency of employees and stimulation of their enthusiasm for work in order to achieve the bottom-up completion of our strategic goals, a performance assessment system is specially formulated. The company will follow the principles of fairness, openness and impartiality. Our employees are assessed in a fair, justice and open situation every half year in accordance with their daily performance and business performance. Promotion and adjustment of salary are based on the assessment result. Employees and managers with excellent performance can be awarded respectively as annual outstanding employees and outstanding managers.

Environmental, Social and Governance Report

5.2 Healthy and Safe Working Environment

The Group strictly complies with laws and regulations related to occupational health and safety such as the Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防治法》) and Fire Control Law of the People's Republic of China (《中華人民共和國消防法》). In the Reporting Period, the Group had not violated any law or regulation relating to health and safety, and there were also no work-related fatalities and lost days due to work injury in the past three years including this year.

Health and safety of our employees are important to the Group. Every employee is eligible to annual body health check. Different health check packages are offered to male employees, married female employees and unmarried female employees respectively to fit their different needs. Extra health insurance is provided to our employees to support their health. Moreover, fire drills are hold regularly to increase the employees' awareness of fire safety.

Prevention and Control of COVID-19

The coronavirus has continued to spread around the world since 2019. During the Year, the Group has taken a series of necessary health precautions to mitigate the potential impact of the coronavirus outbreak, including implementing prevention and control measures issued by Government such as organized employees to receive vaccine booster shots. The main measures are as follows:

<p>Office Area Disinfection</p> <ul style="list-style-type: none"> • The office area and each office phone were thoroughly cleaned and disinfected before work every day • During office hours, the whole office area was disinfected every 3 hours
<p>Flexible Working Hours</p> <ul style="list-style-type: none"> • Flexible working hours were implemented for our employees to avoid peak crowds when going to work and getting off work
<p>Body Temperature Check</p> <ul style="list-style-type: none"> • Every employee must check his/her body temperature before entering the office • If the body temperature of any employee exceeds 37.2°C, he/she must go home and report to HR Department and Administration Department. He/she should see the doctor if necessary

Environmental, Social and Governance Report

Distribution of Epidemic Prevention Items

- Employees can receive the epidemic prevention items from the Group, such as masks

Travel during Going to Work and Getting off Work

- Employees were encouraged to walk, travel by bicycle or by private car
- If the employees must take public transportation, they must wear mask and gloves throughout the journey, and avoid touching items on the car with their hands

Lunch Arrangement

- Employees were encouraged to bring their lunch box and spread out to have lunch
- Employees should not eat in crowded restaurants and canteens

Use of Meeting Room

- Use of meeting room was not recommended
- If the use of meeting room is necessary, participants should wear mask and gloves, keep social distance for more than one metre
- Meeting room should open windows for ventilation



Environmental, Social and Governance Report

Business Visit

- Every visitor must wear mask and check his/her body temperature before entering the office
- Every visitor entering the office should have no history of exposure and symptoms such as fever, cough, and shortness of breath



Body temperature checking



Spray disinfection

We have established a Risk Person Checklist (《風險人員排查表》). If there is an epidemic in specific places, the Group will immediately check the employee's movement trajectory for further action. If there are any close contact cases of employees, we will contact the relevant Government operation team immediately.

5.3 Continuous Education

In the fast-paced industry, employees are the key to our sustainable business growth. The Group continuously develop employees' skills to reach their full potential. Therefore, the Group provides regular training to employees at all levels.

Training in 2021

- Orientation training for new staff
- Intellectual property training
- Training on the Advertisement Law
- Continuing professional training for company secretaries
- Professional skills improvement training for employees of financial technology enterprises
- APP and new media compliance training

Environmental, Social and Governance Report

6 GREEN OPERATION PRACTICE

The main business scope of the Group is centralized in office, and the business we operate has little impact on the environment and natural resources, but we are committed to making contributions to environmental protection, practicing low-carbon enterprises, mitigating climate change and raising public awareness. The Group strictly abides by laws and regulations related to environmental protection such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), and the relevant laws and regulations on environmental protection. The disclosure scope of environmental key performance indicators for the Reporting Period has covered the whole group.

During the Reporting Period, the Group did not (i) violate any laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste; (ii) have any major accidents affecting the environment and natural resources; or (iii) receive any environmental penalties and litigation notices.

6.1 Carbon Emissions Management

The Group responds to the challenges posed by climate change through ongoing efforts to reduce its GHG emissions. Since the Group does not have any fuel consumption from stationary sources and vehicles, we have no air emission arising from gaseous fuel consumption and vehicles in the Reporting Period.

The Group has managed greenhouse gas emissions to echo with the climate change initiatives from China's policy. We do not have any direct GHG emissions since our business does not have any stationary fuel combustion equipment and vehicles. The main source of our GHG emissions comes from the generation of electricity purchased by the Group. Relevant departments have implemented various energy saving measures to reduce the consumption of electricity. During the Reporting Period, we set the preliminary directional goals of greenhouse gas emissions. We will maintain or reduce greenhouse gas emissions in the future under the similar business operation level¹.

¹ In the Year, the Group continued to expand our business development. Therefore, the current environmental data does not reflect the overall operation of the Group. We will set up appropriate baseline year for target in future.

Environmental, Social and Governance Report

6.2 Resources Management

The Group has formulated a sustainable environmental policy and reduce the environment impact of existing facilities. The Group has implemented a number of measures to reduce environmental impact. During the Reporting Period, the Group carried out measures to promote the conservation of electricity, energy, water and paper. We enthusiastically shoulder the responsibility of protecting the environment. In addition to complying with all applicable local environmental laws and regulations, we will also continue to strive to improve energy efficiency and reduce carbon emissions in the workplace.

Energy Saving

Lighting system

- Use daylight as much as possible to reduce the use of lighting
- Keep lighting fixtures clean and maximize their energy efficiency
- Divide the office into different lighting areas, with independently controllable lighting switches
- Install motion sensors in places when they are not frequently used
- Use energy-efficient lighting, such as LED

Air-conditioning system

- Clean the filters or fan coil units regularly
- Set the minimum temperature of the air conditioning system to 26° C
- Use low-emissivity glass to block UV rays
- Adopt a central control and monitoring system or building management system
- Adopt water-cooled air conditioning system
- Allow employees to wear casual clothing to work whenever possible

Electronic devices and printing equipment

- Use energy-efficient electronic devices and multi-functional printing equipment
- Set the computer and printer to enter into power saving mode when idle



Environmental, Social and Governance Report

Water Resources Management

Although our business does not consume a large amount of water, we continue to manage water resources and encourage employees to contribute to environmental protection. Our tap water comes from municipal water supply, and we do not have any issue in sourcing water that is fit for purpose.

- Post water-saving labels in each restroom
- Monitor meter readings and check for hidden leaks regularly

Paper Management

We reduce paper consumption based on the principles of reducing, reusing and recycling.

- Use office automation (OA) system to promote paperless operation
- Promote the use of electronic communications
- Monitor paper consumption and set printing quota for users
- Post reminders to promote double-sided printing

Waste Disposal Management

The Group promotes waste reduction at source and encourages employees to properly separate waste for reusing and recycling.

- Use waste sorting bins
- Place used batteries in designated recycling bins
- Cooperate with electronics companies to recycle old computers and other electronic waste
- Reduce the use of single-use and non-recyclable products

The Group understands and actively implements its corporate social responsibility of protecting the environment.

During the Reporting Period, we set the preliminary directional goals of energy efficiency and waste reduction. We will maintain or reduce energy usage and waste production in the future under the similar business operation level¹. We will review various environmental protection goals and targets and the implementation progress of the measures and explore more opportunities for green environmental protection. In the future, we will set more specific quantitative environmental goals to protect the environment effectively and cherish our natural resources.



Environmental, Social and Governance Report

6.3 Tackling Climate Change

The Group is aware that climate change may have potential impacts on our services and operations, and thus affect financial performance. Therefore, in order to address climate change in advance, we have initially identified risks and opportunities related to climate change, and considered formulating corresponding responses and measures.

Climate Change Risk	Extreme weather risk (Physical risk)
Risk Example	Flooding, typhoons, unusual rainfall patterns, extreme heat
Potential Impact	<ul style="list-style-type: none"> • Office locations may need to close temporarily • Extreme weather may cause casualties to employees • Damage to equipment, buildings, and property • Transaction involves network services may become unstable in severe weather
Measures and Responses	<ul style="list-style-type: none"> • Identify and assess the risks posed by climate change and strictly abide by the relevant extreme weather guidelines issued by the government • Develop measures to ensure employee safety • Back up important documents

Climate Change Risk	Transition risk
Risk Example	The development of international policies and regulations on climate change, the central government's introduction of emission reduction regulatory measures, stakeholders attaching importance to climate change issues
Potential Impact	<ul style="list-style-type: none"> • Negative reputation • Customer credit risk increases • Fined by regulatory authorities • Investor withdrawal
Measures and Responses	<ul style="list-style-type: none"> • Monitor environmental-related regulatory developments that may affect the Group's business and assess the risks arising • Develop carbon emission targets and carbon reduction plans

Environmental, Social and Governance Report

7 COMMUNITY CONTRIBUTION AND INVESTMENT

As a corporate citizen, we have always actively fulfilled our social responsibilities and spared no effort to participate in community activities. We dedicate to have a positive impact on the community by utilizing our advantages of industry characteristics to carry out corporate social responsibilities.

Due to the situation of the epidemic, the Group tried to avoid large-scale external community events, there was no arrangement for relevant event during the Year. Looking forward to the future, the Group will continue to implement our corporate social responsibilities, invest resources to public welfare and contribute to the society through diversified channels.



Environmental, Social and Governance Report

APPENDIX I: SUSTAINABILITY DATA SUMMARY

Environmental Area ²	Unit	2021
Greenhouse gas emissions³		
Direct greenhouse gas emissions (Scope 1) ⁴	tonne of CO ₂ e	0.00
Indirect greenhouse gas emissions (Scope 2) ⁵	tonne of CO ₂ e	70.20
Total greenhouse gas emissions (Scope 1 and 2)	tonne of CO ₂ e	70.20
Greenhouse gas emission intensity (per square metre)	tonne of CO ₂ e/m ²	0.02
Greenhouse gas emission intensity (per employee)	tonne of CO ₂ e/employee	0.25
Energy consumption		
Purchased electricity consumption	kWh	115,068.00
Purchased electricity consumption intensity (per square metre)	kWh/m ²	33.69
Purchased electricity consumption intensity (per employee)	kWh/employee	403.75
Paper consumption		
Total paper consumption	kg	1,215.00
Paper consumption intensity	kg/employee	4.26
Waste generation and recycling		
Non-hazardous waste generation	tonne	5.70
Non-hazardous waste generation intensity	tonne/employee	0.02
Hazardous waste generation – Battery	piece	369
Hazardous waste generation – Waste ink cartridge/toner box	part	131

² The environmental boundary can be referred to Reporting Scope in "1 ABOUT THE REPORT".

³ The calculation is based on the "Greenhouse Gas Protocol" issued by the World Resources Institute and the World Business Council on Sustainable Development.

⁴ Scope 1: Direct greenhouse gas emissions from sources owned and controlled by the Group.

⁵ Scope 2: Indirect greenhouse gas emissions from electricity generation, heating and cooling, or steam purchased by the Group.

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Social Area ⁶	Unit	2021
Total number of employees⁷	number of employees	327
Total number of employees (by gender)		
Female employees	number of employees	211
Male employees	number of employees	116
Total number of employees (by employment type)		
Junior employees	number of employees	291
Middle management	number of employees	30
Senior management	number of employees	6
Total number of employees (by age group)		
Under 30	number of employees	165
30-50	number of employees	161
Over 50	number of employees	1
Total number of employees (by region)		
Employees in North China	number of employees	226
Employees in East China	number of employees	35
Employees in Central China	number of employees	13
Employees in South China	number of employees	2
Employees in Northwest China	number of employees	30
Employees in Hong Kong	number of employees	21
Turnover rate (by gender)⁸		
Female employees	percent	20.46
Male employees	percent	10.55
Turnover rate (by age group)⁸		
Under 30	percent	18.99
30-50	percent	12.03
Over 50	percent	0.00

⁶ The reporting boundary of social data covers the whole Group.

⁷ All employees are full-time staff members. The Group did not hire any part-time staff members in the Reporting Period.

⁸ Turnover rate = Number of lost employees / (Number of lost employees + Number of employees at year end) x 100%

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Social Area ⁶	Unit	2021
Turnover rate (by region)⁸		
Employees in North China	percent	22.36
Employees in East China	percent	5.06
Employees in Central China	percent	0.21
Employees in South China	percent	0.21
Employees in Northwest China	percent	2.95
Employees in Hong Kong	percent	0.21
Percentage of employees trained (by gender)⁹		
Female employees	percent	64.53
Male employees	percent	35.47
Percentage of employees trained (by employment type)⁹		
Junior employees	percent	88.99
Middle management	percent	9.17
Senior management	percent	1.83
Average training hours per employee (by gender)		
Female employees	hours	6.19
Male employees	hours	6.08
Average training hours per employee (by employment type)		
Junior employees	hours	6
Middle management	hours	7.2
Senior management	hours	8.3
Occupational health and safety		
Number of work-related fatalities in 2021	number of people	0
Number of work-related fatalities in 2020	number of people	0
Number of work-related fatalities in 2019	number of people	0
Lost days due to work injury	days	0

⁹ Percentage of employees trained = $T(x) / T * 100$
 $T(x)$ = Employees in the specified category, x, who took part in training
 T = Employees who took part in training

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APPENDIX II: CONTENT INDEX OF THE ESG REPORTING GUIDE

Index content			Relevant sections
A. Environmental Area			
A1:Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6 GREEN OPERATION PRACTICE
	A1.1	The types of emissions and respective emissions data.	6.1 Carbon Emissions Management
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total and intensity.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	A1.3	Total hazardous waste produced and intensity.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	A1.4	Total non-hazardous waste produced and intensity.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	6.1 Carbon Emissions Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.2 Resources Management

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Index content			Relevant sections
A. Environmental Area			
A2:Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.2 Resources Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas, or oil) in total and intensity.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	A2.2	Water consumption in total and intensity.	The data of water consumption is handled collectively by the property management. The Group has no relevant data and therefore does not disclose it.
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.2 Resources Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.2 Resources Management As water fee was included in the property fees, the corresponding water consumption cannot be calculated separately, therefore water efficiency target cannot be set.
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable as the Group's business does not involve packaging materials

Environmental, Social and Governance Report

Index content			Relevant sections
A. Environmental Area			
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	6 GREEN OPERATION PRACTICE
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6 GREEN OPERATION PRACTICE
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.3 Tackling Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.3 Tackling Climate Change

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Index content			Relevant sections
B. Social Area			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Protection of Employment Rights
	B1.1	Total workforce by gender, employment type, age group and geographical region.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	B1.2	Employee turnover rate by gender, age group and geographical region.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.2 Healthy and Safe Working Environment
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	B2.2	Lost days due to work injury.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.2 Healthy and Safe Working Environment

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Index content			Relevant sections
B. Social Area			
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.3 Continuous Education
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	APPENDIX I: SUSTAINABILITY DATA SUMMARY
	B3.2	The average training hours completed per employee by gender and employee category.	APPENDIX I: SUSTAINABILITY DATA SUMMARY
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1 Protection of Employment Rights
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Protection of Employment Rights
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Protection of Employment Rights

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Index content			Relevant sections
B. Social Area			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.3 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	3.3 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.3 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.3 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.3 Supply Chain Management

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Index content		Relevant sections	
B. Social Area			
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.2 Privacy Security 4.2 Information Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to business of the Group
	B6.2	Number of products and service-related complaints received and how they are dealt with.	3.1 Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.3 Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	3.1 Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.2 Privacy Security

Environmental, Social and Governance Report

Index content			Relevant sections
B. Social Area			
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4 OPERATION MANAGEMENT 4.1 Zero Tolerance to Corruption and Money Laundering
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4.1 Zero Tolerance to Corruption and Money Laundering
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4.1 Zero Tolerance to Corruption and Money Laundering
	B7.3	Description of anti-corruption training provided to directors and staff.	4.1 Zero Tolerance to Corruption and Money Laundering
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7 COMMUNITY CONTRIBUTION AND INVESTMENT
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7 COMMUNITY CONTRIBUTION AND INVESTMENT
	B8.2	Resources contributed to the focus area.	7 COMMUNITY CONTRIBUTION AND INVESTMENT

Directors' Report

The Directors are pleased to present the directors' report together with the audited consolidated financial statements of the Group for the year ended December 31, 2021.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on August 1, 2019 as an exempted company with limited liability under the Cayman Companies Act. The Company is an investment holding company. The Group is an integrated service platform for equity investment industry, providing data, marketing, investment banking and training services to participants in the equity investment industry, with its operations substantially conducted in the PRC and Hong Kong through the subsidiaries and Consolidated Affiliated Entities of the Company.

The activities and particulars of the Company's principal subsidiaries and Consolidated Affiliated Entities are set out in Note 17 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year ended December 31, 2021 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the year ended December 31, 2021, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. A discussion on relationships with its key stakeholders is included in the sections headed "Management Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" in this annual report. In addition, a description of the environmental policies and performance of the Company is set out in the section headed "Environmental, Social and Governance Report" in this annual report. These discussions form part of this directors' report.

RESULTS AND DIVIDEND

The consolidated results of the Group for the year ended December 31, 2021 are set out in the consolidated statement of comprehensive income on page 88 of this annual report.

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2021.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). The Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders.



Directors' Report (Continued)

The Board adopts the Dividend Policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles and all applicable laws and regulations and the factors including without limitation to:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans; and
- interests of Shareholders.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles. The Board will review the Dividend Policy as appropriate from time to time.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Share 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"). The Company intends to apply the proceeds in the manner as described under the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Directors' Report (Continued)

As of December 31, 2021, the Group had utilized the Net Proceeds as set out in the table below:

	Net Proceeds		Utilized amount during the year of 2021 HK\$ in million	As of December 31, 2021		Expected timeline for the use of unutilized proceeds
	Percentage %	Amount HK\$ in million		Utilized amount HK\$ in million	Unutilized amount HK\$ in million	
To expand geographical coverage in China	39.4	178.4	45.7	45.7	132.7	By December 2023
To improve offline service offerings and capture the industry trend toward online-offline integration	9.8	44.4	9.8	9.8	34.6	By December 2022
To upgrade online platforms and enrich online service offerings	5.8	26.3	8.3	8.3	18.0	By December 2022
To enhance sales and marketing efforts	9.9	44.8	8.1	8.1	36.7	By December 2022
To scale services into overseas emerging markets, such as Southeast Asia and India, in order to capture significant growth opportunities	5.6	25.4	–	–	25.4	By December 2022
To selectively pursue investment and acquisition opportunities	20.0	90.6	12.1	12.1	78.5	By December 2022
To be used for additional working capital and other general corporate purposes	9.5	43.0	7.0	7.0	36.0	By December 2022
Total	100.0	452.9	91.0	91.0	361.9	

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

There has been no change in the intended use of Net Proceeds in the manner as described under the section headed "Future Plans and Use of Proceeds" in the Prospectus, and the Group will apply the remaining Net Proceeds in the manner set out in the Prospectus.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Friday, May 13, 2022, to Wednesday, May 18, 2022, both days inclusive, and during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, May 12, 2022.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 8 of this annual report.

Directors' Report (Continued)

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended December 31, 2021 are set out in Note 15 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended December 31, 2021 are set out in Note 28 to the consolidated financial statements in this annual report.

EQUITY-LINKED AGREEMENTS

During the year ended December 31, 2021, other than the Post-IPO RSU Scheme as set out in the section under "Post-IPO RSU Scheme" in this annual report, the Company has not entered into any equity-linked agreement.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended December 31, 2021 are set out in Note 29 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2021, the Company's distributable reserves were RMB462.3 million.

BORROWINGS

The Group had no bank borrowings or other borrowings as at December 31, 2021.

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

During the Reporting Period, the Company repurchased a total of 1,855,600 Shares at an aggregate consideration of approximately HK\$7.32 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. Such repurchased Shares were subsequently cancelled and the issued share capital of the Company was reduced by the nominal value thereof. 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)
October 2021	84,800	4.00	3.84	333
November 2021	1,154,400	4.38	3.74	4,684
December 2021	616,400	3.98	3.54	2,303
Total	1,855,600			7,320

Directors' Report (Continued)

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

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Shares.

DIRECTORS

During the Reporting Period, the Board consists of the following seven Directors:

Executive Directors

Mr. NI Zhengdong (*Chairman and Chief Executive Officer*)

Ms. FU Xinghua

Ms. ZHANG Yanyan

Non-executive Director

Mr. KUNG Hung Ka

Independent Non-executive Directors

Mr. XU Shaochun

Mr. ZHANG Min

Ms. YU Bin

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 16 to 20 in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

On December 7, 2020, each of the executive Directors has entered into a service contract with the Company, and each of the non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company. The service contracts with each of the executive Directors are for an initial fixed term of three years commencing from the date of such service contract. The letters of appointment with each of the non-executive Director and independent non-executive Directors are for an initial fixed term of three years commencing from the date of such letter of appointment. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms or by either party giving to the other not less than three-month prior written notice. The appointment of the Directors is subject to the provisions of retirement and rotation of Directors under the Articles.

Directors' Report (Continued)

Save as disclosed above, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONTRACT WITH CONTROLLING SHAREHOLDER

Save as disclosed in the sections headed "Connected Transactions" and "Related Party Transactions" in this annual report, no contract of significance has been entered into between the Company or any of its subsidiaries and a Controlling Shareholder or any of its subsidiaries during the year ended December 31, 2021.

DIRECTOR'S INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in the sections headed "Connected Transactions" and "Related Party Transactions" in this annual report, no transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2021.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The aggregate amount of remuneration (including salaries, remuneration, pension, discretionary bonus and other welfares) paid to our Directors for the year ended December 31, 2021 was approximately RMB2.7 million.

The five highest paid individuals of the Group for the year ended December 31, 2021 include no Directors. The remuneration (including salaries, remuneration, pension, discretionary bonus and other welfares) paid to the Group's five highest paid individuals in aggregate for the year ended December 31, 2021 was approximately RMB13.3 million.

For the year ended December 31, 2021, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended December 31, 2021.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in Note 8 to the consolidated financial statements in this annual report.

Save as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2021, by the Group to or on behalf of any of the Directors.



Directors' Report (Continued)

DEED OF NON-COMPETITION

On December 7, 2020, Mr. Ni, the Company's ultimate controlling Shareholder, and JQ Brothers Ltd., through which Mr. Ni holds equity interest in the Company, and the Company entered into the deed of non-competition ("Non-competition Deed"), pursuant to which, subject to and except as mentioned in the Prospectus, the Controlling Shareholders would not, and would procure their close associates (except any member of the Group) not to, directly or indirectly (whether in the capacity of principal or agent, whether for its own benefit or jointly with or on behalf of any person, firm or company, whether within or outside China), commence, engage in, participate in or acquire any business which competes or may compete directly or indirectly with the Group's core business of offering a comprehensive portfolio of both online and offline equity investment services, which can be categorized into data services, marketing services, consulting services and training services, or own any rights or interests in such business. Details of the Non-competition Deed are set out in the section headed "Relationship with Our Controlling Shareholders – Non-competition Undertaking" in the Prospectus.

The Controlling Shareholders confirmed that they have complied with the Non-competition Deed for the year ended December 31, 2021. The independent non-executive Directors have conducted such review for the year ended December 31, 2021 and also reviewed the relevant undertakings and are satisfied that the Non-competition Deed has been fully complied with.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2021, none of the Directors nor the Controlling Shareholder or their respective close associate (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, which would require disclosure in accordance with Rule 8.10 of the Listing Rules.

PENSION SCHEME

Details of the pension scheme of the Company are set out in Note 2.18 to the consolidated financial statements in this annual report.

INDEMNITY OF DIRECTORS

Under the Articles, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters as disclosed in this annual report, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended December 31, 2021.



Directors' Report (Continued)

LOAN AND GUARANTEE

During the year ended December 31, 2021, the Group had not made any loan or provided any guarantee for any loan, directly or indirectly, to the Directors, senior management, Controlling Shareholders or their respective connected persons.

DISCLOSURE REQUIRED UNDER RULE 13.18 OF THE LISTING RULES

As at December 31, 2021, there were no matters that gave rise to a disclosure required under Rule 13.18 of the Listing Rules.

POST-IPO RSU SCHEME

The Company adopted the Post-IPO RSU Scheme on December 7, 2020, which is not subject to the provisions of Chapter 17 of the Listing Rules as the Post-IPO RSU Scheme does not involve the grant of options by the Company to subscribe for new Shares.

The purposes of the Post-IPO RSU Scheme are: (i) to recognize the contributions by grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Qualified participants of the Post-IPO RSU Scheme include existing employees, directors and officers of the Group.

The maximum aggregate number of Shares underlying all grants of RSUs pursuant to the Post-IPO RSU Scheme will not exceed 30,000,000 Shares, representing approximately 10% of the number of Shares in issue on the Listing Date and 9.6% of the number of Shares in issue as at the date of this annual report. Such limit may be refreshed from time to time subject to prior approval from our Shareholders, but in any event, the total number of Shares that may underlie RSUs granted under the Post-IPO RSU Scheme following the date of approval of the refreshed limit ("New Approval Date") must not exceed 10% of the number of Shares in issue as of the New Approval Date.

The Post-IPO RSU Scheme shall be valid and effective for a term of ten years commencing on the adoption date (or such earlier date as the Board may decide).

As of December 31, 2021, we had granted RSUs representing 8,994,800 Shares to 32 grantees under the Post-IPO RSU Scheme, including Directors, senior management and other current or former key employees of the Company. The RSUs granted pursuant to the Post-IPO RSU Scheme to the grantees who are connected persons of the Company, i.e. two of our Directors and one director of certain subsidiaries of the Company are set out below:

Name of Connected Grantee	Date of Grant	Number of Shares underlying the RSUs as at January 1, 2021	Number of Shares underlying the vested RSUs during the Period	Number of Shares underlying the forfeited RSUs during the Period	Number of Shares underlying the lapsed RSUs during the Period	Number of Shares underlying the RSUs as at December 31, 2021
Ms. FU Xinghua	September 15, 2021	-	-	1,637,600	-	-
Ms. ZHANG Yanyan	September 15, 2021	-	-	1,637,600	-	-
Mr. ZHANG Lei	September 15, 2021	-	272,800	-	-	-

Directors' Report (Continued)

Movements in the number of RSUs outstanding are as follows:

	Number of RSUs
Outstanding balance as of January 1, 2021	–
Granted	8,994,800
Forfeited	4,571,200
Vested	4,423,600
Outstanding balance as of December 31, 2021	–

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As of December 31, 2021, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(A) Long position in Shares of the Company

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the Company
Mr. NI Zhengdong ⁽¹⁾	Interest in controlled corporation	147,120,808	46.81%
Ms. ZHANG Yanyan ⁽²⁾	Interest in controlled corporation	1,105,913	0.35%
Ms. FU Xinghua ⁽³⁾	Interest in controlled corporation	936,500	0.30%
Mr. KUNG Hung Ka ⁽⁴⁾	Interest in controlled corporation	11,459,169	3.65%

Notes:

- (1) Mr. NI Zhengdong is deemed to be interested in the entire interests held by (i) JQ Brothers Ltd., which is wholly-owned by Mr. NI Zhengdong, and (ii) Hangzhou Sanren Yanxing Capital L.P. (杭州三仁焱興投資合夥企業有限合夥) ("Hangzhou Sanren"), a limited partnership established in the PRC and the general partner of which is owned as to 50.0% by Mr. Ni. Hangzhou Sanren was interested in 3,055,778 Shares as of December 31, 2021.
- (2) Ms. ZHANG Yanyan is deemed to be interested in the entire Shares held by MRJ Holdings Limited, which is wholly-owned by Ms. ZHANG Yanyan.
- (3) Ms. FU Xinghua is deemed to be interested in the entire Shares held by HCShanghe Holdings Limited, which is wholly-owned by Ms. FU Xinghua.
- (4) Mr. KUNG Hung Ka is deemed to be interested in the entire Shares held by Wealth Strategy Holding Limited, which is wholly-owned by Mr. KUNG Hung Ka.

Directors' Report (Continued)

(B) Long position in associated corporations of our Company

Name	Capacity/Nature of interest	Number of Associated Corporation	Approximate percentage of shareholding in the Associated Corporation
Mr. NI Zhengdong	Interest in controlled corporation	Zero2IPO Ventures	100%

Note:

- (1) Mr. NI Zhengdong owned approximately 58.08% of the equity interests in Zero2IPO Group, which is the registered shareholder of 100% equity interest in Zero2IPO Ventures.

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 2021, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As of December 31, 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would be required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Long position in Shares of the Company

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the Company
JQ Brothers Ltd.	Beneficial Interest	144,065,030	45.84%
Mr. NI Zhengdong	Interest in controlled corporation	147,120,808	46.81%

Note:

- (1) Mr. NI is deemed to be interested in the entire interests held by (i) JQ Brothers Ltd., a company wholly-owned by him, and (ii) Hangzhou Sanren, a limited partnership established in the PRC and the general partner of which is owned as to 50.0% by Mr. NI. Hangzhou Sanren was interested in 3,055,778 Shares as of December 31, 2021.

Save as disclosed above and to the best knowledge of the Directors, as of December 31, 2021, no person had an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Directors' Report (Continued)

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Post-IPO RSU Scheme, at no time during the year under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group's largest customers accounted for approximately 5.0% of the Group's total revenue. The Group's five largest customers accounted for approximately 13.4% of the Group's total revenue.

In the year under review, the Group's largest suppliers accounted for approximately 3.5% of the Group's total cost of sales. The Group's five largest suppliers accounted for 9.2% of the Group's total cost of sales.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

EMPLOYEES

The Group had approximately 327 employees as of December 31, 2021, as compared to approximately 243 employees as of December 31, 2020. For the year ended December 31, 2021, the Group incurred a total staff costs (including Directors' emoluments) of RMB126.8 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.

RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Directors' Report (Continued)

CONNECTED TRANSACTIONS

During the year ended December 31, 2021, the Group had no connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements under Chapter 14A of the Listing Rules, except for the transactions contemplated under the Contractual Arrangements, through which the Company obtained effective control over the financial and operational policies of the Company's Consolidated Affiliated Entities and become entitled to all the economic benefits derived from its operations.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended December 31, 2021 are set out in Note 32 to the consolidated financial statements contained herein.

None of the related party transactions disclosed in Note 32 to the consolidated financial statements constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

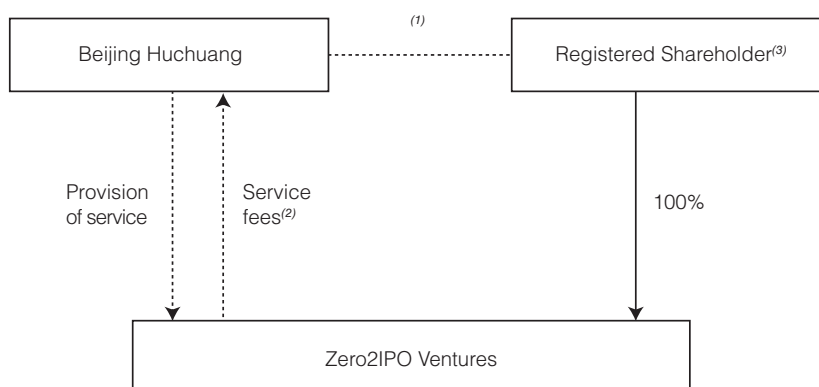
Overview

Our online businesses under our data services, marketing services and investment banking services, comprising PEdata Database, PEDATA MAX, online information platforms and Deal-Market (the "Relevant Businesses") are subject to foreign investment restrictions under PRC laws. To comply with the relevant PRC laws, our Relevant Businesses are directly conducted by our PRC operating entity, namely Zero2IPO Ventures, which has obtained the ICP License (a type of VATS license) that is essential to the operation of our Relevant Businesses. On June 24, 2020, we entered into the Contractual Arrangements through which we are able to exercise control over and enjoy all the economic benefits derived from the operations of Zero2IPO Ventures. The Contractual Arrangements have been narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations.



Directors' Report (Continued)

The following simplified diagram illustrates the flow of economic benefits from the Zero2IPO Ventures to our Group stipulated under the Contractual Arrangements.



Notes:

- (1) Control of Beijing Huchuang over Zero2IPO Ventures through the following agreements with the Registered Shareholder: (i) Powers of Attorney, (ii) Exclusive Option Agreement, and (iii) Share Pledge Agreement.
- (2) Control of Beijing Huchuang over Zero2IPO Ventures through Exclusive Business Cooperation Agreement.
- (3) Registered Shareholder refers to the registered shareholder of Zero2IPO Ventures, namely Zero2IPO Group, which is controlled by Mr. Ni.

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Option Agreement

Zero2IPO Ventures and the Registered Shareholder, namely Zero2IPO Group, entered into an exclusive option agreement with Beijing Huchuang on June 24, 2020 (the "Exclusive Option Agreement"), pursuant to which Beijing Huchuang (or its designee) has an irrevocable and exclusive right to purchase from the Registered Shareholder all or any part of its equity interests in Zero2IPO Ventures, and an irrevocable and exclusive right to purchase from Zero2IPO Ventures all or any part of its assets at a minimal price required by the relevant government authorities or PRC laws. To the extent permitted by applicable PRC laws and regulations, the Registered Shareholder and/or Zero2IPO Ventures shall return the amount of purchase price they have received in full to Beijing Huchuang. At Beijing Huchuang's request, the Registered Shareholder and/or Zero2IPO Ventures will promptly and unconditionally transfer their respective equity interests and/or assets to Beijing Huchuang (or its designee) after Beijing Huchuang exercises its this option. The Exclusive Option Agreement will not terminate until the purchased equity interests and/or the acquired assets have been transferred to Beijing Huchuang (or its designee) in accordance with the Exclusive Option Agreement. However, Beijing Huchuang has the right to unilaterally and unconditionally terminate the Exclusive Option Agreement at any time in written notice.

In order to prevent the flow of the assets and value of Zero2IPO Ventures to the Registered Shareholder, during the terms of the Exclusive Option Agreement, none of the assets of Zero2IPO Ventures shall be sold, transferred, pledged or otherwise disposed of without the prior written consent of Beijing Huchuang.

Directors' Report (Continued)

In addition, Zero2IPO Ventures is not allowed to make any distributions to the Registered Shareholder without the prior written consent of Beijing Huchuang. In the event that the Registered Shareholder receives any profit distribution or dividend from Zero2IPO Ventures, the Registered Shareholder must immediately pay or transfer such amount to Beijing Huchuang (or its designee). If Beijing Huchuang exercises this option, all or any part of the equity interests of Zero2IPO Ventures acquired would be transferred to Beijing Huchuang and the benefits of equity ownership would flow to the Company and our Shareholders.

Exclusive Business Cooperation Agreement

Zero2IPO Ventures entered into an exclusive business cooperation agreement with Beijing Huchuang on June 24, 2020 (the "Exclusive Business Cooperation Agreement"), pursuant to which Beijing Huchuang agreed to be engaged as the exclusive provider to Zero2IPO Ventures of business support, technical and consulting services, including technology services, network support and maintenance, research and development, business and management consultancy, intellectual property licensing, equipment leasing, market research and other services, in exchange for service fees. Under these arrangements, the service fees, subject to Beijing Huchuang's adjustment, are equal to 100% of the total profit of Zero2IPO Ventures, after deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year.

The Exclusive Business Cooperation Agreement is for an initial term of ten years and may be extended by Beijing Huchuang for a term of ten years.

Share Pledge Agreement

Zero2IPO Ventures, the Registered Shareholder and Beijing Huchuang entered into a share pledge agreement on June 24, 2020 (the "Share Pledge Agreement"). Under the Share Pledge Agreement, the Registered Shareholder pledged all of its equity interests in Zero2IPO Ventures to Beijing Huchuang as collateral security for all of its payments due to Beijing Huchuang and to secure performance of all obligations of Zero2IPO Ventures and the Registered Shareholder under the Contractual Arrangements. The Share Pledge Agreement will not terminate until (1) all obligations of Zero2IPO Ventures and the Registered Shareholder under the Contractual Arrangements are satisfied in full; (2) Beijing Huchuang (or its designee) exercises its exclusive options to purchase the entire equity interests of the Registered Shareholder and/or the entire assets of Zero2IPO Ventures pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws and Beijing Huchuang (or its designee) may conduct the business of Zero2IPO Ventures; (3) Beijing Huchuang exercises its unilateral and unconditional right of termination; or (4) the agreement is required to be terminated in accordance with applicable PRC laws and regulations.

Powers of Attorney

An irrevocable power of attorney was entered into by and among the Registered Shareholder, Beijing Huchuang and Zero2IPO Ventures on June 24, 2020 (the "Powers of Attorney"), whereby the Registered Shareholder appointed Beijing Huchuang, or any Director of the Company or other person designated by it (excluding any person who may give rise to conflicts of interest), as its exclusive agent and attorney to act on its behalf to exercise all of its rights as registered shareholder of Zero2IPO Ventures. These rights include but not limited to (1) the right to propose, convene and attend shareholders' meetings; (2) the right to sell, transfer, pledge or dispose of equity interests; (3) the right to exercise shareholders' voting rights; and (4) the right to appoint the legal representative (chairperson), the director, supervisor, the chief executive officer (general manager) and other senior management members of Zero2IPO Ventures. The authorized person is entitled to sign minutes, file documents with the relevant authorities and exercise voting rights on the winding up of Zero2IPO Ventures on behalf of the Registered Shareholder. The Registered Shareholder has undertaken to transfer all assets obtained after the winding up of Zero2IPO Ventures to Beijing Huchuang at nil consideration or the lowest price allowed under the then applicable PRC laws and regulations. As a result of the Powers of Attorney, the Company, through Beijing Huchuang, is able to exercise management control over the activities that most significantly impact the economic performance of Zero2IPO Ventures.

Directors' Report (Continued)

The Powers of Attorney also provides that, in order to avoid potential conflicts of interest, where the officers or directors of the Registered Shareholder are officers or directors of the Company, the power of attorney is granted to officers or directors of the Company other than those who are officers or directors of the Registered Shareholder.

The Powers of Attorney shall automatically terminate once Beijing Huchuang (or any member of the Group other than Zero2IPO Ventures) directly holds the entire equity interests in and/or the entire assets of Zero2IPO Ventures once permitted under the then PRC laws and Beijing Huchuang (or its subsidiaries) is allowed to conduct the Relevant Businesses under the then PRC laws, following which Beijing Huchuang shall be registered as the sole shareholder of Zero2IPO Ventures.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between our Group and our Consolidated Affiliated Entities during the year ended December 31, 2021. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the year ended December 31, 2021.

For the year ended December 31, 2021, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2021, we had not encountered interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

The revenue of the Relevant Businesses amounted to RMB36.2 million for the year ended December 31, 2021, representing an increase by 36.6% from RMB26.5 million for the year ended December 31, 2020. For the year ended December 31, 2021, the revenue of the Relevant Businesses accounted for approximately 17.4% of the revenue for the year of our Group (2020: 14.8%).

Reasons for Adopting the Contractual Arrangements

Our Relevant Businesses fall within the scope of VATS business and are thus subject to foreign investment restrictions in accordance with the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (外商投資准入特別管理措施負面清單) (2021年版)).

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "FITE Regulations"), which were amended on September 10, 2008 and February 6, 2016, respectively. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations ("Qualification Requirement").

Given that (i) the foreign investment in the VATS business is restricted under current PRC laws and regulations; (ii) the Qualification Requirement applies to the VATS business regardless of the percentage of foreign shareholding; and (iii) no applicable PRC laws, regulations or rules have provided clear guidance or interpretation on the Qualification Requirement. There are substantial uncertainties for a sino-foreign equity joint venture to obtain the VATS license.

Instead, in line with common practice in companies conducting value-added telecommunication business in the PRC subject to foreign investment restrictions and Qualification Requirement, the Company would gain effective control over, and receive all the economic benefits generated by the business currently operated by Zero2IPO Ventures through the Contractual Arrangements among Beijing Huchuang, Zero2IPO Ventures and the Registered Shareholder. The Contractual Arrangements allow the financials and results of operations of Zero2IPO Ventures to be consolidated into our financials and results of operations under HKFRSs as if it were a wholly-owned subsidiary of our Group.

Directors' Report (Continued)

Risk Factors Related to Contractual Arrangements and Actions to be Taken

There are certain risks that are associated with the Contractual Arrangements, including:

- If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.
- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Zero2IPO Ventures or its shareholder may fail to perform their obligations under our Contractual Arrangements.
- We may lose the ability to use and enjoy assets held by Zero2IPO Ventures that are material to our business operations if Zero2IPO Ventures were to declare bankruptcy or become subject to a dissolution or liquidation proceeding.
- The ultimate shareholders of Zero2IPO Ventures may have conflicts of interest with us, which may materially and adversely affect our business.
- Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.
- Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance, business, financial condition, results of operations and prospects.
- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Further details of these risks are set out in the section headed "Risk Factors – Risks related to Our Contractual Arrangements" of the Prospectus.

Our Group has adopted measures to ensure the effective operation of our Group's businesses with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements, including:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and
- our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Beijing Huchuang and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Directors' Report (Continued)

Listing Rules Implications and Waivers from the Stock Exchange

Zero2IPO Group is an entity controlled by Mr. Ni, our chairman of the Board, an executive Director, chief executive officer and our Controlling Shareholder, and thus is a connected person of our Group pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon the Listing.

One or more of the applicable percentage ratios of transactions contemplated under the Contractual Arrangements are expected to be more than 5%. Therefore, the transactions will constitute non-exempt continuing connected transactions of our Group and will be subject to reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (1) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (2) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (3) the requirement of limiting the terms for the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to the following conditions:

- (a) no change without independent non-executive Directors' approval;
- (b) no change without independent Shareholders' approval;
- (c) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities;
- (d) on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on one hand, and our Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and
- (e) the Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (a) the transactions carried out for the year ended December 31, 2021 had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (b) no dividends or other distributions had been made by the Consolidated Affiliated Entities to the holders of its equity interests which were not otherwise subsequently assigned or transferred to the Group;
- (c) no new contracts had been entered into, renewed and/or reproduced between the Group and the Consolidated Affiliated Entities for the year ended December 31, 2021; and

Directors' Report (Continued)

- (d) the Contractual Arrangements had been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended December 31, 2021:

- (a) nothing has come to their attention that causes the auditor to believe that the Contractual Arrangements have not been approved by the Board;
- (b) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the Contractual Arrangements as disclosed in the section headed "Contractual Arrangements" in the Prospectus;
- (c) nothing has come to their attention that causes the auditor to believe that dividends or other distributions have been made by Zero2IPO Ventures to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

For details of the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements" and "Connected Transactions" in the Prospectus.

SUFFICIENCY OF PUBLIC FLOAT

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

SUBSEQUENT EVENT

Save as disclosed in Note 34 to the consolidated financial statements in this annual report, there were no other significant events that might affect the Group subsequent to the year ended December 31, 2021.

AUDITOR

PricewaterhouseCoopers was appointed as the Auditor during the Reporting Period. The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by PricewaterhouseCoopers.

PricewaterhouseCoopers shall retire at the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as Auditor will be proposed at the 2022 AGM.

COMPLIANCE WITH LAWS AND REGULATIONS

For the year ended December 31, 2021, the Company is in compliance with the applicable laws and regulations in all material respects.

On behalf of the Board

NI Zhengdong
Chairman

Beijing, the PRC, March 17, 2022



Independent Auditor's Report

To the Shareholders of Zero2IPO Holdings Inc.

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Zero2IPO Holdings Inc. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 88 to 160, comprise:

- the consolidated balance sheet as at December 31, 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.



Independent Auditor's Report (Continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to revenue recognition.

Key Audit Matter

How our audit addressed the Key Audit Matter

Revenue recognition

Refer to note 2.20, note 4.3, note 5 and note 6 to the consolidated financial statements.

The Group recognized revenue of RMB207,893,000 for the year ended December 31, 2021, including data services, marketing services, investment banking services (previously called consulting services) and training services of RMB55,301,000, RMB83,363,000, RMB28,081,000 and RMB41,148,000, respectively.

We focused on this area due to (i) significant management's judgements and subjective assumptions were involved to estimate the stand-alone selling price of each performance obligation, and to allocate the total transaction prices to each performance obligation of multiple-element arrangements based on its relative stand-alone selling price, and (ii) significant effort was spent auditing the revenue recognized due to the large volume of transactions.

In response to this key audit matter, we performed the following procedures:

- obtained an understanding of the management's internal control of revenue recognition, including the assessment process of estimating the stand-alone selling price, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity of management's estimates;
- evaluated and tested the key controls over on revenue recognition, including the estimation of the stand-alone selling price;
- assessed the appropriateness of management's assessments on the identification of performance obligations, on a sample basis, based on the contractual agreements and our knowledge of the business;
- assessed the reasonableness of management's judgements and estimates used to determine the stand-alone selling price of each performance obligation by comparing the estimated stand-alone selling price to competitive pricing information for comparable services and with reference to observable market data;
- tested, on a sample basis, the calculation and allocation of total transaction prices to each performance obligation of multiple-element arrangements; and
- checked, on a sample basis, the revenue transactions to supporting documents, such as contractual agreements, evidence of attendance of events and trainings by customers, underlying invoices and cash receipts.

Based on the procedures performed, the revenue recognized was supported by the audit evidence that we obtained.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 17, 2022



Consolidated Statement of Comprehensive Income

for the year ended December 31, 2021
(Expressed in Renminbi ("RMB"))

	Note	Year ended December 31,	
		2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	6	207,893	178,465
Cost of revenue	7	(108,772)	(74,890)
Gross profit		99,121	103,575
Selling and marketing expenses	7	(17,966)	(16,504)
General and administrative expenses	7	(56,008)	(39,493)
Research and development expenses	7	(17,181)	(8,873)
Net impairment losses on financial and contract assets	9	(4,212)	(1,043)
Other income	10(a)	8,459	2,123
Other gain – net	10(b)	5,733	1,136
Operating profit		17,946	40,921
Finance income	11	703	118
Finance costs	11	(1,090)	(1,369)
Finance costs – net	11	(387)	(1,251)
Share of net profit/(losses) of associates accounted for using the equity method		495	(544)
Profit before income tax		18,054	39,126
Income tax expense	12	(6,587)	(7,678)
Profit for the year		11,467	31,448
Profit attributable to:			
Owners of the Company		11,467	31,448
Non-controlling interests		–	–
Other comprehensive (loss)/income, net of tax			
Items that will not be reclassified to profit or loss:			
– Currency translation differences		(8,328)	20
Total comprehensive income for the year		3,139	31,468
Total comprehensive income attributable to:			
Owners of the Company		3,139	31,468
Non-controlling interests		–	–
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (RMB per share)	13	0.04	0.12

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at December 31, 2021

(Expressed in RMB)

		As at December 31,	
	Note	2021	2020
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	23,221	24,900
Intangible assets	16	3,441	143
Investments accounted for using the equity method		2,150	456
Deferred income tax assets	27	6,490	8,329
Other receivables	20(b)	4,789	2,921
Total non-current assets		40,091	36,749
Current assets			
Other receivables	20(b)	2,627	955
Accounts receivable	20(a)	40,926	17,417
Contract assets	6(a)	–	9,058
Prepayments and other current assets	21	11,737	5,736
Financial assets measured at fair value through profit or loss	19	122,563	84,882
Cash and cash equivalents	22	427,861	403,059
Total current assets		605,714	521,107
Total assets		645,805	557,856

Consolidated Balance Sheet (Continued)

as at December 31, 2021
(Expressed in RMB)

		As at December 31,	
	Note	2021 RMB'000	2020 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income	26	10,839	11,196
Lease liabilities	18	2,349	8,272
Deferred income tax liabilities	27	51	17
Total non-current liabilities		13,239	19,485
Current liabilities			
Accounts payable	23	1,353	3,912
Other payables	24	22,955	31,954
Income tax payable		7,607	13,623
Contract liabilities	25	73,797	45,119
Lease liabilities	18	11,715	10,024
Other current liabilities		4,428	2,707
Total current liabilities		121,855	107,339
Total liabilities		135,094	126,824
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	206	196
Share premium	28	435,952	355,819
Other reserves	29	34,331	44,075
Retained earnings		40,222	30,942
Total equity		510,711	431,032
Total equity and liabilities		645,805	557,856

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 88 to 160 were approved for issue by the Board of Directors on March 17, 2022 and were signed on its behalf.

Ni Zhengdong

Director

Zhang Yanyan

Director

Consolidated Statement of Cash Flows

for the year ended December 31, 2021
(Expressed in RMB)

		Year ended December 31,	
	Note	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash generated from operations	30	46,909	84,554
Income taxes paid		(10,730)	(6,215)
Net cash inflow from operating activities		36,179	78,339
Cash flows from investing activities			
Purchase of wealth management products measured at fair value through profit or loss		(489,974)	(220,900)
Proceeds from disposal of wealth management products measured at fair value through profit or loss		458,125	215,554
Purchase of property, plant and equipment		(2,476)	(318)
Consideration paid for the acquisition of Da De Securities, net of cash acquired	1.3	(3,661)	–
Investment in an associate accounted for using the equity method		(1,200)	(1,000)
Net cash outflow from investing activities		(39,186)	(6,664)
Cash flows from financing activities			
Proceeds from capital injection of shareholders of the companies now comprising the Group		–	200
Proceeds from issuance of shares by the Company		–	60
Consideration paid for the transfer of Ningbo Zero2IPO as part of the Reorganization		–	(1,200)
Consideration paid for the transfer of Beijing Zero2IPO as part of the Reorganization		–	(3,800)
Payment of capitalized listing expenses		–	(14,420)
Repurchase of shares	28,29	(6,024)	–
Issuance of shares upon Initial Public Offering		–	370,375
Issuance of shares upon full exercise of the Over-allotment Option	28	55,208	–
Repayment of lease liabilities (including interest paid)		(12,811)	(10,361)
Dividends paid	14	–	(30,000)
Net cash inflow from financing activities		36,373	310,854
Net increase in cash and cash equivalents		33,366	382,529
Cash and cash equivalents at the beginning of the financial year	22	403,059	21,023
Effects of exchange rate changes on cash and cash equivalents		(8,564)	(493)
Cash and cash equivalents at end of year	22	427,861	403,059

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

(Expressed in RMB)

	Notes	Attributable to owners of the Company					Total equity RMB'000
		Share capital RMB'000	Combined capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
Balance at January 1, 2020		-	30,000	-	16,611	31,738	78,349
Profit for the year		-	-	-	-	31,448	31,448
Other comprehensive income		-	-	-	20	-	20
Total comprehensive income		-	-	-	20	31,448	31,468
Transaction with owners:							
Reorganization of the Group	29	-	(30,000)	-	30,000	-	-
Issuance of shares	28	60	-	-	200	-	260
Capitalisation of Shares	28	111	-	(111)	-	-	-
Issuance of shares upon Initial Public Offering	28	25	-	370,350	-	-	370,375
Shares issuance expenses		-	-	(14,420)	-	-	(14,420)
Dividends	14	-	-	-	-	(30,000)	(30,000)
Deemed distribution for the Reorganization	1.2	-	-	-	(5,000)	-	(5,000)
Appropriation to statutory reserves	29	-	-	-	2,244	(2,244)	-
Balance at December 31, 2020		196	-	355,819	44,075	30,942	431,032

Consolidated Statement of Changes in Equity (Continued)

For the year ended December 31, 2021

(Expressed in RMB)

Note	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves		Retained earnings RMB'000	Total equity RMB'000
			Treasury shares RMB'000	Others RMB'000		
Balance at January 1, 2021	196	355,819	-	44,075	30,942	431,032
Profit for the year	-	-	-	-	11,467	11,467
Other comprehensive loss	-	-	-	(8,328)	-	(8,328)
Total comprehensive income	-	-	-	(8,328)	11,467	3,139
Transaction with owners:						
Issuance of shares upon full exercise of the Over-allotment Option	28	4	55,204	-	-	55,208
Issue and allotment new shares pursuant to the Post-IPO RSU Scheme	28	6	27,350	-	-	27,356
Purchase of own shares	28,29	-	-	(6,024)	-	(6,024)
Cancellation of shares	28,29	-*	(2,421)	2,421	-	-
Appropriation to statutory reserves	-	-	-	2,187	(2,187)	-
Balance at December 31, 2021	206	435,952	(3,603)	37,934	40,222	510,711

* The amount is less than RMB1,000.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION AND BASIS OF PREPARATION

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 Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company is an investment holding company.

The 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 (previously called consulting services) and training services (collectively, the “Business”) in the People’s Republic of China (the “PRC”).

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

On December 30, 2020, the Company completed the initial public offering of its shares (“Initial Public Offering” or “IPO”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with issuance of 40,000,000 new shares at an offer price of HKD11.00 per share. The Over-allotment Option as part of the Company’s IPO was fully exercised on January 20, 2021, in respect of an aggregate of 6 million shares of the Company being issued at a price of HKD11.00 per share. The nominal value of the Company’s share is USD0.0001 per share.

During the fourth quarter of the year ended December 31, 2021, the Company repurchased 1,855,600 ordinary shares from the market, of which 725,200 shares had been cancelled before December 31, 2021, details of which are disclosed in Note 28.

1.2 Reorganization of the Group and basis of presentation

In the preparation for the Initial Public Offering aforementioned, the Group underwent a reorganization arrangement pursuant to which the Business was transferred to the Company from certain subsidiaries and business unit of Zero2IPO Consulting Group Co., Ltd. (清科管理顧問集團有限公司) (“Zero2IPO Group”, this arrangement referred to as the “Reorganization”). As part of the Reorganization, Zero2IPO Group transferred its equity interests in Ningbo Zero2IPO Ningfeng Enterprise Management Consulting Co., Ltd. (“Ningbo Zero2IPO”), a then subsidiary of Zero2IPO Group and Beijing Zero2IPO Innovation and Venture Consulting Co., Ltd. (“Beijing Zero2IPO”) to the Group at a total consideration of RMB5,000,000.

Immediately prior and after the Reorganization, the Business was carried out through the entities and business unit which are all under the control of Mr. Ni Zhengdong, and the control is not transitory. Accordingly, the Reorganization is accounted for as a business combination under common control.

Notes to the Consolidated Financial Statements (Continued)

1 GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

1.2 Reorganization of the Group and basis of presentation (Continued)

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunications services. Certain internet-based businesses under data services, marketing services and investment banking services are categorized as value-added telecommunications services. The value-added telecommunications services in the PRC were carried out through Beijing Zero2IPO Venture Information Consulting Co., Ltd. (“Zero2IPO Ventures”) and its subsidiary. To comply with the relevant PRC laws and regulations, the wholly-owned subsidiary of the Company, Beijing Zero2IPO Huchuang Management Consulting Service Co., Ltd. (“Beijing Huchuang”), has entered into a series of contractual arrangements (the “Contractual Agreements”) with Zero2IPO Ventures and its respective equity holders, which enable the Group to:

- irrevocably exercise equity holders’ voting rights of Zero2IPO Ventures;
- exercise effective financial and operational control over of Zero2IPO Ventures;
- receive substantially all of the economic interest returns generated by Zero2IPO Ventures by way of technical and investment banking services provided by Beijing Huchuang;
- obtain an irrevocable and exclusive right to purchase from the respective equity holders all or part of the equity interests in Zero2IPO Ventures and all or any part of its assets in Zero2IPO Ventures at a minimum purchase price permitted under the PRC laws and regulations. The excess of the nominal price should be returned to the wholly owned subsidiary of the Company or the nominee; and
- obtain a pledge over the entire equity interests of Zero2IPO Ventures from its respective equity holders as collateral security for all of Zero2IPO Ventures payments due to Beijing Huchuang and to secure performance of all obligations of Zero2IPO Ventures and the respective equity holders under the Contractual Agreements.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The directors of the Company, based on the advice of its legal counsel, consider that the use of Contractual Arrangements is currently enforceable in the PRC except for certain provisions and does not constitute a breach of the relevant laws and regulations.

As a result of the Contractual Arrangements, the Group is considered to control Zero2IPO Ventures as it has rights to exercise power over Zero2IPO Ventures, receive variable returns from its involvement with Zero2IPO Ventures, and has the ability to affect those returns through its power over Zero2IPO Ventures. Consequently, the Company regarded Zero2IPO Ventures and its subsidiary as controlled entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group.



Notes to the Consolidated Financial Statements (Continued)

1 GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

1.3 Acquisition of Da De Securities Limited.

On September 15, 2021, Zero2IPO International Holdings Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition of the entire issued share capital of Da De Securities Limited (“Da De Securities”), a company incorporated in Hong Kong with limited liability, for a cash consideration of HKD12,094,197, approximately RMB9,998,000. On the same date, Da De Securities was renamed as Zero2IPO Securities Limited.

The management made the election to apply the concentration test permitted under Hong Kong Financial Reporting Standards (“HKFRSs”) 3 (Revised) “Business Combinations”, and concluded that purchase of Da De Securities is an asset purchase rather than business combination as Da De Securities meets the concentration test. In addition, Da De Securities lacks necessary organized workforce as part of its input, which also lead to a result that it doesn’t have a substantive process for operating security business on the completion day. And the excess of the total consideration over the cash acquired amounting to RMB3,472,000 was mainly recognized as an intangible asset – trading rights on the completion date, and other assets acquired is immaterial. Assets acquired from Da De Securities as at the completion date were as follows:

Item	As at the completion date RMB'000
Total consideration	9,998
Net: Cash and cash equivalents of Da De Securities	(6,337)
	3,661
Assets acquired:	
Other receivables	189
Intangible assets	3,472
	3,661

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout the periods presented, unless otherwise stated.

2.1 Basis of preparation

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

2.2 Changes in accounting policies

(i) *New and amended standards adopted by the Group*

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16;

The Group also elected to adopt the following amendments early:

- Covid-19-Related Rent Concessions beyond June 30, 2021.

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



Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (Continued)

(ii) *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Group. These standards and amendments are as follows:

	Effective for accounting periods beginning on or after
HKFRS 17 Insurance contracts	January 1, 2023
Amendments to HKAS 16 – Property, Plant and Equipment: Proceeds before intended use	January 1, 2022
Amendments to HKFRS 3 – Reference to the Conceptual Framework	January 1, 2022
Amendment to HKAS 37 – Onerous contract – cost of fulfilling a contract	January 1, 2022
Annual improvements to HKFRS Standards 2018 – 2020	January 1, 2022
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	January 1, 2023
Amendment to HKAS 1 and HKFRS Practice Statement 2 – disclosure of accounting policies	January 1, 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	January 1, 2023
Amendments to HKAS 12 – deferred tax related to assets and liabilities arising from a Single Transaction	January 1, 2023
Amendments to HKFRS 10 and HKAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)	January 1, 2022

These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting

(a) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

There are structured entities controlled by the Group under Contractual Arrangements as disclosed in Note 1. The Group has rights to exercise power over these structured entities, receives variable returns from its involvement in these structured entities, and has the ability to affect those returns through its power over these structured entities. As a result, they are presented as controlled structured entities of the Group.

The merger accounting is used to account for business combinations under common control by the Group (refer to Note 2.4(a)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated balance sheet, respectively.

(b) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. Over its management, including participation in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(a) *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation and equity accounting (Continued)

(b) Associates (Continued)

(a) Equity method (Continued)

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.4 Business combinations

(a) Business combinations under common control

The Group uses merger accounting to account for the business combination of entities and businesses under common control.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The assets and liabilities of the combining entities or businesses are consolidated using the carrying book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the consideration at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which they were incurred.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Group on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.7 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is United States dollar ("USD"). The Company's primary subsidiaries operate in the PRC and these subsidiaries consider RMB as their functional currency. The presentation currency of the Group is RMB.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gain – net.



Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation (Continued)

(b) *Transactions and balances (Continued)*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognised in other comprehensive income ("OCI").

(c) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The initial recognition and subsequent measurement of right-of-use asset is discussed in Note 2.21.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of right-of-use assets, the lease term, if shorter, as follows:

		Estimated useful lives
Computers and other electric equipment		3 years
Office equipment		3–5 years
Buildings		30 years
Right-of-use assets	Shorter of estimated useful life and the lease term	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.9 Intangible assets

(a) Initial recognition

(i) Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its useful lives.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (Continued)

(a) Initial recognition (Continued)

(i) Software (Continued)

- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(ii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (i) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. There was no expenditure being capitalised during the year ended December 31, 2021.

(iii) Trading Right

Trading rights acquired in an acquisition are recognised at fair value at the acquisition date. They are amortised from the point at which the asset is ready for use.

(b) Amortisation methods and periods

The management estimates the useful lives to reflect the Group's intention to derive future economic benefits from the use of these assets. The Group amortises intangible assets with an estimated useful life using the straight-line method over the following periods:

	Estimated useful lives
Software	10 years
Trading rights	10 years

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

The non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains-net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gain-net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gain-net and impairment expenses are presented as separate line item in the statement of comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gain-net in the period in which it arises.

(d) Impairment

The Group has types of assets subject to HKFRS 9's new expected credit loss model:

- accounts receivable
- contract assets and
- other financial assets at amortised cost.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (Continued)

(d) Impairment (Continued)

Measurement of expected credit losses

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable and contract assets, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1b for further details.

Impairment on other financial assets at amortised cost is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating, if available;
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (Continued)

(d) Impairment (Continued)

Measurement of expected credit losses (Continued)

Expected credit losses are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the expected credit loss amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off policy

Financial assets are written off when the Group is satisfied that recovery is remote. Where loans or receivables have been written off, the Group continues to attempt to recover the receivable due. Where recoveries are made, the recovered amount is recognised in profit or loss.

2.12 Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business.

Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.11(d) for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Accounts and other payables

These amounts primarily represent liabilities for services provided to the Group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends approved by the Company's shareholders or directors, where appropriate.

2.17 Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred income tax*

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax (Continued)

(ii) *Deferred income tax (Continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

2.18 Employee benefits

(a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in other payables in the consolidated balance sheet.

(b) *Pension obligations*

The Group has to make contribution to staff retirement scheme managed by China local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the consolidated statement of comprehensive income as and when incurred. The Group has no legal or constructive obligations to pay further contributions.

The Company's subsidiaries incorporated in Hong Kong are required to make contributions to Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Such contributions are recognized as an expense in profit or loss as incurred.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Share-based payment

The Group adopts a share incentive plan, under which it receives services from employees as consideration for equity instruments (restricted shares units ("RSUs")) of the Company.

The fair value of the services received in exchange for the grant of RSUs is recognised as an expense on the consolidated statement of comprehensive income with a corresponding increase in equity.

In terms of the RSUs awarded to employees, the total amount to be expensed is determined by reference to the fair value of RSUs granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance conditions are included in calculation of the number of RSUs that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of RSUs that are expected to vest based on the non-marketing performance and service conditions.

It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

2.20 Revenue recognition

Revenue is recognised when or as the control of the services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of services transfers over time, revenue is recognised over the period of the contract by reference to progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.



Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue recognition (Continued)

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the stand-alone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group has a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer.

Incremental costs incurred to obtain a contact, which mainly comprise sales commissions payable to third party channels for the training service, are amortized on a systemic basis that is consistent with the transfer to the customer of the goods or services to which the costs incurred to obtain a customer contract relates, if it is expected to be recovered. The Group didn't utilize the practical expedient to expense the costs as incurred when the the expected amortization period is one year or less. And capitalized incremental costs incurred to obtain a contract is recorded as other current assets.

The Group mainly provides data services, marketing services, investment banking services (previously called consulting services) and training services.

(i) *Data services*

– Revenue from "PEdata" database

The Group maintains a database named "PEdata" and provides access to database to its customers that subscribed the right to access and made a corresponding membership payment. The contract usually has a fixed contract term with a fixed consideration that need to pay upon subscription. As the Group has the obligation to continuously update the content of the database, which will significantly impact and benefit the customers, thus it is a right to access license and revenue recognised on a straight-line basis over the contract term.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue recognition (Continued)

(i) *Data services (Continued)*

- Revenue from customized and standardized research reports

The Group provides customized or standardized research reports to its customers. As the customer can't benefit from the performance of the Group before the delivery of the reports, nor control the work in progress and also have no right to payment for the work performed, thus can't meet the criteria of recognizing revenue over time. The revenue is recognised when the reports are delivered to the customers.

(ii) *Marketing services*

- Offline brand and customized events

The Group holds offline events under “Zero2IPO” brand and customized events to meet some customer's specific requirement. The revenue is mainly from sponsors fee and on-site advertisement fee. The revenue is recognised during the event period when the Group satisfies its performance.

- Online platforms

The Group provides promotion and advertising services to its customers on its own media platform. The Group recognises media advertising revenue over the promotion and advertising period, during which the Group satisfies its performance.

(iii) *Investment banking services*

- Financial advisory service

Financial advisory service represents advisory fees associated with private placement transactions and mergers and acquisitions. Revenue is recognised at the point when the underlying transactions completed under the terms of respective contract and the Group has a present right to payment from the customers for the service performed.

- Other consulting services

Other consulting service fees are mainly for the services provided to the enterprises through the road shows organized. Revenue is recognised during the period when the services have been rendered.



Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue recognition (Continued)

(iv) *Training services*

– Investment training service

The Group provides training services through investment college and Sandhill College. For those training services provided, the revenue is recognised during the period when the training delivered as the customer benefit and consumes the benefit simultaneously.

– Online training platform

The Group provides online courses through its Sandhill University online training platform. The customers can purchase courses for a use right and the revenue is recognised when the courses are delivered. The customers can also subscribe a package of courses which provided continuously online for a period and the revenue is recognised on the over the subscription period based on the course's consumption.

The Group also provides services pack to VIP customers and one-stop services pack to local governments. The pack normally includes licenses to access PEdata database, standardized reports, offline events and online media advertising services as well as investment training services. The total transaction price of the services pack is allocated to each identified performance obligation, based on the stand-alone selling price.

2.21 Leases

The Group leases properties for operation. Rental contracts are typically made for fixed periods with fixed lease payments. Lease terms are negotiated on an individual basis and do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities arising from leases are initially measured on the present value of the fixed payment or in-substance fixed payments.

The lease payments are discounted using the Group's incremental borrowing rate. When determining the incremental borrowing rate, specific condition, term and currency to the contract, as well as the recent debt issuances and public available data for instrument with similar characteristics were considered.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases (Continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and the lease payment made before the lease commencement.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The payments associated with short-term leases and leases of the low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Right-of-use assets are presented in "Property, plant and equipment" on face of the Group's consolidated balance sheet.

2.22 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to cost are deferred and recognised as other income in the consolidated statement of comprehensive income over the period necessary to match them with the expense that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group.



Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors

(a) *Market risk*

Interest rate risk

Financial assets/liabilities with variable interest rate expose the Group to cash flow interest-rate risk. And financial assets/liabilities with fixed interest rate expose the Group to fair value interest-rate risk. Other than interest-bearing cash and cash equivalent and lease liabilities, the Group has no other significant interest-bearing assets or liabilities. The directors of the Company do not anticipate there is any significant impact resulted from the changes in interest rate.

(b) *Credit risk*

The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents, accounts receivable, other receivable, contract assets and wealth management products ("WMP") issued by banks carried at FVPL.

(i) Risk management

Credit risk is managed on a group basis.

The Group is exposed to credit risk primarily in relation to its cash and cash equivalent and WMPs issued by banks, as well as accounts and other receivables and contract assets. The carrying amount of each class of the above mentioned assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with state-owned or reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. WMPs are issued by banks investing in low risk underlying assets, which mainly consist of bank deposits, central bank bill, local government debt, corporate bond or debt with high credit ratings. Thus, the directors of the Company were of the view the expected credit loss related to cash and cash equivalent and WMPs was immaterial.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group performed credit evaluation which focus on the customer's past history of making payments and current ability to pay. The Group does not obtain collateral from customers. As at December 31, 2021 and 2020, approximately RMB24,880,000 and RMB6,752,000 of the Group's gross accounts receivables were due from the largest five debtors. Given the strong business relationship with these customers, the management does not expect that there will be any significant losses from non-performance of these customers.

The Group does not provide any guarantees which would expose the Group to credit risk.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

(ii) Impairment of financial assets and contract assets

Accounts receivable and contract assets

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all accounts receivable and contract assets. Accounts receivable included amounts due from customers grouped based on similar credit risk characteristics and from customers with increased credit risks. And the recognition and measurement method of loss allowance for each category is measured separately.

For accounts receivable and contract assets due from customers grouped based on similar credit risk characteristics, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining with the current situation and the forecast of future economic conditions and measuring the accounts receivable aging and expected credit loss rate during the lifetime. The contract assets related to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

For accounts receivable due from customers with specific credit risks, such as the customers that the Group has renegotiated with specific payment schedule or the Group has identified with financial difficulties, the Group applies the individual identification method based on the characteristics of credit risk of each individual balance.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2021 or January 1, 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, such as GDP, and accordingly the Group adjusts the historical loss rates based on expected changes in these factors.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Accounts receivable and contract assets (Continued)

The loss allowance as at December 31, 2021 and 2020 was determined as follows for accounts receivable and contract assets:

	Less than 90 days RMB'000	90 days to 180 days RMB'000	180 days to 365 days RMB'000	365 days to 540 days RMB'000	Over 540 days RMB'000	Total RMB'000
As at December 31, 2021						
Expected loss rate	2.26%~2.98%	4.05%	7.37%	33.48%	100.00%	
Accounts receivable	30,718	1,234	9,632	1,353	574	43,511
Less: allowance	(798)	(50)	(710)	(453)	(574)	(2,585)
	29,920	1,184	8,922	900	-	40,926
As at December 31, 2020						
Expected loss rate	1.64%~2.28%	2.71%	11.30%	31.41%	100.00%	
Accounts receivable	12,257	3,171	1,902	866	1,179	19,375
Less: allowance	(206)	(86)	(215)	(272)	(1,179)	(1,958)
	12,051	3,085	1,687	594	-	17,417
As at December 31, 2020						
Expected loss rate	1.00%	1.00%	1.00%	1.00%	-	
Contract assets	5,000	1,000	3,150	-	-	9,150
Less: allowance	(50)	(10)	(32)	-	-	(92)
	4,950	990	3,118	-	-	9,058

Accounts receivable and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a bankrupt of a debtor.

Impairment losses on accounts receivable and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Other financial assets at amortised cost

Other financial assets at amortised cost mainly include lease deposits. As no significant increase of credit risk since initial recognition, management considers that the expected credit loss is insignificant.

(c) Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at December 31, 2021				
Accounts payable	1,353	–	–	1,353
Other payables (excluding employee benefits payables and other tax payables)	2,457	–	–	2,457
Lease liabilities	12,307	2,326	70	14,703
	16,117	2,326	70	18,513

As at December 31, 2020

Accounts payable	3,612	300	–	3,912
Other payables (excluding employee benefits payables and other tax payables)	17,639	–	–	17,639
Lease liabilities	10,898	8,076	444	19,418
	32,149	8,376	444	40,969

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The Group aims to maintain its gearing ratio below 60%. The gearing ratios at December 31, 2021 and 2020 were as follows:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Total liabilities	135,094	126,824
Total assets	645,805	557,856
Gearing ratio	20.92%	22.73%

3.3 Fair values

(i) Fair value hierarchy

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair values (Continued)

(i) *Fair value hierarchy (Continued)*

The following table presents the Group's asset that are measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2021				
Assets				
Financial assets				
measured at FVPL				
– WMP				
	–	–	122,563	122,563
As at December 31, 2020				
Assets				
Financial assets				
measured at FVPL				
– WMP				
	–	–	84,882	84,882

The Group did not have any financial liabilities that were measured at fair value as of December 31, 2021 and 2020. There were no transfers between levels for recurring fair value measurements during all periods presented.

(ii) *Valuation process and valuation techniques used to determine level 3 fair value*

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purpose. The team manages the valuation exercise of level 3 instrument on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair values (Continued)

(iii) Fair value measurements using significant unobservable inputs.

The valuation of level 3 instruments included investment in WMPs issued by banks and financial institutions. As it was not traded in an active market, the fair value has been determined using discounted cash flows.

All the WMPs will mature within one year with variable return rates indexed to the performance of underlying assets. The fair values were determined based on cash flow discounted assuming the expected return will be obtained upon maturity.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
		As at December 31, 2021	2020	
Investment in WMP	Expected return rate	0.52%-4%	2.5% ~ 3.6%	The higher the expected return rate, the higher the fair value

For investment in WMP, the estimated carrying amount as at December 31, 2021 would have been RMB11,205 higher/lower (2020: RMB210,000.) should the expected return rate used in discounted cash flow analysis be higher/lower by 1% from management's estimates.

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements (Continued)

4 CRITICAL ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Current and deferred income tax

The Group is subject to income taxes in different areas. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

4.2 Impairment of account receivables and contract assets

The loss allowances for account receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1b.

4.3 Revenue recognition

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the stand-alone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition. Further details are included in Note 2.20.

5 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 CODM. As a result of this evaluation, the Group is organised into four reportable segments according to the revenue streams of the Group, and the revenue streams of the Group are data services, marketing services, investment banking services and training services.

The CODM assesses the performance of the operating segments based on the gross profit. The reconciliation of gross profit to profit before income tax is shown in the consolidated 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.

Notes to the Consolidated Financial Statements (Continued)

5 SEGMENT INFORMATION (CONTINUED)

The segment results for the years ended December 31, 2021 and 2020 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>
2021					
Revenue	55,301	83,363	28,081	41,148	207,893
Cost of revenue	(27,538)	(32,605)	(18,454)	(30,175)	(108,772)
Gross profit	27,763	50,758	9,627	10,973	99,121
2020					
Revenue	51,635	85,981	19,635	21,214	178,465
Cost of revenue	(19,444)	(30,457)	(9,058)	(15,931)	(74,890)
Gross profit	32,191	55,524	10,577	5,283	103,575

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers in the PRC, while substantially all of the non-current assets of the Group were located in the PRC. Thus, no geographical segment information is presented.

6 REVENUE

An analysis of the Group's revenue by category for the years ended December 31, 2021 and 2020 was as follows:

	Year ended December 31,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers		
<i>Recognised over time</i>		
Data services	22,801	19,539
Marketing services	83,363	85,981
Investment banking services	2,434	1,016
Training services	30,345	13,243
<i>Recognised at a point in time</i>		
Data services	32,500	32,096
Investment banking services	25,647	18,619
Training services	10,803	7,971
Total	207,893	178,465

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.

Notes to the Consolidated Financial Statements (Continued)

6 REVENUE (CONTINUED)

(a) Assets and liabilities related to contacts with customers

The Group have recognised the following assets and liabilities related to contracts with customers:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Contract assets relating to contracts	–	9,150
Less: allowance for impairment	–	(92)
Total contract assets	–	9,058
Contract costs incurred to obtain a contract (Note 21)	7,843	2,682
Contract liabilities relating to contracts (Note 25)	73,797	45,119

Significant changes in contract assets relating to satisfaction of performance obligation:

	Gross Amount	Loss allowance
	RMB'000	RMB'000
As at December 31, 2019	9,250	93
Increase resulting from satisfaction of performance obligation	9,900	–
Decrease resulting from settlement	(10,000)	–
Reversal of previous impairment losses	–	1
As at December 31, 2020	9,150	(92)
As at December 31, 2020	9,150	(92)
Transfer into accounts receivable	(9,150)	92
As at December 31, 2021	–	–

Notes to the Consolidated Financial Statements (Continued)

7 EXPENSES BY NATURE

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

	Note	Year ended December 31,	
		2021 RMB'000	2020 RMB'000
Employee benefit expense (including share-based compensation expenses)	8	126,791	63,706
Offline event costs		25,809	15,255
Professional service fee		13,331	6,512
Depreciation and amortisation		12,462	11,654
Advertisement		4,758	4,810
Travel expenses		4,632	3,597
Office expenses		3,215	1,824
Auditor's remuneration		2,400	1,280
Utilities and property management fee		1,766	1,680
Listing expenses		–	24,964
Others		4,763	4,478
Total		199,927	139,760

8 EMPLOYEE BENEFIT EXPENSE

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Salaries and other benefits	72,489	55,585
Pension cost: contributions to defined contribution plans	7,737	483
Other social security costs (such as housing benefits and others)	19,209	7,638
Share-based compensation expenses (Note 31)	27,356	–
Total employee benefit expense	126,791	63,706

As at December 31, 2021, defined contribution plans payables were RMB682,000 (2020: nil).

During the year ended December 31, 2021, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2020: nil).

Notes to the Consolidated Financial Statements (Continued)

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Benefits and interests of directors

(i) Director's and Chief Executive's emoluments

For the year ended December 31, 2021:

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking benefits RMB'000	Total RMB'000
Chairman, chief executive							
Mr. Ni*	-	600	140	78	53	-	871
Executive Directors							
Ms. Fu**	-	600	-	78	53	-	731
Ms. Zhang**	-	600	-	78	53	-	731
Non-executive Director							
Mr. Kung***	-	-	-	-	-	-	-
Independent Non-executive Directors							
Ms. Yu****	127	-	-	-	-	-	127
Mr. Xu****	127	-	-	-	-	-	127
Mr. Zhang****	127	-	-	-	-	-	127
	381	1,800	140	234	159	-	2,714

Notes to the Consolidated Financial Statements (Continued)

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Benefits and interests of directors (Continued)

(i) Director's and Chief Executive's emoluments (Continued)

For the year ended December 31, 2020:

	Fees	Salary RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking benefits RMB'000	Total RMB'000
Chairman, chief executive							
Mr. Ni*	-	600	-	70	4	-	674
Executive Directors							
Ms. Fu**	-	600	-	70	4	-	674
Ms. Zhang**	-	600	-	70	4	-	674
Non-executive Director							
Mr. Kung***	-	-	-	-	-	-	-
Independent Non-executive Directors							
Ms. Yu****	11	-	-	-	-	-	11
Mr. Xu****	11	-	-	-	-	-	11
Mr. Zhang****	11	-	-	-	-	-	11
	33	1,800	-	210	12	-	2,055

* Mr. Ni Zhengdong was appointed as a director of the Company on August 1, 2019. The amounts presented above represent the salary, bonus, other social security costs, housing benefits and other employee benefits paid during 2021 and 2020.

** Ms. Fu Xinghua and Ms. Zhang Yanyan were appointed as executive directors of the Company on May 29, 2020. The amounts presented above represent the salary, bonus, other social security costs, housing benefits and other employee benefits paid during 2021 and 2020.

Ms. Fu Xinghua and Ms. Zhang Yanyan were granted with 1,637,600 RSUs respectively during the year ended December 31, 2021 pursuant to the Company's Post-IPO RSU Scheme and they voluntarily gave up such RSUs during the year.

*** Mr. Kung Hung Ka was appointed as a non-executive director of the Company on May 29, 2020. Mr Kung Hung Ka voluntarily gave up and did not received any remuneration during 2021 and 2020.

**** Ms. Yu Bin, Mr. Xu Shaochun and Mr. Zhang Min were appointed as independent non-executive directors on December 7, 2020.

Notes to the Consolidated Financial Statements (Continued)

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Benefits and interests of directors (Continued)

(ii) *Director's retirement and termination benefits.*

No retirement or termination benefits have been paid to the Company's directors during 2021 and 2020.

(iii) *Consideration provided to third parties for making available directors' services*

No consideration provided to third parties for making available Directors' services subsisted at the end of the year or at any time during 2021 and 2020.

(iv) *Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors*

No loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during 2021 and 2020.

(v) *Directors' material interests in transactions, arrangements or contract*

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during 2021 and 2020.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group do not include any director for the years ended December 31, 2021 (2020: nil). The directors' emoluments are reflected in the analysis shown in Note 8a. The emoluments payable to the remaining 5 and 5 individuals during 2021 and 2020 are as follows:

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Salaries and other benefits	4,640	3,574
Pension cost: contributions to defined contribution plans	199	19
Other social security costs (such as housing benefits and others)	300	350
Share-based compensation expenses	8,186	–
Total employee benefit expense	13,325	3,943

Notes to the Consolidated Financial Statements (Continued)

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands.

	Year ended December 31,	
	2021	2020
Emolument bands (in HKD)		
Nil – 500,000	–	–
500,001 – 1,000,000	–	4
1,000,001 – 1,500,000	–	1
1,500,001 – 2,000,000	1	–
2,000,001 – 2,500,000	1	–
2,500,001 – 3,000,000	2	–
above 3,000,000	1	–
	5	5

9 NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss provided for the year from:		
– Accounts receivable	4,212	1,044
– Contract assets	–	(1)
	4,212	1,043

Notes to the Consolidated Financial Statements (Continued)

10 OTHER INCOME AND OTHER GAIN – NET

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
(a) Other income		
Government grants (i)	7,935	1,732
Others	524	391
Total	8,459	2,123
(b) Other gain – net		
Fair value change of financial assets measured at FVPL	5,845	1,485
Exchange loss	(15)	(513)
Donation	–	(200)
Gain on disposal of property, plant and equipment/ termination of lease contract	–	372
Others	(97)	(8)
Total	5,733	1,136

(i) In June 2021, the Group received a subsidy of RMB5.0 million in connection with the success of IPO given by Beijing Chaoyang District Financial Service Office.

11 FINANCE COSTS – NET

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Finance income		
Interest income from bank deposits	(703)	(118)
Finance costs		
Interest expense for lease liabilities	1,090	1,369
Finance cost – net	387	1,251

Notes to the Consolidated Financial Statements (Continued)

12 INCOME TAX EXPENSE

(i) Cayman Islands Income Tax

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax.

(ii) Hong Kong Income Tax

According to the two-tiered profits tax regime, Hong Kong profits tax rate is 8.25% for assessable profits in the first HKD2 million and 16.5% for any assessable profits in excess.

(iii) PRC Enterprise Income Tax (“EIT”)

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the year ended December 31, 2021 and 2020, based on the exiting legislation, interpretations and practices in respect therefore.

Several subsidiaries of the Company qualify as “Small and micro enterprises” under the relevant PRC laws and regulations. According to the EIT Law and its implementation rules, the qualified enterprises are entitled a preferential tax rate under the newly issued EIT treatment, which applied from January 1, 2021 to December 31, 2023. Under such treatment, the first RMB1,000,000 of the annual assessable profits is eligible for a 87.5% deduction and the portion of the annual assessable profits between RMB1,000,000 and RMB3,000,000 is eligible for a 50% deduction, which are all entitled to a reduced enterprise income tax rate of 20%.

According to the relevant laws and regulations promulgated by the State Council of the People’s Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The State Taxation Administration of the People’s Republic of China announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2023. The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits for the years ended December 31, 2021 and 2020.

Notes to the Consolidated Financial Statements (Continued)

12 INCOME TAX EXPENSE (CONTINUED)

(iii) PRC Enterprise Income Tax (“EIT”) (Continued)

(a) Income tax expense

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Current income tax		
Current tax on profits for the year	4,714	10,792
Deferred income tax		
Changes in deferred tax assets/liabilities (Note 27)	1,873	(3,114)
Income tax expense	6,587	7,678

(b) Reconciliation of income tax expense

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Profit before income tax	18,054	39,126
Tax at the PRC tax rate of 25%	4,513	9,782
Effect of different tax rates in different jurisdiction	(532)	(676)
Tax effect of non-deductible expenses (Note)	5,481	104
Tax effect of Super Deduction of research and development expenses	(2,875)	(1,532)
Income tax expense	6,587	7,678

Note: During 2021, the tax effect of the non-deductible share-based compensation expenses relating to the Company's grant of RSUs (Note 31) was RMB4,963,000 (2020: nil).

Notes to the Consolidated Financial Statements (Continued)

13 EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated based on the profit attributable to equity holders of the Company for the year ended December 31, 2021 and 2020 divided by the weighted average number of shares in issued during the year.

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Profit attributable to owners of the Company (RMB'000)	11,467	31,448
Weighted average number of ordinary shares in issue (thousand) (i)	308,612	260,222
Basic earnings per share (RMB per share)	0.04	0.12

- (i) The weighted average number of ordinary shares in issue used for the calculation of basic earnings per share for the year ended December 31, 2020 have been retrospectively adjusted for the capitalization issue. The ordinary shares which were issued and allotted by the Company in connection with the Reorganization in 2020, had been treated as if these shares were in issue since the beginning. The issuance of shares upon IPO in December 2020 and exercise of the over-allotment option on January 20, 2021, the new shares of the Company issued on August 16, 2021 and September 16, 2021 pursuant to the Post-IPO RSU Scheme, and the purchase of shares in October 2021, November 2021 and December 2021 were accounted at time portion basis.

(b) Diluted

For the years ended December 31, 2021 and 2020, 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.

14 DIVIDENDS

No dividend was paid by the Company during the year ended December 31, 2021 (2020: nil).

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

Notes to the Consolidated Financial Statements (Continued)

15 PROPERTY, PLANT AND EQUIPMENT

	Computers and other electric equipment <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Buildings <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended December 31, 2020					
Opening net book amount	335	2,087	8,133	21,990	32,545
Additions	147	224	–	3,975	4,346
Depreciation charge	(223)	(1,662)	(264)	(9,282)	(11,431)
Disposals/termination of lease contract	–	–	(359)	(201)	(560)
Closing net book amount	259	649	7,510	16,482	24,900
As at December 31, 2020					
Cost	1,782	8,908	7,959	40,981	59,630
Accumulated depreciation	(1,523)	(8,259)	(449)	(24,499)	(34,730)
Net book amount	259	649	7,510	16,482	24,900
Year ended December 31, 2021					
Opening net book amount	259	649	7,510	16,482	24,900
Additions	1,269	1,714	–	7,570	10,553
Exchange differences	(1)	(12)	–	(95)	(108)
Depreciation charge	(322)	(816)	(265)	(10,721)	(12,124)
Closing net book amount	1,205	1,535	7,245	13,236	23,221
As at December 31, 2021					
Cost	3,050	10,610	7,959	46,521	68,140
Accumulated depreciation	(1,845)	(9,075)	(714)	(33,285)	(44,919)
Net book amount	1,205	1,535	7,245	13,236	23,221

Notes to the Consolidated Financial Statements (Continued)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charges were expensed off (Note 7) in the following categories in the consolidated statement of comprehensive income:

	Year ended December 31,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of revenue	6,878	7,161
General and administrative expenses	2,383	2,337
Selling and marketing expenses	1,017	1,231
Research and development expenses	1,846	702
	12,124	11,431

The Group obtains right to control the use of properties through entering respective lease arrangement. The leased assets cannot be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements (Continued)

16 INTANGIBLE ASSETS

	Trading rights <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2020			
Opening net book amount	–	164	164
Amortisation charge	–	(21)	(21)
Closing net book amount	–	143	143
At 31 December 2020			
Cost	–	212	212
Accumulated amortisation and impairment	–	(69)	(69)
Net book amount	–	143	143
Year ended 31 December 2021			
Opening net book amount	–	143	143
Addition through the acquisition of Da De Securities (Note 1.3)	3,472	–	3,472
Exchange differences	(39)	–	(39)
Amortisation charge	(114)	(21)	(135)
Closing net book amount	3,319	122	3,441
At 31 December 2021			
Cost	3,433	212	3,645
Accumulated amortisation and impairment	(114)	(90)	(204)
Net book amount	3,319	122	3,441

Amortisation charges were expensed off (Note 7) in the following categories in the consolidated statement of comprehensive income:

	Year ended December 31,	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
General and administrative expenses	135	21

Notes to the Consolidated Financial Statements (Continued)

17 SUBSIDIARIES

As at December 31, 2021, the Company has direct or indirect interests in the following subsidiaries:

Company Name	Kind of legal entity	Place of establishment/ date of incorporation	Principal activities	Issued and paid-in/ registered capital	% of attributable equity interest
Dymant Investment Hong Kong Inc.	Joint stock limited liability company	British Virgin Island/ November 14, 2019	Investment holding	-/USD 1.00	100%
Dymant Investment Hong Kong Limited	Limited liability company	Hong Kong, China/ November 18, 2019	Investment holding	-/HKD 1.00	100%
Zero2IPO BVI	Limited liability company	British Virgin Island/ September 2, 2019	Investment holding	-/USD 100.00	100%
Zero2IPO HK	Limited liability company	Hong Kong, China/ September 12, 2019	Investment holding	-/HKD 1.00	100%
Zero2IPO Investment Management Limited	Limited liability company	British Virgin Island/ February 3, 2021	Investment holding	USD100.00/100.00	100%
Zero2IPO International Holdings Limited	Limited liability company	Hong Kong, China February 19, 2021	Investment holding	HKD50 million/HKD 70 million	100%
Zero2IPO Capital Limited	Limited liability company	Hong Kong, China March 5, 2021	Corporate Finance	HKD10 million/HKD 10 million	100%
Zero2IPO Digital Technology Limited	Limited liability company	Hong Kong, China March 5, 2021	Financial Technology	-/HKD 5 million	100%
Zero2IPO Asset Management Limited	Limited liability company	Hong Kong, China April 30, 2021	Asset Management	HKD5 million/HKD 5 million	100%
Zero2IPO Credit Finance Limited	Limited liability company	Hong Kong, China June 24, 2021	Credit Finance	HKD1 million/HKD 1 million	100%
Zero2IPO Securities Limited	Limited liability company	Hong Kong, China September 16, 2021	Financial Service	HKD13.5 million/ HKD 13.5 million	100%
Beijing Huchuang	Limited liability company	Beijing, China/ June 8, 2020	Investment holding	-/HKD 50 million	
Beijing Zero2IPO Venture Information Consulting Co., Ltd. ("北京清科創業信息諮詢有限公司")	Limited liability company	Beijing, China/ September 10, 2013	Data, marketing and other related service business	RMB30 million/ RMB30 million	100%
Hangzhou Zero2IPO Sandhill Investment Management Co., Ltd. ("杭州清科沙丘投資管理有限公司")	Limited liability company	Hangzhou, China/ July 14, 2017	Training service business	RMB5 million/RMB5 million	100%
Ningbo Zero2IPO Ningfeng Enterprise Management Consulting Co., Ltd. ("寧波清科寧豐企業管理諮詢有限責任公司")	Limited liability company	Zhejiang, China/ December 21, 2017	Training and other related services business	RMB1.2 million/ RMB30 million	100%
Hainan Qingyou Venture Information Consulting Co., Ltd. ("海南清柚創業信息諮詢有限公司")	Limited liability company	Hainan, China/ March 20, 2018	Training, consulting and other related services business	RMB1 million/RMB1 million	100%
Shanghai Qingyou Enterprise Management Consulting Co., Ltd. ("上海清柚企業管理諮詢有限公司")	Limited liability company	Shanghai, China/ May 8, 2018	Marketing and other related service business	RMB5 million/ RMB5 million	100%

Notes to the Consolidated Financial Statements (Continued)

17 SUBSIDIARIES (CONTINUED)

Company Name	Kind of legal entity	Place of establishment/ date of incorporation	Principal activities	Issued and paid-in/ registered capital	% of attributable equity interest
Xi'an Zero2IPO Aixi Enterprise Management Consulting Co., Ltd. (“西安清科艾西企業管理諮詢有限公司”)	Limited liability company	Xi'an, China/ June 29, 2018	Training and other related services business	RMB5 million/ RMB5 million	100%
Nanjing Zero2IPO Aining Investment Management Consulting Co., Ltd. (“南京清科艾寧投資管理諮詢有限公司”, “Nanjing Investment”)	Limited liability company	Nanjing, China/ March 25, 2019	Consulting services business	RMB500,000/ RMB500,000	100%
Nanjing Zero2IPO Aining Enterprise Management Consulting Co., Ltd. (“南京清科艾寧企業管理諮詢有限責任公司”)	Limited liability company	Nanjing, China/ August 21, 2019	Consulting services business	RMB5 million/RMB5 million	100%
Qingdao Zero2IPO Aihe Enterprise Management Consulting Service Co., Ltd. (“青島清科艾和企業管理諮詢服務有限公司”)	Limited liability company	Shandong, China/ November 28, 2019	Training and other related services business	RMB-/RMB5 million	100%
Beijing Zero2IPO Innovation and Venture Consulting Co., Ltd. (“北京清科新創創業諮詢有限公司”)	Limited liability company	Beijing, China/ August 14, 2019	Marketing and other related service business	RMB1.053 million/ RMB1.053 million	100%
Zhuhai Zero2IPO Aiyue Venture Consulting Co., Ltd. (“珠海清科艾粵創業諮詢有限公司”)	Limited liability company	Guangdong, China/ August 21, 2020	Marketing and other related service business	RMB10,000/ RMB5 million	100%
Hangzhou Zero2IPO Sandhill Venture Service Co. Ltd. (“杭州清科沙丘創業服務有限公司”)	Limited liability company	Hangzhou, China/ November 19, 2020	Consulting services business	RMB-/RMB1 million	100%
Tianjin Zero2IPO Hudong Investment Co., Ltd. (“天津清科互動投資有限公司”)	Limited liability company	Tianjin, China/ August 28, 2020	Consulting and other related services business	-/USD30 million	100%
Shenzhen Zero2IPO Benniu Information management Co., Ltd. (“深圳市清科犇牛信息管理有限公司”)	Limited liability company	Shenzhen, China/ October 27, 2020	Consulting and other related services business	RMB-/RMB1 million	100%
Qihe Zero2IPO Aiqi Enterprise Management Consulting Co., Ltd. (“齊河清科艾齊企業管理諮詢有限公司”)	Limited liability company	Shandong, China/ November 10, 2020	Consulting services business	RMB-/RMB500,000	100%
Wuhan Zero2IPO Aijiang Enterprise Management Consulting Co. Ltd. (“武漢清科艾江企業管理有限公司”)	Limited liability company	Wuhan, China/ May 28, 2021	Data service business	RMB-/RMB5 million	100%

Notes to the Consolidated Financial Statements (Continued)

17 SUBSIDIARIES (CONTINUED)

Company Name	Kind of legal entity	Place of establishment/ date of incorporation	Principal activities	Issued and paid-in/ registered capital	% of attributable equity interest
Sanya Zero2IPO Venture Service Co. Ltd. (“三亞清科創業服務有限公司”)	Limited liability company	Sanya, China/ June 29, 2021	Consulting and other related services business	RMB-/RMB1 million	100%
Hubei Zero2IPO Venture Service Co. Ltd. (“湖北清科創業服務有限公司”)	Limited liability company	Wuhan, China/ July 26, 2021	Consulting and other related services business	RMB-/RMB1 million	100%
Hunan Zero2IPO Venture Service Co. Ltd. (“湖南清科創業服務有限公司”)	Limited liability company	Changsha, China/ August 12, 2021	Consulting and other related services business	RMB-/RMB5 million	100%
Jinhua Zero2IPO Venture Service Co., Ltd. (“金华清科創業服務有限公司”)	Limited liability company	Jinhua, China/ December 16, 2021	Consulting and other related services business	RMB-/RMB1 million	100%
Beijing Zhongguancun International Exhibition Co., Ltd. (“北京中關村國際會展運營管理有限公司”)	Limited liability company	Beijing, China/ May 25, 2020	Exhibition and marketing services	RMB9.8 million/ RMB20 million	20%

Notes to the Consolidated Financial Statements (Continued)

18 LEASE

(a) Amounts recognised in the consolidated balance sheet

Other than the right-of-use assets presented in property, plant and equipment in Note 15, the consolidated balance sheet show the following amounts relating to leases:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Lease liabilities		
Current	11,715	10,024
Non-current	2,349	8,272
	14,064	18,296

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income show the following amounts relating to leases:

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Depreciation charge of right-of-use assets (Note 15)	10,721	9,282
Interest expense (included in finance costs)	1,090	1,369
Expense relating to short-term leases (included in cost of revenue and administrative expenses)	3,098	2,086
	14,909	12,737

The total cash outflow for leases for the year ended December 31, 2021 is RMB15,909,000 (2020: RMB12,447,000).

Notes to the Consolidated Financial Statements (Continued)

19 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Notes	As at December 31,	
		2021	2020
		RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost	(a)		
– Accounts receivable	20(a)	40,926	17,417
– Other receivables (excluding deductible input VAT)		7,338	3,413
– Cash and cash equivalents	22	427,861	403,059
Financial assets at FVPL			
– Investment in WMPs	(b)	122,563	84,882
		598,688	508,771
Financial liabilities			
Financial liabilities at amortised cost	(a)		
– Accounts payable	23	(1,353)	(3,912)
– Other payables (excluding employee benefits payables and other tax payables)		(2,457)	(17,639)
– Lease liabilities		(14,064)	(18,296)
		(17,874)	(39,847)

- (a) As at December 31, 2021 and 2020, 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. The fair value measurement of these assets is disclosed in Note 3.3.

Notes to the Consolidated Financial Statements (Continued)

20 ACCOUNTS AND OTHER RECEIVABLES

(a) Accounts receivable

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
From third parties	43,061	19,375
From related parties	450	–
	43,511	19,375
Less: allowance for impairment (Note 9)	(2,585)	(1,958)
Total accounts receivable	40,926	17,417

An aging analysis of the gross accounts receivable as at December 31, 2021 and 2020 based on date of recognition, is as follows:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Up to 90 days	30,718	12,257
90 days to 180 days	1,234	3,171
180 days to 360 days	9,632	1,902
360 days to 540 days	1,353	866
540 days above	574	1,179
	43,511	19,375

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

Notes to the Consolidated Financial Statements (Continued)

20 ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)

(a) Accounts receivable (Continued)

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. Movement in lifetime ECL that has been recognised for accounts receivable as follows:

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
As at January 1	1,958	914
Transferred from contract assets	92	–
Provision for impairment charged for the year	4,212	1,044
Write off allowance	(3,677)	–
At the end of the year	2,585	1,958

As at December 31, 2021 and 2020, all of the accounts receivable were dominated in RMB.

(b) Other receivables

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Non-current assets		
Rental deposits	4,789	2,921
Current assets		
Rental and other deposits	154	118
Deductible input VAT	78	463
Others	2,395	374
	7,416	3,876

As at December 31, 2021 and 2020, other receivables were mainly dominated in RMB.

Notes to the Consolidated Financial Statements (Continued)

21 PREPAYMENTS AND OTHER CURRENT ASSETS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Contract costs incurred to obtain a contract (Note)	7,843	2,682
Work in progress for customized and standardized research reports	2,709	2,565
Prepayment of property management charges	106	106
Prepayment of professional fee	5	25
Others	1,074	358
	11,737	5,736

Note: Contract costs incurred to obtain a contract mainly comprises sales commissions payable to third party channels for the training service. The amount of capitalised costs recognised in profit or loss during the year ended December 31, 2021 was RMB4,996,000 (2020: RMB1,037,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the years.

22 CASH AND CASH EQUIVALENTS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Bank deposit	426,380	403,032
Others	1,481	27
	427,861	403,059

As at December 31, 2021 and 2020, the analysis of carrying amounts of cash and cash equivalents denominated in different currencies is as follows:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Denominated in RMB	54,995	44,543
Denominated in HKD	215,621	358,486
Denominated in USD	157,245	30
	427,861	403,059

For the years ended December 31, 2021 and 2020, the average interest rates of the bank deposits were 0.30% and 0.36% respectively.

Notes to the Consolidated Financial Statements (Continued)

23 ACCOUNTS PAYABLE

Aging analysis of the accounts payables as at December 31, 2021 and 2020 based on the date of recognition are as follows:

	As at December 31,	
	2021	2020
	RMB'000	<i>RMB'000</i>
Up to 6 months	253	3,612
6 months to 1 year	1,100	–
1 to 2 years	–	300
	1,353	3,912

As at December 31, 2021 and 2020, all of the accounts payable were dominated in RMB.

24 OTHER PAYABLES

	As at December 31,	
	2021	2020
	RMB'000	<i>RMB'000</i>
Employee benefits payable	15,297	12,379
Other tax payables	5,201	1,936
Other payables to related parties	2	3,329
Accrued listing expenses	–	13,998
Others	2,455	312
	22,955	31,954

Other payables are unsecured and are usually paid within one year of recognition.

25 CONTRACT LIABILITIES

	As at December 31,	
	2021	2020
	RMB'000	<i>RMB'000</i>
Contract liabilities	73,797	45,119

	Year ended December 31,	
	2021	2020
	RMB'000	<i>RMB'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:	38,665	23,220

Notes to the Consolidated Financial Statements (Continued)

25 CONTRACT LIABILITIES (CONTINUED)

Contract liabilities represent advance payments received from customers for services that have not yet been transferred to the customers. As at December 31, 2021 and 2020, the contract liabilities mainly included the advance payments received from training services and offline events as well as subscription fee of PEdata database. These services are mainly expected to be recognised as revenue to the customers within one year.

26 DEFERRED INCOME

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Government grants relating to assets	10,839	11,196

Deferred revenue represents government grants relating to certain assets, which is deferred and recognised in the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Opening balance	11,196	11,676
Debited to the consolidated statement of comprehensive income	(357)	(480)
	10,839	11,196

27 DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Deferred income tax assets		
– to be recovered after 12 months	5,677	7,896
– to be recovered within 12 months	1,339	482
	7,016	8,378
Deferred income tax liabilities		
– to be recovered after 12 months	–	–
– to be recovered within 12 months	(577)	(66)
	(577)	(66)

Notes to the Consolidated Financial Statements (Continued)

27 DEFERRED INCOME TAX (CONTINUED)

(a) Deferred income tax assets

The amount of offsetting deferred income tax assets is RMB526,000 and RMB49,000 as at December 31, 2021 and 2020. The analysis of deferred income tax assets and liabilities before offsetting is as follows:

	As at December 31,	
	2021	2020
	RMB'000	<i>RMB'000</i>
The balance comprises temporary differences attributable to:		
– Deferred revenue	2,710	2,799
– Lease liabilities	389	729
– Allowance for accounts receivable and contract assets	1,339	482
– Impact on share of results of investments accounted for using equity method	12	136
– Accumulated tax loss	2,566	4,027
– Others	–	205
Total deferred tax assets	7,016	8,378
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 27b)	(526)	(49)
	6,490	8,329

Movements	Deferred revenue <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Accrued operating expenses <i>RMB'000</i>	Allowance for accounts receivable and contract assets <i>RMB'000</i>	Impact on share of results of investments accounted for using equity method <i>RMB'000</i>	Accumulated tax loss <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2020	2,919	674	74	242	–	1,321	–	5,230
Credited/(debited) to profit or loss	(120)	55	(74)	240	136	2,706	205	3,148
At December 31, 2020	2,799	729	–	482	136	4,027	205	8,378
Credited/(debited) to profit or loss	(89)	(340)	–	857	(124)	(1,461)	(205)	(1,362)
At December 31, 2021	2,710	389	–	1,339	12	2,566	–	7,016

Notes to the Consolidated Financial Statements (Continued)

27 DEFERRED INCOME TAX (CONTINUED)

(a) Deferred income tax assets (Continued)

As at December 31, 2021, the Group did not recognize deferred income tax assets of RMB833,000 (2020: nil), in respect of deductible temporary differences and cumulative tax losses amounting RMB10,107,000 (2020: nil), that can be carried forward against future taxable income.

Deferred income tax assets are recognised for deductible temporary differences and tax losses to the extent that the realisation of the related tax benefits through future tax profit is probable.

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
The balance comprises temporary differences attributable to:		
Fair value changes	577	66
Set-off of deferred tax liabilities pursuant to set-off provisions	(526)	(49)
	51	17
	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Movement		
Fair value changes		
At January 1	66	32
Debited to profit or loss	511	34
	577	66

As at December 31, 2021 and 2020, the Group did not recognise deferred income tax liabilities in respect of undistributed retained earnings of the subsidiaries in PRC amounting to RMB40,222,000 and RMB30,942,000 respectively, as the Company is able to control the timing of the distribution of the retained earnings of these group companies. After the dividend for the year of 2019 declared and paid in May 2020, it is probable that the subsidiaries in the Group would not make distribution in the foreseeable future.

Notes to the Consolidated Financial Statements (Continued)

28 SHARE CAPITAL

The Company	Note	Number of shares authorised for issue	Number of shares in issue	Share capital USD'000	Equivalent share capital RMB'000	Treasury shares RMB'000	Share Premium RMB'000
As at January 1, 2020		5,000,000,000	49,999	-*	-*	-	-
Share consolidation		(4,500,000,000)	(44,999)	-*	-*	-	-
Issuance of shares	(i)	-	85,079,704	9	60	-	(111)
Capitalization of shares	(ii)	-	174,915,296	17	111	-	(111)
Issuance of shares upon IPO	(iii)	-	40,000,000	4	25	-	370,350
Share issuance costs		-	-	-	-	-	(14,420)
As at December 31, 2020		500,000,000	300,000,000	30	196	-	355,819
Issuance of shares upon full exercise of the Over-allotment Option	(iv)	-	6,000,000	1	4	-	55,204
Issue and allotment new shares pursuant to the Post-IPO RSU Scheme	(v)	-	8,994,800	1	6	-	27,350
Purchase of own shares	(vi)	-	-	-	-	(6,024)	-
Cancellation of shares	(vi)	-	(725,200)	-*	-*	2,421	(2,421)
As at December 31, 2021		500,000,000	314,269,600	32	206	(3,603)	435,952

* The amount is less than RMB1,000.

- (i) In April 2020, the Company issued an aggregate of 85,070,250 shares with a consideration of USD9,000 (equivalent to RMB60,000).
- (ii) Pursuant to a shareholders' resolution dated December 7, 2020, subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the offer shares pursuant to the global offering, the directors of the Company are authorized to allot and issue a total of 174,915,296 shares credited as fully paid at par value to the shareholder whose name appears on the register of members of the Company at the close of business on the date immediately preceding the date on which the global offering becomes unconditional (or as it may direct) by way of capitalization of the sum of US\$17,491.53 standing to the credit of the share premium account of the Company. The shares to be allotted and issued pursuant to the above capitalization issue will rank pari passu in all respects with the existing issued shares.

Notes to the Consolidated Financial Statements (Continued)

28 SHARE CAPITAL (CONTINUED)

- (iii) On December 30, 2020, upon completion of the IPO, the Company issued 40,000,000 new shares at par value of USD0.0001 each for cash consideration of HKD11.00 per share.

The total gross proceeds from the IPO were approximately HKD425,938,000 (equivalent to RMB370,375,000). The respective share capital amount was approximately RMB25,000, and share premium arising from the issuance was approximately RMB355,815,000, net of the issuance costs. The issuance costs paid mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB14,424,000 were treated as a deduction against the share premium arising from the issuance.

- (iv) On January 20, 2021, the Over-allotment Option as part of the Company's IPO was fully exercised, in respect of an aggregate of 6,000,000 shares issued by the Company at HKD11.00 per share.
- (v) On August 16, 2021, the Company issued and allotted 5,446,800 new shares pursuant to the Post-IPO RSU Scheme adopted on December 7, 2020. On September 16, 2021, the Company issued and allotted 3,548,000 new shares pursuant to the Post-IPO RSU Scheme adopted on December 7, 2020. Details of the RSU Scheme is disclosed in Note 31.
- (vi) During the fourth quarter of 2021, the Company repurchased a total of 1,855,600 shares at an aggregate consideration of approximately HKD7,320,000 (equivalent to RMB6,024,000) on the Stock Exchange, of which 725,000 shares had been cancelled before December 31, 2021. The buy-back and cancellation were pre-approved by shareholders.

Month/Year	Number of shares	Highest price	Lowest price	Aggregate
		paid per share <i>HK\$</i>	paid per share <i>HK\$</i>	price paid <i>HK\$'000</i>
October 2021	84,800	4.00	3.84	333
November 2021	1,154,400	4.38	3.74	4,684
December 2021	616,400	3.98	3.54	2,303
	1,855,600			7,320

Notes to the Consolidated Financial Statements (Continued)

29 OTHER RESERVES

The Group

	Statutory reserve <i>RMB'000</i>	Treasury shares <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Total other reserves <i>RMB'000</i>
As at January 1, 2020	6,102	–	10,509	–	16,611
Completion of the Reorganisation	–	–	30,000	–	30,000
Deemed distribution for the Reorganisation	–	–	(5,000)	–	(5,000)
Capital injection from shareholders	–	–	200	–	200
Other comprehensive income	–	–	–	20	20
Appropriation to statutory reserve ⁽ⁱ⁾	2,244	–	–	–	2,244
As at December 31, 2020	8,346	–	35,709	20	44,075
As at January 1, 2021	8,346	–	35,709	20	44,075
Other comprehensive loss	–	–	–	(8,328)	(8,328)
Appropriation to statutory reserve ⁽ⁱ⁾	2,187	–	–	–	2,187
Repurchase of shares	–	(6,024)	–	–	(6,024)
Cancellation of shares	–	2,421	–	–	2,421
As at December 31, 2021	10,533	(3,603)	35,709	(8,308)	34,331

(i) Statutory reserves

The statutory surplus reserves mainly comprise the following:

In accordance with the Company Law of the PRC, domestic enterprises in Mainland China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC (“PRC GAAP”), to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital of such entities. Moreover, upon a resolution made by the shareholders, a certain percentage of domestic enterprises’ profit after taxation, as determined under PRC GAAP, is transferred to the discretionary surplus reserve.

The statutory surplus reserves can be used to reduce previous years’ losses, if any, and may be converted into paid-in capital, provided that the statutory reserve after such conversion is not less than 25% of the registered capital of relevant subsidiaries.

Notes to the Consolidated Financial Statements (Continued)

30 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Profit before income tax	18,054	39,126
Adjustments for		
Depreciation and amortisation	12,462	11,654
share-based compensation expenses	27,356	–
Gain on disposal of property, plant and equipment/termination of lease contract	–	(372)
Provisions of impairment accounts receivable and contract assets	4,212	1,043
Share of net (profit)/losses of an associate	(495)	544
Finance costs	1,090	1,369
Fair value change of financial assets measured at FVPL	(5,845)	(1,485)
Exchange loss	15	513
Other income	(357)	(480)
Change in operating assets and liabilities:		
Increase in accounts receivable and contract assets	(18,662)	(240)
Increase in other current assets	(111)	(958)
Increase in prepayments	(5,856)	(2,173)
Increase in other receivables	(4,511)	(224)
Decrease in accounts payable	(2,559)	(275)
(Decrease)/increase in other payables	(6,562)	16,572
Increase in contract liabilities	28,678	19,940
Cash generated from operations	46,909	84,554

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of right-of-use assets – Note 15
- Shares issued under the Post-IPO RSU Scheme – Note 31.

Notes to the Consolidated Financial Statements (Continued)

30 CASH FLOW INFORMATION (CONTINUED)

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at December 31,			
	2021	2020		
	RMB'000	RMB'000		
Cash and cash equivalents	427,861	403,059		
Lease liabilities	(14,064)	(18,296)		
Net cash	413,797	384,763		
	Cash and cash equivalents	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net debt as at January 1, 2020	21,023	(8,985)	(14,950)	(2,912)
Cash flows	382,529	10,361	–	392,890
Other changes	(493)	(11,400)	6,678	(5,215)
Net debt as at December 31, 2020	403,059	(10,024)	(8,272)	384,763
Cash flows	33,366	12,811	–	46,177
Other changes	(8,564)	(14,502)	5,923	(17,143)
Net debt as at December 31, 2021	427,861	(11,715)	(2,349)	413,797

Notes to the Consolidated Financial Statements (Continued)

31 SHARE-BASED PAYMENTS

On December 7, 2020, the Board of Directors of the Company approved and adopted the Post-IPO RSU Scheme to incentivise employees, directors, senior management and officers for their contribution to the Company.

On August 6, 2021, the Board of Directors of the Company approved, subject to acceptance of the grantees and other conditions, the grant of 8,994,800 RSUs in aggregate to the grantees pursuant to the Post-IPO RSU Scheme, of which (i) 5,446,800 RSUs were granted to 29 employees of the Company (who are not connected persons of the Company); and (ii) 3,548,000 RSUs were proposed to be granted to two Directors and one Subsidiary Director (who are connected persons of the Company) and approved by the Independent Shareholders on September 15, 2021. Each of the RSUs represents a right to receive one share of the Company upon vesting of the RSU. There is no vesting period or vesting condition in respect of the RSU granted.

Movements in the number of RSUs granted to the Company's employees and management under RSU Scheme as below:

	Number of RSU	Weighted average grant date fair value per RSU (HK\$)
Outstanding as at December 31, 2020	–	–
Granted during the year	8,994,800	3.66
Forfeited during the year	4,571,200	3.81
Exercised during the year	4,423,600	3.50
Outstanding as at December 31, 2021	–	–

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant dates.

The total expenses recognised in the consolidated statement of comprehensive income for RSUs granted under the Post-IPO RSU Scheme was RMB27,356,000 for the year ended December 31, 2021 (2020: nil).

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

Notes to the Consolidated Financial Statements (Continued)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during all periods presented.

Relationship	Individuals/Companies
Ultimately controlled by the majority shareholder of the Company	Beijing Zero2IPO Chuangfu Investment Management Ltd. (“北京清科創富投資管理有限公司”)
Ultimately controlled by the majority shareholder of the Company	Beijing Zero2IPO Investment Management Ltd. (“北京清科投資管理有限公司”)
Ultimately controlled by the majority shareholder of the Company	Shanghai Zero2IPO Investment Management Co., Ltd. (“上海清科創業投資管理有限公司”)
Ultimately controlled by the majority shareholder of the Company	Zero2IPO International Holdings Limited (“清科國際控股(香港)有限公司”)
Ultimately controlled by the majority shareholder of the Company	Hubei Xianning Qinghai Yangtze River Investment Management Center (Limited Partnership) (“湖北咸宁清海长江投資管理中心(有限合夥)”)
Ultimately controlled by the majority shareholder of the Company	Hangzhou Zero2IPO Investment Management Co., Ltd. (“杭州清科投資管理有限公司”)

(b) Transactions with related parties

The transactions with related parties are conducted in the ordinary course of the Group's business on terms comparable to the terms of transactions with other entities that are not related parties. The Group prices its services based on commercial negotiations with reference to rules and regulations stipulated by related authorities of the PRC Government, where applicable. The Group has also established its procurement policies and approval processes for purchases of services, which do not depend on whether the counterparties are related parties or not.

Notes to the Consolidated Financial Statements (Continued)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

The following transactions occurred with related parties:

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
<i>Services provided to related parties</i>		
Beijing Zero2IPO Chuangfu Investment Management Ltd. (“北京清科創富投資管理有限公司”)	50	–
Beijing Zero2IPO Investment Management Ltd. (“北京清科投資管理有限公司”)	–	120
Hubei Xianning Qinghai Yangtze River Investment Management Center (Limited Partnership) (“湖北咸寧清海長江投資管理中心(有限合夥)”)	200	–
Hangzhou Zero2IPO Investment Management Co., Ltd. (“杭州清科投資管理有限公司”)	200	–
	450	120

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
<i>Services obtained from related parties</i>		
Shanghai Zero2IPO Investment Management Co., Ltd. (“上海清科創業投資管理有限公司”)	680	625
	680	625

Notes to the Consolidated Financial Statements (Continued)

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties and certain collection/payment on behalf of the Group:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Accounts receivable to related parties		
Hangzhou Zero2IPO Investment Management Co., Ltd. (“杭州清科投資管理有限公司”)	200	-
Hubei Xianning Qinghai Yangtze River Investment Management Center (Limited Partnership) (“湖北咸寧清海長江投資管理中心(有限合夥)”)	200	-
Beijing Zero2IPO Chuangfu Investment Management Ltd. (“北京清科創富投資管理有限公司”)	50	-
	450	-

(d) Key management personnel remuneration

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Short-term benefits	3,996	2,191
Share-based compensation expenses	5,033	-
Total employee benefit expense	9,029	2,291

33 COMMITMENTS

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Capital investment in investees	1,800	3,000

The Group and other investors newly set up a company, Beijing Zhongguancun International Exhibition Co., Ltd., in PRC to operate marketing business in June 2020. Beijing Zhongguancun International Exhibition Co., Ltd., is accounted for as associate using the equity method. Based on the investment agreement, the Group would hold 20% equity share and have one director in the Board of Directors. As at December 31, 2021, the Group has invested capital injection of RMB2.2 million and recorded it as an investment in an associate. The rest of RMB1.8 million is expected to be injected within five years after set up. As at December 31, 2021, the effective equity interest percentage was 20%.

Notes to the Consolidated Financial Statements (Continued)

34 EVENTS AFTER THE REPORTING PERIOD

Repurchase and cancellation of ordinary shares

From January 1, 2022 to March 17, 2022, the Company continuously repurchased 1,610,800 ordinary shares from the market. The Company also cancelled 904,800 shares, which were repurchased during the fourth quarter of the year ended December 31, 2021. The buy-back and cancellation were pre-approved by shareholders.

35 BALANCE SHEET AND OTHER RESERVES MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	<i>Notes</i>	As at December 31, 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries		105,721	38,704
Current assets			
Cash and cash equivalents		345,602	358,517
Prepayments and other receivables		11,219	5,600
Total assets		462,542	402,821
LIABILITIES			
Current liabilities			
Other payables		22	8,290
Total liabilities		22	8,290
EQUITY			
Share capital	28	206	196
Share premium	35(b)	435,952	355,819
Other reserves	35(b)	24,906	38,704
Retained earnings/(accumulated losses)		1,456	(188)
Total equity		462,520	394,531
Total liabilities and equity		462,542	402,821

The balance sheet of the Company was approved by the Board of Directors on March 17, 2022 and were signed on its behalf.

Ni Zhengdong
Director

Zhang Yanyan
Director

Notes to the Consolidated Financial Statements (Continued)

35 BALANCE SHEET AND OTHER RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(b) Share premium and other reserves movement of the company

	Other reserves				Total share premium and other reserve RMB'000
	Share premium RMB'000	Treasury Shares RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	
As at January 1, 2020	—*	—	—*	—*	—*
Capital contribution from shareholders	—	—	38,704	—	38,704
Capitalization of shares	(111)	—	—	—	(111)
Issuance of share upon Initial Public Offering	370,350	—	—	—	370,350
Share issuance costs	(14,420)	—	—	—	(14,420)
Other comprehensive income	—	—	—	—*	—*
As at December 31, 2020	355,819	—	38,704	—*	394,523
Issuance of shares upon full exercise of the Over-allotment Option	55,204	—	—	—	55,204
Issue and allotment new shares pursuant to the Post-IPO RSU Scheme	27,350	—	—	—	27,350
Repurchase of shares	—	(6,024)	—	—	(6,024)
Cancellation of shares	(2,421)	2,421	—	—	—*
Other comprehensive loss	—	—	—	(10,195)	(10,195)
As at December 31, 2021	435,952	(3,603)	38,704	(10,195)	460,858

* The amount is less than RMB1,000.