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**JF Wealth Holdings Ltd**

**九方财富控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9636)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023**

The Board of Directors of JF Wealth Holdings Ltd hereby announces the consolidated annual results of the Company and its subsidiaries for the year ended December 31, 2023, together with the comparative figures for the year ended December 31, 2022.

### **HIGHLIGHTS**

For the Reporting Period:

- The Group's gross billing amounted to approximately RMB2,347.7 million, representing an increase of approximately 17.9% from approximately RMB1,991.6 million for the Corresponding Period.
- The total revenue of the Group was approximately RMB1,965.4 million, representing an increase of approximately 6.2% compared to approximately RMB1,850.1 million for the Corresponding Period.
- The net profit attributable to Shareholders of the Group was approximately RMB190.7 million as compared to the net profit attributable to Shareholders of approximately RMB460.6 million for the Corresponding Period. However, the adjusted net profit attributable to Shareholders under non-HKFRS is approximately RMB319.6 million after excluding the share-based compensation expense of approximately RMB128.9 million.
- The Group's operating cash flow (net inflow) was approximately RMB444.0 million, representing an increase of approximately 86.6% as compared to approximately RMB237.9 million for the Corresponding Period.
- As at December 31, 2023, the Group had a total of 374 accounts operated by MCNs on various internet platforms with approximately 38.9 million followers, representing an increase of 2.9 million followers over the Corresponding Period. For the 30 days ended December 31, 2023 alone, we have obtained approximately 191 million video or page views and approximately 359 million interactions.
- Taking into account the financial position and cash flow of the Group, the Board recommends the payment of a final dividend of approximately HKD102.5 million for the year ended December 31, 2023, representing HKD0.22 per share (in cash), and the proposed final dividend is subject to consideration and approval by Shareholders at the AGM.

## KEY FINANCIAL DATA

	Year ended December 31,		YOY change
	2023	2022	(%)
	<i>(RMB in millions)</i>		
Gross billing	2,347.7	1,991.6	17.9
Revenue	1,965.4	1,850.1	6.2
Gross profit	1,643.3	1,614.9	1.8
Profit from operations	208.4	483.8	(56.9)
Profit for the year	<u>190.7</u>	<u>460.6</u>	<u>(58.6)</u>
Non-HKFRS adjusted profit for the year	<u><u>319.6</u></u>	<u><u>460.6</u></u>	<u><u>(30.6)</u></u>
<b>Non-HKFRS</b>			
Profit for the year	190.7	460.6	(58.6)
Add: Share-based compensation expense	128.9	–	
Non-HKFRS adjusted profit for the year	<u><u>319.6</u></u>	<u><u>460.6</u></u>	<u><u>(30.6)</u></u>

*Note:* In addition to the results provided in accordance with HKFRS, the Group also uses adjusted profit for the year as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. The Group believes that the non-HKFRS adjusted profit for the year under non-HKFRS financial measure by excluding the Share-based compensation expense, can better reflect the Company's business operations and facilitate comparisons of operating performance from period to period and company to company.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED  
DECEMBER 31, 2023**

		<b>Year ended December 31,</b>	
		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	4	<b>1,965,387</b>	1,850,141
Cost of sales		<u>(322,123)</u>	<u>(235,276)</u>
<b>Gross profit</b>		<b>1,643,264</b>	1,614,865
Other income	5	<b>231,052</b>	230,373
Sales and marketing expenses		<b>(957,292)</b>	(972,686)
Research and development expenses		<b>(287,422)</b>	(229,528)
General and administrative expenses		<b>(419,039)</b>	(159,264)
Credit impairment losses		<b>(2,162)</b>	–
<b>Profit from operations</b>		<b>208,401</b>	483,760
Finance costs		<u>(1,660)</u>	<u>(2,330)</u>
<b>Profit before taxation</b>	6	<b>206,741</b>	481,430
Income tax	7	<u>(16,022)</u>	<u>(20,876)</u>
<b>Profit for the year</b>		<b><u>190,719</u></b>	<b><u>460,554</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>190,719</b>	460,554
Non-controlling interests		<u>–</u>	<u>–</u>
<b>Profit for the year</b>		<b><u>190,719</u></b>	<b><u>460,554</u></b>
<b>Earnings per share</b>	8		
Basic		<b><u>0.45</u></b>	<b><u>1.22</u></b>
Diluted		<b><u>0.44</u></b>	<b><u>1.22</u></b>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the year</b>	<u>190,719</u>	<u>460,554</u>
<b>Other comprehensive income for the year (after tax)</b>		
<i>Item that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the Mainland China	<u>21,790</u>	<u>(353)</u>
<b>Other comprehensive income for the year</b>	<u>21,790</u>	<u>(353)</u>
<b>Total comprehensive income for the year</b>	<u>212,509</u>	<u>460,201</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<u>212,509</u>	<u>460,201</u>
Non-controlling interests	<u>–</u>	<u>–</u>
<b>Total comprehensive income for the year</b>	<u>212,509</u>	<u>460,201</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At December 31, 2023 <i>RMB'000</i>	At December 31, 2022 <i>RMB'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>9</i>	21,036	19,667
Right-of-use assets	<i>10</i>	5,829	46,147
Intangible assets		2,053	5,671
Deferred tax assets		102,817	78,075
		<u>131,735</u>	<u>149,560</u>
<b>Current assets</b>			
Financial assets measured at fair value through profit or loss (“FVPL”)	<i>11</i>	1,322,532	713,704
Financial assets purchased under resell agreements		30,831	–
Prepayments and other receivables	<i>12</i>	227,335	146,913
Restricted cash		303	–
Cash and cash equivalents	<i>13</i>	745,870	352,987
		<u>2,326,871</u>	<u>1,213,604</u>
<b>Current liabilities</b>			
Financial liabilities measured at fair value through profit or loss		19,545	–
Financial assets sold under repurchase agreements		13,233	–
Contract liabilities	<i>14</i>	689,322	577,152
Income tax payable		47,218	19,400
Accrued expenses and other current liabilities	<i>15</i>	168,584	188,669
Lease liabilities	<i>10</i>	5,873	38,765
		<u>943,775</u>	<u>823,986</u>
<b>Net current assets</b>		<u>1,383,096</u>	<u>389,618</u>
<b>Total assets less current liabilities</b>		<u>1,514,831</u>	<u>539,178</u>
<b>Non-current liabilities</b>			
Lease liabilities	<i>10</i>	34	9,755
		<u>34</u>	<u>9,755</u>
<b>NET ASSETS</b>		<u>1,514,797</u>	<u>529,423</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At December 31, 2023	At December 31, 2022
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Capital and reserves</b>			
Share capital	<i>16</i>	4	*
Reserves	<i>16</i>	<u>1,514,793</u>	<u>529,423</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,514,797</b>	529,423
<b>Non-controlling interests</b>		<u>—</u>	<u>—</u>
<b>TOTAL EQUITY</b>		<b><u>1,514,797</u></b>	<b><u>529,423</u></b>

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

## **NOTES TO THE ANNUAL FINANCIAL REPORT**

### **1. GENERAL INFORMATION**

The Company was incorporated on May 3, 2021 in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Group is principally engaged in online investment decision-making solution services. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited since March 10, 2023.

### **2. BASIS OF PREPARATION**

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

The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements.

### **3. CHANGES IN ACCOUNTING POLICIES**

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17, Insurance contracts
- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### 4. REVENUE

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
SmartInvest Pro	1,173,934	1,140,362
SmartInvest Info	791,452	707,583
SmartInvest Intro	1	2,196
	<u>1,965,387</u>	<u>1,850,141</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Over time	<u>1,965,387</u>	<u>1,850,141</u>

The Group's customer base is diversified and no customer individually accounted for more than 10% of the Group's total revenue in 2022 and 2023.

#### ***Remaining Performance Obligation***

The Group has elected the practical expedient not to disclose the information about remaining performance obligations which are part of contracts that have an original expected duration of one year or less and do not disclose the value of remaining performance obligations for contracts in which the Group recognises revenue at the amount to which the Group has the right to invoice.

All of the Group's operating assets are located in the PRC and all of the Group's revenue and operating profits are derived from the PRC during the years of 2022 and 2023. Accordingly, no segment analysis based on geographical locations is provided.

#### 5. OTHER INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Government grants		
– VAT refund	150,140	121,927
– other government grants	40,722	29,533
Net gain on financial assets at fair value through profit or loss	15,349	25,950
Interest income	12,834	673
Gain on software copyright transfer	8,373	50,381
Others	3,634	1,909
	<u>231,052</u>	<u>230,373</u>



## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Staff cost

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages and other benefits	894,840	671,384
Contributions to defined contribution retirement plan <sup>(i)</sup>	55,833	6,727
Equity-settled share-based compensation expenses	128,910	–
<b>Total</b>	<b>1,079,583</b>	<b>678,111</b>
<b><i>Included in:</i></b>		
Cost of sales	307,575	223,406
Research and development expenses	259,562	196,141
General and administrative expenses	224,209	54,145
Sales and marketing expenses	288,237	204,419

*Note:*

- (i) Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

Contributions to the PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

### (b) Finance cost

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest expense on lease liabilities (Note 10)	1,660	2,330

(c) **Other items**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Internet traffic procurement expenses	669,055	768,269
Depreciation of right-of-use assets (Note 10)	58,937	37,721
Taxes and surcharges	25,257	17,647
Listing expenses	22,680	17,884
Cloud server operation fee	18,192	18,852
Rental and property fee	17,874	10,014
Technology service fee	13,315	8,618
Depreciation charge	9,077	8,251
Office and travel expenses	8,815	7,153
Donation	5,604	–
Amortisation of intangible assets	4,940	3,757
Audit fee	2,300	1,641
Impairment loss	2,162	–
Rental Exemption of COVID-19	–	(6,658)

7. **INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

(a) **Taxation in the consolidated statements of profit or loss:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current tax</b>		
– PRC Enterprise Income Tax (“EIT”) Provision for the year	47,218	19,400
– Over-provision in respect of prior years	(6,454)	(27,845)
<b>Deferred tax</b>		
– (Origination)/reversal of temporary differences	(24,742)	29,321
	<u>16,022</u>	<u>20,876</u>

8. **EARNINGS PER SHARE**

(a) **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue.

Weighted average number of ordinary shares (basic):

	2023	2022
Ordinary shares at beginning	81,230	81,230
Effect of treasury shares	(5,686)	(5,686)
Effect of capitalization issue on March 10, 2023 (Note 16)	377,644,456	377,644,456
Effect of shares issued upon the completion of the IPO (Note 16)	48,750,585	–
Weighted average number of ordinary shares (basic)	<u>426,470,585</u>	<u>377,720,000</u>

Basic earnings per share:

	2023	2022
Profit attributable to ordinary equity shareholders of the Company (RMB'000)	190,719	460,554
Weighted average number of ordinary shares	<u>426,470,585</u>	<u>377,720,000</u>
Basic earnings per share attributable to ordinary equity shareholders of the Company (RMB per share)	<u><u>0.45</u></u>	<u><u>1.22</u></u>

**(b) Diluted earnings per share**

On February 3, 2023, the Company granted all Awards under the Pre-IPO RSU Scheme with an aggregate of 5,686 Shares, which was adjusted to 28,430,000 Shares upon completion of the capitalization issue.

The calculation of diluted earnings per share for the year is based on profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares outstanding after adjustment for the effect of unvested shares under the Pre-IPO RSU Scheme.

Weighted average number of ordinary shares (diluted):

	2023	2022
Weighted average number of ordinary shares	426,470,585	377,720,000
Effect of unvested shares under the Pre-IPO RSU Scheme	<u>6,162,851</u>	<u>—</u>
Weighted average number of ordinary shares (diluted)	<u><u>432,633,436</u></u>	<u><u>377,720,000</u></u>

Diluted earnings per share:

	2023	2022
Profit attributable to ordinary equity shareholders of the Company (RMB'000)	190,719	460,554
Weighted average number of ordinary shares (diluted)	<u>432,633,436</u>	<u>377,720,000</u>
Diluted earnings per share attributable to ordinary equity shareholders of the Company (RMB per share)	<u><u>0.44</u></u>	<u><u>1.22</u></u>

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>Electronic and other office equipment RMB'000</b>	<b>Motor vehicles RMB'000</b>	<b>Leasehold improvements RMB'000</b>	<b>Total RMB'000</b>
<b>Cost:</b>				
As at January 1, 2022	25,198	264	2,893	28,355
Additions	4,758	–	1,770	6,528
Disposals	(57)	–	–	(57)
	<hr/>	<hr/>	<hr/>	<hr/>
As at December 31, 2022/January 1, 2023	29,899	264	4,663	34,826
Additions	10,305	–	161	10,466
Disposals	(104)	–	–	(104)
	<hr/>	<hr/>	<hr/>	<hr/>
As at December 31, 2023	40,100	264	4,824	45,188
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Accumulated depreciation:</b>				
As at January 1, 2022	(5,931)	(113)	(900)	(6,944)
Charge for the year	(7,792)	(36)	(423)	(8,251)
Disposals	36	–	–	36
	<hr/>	<hr/>	<hr/>	<hr/>
As at December 31, 2022/January 1, 2023	(13,687)	(149)	(1,323)	(15,159)
Charge for the year	(8,884)	(57)	(136)	(9,077)
Disposals	84	–	–	84
	<hr/>	<hr/>	<hr/>	<hr/>
As at December 31, 2023	(22,487)	(206)	(1,459)	(24,152)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net book value:</b>				
As at December 31, 2023	<u>17,613</u>	<u>58</u>	<u>3,365</u>	<u>21,036</u>
As at December 31, 2022	<u>16,212</u>	<u>115</u>	<u>3,340</u>	<u>19,667</u>

## 10. LEASE

The analysis of the net book value of right-of-use assets is presented below:

	<b>Office buildings RMB'000</b>
As at January 1, 2022	46,975
Additions	19,942
Lease terminations	(958)
Lease modifications	17,909
Charge for the year	<u>(37,721)</u>
As at December 31, 2022	46,147
Additions	35,274
Lease terminations	(16,655)
Lease modifications	—
Charge for the year	<u>(58,937)</u>
As at December 31, 2023	<b><u><u>5,829</u></u></b>

The following table shows the remaining contractual of the Group's liabilities at each report date:

	<b>As at December 31, 2023</b>	
	<b>Present value of the minimum lease payments RMB'000</b>	<b>Total minimum lease payments RMB'000</b>
Less than 1 year	5,873	5,941
After 1 year but within 2 years	<u>34</u>	<u>34</u>
Subtotal	<b><u><u>5,907</u></u></b>	<b><u><u>5,975</u></u></b>
Less: total future interest expenses		<u>(68)</u>
Present value of lease liabilities		<b><u><u>5,907</u></u></b>
	<b>As at December 31, 2022</b>	
	<b>Present value of the minimum lease payments RMB'000</b>	<b>Total minimum lease payments RMB'000</b>
Less than 1 year	38,765	39,279
After 1 year but within 2 years	9,721	9,777
After 2 years but within 5 years	<u>34</u>	<u>34</u>
Subtotal	<b><u><u>48,520</u></u></b>	<b><u><u>49,090</u></u></b>
Less: total future interest expenses		<u>(570)</u>
Present value of lease liabilities		<b><u><u>48,520</u></u></b>

(b) The analysis of expense items in relation to leases recognised in profit or lost is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Depreciation charge of right-of-use assets	58,937	37,721
Interest expense on lease liabilities	1,660	2,330
Expense relating to short-term leases	96	292
Gain on lease terminations and modifications	(338)	(20)
COVID-19-related rent concessions received	–	(6,658)
<b>Total</b>	<b>60,355</b>	<b>33,665</b>

11. FINANCIAL ASSETS MEASURED AT FVPL

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Funds	<i>(i)</i>	686,776	–
Listed equity securities	<i>(ii)</i>	386,612	89,245
Bonds	<i>(iii)</i>	138,175	–
Asset management plan	<i>(iv)</i>	105,858	201,804
ABS		5,101	–
Wealth management products		10	422,655
		<b>1,322,532</b>	<b>713,704</b>

*Notes:*

- (i) Funds are managed by fund management companies, the underlying investments are mainly restricted shares, government bonds, corporate bonds and other fixed income investments. All of which have readily determinable fair values and are measured at fair value. Funds can be redeemed upon demand.
- (ii) Listed equity securities include listed stocks, funds and tradable convertible bonds. All of which have readily determinable fair values and are measured at fair value.
- (iii) Bonds include government bonds, corporate bonds, and private equity bonds. All of bonds have readily determinable fair values and are measured at fair value.
- (iv) Asset management plans are managed by fund management companies, the underlying investments are mainly listed stocks and fixed income investments, all of which have readily determinable fair values and are measured at fair value.
- (v) The Group determines whether or not to consolidate structured entities depending on whether the Group has control over them.

The Group enjoys equity in structured entities initiated by third-party institutions through direct or indirect holding of investments. The unconsolidated structured entities mainly including funds, asset management plans and wealth management products. The purpose of the Group holding these structured entities is to obtain investment returns, capital appreciation, or a combination of both. There was no contractual liquidity arrangement, guarantee or other commitment between the Group and unconsolidated structured entities.

As at December 31, 2023, the interests held by the Group in the consolidated and unconsolidated structured entities are RMB1,255,439,000 and RMB792,644,000 (2022: RMB46,005,000 and RMB624,459,000), respectively.

- (vi) As at December 31, 2023, the individual investment exceeding 5% of total assets before consolidation of the structured entities is as follows:

	<b>2023</b>
	<b>RMB'000</b>
Panhou Weiran Wisdom Select Private Securities Investment Fund No.10	<b>278,447</b>
Galaxy Product No.10	<b>250,202</b>
Jinxin Jinfu Dingzeng No. 1 single asset management plan	<b>214,698</b>

## 12. PREPAYMENTS AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
Prepayment for acquisition		<b>63,552</b>	–
Prepayment to suppliers		<b>54,950</b>	18,511
Amounts due from related parties, net of loss allowance	<i>(i)</i>	<b>35,675</b>	36,981
Loan to a third party, net of loss allowance	<i>(ii)</i>	<b>23,831</b>	25,000
Deposits		<b>14,871</b>	13,763
Employee loans		<b>11,600</b>	5,900
VAT refund receivable		<b>9,720</b>	34,272
Receivables from software copyright transfer		<b>9,497</b>	5,500
Clearing amounts		<b>797</b>	–
Receivables from internet platforms		<b>328</b>	327
Deferred listing expenses		–	5,466
Others		<b>2,514</b>	1,193
		<b>227,335</b>	<b>146,913</b>

*Notes:*

- (i) As at December 31, 2023, the nature of amounts due from related parties is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Amounts due from related parties</b>		
– Trade	<b>35,675</b>	36,981
– Non-trade	–	–
	<b>35,675</b>	<b>36,981</b>

- (ii) On December 1, 2022, the Group granted a RMB25,000,000 loan to third party with the term of one year and the annual interest rate was 5%. On November 30, 2023, the maturity of the loan was extended to November 30, 2024 with annual interest rate of 4%. As at December 31, 2023, the loan will mature within one year and is reclassified as current asset accordingly.

- (iii) Movement in the loss allowance account in respect of prepayments and other receivables during the year is as follows:

	<b>Movement in the loss allowance RMB'000</b>
<b>Balance at January 1, 2022</b>	–
Impairment losses recognised	–
<b>Balance at December 31, 2022</b>	–
<b>Balance at January 1, 2023</b>	–
Impairment losses recognised	2,162
<b>Balance at December 31, 2023</b>	2,162

### 13. CASH AND CASH EQUIVALENTS

	<b>2023 RMB'000</b>	2022 RMB'000
Cash at banks	737,036	343,466
Cash equivalents <sup>(i)</sup>	8,630	9,344
Cash on hand	204	177
Cash and cash equivalents	<b>745,870</b>	<b>352,987</b>

- (i) Cash equivalents represents cash balances kept in third party payment companies, which can be withdrawn by the Group at any time.



#### 14. CONTRACT LIABILITIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Advances received from customers	<u>689,322</u>	<u>577,152</u>
<i>Movements in contract liabilities</i>		
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Balance at January 1,	577,152	664,992
Additions	2,536,175	2,218,145
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(481,074)	(594,180)
Decrease in contract liabilities as a result of recognising revenue during the same year	(1,484,313)	(1,255,960)
Decrease in contract liabilities as a result of refund to customers	<u>(458,618)</u>	<u>(455,845)</u>
Balance at December 31,	<u>689,322</u>	<u>577,152</u>

The contract liabilities relate to the advance subscription fees received from customers, for which revenue is recognised over time. Subscription fees of RMB2,218 million and RMB2,536 million were received in the year 2022 and 2023 respectively, of which, RMB1,256 million and RMB1,484 million were recognised as revenue in the same year.

#### 15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amounts due to related parties	(i)	2,516	20,654
Accrued payroll and welfare		90,943	84,522
VAT and surcharges payable		27,811	27,306
Accrued listing expenses		–	14,132
Accrued internet traffic procurement expense		14,282	32,414
Advances from customers		6,849	5,345
Amount due to employee		9,112	–
Other accrued expenses and other payables		<u>17,071</u>	<u>4,296</u>
<b>Total</b>		<u>168,584</u>	<u>188,669</u>

*Note:*

(i) As at December 31, 2023, the nature of amounts due to related parties is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Amounts due to related parties</b>		
– Trade	2,516	511
– Non-trade	<u>–</u>	<u>20,143</u>
	<u>2,516</u>	<u>20,654</u>

## 16. CAPITAL AND RESERVES

### (a) Share capital

The Company was incorporated in the Cayman Islands in May 2021 with an authorised share capital of HK\$20,000 divided into 2,000,000,000 shares of a nominal or par value of HK\$0.00001 each.

On July 20, 2021, 81,230 shares were allotted and issued to shareholders of the Company with par value of HK\$0.00001 each.

Upon completion of the IPO, the Company issued 4,999 shares for each share and issued 59,937,000 new ordinary shares at par value of HK\$0.00001 each for cash consideration of HK\$17.00 each, and raised gross proceeds of approximately RMB904,187,000. The share issuance costs paid and payable mainly include underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which were incremental costs directly attributable to the issuance of the new shares and were treated as a deduction against the share premium arising from the issuance. The respective share capital amount was approximately RMB4,000 and share premium arising from the issuance was approximately RMB853,572,000, net of the share issuance costs.

### (b) Dividends

#### (i) Dividends payable to equity shareholders of the Company attributable to the year

On March 26, 2024, the Board of Directors proposed the payment of a final dividend of HKD0.22 per share, amounting to approximately HKD102.5 million, for the year ended December 31, 2023. The proposed final dividend is subject to the approval by shareholders of the Company at the forthcoming annual general meeting. The final dividend proposed after the end of the Reporting Period has not been recognised as a liability at the end of the Reporting Period.

#### (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK50 cents per share (2022: Nil)	<u>214,861</u>	<u>–</u>

### (c) Equity settled share-based transactions

On February 3, 2023, the Company granted all Awards under the Pre-IPO RSU Scheme with an aggregate of 5,686 Shares, which adjusted to 28,430,000 Shares upon completion of the IPO. The RSUs granted would vest in tranches from the grant date over a certain service period, on specific service condition that the employees remain in service and scheduled to be vested over two to five years without any performance condition requirements.

Set out below are the movements in the number of equity instruments under the equity incentive plan:

	At December 31, 2023
At the beginning of the period	–
Exercised	–
Granted	28,430,000
Forfeited	–
Cancelled	–
	<hr/>
At the end of the period	<u>28,430,000</u>

The total expenses recognized in the consolidated statement of profit or loss for RSUs granted to the Group's employees under the Pre-IPO RSU Scheme are RMB128,910,000 during the year 2023.

## MANAGEMENT ANALYSIS AND DISCUSSION

### BUSINESS REVIEW AND OUTLOOK

#### Business Review

Being a leading online investment decision-making solution provider in China, we focus on the online investor content service market. We offer various software to help individual investors better understand the financial market and make investment plans or decisions. We launched our business to equip investors with financial knowledge and market experience by providing investment decision-making solutions to customers through a data service model.

#### ***Refined traffic operation to achieve efficient conversion and stable retention of users***

We have refined our traffic operation as the key to customer acquisition, and we continue to improve this operation model. We have built a detailed profile of potential users through in-depth analysis of user behavioral data, including multi-dimensional indicators such as click-through rate, number of likes and length of stay. On this basis, we have refined traffic stratification and used advanced algorithms to ensure that the content reaches different levels of users accurately, so as to achieve efficient conversion and stable retention of users. At the same time, we continue to optimize our content distribution strategy to ensure accurate delivery to attract and tap new users with potential.

- As at December 31, 2023, we had a total of 374 accounts operated by MCNs on various internet platforms with approximately 38.9 million followers, an increase of 2.9 million followers compared to the Corresponding Period. For the 30 days ended December 31, 2023 alone, we have obtained approximately 191 million video or page views and approximately 359 million interactions. Our MCN channels are highly influential and are widely recognized in the market. Live streamers of the Company received honors such as “Jiemian News Popular Live Streamers of 2023” (2023 年度介面新聞紅主播) and “Annual Influential Live Streamers in the Education Sector” (年度教育領域影響力主播).
- As the exclusive title sponsor of CBN’s live-streaming of 2023 Berkshire Hathaway Annual Shareholders Meeting (2023 巴菲特股東大會), we invited a number of experts and scholars to deconstruct the wealth concept and interpret value investment views of Buffett and Munger for investors from multiple dimensions and levels at the meeting held in May 2023. The total traffic throughout the network for the live-streaming event was nearly 300 million views, which further enhanced our brand influence and reputation.

#### ***Technology Driven Finance, seizing “AI + investment advisory”***

We regard innovation and technology research and development as the core driving forces of our Company. Adhering to the development belief of “Technology Driven Finance”, we have strengthened our own research and development strength and accelerated the process of “Digital Intelligence” transformation by building our core platform, strengthening our system architecture,

optimizing our application scenarios and launching our digital robo-advisor “Jiuge” (九哥), to further enhance our financial technology strength in order to seize the first opportunity for the development of the “AI + investment advisory” field.

- As at December 31, 2023, our R&D department had 544 professional staff, representing 19.6% of the total workforce, representing an increase of 22% over the Corresponding Period. The R&D investment was approximately RMB287.4 million for the Reporting Period, representing a YOY increase of 25.2% over the Corresponding Period and accounting for approximately 15% of the Company’s total revenue.
- In August 2023, we launched the digital robo-advisor “Jiuge” (九哥) based on self-developed Jiuzhang Securities Sector Large-scale Model (九章證券領域大模型), providing eight core services including market analysis and strategy generation to meet the personalized needs of different investors. We also continuously conduct transfer learning for different tasks in the financial sector, constantly strengthening four major professional abilities including language comprehension and text generation to improve service efficiency.
- In the course of our exploration and innovation in the field of artificial intelligence, we entered into in-depth strategic cooperation with Huawei Cloud and iFlytek to jointly build a technology innovation laboratory and an artificial intelligence laboratory. We were granted “First Batch of Certified Enterprises under the DSSC & High-Quality Digital Transformation Products Certification” by the China Academy of Information and Communications Technology (中國信息通信研究院), were successfully selected for the “Fintech 50” (金融科技企業雙50 榜單) of 2023 by KPMG China (畢馬威中國), and received the “Outstanding Fintech Company of the Year” (年度優秀金融科技公司) of 2023 from Daily Economic News (每日經濟新聞), and the “Best Technology-Driven Performance Award” (最佳技術智驅獎) in the technology innovation category by Tencent. We also participated in events such as Huawei Connect 2023 (2023 華為全聯接大會) and the Sixth World Acoustic Expo and Global 1024 Developer Festival (第六屆世界聲博會暨全球1024 開發者節).

### ***Investment and research in empowering products and insisting on “technology + investment research”***

We continued to strengthen our professional investment and research capabilities, staying in sync with the market, continuously launched high-quality professional content, cooperated with financial technology innovation, firmly promoted the dual-driver strategy of “technology + investment research” and continue to iterate and upgrade our products and services, so as to provide customized products and services for investors with different investment experiences.

We have also actively made breakthroughs in the transformation of the “buyer’s investment and consultation” field. With our deep understanding in the capital market of China and individual investors, we focused on the practical application and transformation of investment and research content, empowering products and services through various forms such as courses and strategy meetings to enhance the investment experience of customers.

- Jiufang Research Institute is responsible for our investment research. As of December 31, 2023, Jiufang Research Institute had 124 professionals with extensive experience in research, investment and other financial fields. Apart from conducting 224 surveys of various listed companies, Jiufang Research Institute has also written 2,140 analytical articles, covering macro politics and economics, industries, companies, financial engineering and other fields. Moreover, the institute designed 100 special courses, comprising 966 course hours with a total duration of 12,018 minutes. In addition, we held Jiufang Research Institute’s semi-annual and annual investment strategy release conferences to analyze investment risks and opportunities, providing investors with professional advice.

- With our outstanding professional ability, service level and brand status, we have been awarded the “2023 China Securities Industry Investor Education Junding Award” (“2023 中國證券業投資者教育君鼎獎”) by the Securities Times (證券時報). The “Junding Award” (君鼎獎) selection organized by the Securities Times (證券時報) has been successfully held for 18 consecutive sessions since its establishment in 2006. It is the most influential and prestigious selection event in the securities and its related industry, setting benchmarks and evaluation standards in the industry.

### ***Building warm and professional services through a customer-centric approach***

Adhering to the principle of “customer-centricity”, we are committed to building a full-life cycle product and companion service system, and continue to provide customers with warm and professional services. We deeply understand and respond to customer needs and provide service experience with emotional value attached to enhance customers’ sense of acquisition, security and happiness. We are committed to guiding investors to practice the concept of “value investment, rational investment and long-term investment”, in order to reduce irrational investment behavior, this not only helps to create better and longer-term returns for investors, but also helps to boost the overall confidence of the capital market. This coincides with the “enhancing the inherent stability of the capital market” proposed in the 2024 State Council Government Work Report. A stable capital market environment will be more conducive to attracting more medium and long-term funds to enter the market, thereby providing better services to meet the development needs of the real economy.

### **Key Businesses**

During the Reporting Period, we generated revenue mainly from the following offerings:

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

### **Business Operations**

Despite the complex macroeconomic landscape and lacklustre domestic capital market sliding to an overall downward trend in the stock market indices and downbeat investor trading sentiment throughout the year, we have consistently demonstrated unwavering resilience to overcome difficulties. During the Reporting Period, the total order amount achieved a steady growth to approximately RMB2,347.7 million, with a year-on-year growth rate as high as 17.9%. At the same time, our operating cash flow was strong, with a net inflow of approximately RMB444.0 million, representing a significant year-on-year increase of approximately 86.6%, which fully proved that we still maintained a robust operational stance and a favorable growth momentum amidst the complexities of the market environment.

The following table sets forth the breakdown of our key operating metrics for the periods indicated:

	<b>Year ended December 31,</b>		<b>YOY change</b>
	<b>2023</b>	2022	(%)
<b>Sales of SmartInvest Pro</b>			
Gross billing (RMB in millions)	<b>1,364.4</b>	1,173.6	16.3
Standard Package	<b>857.4</b>	845.0	1.5
Premium Package (Super Investor)	<b>499.2</b>	326.2	53.0
Others	<b>7.8</b>	2.4	225.0
Number of paying user	<b>40,526</b>	38,159	6.2
<b>Sales of SmartInvest Info</b>			
Gross billing (RMB in millions)	<b>983.3</b>	818.0	20.2
Standard version	<b>0.2</b>	Less than 0.1	102.0
Premium version	<b>630.3</b>	688.4	(8.4)
Deluxe version	<b>352.8</b>	129.5	172.4
Number of paying user	<b>32,279</b>	30,026	7.5

We achieved growth in both our billing and number of paying users. During the Reporting Period, the billing from the sales of SmartInvest Pro amounted to approximately RMB1,364.4 million, representing an increase of approximately 16.3% as compared to the Corresponding Period. The billing from the sales of SmartInvest Info amounted to approximately RMB983.3 million, representing an increase of approximately 20.2% as compared to the Corresponding Period. In addition, the number of our paying users reached 72,805, representing an increase of approximately 6.8% as compared to the Corresponding Period. The above increases were mainly due to the successful iteration and upgrade of our products, which effectively enhanced the competitiveness of our products and better catered to the diverse needs of our customers. We have provided customers with professional, personalized and proactive services, accompanied by continuous improvements in our investment research content, which not only increased customer loyalty, but also effectively stimulated customer renewals and upgrades.

### ***Refund ratio***

Refund ratio for our products and services decreased during the Reporting Period. The refund ratio by payment amounts of SmartInvest Pro and SmartInvest Info during the Reporting Period amounted to 18.5% and 22.0%, respectively, while the refund ratio of the two offerings was 22.7% and 24.3%, respectively, in the Corresponding Period.



The decrease of refund ratio was mainly attributable to our enhanced proactive customer service and companionship. Based on our in-depth understanding of customer needs, we have been continuously optimizing the quality of our products and services, thereby enhancing customer satisfaction. At the same time, the efficient coordination of multiple departments within the Company has further improved the service response speed. In addition, the regulatory authorities have taken strong measures against securities investment advisors engaging in illegal activities as “rights protection agents”, which has created a good market environment governed by law and marketization.

## **Business Outlook**

As a leading online investment decision-making solution provider in China, we focus on the online investor content service market in China. We will steadfastly commit to making investment and wealth management simpler and more professional, and enhancing the sense of happiness in investment and wealth management, aiming to become customers’ lifelong partner in wealth management and investment.

In 2024, we keep implementing the following strategies, which we believe will further strengthen our core competitive advantages and leading market positions:

### ***Deepening traffic operation and building a global business model***

We will integrate self-media and traditional media, link the public and private domains of MCN, and cooperate with the opening of physical reception halls and experience stores to achieve the full range of online and offline business goals. With focus on products, we will create a synergistic development relationship between traffic, brands and products, balancing the three to precisely identify and convert potential users, enhance user stickiness, and deepen brand impressions throughout the entire chain, thereby achieving more efficient and precise customer reach and interaction. Leveraging traditional media and new media platforms such as MCN channels, we will form a diversified brand communication network, jointly promoting the deep integration and development between brands and users.

### ***Centering on products and MCN multi-dimensional operation***

We are committed to building a product-centric network that promotes the integration of public and private domains, aiming to create greater value for both brands and users. Based on our products, we transformed public domain traffic into private domain users through refined operations, guiding them to our proprietary App to continuously increase monthly active users and user stickiness. In collaboration with multiple platforms such as Douyin, Xiaohongshu, and Video Accounts, we expanded brand exposure and improved efficiency. Leveraging advanced live streaming carousel technology, we optimized live streaming efficiency and enhanced viewer experience, accurately covering user needs across all time slots. In the short video field, we focused on enhancement of both content quality and quantity, creating a content matrix to cater to diverse content needs of users. We will actively explore the traffic pool model in e-commerce and education training fields, enriching live streaming categories based on market and user characteristics, striving to provide users with a superior and more convenient service experience, thereby building a highly competitive live streaming ecosystem.

### *Focusing on traditional media for integration with self-media*

We will continue to focus on collaborating with mainstream television media such as China Business Network (CBN) in Shanghai and Hubei Satellite TV, aiming to achieve integration of traditional media and self-media by innovating program formats and content, reconstructing offline studios, integrating with new media, incorporating new perspectives, attracting new audiences, upgrading brand exposure, and coordinating with multiple brands.

In 2023, we were awarded the “Best Growth Hong Kong Listed Company on the Financial Value List of 2023” (2023 金融價值榜最佳成長性港股上市公司) by China Business Network (CBN), the “Outstanding Partner of 2023” (2023 年度卓越合作夥伴) by Shanghai Media Group (SMG), as well as the “Outstanding Strategic Partner of the Year” (年度優秀戰略合作夥伴) and the “Media Integration and Co-Creation Partner” (融媒共創夥伴) by Hubei Broadcasting and Television Station (湖北廣播電視台).

### ***Adhering to customer-centricity, continuous improvement of product and service system***

#### *Experiences and Insights into China capital market and Chinese individual investors*

Our competencies in accurately identifying and satisfying unmet consumer demands are largely attributable to our experiences and in-depth understandings in China capital market and Chinese individual investors. As of December 31, 2023, we had 289 employees with the securities investment advisor qualification granted by SAC, ranking first among the 81 companies with Securities Investment Advisory License, according to the information displayed on the official website of SAC, and 1,678 employees with the securities practitioner qualification. We attracted talents through our competitive remuneration package, corporate culture, renowned reputation and clear career path, with an aim to provide outstanding employees with opportunities to become team leaders and industry experts.

#### *To meet the needs of different customers and improve the product and service system*

As one of the first institutions in China to obtain securities investment consulting qualifications and a member unit of the China Securities Association, after more than 20 years of accumulation and sedimentation, we have developed into a powerful, hands-on stock learning platform. Based on the three major systems of big data, AI computing, and Fintech, we have built an intelligent investment system. Through investor education courses and learning software, we have constructed a complete system for investor education and training, covering everything from beginner to advanced strategies, which provides stock learning and services for investors with various needs and in different scenarios, fully catering to the companion and service needs of investors throughout their investment lifecycle.



In the future, we will continue actively exploring new investment advisory models in the financial industry, with deeper insight into investor needs, and identifying the differentiated and personalized needs of different customers in investment research direction, product design and service mode, so as to enhance our existing product matrix: (1) optimize online premium products and services, integrating and upgrading the App to provide users with more comprehensive functionality and experience; (2) launch small amount of products, focusing on high frequency user scenarios, continuously enrich the selection of quantitative tools to assist clients in investment decision-making, and enhance users' willingness to purchase and repurchase; (3) provide free tools to optimize user experience in stock monitoring and tracking, enrich market functions to increase user stickiness.

We believe these measures will reshape users' perception of the Company's products, promote product standardization, establish deep user stickiness, and build product strength with technology and investment research.

#### *App integration and upgrade, technology integration, and new version experience*

With insight into customer needs, we leverage innovations in Fintech to comprehensively integrate SmartInvest Pro and SmartInvest Info: (1) we have added four major functions: financial short video module, live streaming channel, instant messaging tool, and quantitative mall to focus on "short video + live streaming" in the financial sector; (2) we have optimized three major sections, upgraded market tools, improved general search bar, and provided "butler-style" exclusive service to enhance user friendliness and service personalization; (3) we have introduced digital robo-advisor "Jiuge" to empower comprehensive stock diagnosis with AI and simplify analysis system, creating an exclusive intelligent investment advisory expert available for consultation at any time, aiming to enhance the user experience, cater to the needs of different investors, achieve a synergy where "1+1>2", and provide users with professional support throughout their investment life cycle.

#### *Establish a small-amount product matrix to capture market hot spots and investment opportunities*

We launched small amount investment advisory products, which aim to lower the investment threshold and help customers identify risks and seize opportunities by tracking market dynamics in real-time, capturing hot spots, and applying professional stock selection strategies and signal analysis. At the same time, we launched more lightweight AI quantitative products to meet the needs of different users, and built a rich product matrix to inject new vitality into the investment advisory market and providing comprehensive assistance to investors.

#### *Explore cooperation with securities dealer to provide one-stop investment decision-making services*

We explored cooperation with securities firms and other financial institutions to provide a solid foundation for catering to the diverse needs of different types of customers. Additionally, focusing on exploring and innovating investment advisory services and Fintech, we optimized business models and improved service quality and experience for customers, with the view to equip investors with financial knowledge and market experience through a closed-loop investor education model and one-stop investment decision-making solutions.

## ***Continuously Investing in R&D and enhance our technology capabilities***

### *Continuous investment in R&D to comprehensively promote digital and intelligent transformation*

Combined with years of business understanding and technology accumulation in the securities field, we continue to build capabilities of core middle-office, empower business expansions, control compliance risk, improve operational efficiency, to promote the digital and intelligent transformation of the Company.

In terms of system architecture, we will continuously strengthen the microservices as the architecture, DevOps as the methodology, and cover the whole process end-to-end, including the infrastructure layer, the core middle office layer and the system application layer, based on cutting-edge technologies such as AI, big data and cloud computing. The core technology structure aims to improve the Company's operating quality in an all-round, multi-dimensional and long-term manner, and promote the orderly and compliant development of the business.

In terms of application scenarios, we will rely heavily on AI and big data technologies such as intelligent speech, natural language processing, text and image recognition, knowledge graphs, and big data algorithms to develop application scenarios such as digital human, smart compliance risk control, smart marketing assistance, branding and public opinion monitoring, to enhance service standards and improve user experience.

### *Continuously optimize the digital robo-advisor and embrace "AI + investment advisory"*

Going forward, we will continuously improve our product system, refine our product value and shape our product competitiveness around SmartInvest Apps. We will continuously optimize and upgrade the functions of "Jiuge" to maintain industry leadership. We will enhance its perception, decision-making, and output capabilities based on user feedback and market demand, thereby enhancing its professionalism, rigor, and accuracy. At the same time, we prioritize data security and privacy protection by employing advanced encryption technology and protective measures. We will deepen cooperation with renowned high-tech companies to jointly create a more comprehensive and efficient intelligent investment advisory ecosystem.

With the integration of artificial intelligence technology, we will expand AI application scenarios, enhance employees' understanding of AI, and apply it in areas such as customer management, content generation, and risk control compliance, thereby providing more personalized and intelligent support to optimize services and internal management, and achieving cost reduction and efficiency improvement.

## FINANCIAL REVIEW

### Summary of Financial Results

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>1,965,387</b>	1,850,141
Cost of sales	<u>(322,123)</u>	<u>(235,276)</u>
<b>Gross profit</b>	<b>1,643,264</b>	1,614,865
Other income	<b>231,052</b>	230,373
Sales and marketing expenses	<b>(957,292)</b>	(972,686)
Research and development expenses	<b>(287,422)</b>	(229,528)
General and administrative expenses	<b>(419,039)</b>	(159,264)
Credit impairment losses	<b>(2,162)</b>	-
<b>Profit from operations</b>	<b>208,401</b>	483,760
Finance costs	<u>(1,660)</u>	<u>(2,330)</u>
<b>Profit before taxation</b>	<b>206,741</b>	481,430
Income tax	<u>(16,022)</u>	<u>(20,876)</u>
<b>Profit for the year</b>	<b><u>190,719</u></b>	<b><u>460,554</u></b>

### Revenue

Our revenue increased by approximately 6.2% to approximately RMB1,965.4 million for the year ended December 31, 2023, from approximately RMB1,850.1 million for the year ended December 31, 2022, primarily due to the increase in the revenue from the offering of SmartInvest Info through which our financial information software services is provided. The following table sets forth our revenue by segment for the years indicated:

	Year ended December 31,				YOY change %
	2023	2022	2023	2022	
	Amount <i>RMB'000</i>	% of total revenue	Amount <i>RMB'000</i>	% of total revenue	
SmartInvest Pro	<b>1,173,934</b>	<b>59.7</b>	1,140,362	61.6	2.9
SmartInvest Info	<b>791,452</b>	<b>40.3</b>	707,583	38.3	11.9
SmartInvest Intro	<b>1</b>	<b>&lt;0.1</b>	2,196	0.1	(100)
	<b><u>1,965,387</u></b>	<b><u>100.0</u></b>	<b><u>1,850,141</u></b>	<b><u>100.0</u></b>	<b><u>6.2</u></b>

Our revenue from SmartInvest Pro increased by approximately 2.9% to approximately RMB1,173.9 million for the year ended December 31, 2023, from approximately RMB1,140.4 million for the year ended December 31, 2022, and our revenue from SmartInvest Info increased by 11.9% to approximately RMB791.5 million for the year ended December 31, 2023, from approximately RMB707.6 million for the year ended December 31, 2022, primarily attributable to an increase in the gross billings and the number of paying users.

We make our products more competitive through product iteration and upgrading to increase the number of paying users. We upgrade our services and strengthen the investment research content to enhance customer stickiness and increase their willingness to renew their subscription.

### **Cost of sales**

Our cost of sales increased by approximately 36.9% to approximately RMB322.1 million for the year ended December 31, 2023, from approximately RMB235.3 million for the year ended December 31, 2022, primarily due to our staff cost increased from approximately RMB223.4 million in the year ended December 31, 2022 to approximately RMB307.6 million in 2023, as a result of an increase in the number of staff in our content development and production team that provided an expanding scale of content in support of the operations of our traffic matrix in 2023.

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

As a result of the foregoing, our gross profit increased by approximately 1.8% to approximately RMB1,643.3 million for the year ended December 31, 2023, from approximately RMB1,614.9 million for the year ended December 31, 2022. Our gross margin decreased to approximately 83.6% for the year ended December 31, 2023, from approximately 87.3% for the year ended December 31, 2022, mainly because the rise in our staff cost resulted in the cost of sales outpacing the increase in our revenue. However, the significant increase in the number of content development and production team could effectively reduce the expenditure in traffic acquisition.

### **Other income**

Our other income increased slightly by approximately 0.3% to approximately RMB231.1 million for the year ended December 31, 2023, from approximately RMB230.4 million for the year ended December 31, 2022, primarily due to (i) an increase of RMB11.2 million from other government grants; (ii) an increase of RMB28.2 million in VAT refund, which was in line with the significant increase in gross billings; and (iii) a decrease of RMB42.0 million in the revenue from software copyright transfers.

### **Sales and marketing expenses**

Our sales and marketing expenses slightly decreased by approximately 1.6% to approximately RMB957.3 million for the year ended December 31, 2023, from approximately RMB972.7 million for the year ended December 31, 2022, primarily because the significant increase in the number of content development and production team could effectively reduce the expenditure in internet traffic procurement expenses.

## Research and development expenses

Our research and development expenses increased by approximately 25.2% to approximately RMB287.4 million for the year ended December 31, 2023 from approximately RMB229.5 million for the year ended December 31, 2022, primarily due to an increase in staff cost, mainly as a result of the increase in the number of research and development employees in accordance with the development of our business along with increasing demand of related staff.

## General and administrative expenses

Our general and administrative expenses increased to RMB419.0 million in 2023 from RMB159.3 million in 2022, primarily due to several reasons as shown in the table below: (i) share-based compensation amounted to RMB128.9 million was incurred as we granted all the Shares under the Pre-IPO RSU Scheme on February 3, 2023, which would be vested over two to five years commencing from the grant date. In 2022, no such transaction occurred; (ii) staff cost (share-based compensation excluded) increased from RMB54.1 million to RMB95.3 million as we recruited more staff to deal with the expanding business; (iii) listing expenses increased from RMB17.9 million to RMB22.7 million due to the increase in the expenditure for listing ceremony and other branding campaign as a result of the successful listing of the Company's Shares on March 10, 2023; and (iv) an increase of RMB17.3 million in depreciation of right-of-use assets as well as an increase of RMB8.0 million in rental and property fee as we entered into certain new lease agreements to expand our office area during the Period as compared to the Corresponding Period.

	Year ended December 31,			
	2023		2022	
	Amount	%	Amount	%
	<i>RMB'000</i>		<i>RMB'000</i>	
Staff Cost	224,209	53.5	54,145	34.0
— Equity-settled share-based compensation expenses	128,910	30.8	—	—
Listing expenses	22,680	5.4	17,884	11.2
Depreciation of right-of-use assets	44,209	10.6	26,878	16.9
Taxes and surcharges	25,257	6.0	17,647	11.1
Amortisation of intangible assets	2,190	0.5	757	0.5
Rental and property expense	17,683	4.2	9,635	6.0
Rental exemption of COVID-19	—	—	(4,569)	(2.9)
Donation	5,604	1.3	—	—
Office and travel expense	8,815	2.1	7,153	4.5
Depreciation of property, plant and equipment	7,067	1.7	5,941	3.7
Professional service fee	12,272	2.9	2,446	1.5
IT service fee	26,034	6.2	8,618	5.4
Qualification certification fee	5,858	1.4	4,472	2.8
Others	17,161	4.1	8,257	5.2
<b>Total</b>	<b>419,039</b>	<b>100.0%</b>	<b>159,264</b>	<b>100.0%</b>

## **Income tax expense**

We recognized income tax expense of approximately RMB16.0 million for the year ended December 31, 2023, compared to the income tax expense of approximately RMB20.9 million for the year ended December 31, 2022, primarily due to significant increase in the balance of contract liabilities at the end of the Period as compared to the balance as of December 31, 2022 which led to the deferred tax benefits recognised during the Period.

## **Profit for the year**

As a result of the foregoing, we realized a profit of approximately RMB190.7 million for the year ended December 31, 2023, compared to approximately RMB460.6 million for the year ended December 31, 2022, representing a decrease of approximately 58.6%.

## **FINANCIAL POSITION**

### **Capital Structure of the Group**

By considering the cost of capital and the risks associated with each class of capital, the Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, mainly including contract liabilities, financial liabilities at fair value through profit or loss and accrued expenses and other current liabilities, and equity attributable to owners of the Company, comprising share capital and reserves. The Group does not have long-term borrowings or other interest bearing borrowings.

### **Liquidity and Financial Resources**

Our cash and other liquid financial resources (comprising (i) cash and cash equivalents including cash on hand and bank deposits; (ii) funds with underlying assets being listed as equity securities; (iii) wealth management products; (iv) listed equity securities; (v) asset management plan; and (vi) structured deposit), increased from approximately RMB1,066.7 million as of December 31, 2022 to approximately RMB2,068.4 million as of December 31, 2023. Our net cash generated from operating activities increased by approximately RMB206.1 million to approximately RMB444.0 million as of December 31, 2023 from approximately RMB237.9 million as of December 31, 2022. Our business is primarily a cash flow business, and therefore our cash flows from operating activities are closely related to, and primarily driven by, our profitability.

### **Gearing Ratio**

As at December 31, 2023, our gearing ratio was 38.4% (as at December 31, 2022: 61.2%), calculated by dividing total liabilities by total assets.

## **CAPITAL EXPENDITURE**

Our capital expenditures, consisting of payments for the purchase of property, plant and equipment and intangible assets, were incurred mainly for servers, computers, computer software and office equipment. Our capital expenditures were approximately RMB11.8 million as of December 31, 2023, compared to approximately RMB9.8 million as of December 31, 2022.



## **MATERIAL INVESTMENTS**

Please see “Notes to the annual financial report — Financial assets measured at fair value through profit and loss — Note (vi)” in this announcement for further details.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

On December 22, 2023, JF Information, an indirect wholly owned subsidiary of the Company, entered into an exclusive option transfer agreement to acquire the entire ownership of Shanghai Beixun (the “**Shanghai Beixun Acquisition**”). The total consideration payable by JF Information for the Shanghai Beixun Acquisition was RMB38,420,000. Please refer to the announcement of the Company dated December 22, 2023 for further details.

As at December 31, 2023, the first instalment of consideration was RMB23,052,000, which has been paid by JF Information.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET**

As at December 31, 2023, the Group did not have detailed future plans for material investments or capital assets.

## **PLEDGE OF ASSETS BY THE GROUP**

As at December 31, 2023, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (as at December 31, 2022: Nil).

## **CONTINGENT LIABILITIES**

As at December 31, 2023, we did not have any material contingent liabilities (as at December 31, 2022: Nil).

## **FOREIGN EXCHANGE RISK MANAGEMENT**

During the Period, most of transactions denominated in non-RMB were denominated in U.S. dollars and Hong Kong dollars. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. In the past, the Group has not incurred any significant foreign currency exchange losses in its operations. As of December 31, 2023, the Group had not used any financial instruments for hedging purposes. The management team will continue to closely monitor the Group’s foreign currency exchange risks and will consider implementing appropriate measures.

## EMPLOYEE AND REMUNERATION POLICY

The following tables set forth the number of our employees by function as of December 31, 2023:

<b>Employee Function</b>	<b>Number of employees</b>	<b>% of Total</b>
Content Development and Production	578	20.8
Sales and Marketing	845	30.5
Research and Development	544	19.6
Service and Operation	414	14.9
Administration	394	14.2
<b>Total</b>	<b>2,775</b>	<b>100.0</b>

We believe that on-going and continuous development of our employees is critical to our success. We provide our employees with tailored training programmes designed to upgrade their skills and knowledge. We employ and promote our employees based on their personal on-the-job performance and development potential. The remuneration package depends on individual performance, working experience and prevailing salary levels in the market.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was successfully listed on the Main Board of the Stock Exchange on March 10, 2023, and the Over-allotment Option (as defined in the Prospectus) was partially exercised on April 2, 2023. The Company issued a total of 59,937,000 new shares at an issue price of HK\$17.00 per share in connection with its global offering and the partial exercise of the Over-allotment Option, and the gross proceeds raised by the Company from the issuance of new shares in connection with its global offering and the partial exercise of the Over-allotment Option amounted to approximately HK\$984.2 million (equivalent to approximately RMB873.3 million)<sup>(1)</sup>, after deducting underwriting commissions and other related expenses in connection with its global offering and the partial exercise of the Over-allotment Option.



Set out below are details of the allocation of the net proceeds, and the unutilized amount of the net proceeds at December 31, 2023. The net proceeds unutilized are currently held as bank deposits and will be continuously used according to the plans disclosed in the Prospectus.

Intended use of net proceeds	Allocation of net proceeds	Net Proceeds from the Global Offering <i>(Approximately million in HKD)</i>	Amount of net proceeds utilized since the Listing Date and up to December 31, 2023 <i>(Approximately million in RMB)</i>	Balance of net proceeds unutilized as at December 31, 2023 <i>(Approximately million in RMB)</i>	Intended timetable for use of the unutilized net proceeds
i. Improvement of content production capabilities	20%	196.8	26.8	147.9	By December 31, 2024
ii. Enhancement of the traffic matrix	30%	295.3	262.0	–	By December 31, 2024
iii. Improvement of technology capabilities	30%	295.3	115.9	146.1	By December 31, 2024
iv. Investments in external KOLs or external MCNs	10%	98.4	0.2	87.2	By December 31, 2024
v. Working capital and general corporate purposes	10%	98.4	87.3	–	By December 31, 2024
<b>Total</b>	<b>100%</b>	<b>984.2<sup>(2)</sup></b>	<b>492.2</b>	<b>381.1</b>	

*Notes:*

- (1) The gross proceeds raised by the Company from its global offering and the partial exercise of the Over-allotment Option was converted into Renminbi upon receipt.
- (2) In April 2023, the Company has received additional net proceeds of approximately HK\$5.3 million for the Over-allotment Shares.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to implementing the best corporate governance practices to protect Shareholders' rights and enhance corporate value and accountability.

The Company maintains a high standard of corporate governance practices. The Board does not take risks to make short-term gains at the expense of the long-term objectives. The Company has adopted the CG Code contained in Appendix C1 (formerly known as Appendix 14) to the Listing Rules on Stock Exchange as its own code of corporate governance since the Listing Date. Save and except for the deviation from code provision C.2.1 of the CG Code as disclosed below, the Company has complied with all the code provisions in the CG Code for the period from the Listing Date to December 31, 2023.

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. With effect from December 20, 2023, Mr. CHEN Wenbin has served as both the chairman of the Board and the chief executive officer of the Company. Mr. CHEN Wenbin is the founder of the Company, who has in-depth knowledge of the management and business operations of the Company. The Board believes that vesting the roles of both the chairman of the Board and the chief executive officer in the same individual provides the Group with solid and consistent leadership and enables efficient business planning and decision-making. The Board also believes that the balance of power and authority under this arrangement will not be impaired, as all major decisions must be made after approval and resolution by the Board and the relevant committees under the Board. All independent non-executive Directors also provide independent insights to the Board and monitor the management and operation of the Company. The Board will periodically review and consider the effectiveness of this arrangement by taking into account the circumstances of the Group as a whole.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules as its own code of conduct regarding the Directors' dealings in the securities of the Company. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code for the period from the Listing Date to December 31, 2023.

## **PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES**

During the period from the Listing Date to December 31, 2023, neither the Company nor any of the subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

## **FINAL DIVIDEND**

Taking into account the Company's financial and cash flow position, the Board has resolved to recommend a final dividend of HK\$0.22 per Share (in cash) for the year ended December 31, 2023. The proposed final dividend of the Company is subject to the consideration and approval by Shareholders at the AGM. The Company will publish announcement, circular and notice regarding the AGM in accordance with the Listing Rules and the Articles of Association. The Company will also make separate announcement regarding the record date and date of closure of register of members for the payment of the proposed final dividend of the Company. It is expected that the proposed final dividend of the Company will be distributed before July 10, 2024.

## **SIGNIFICANT SUBSEQUENT EVENTS**

On January 3, 2023, the Company entered into an equity transfer agreement to conditionally acquire the entire equity interest of Shanghai Woruiou Information Technology Co., Ltd. (上海沃芮歐信息科技有限公司) (the "**Proposed Acquisition**"). Please see "History, Reorganization and Corporate Structure – Proposed Acquisition after the Track Record Period" in the Prospectus for further details. As of March 2024, the Proposed Acquisition has been terminated.

On March 8, 2024, JF Information, an indirect wholly owned subsidiary of the Company, entered into an equity transfer agreement to conditionally acquire the entire equity interest of Guangfa Insurance (the “**Guangfa Acquisition**”). The total consideration payable by JF Information for the Guangfa Acquisition is RMB52,000,000. Please refer to the announcement of the Company dated March 8, 2024 for further details.

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed the audited annual results of the Group for the year ended December 31, 2023 together with the management of the Company.

## **SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR**

The figures and related notes in the consolidated statements of financial position, consolidated statements of profit or loss and consolidated statements of comprehensive income of our Group for the year ended December 31, 2023 as set out in this announcement have been agreed by the Company’s auditor, KPMG, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this announcement.

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

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at <https://jfwealth.investorroom.com>. The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be published on the same websites and dispatched to the Shareholders (when necessary) in due course.

## **DEFINITIONS**

“AGM”	the forthcoming annual general meeting for the year ended December 31, 2023 of the Company
“AI”	artificial intelligence
“App(s)”	application software designed to run on PC, smartphone and other mobile devices
“Articles of Association”	the articles of association of the Company, conditionally adopted on February 23, 2023 with effect from the Listing Date, and as amended from time to time
“Audit Committee”	the audit committee of the Board

“Award(s)”	award of restricted share units under the Pre-IPO RSU Scheme
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code and Corporate Governance Report
“Company”, “our Company”, “the Company” or “JF Wealth”	JF Wealth Holdings Ltd (九方财富控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on May 3, 2021, with its Shares listed on the Main Board of the Stock Exchange on the Listing Date under the stock code 9636
“Corresponding Period”	the year ended December 31, 2022
“Director(s)”	the director(s) of our Company
“Fintech”	financial technology
“gross billing”	the total amount of cash received for the sale of product/service in such period including tax, net of the total amount of refunds for a specific period
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries and, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Guangfa Insurance”	Beijing Guangfa Insurance Brokerage Co., Ltd. (北京廣發保險經紀有限公司), a company incorporated in the PRC with limited liability on November 2, 2009
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HKD”	the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“JF Information”	JF (Shanghai) Information Technology Co., Ltd. (極帶(上海)信息技術有限公司), a company incorporated in the PRC on July 23, 2021, and an indirect wholly-owned subsidiary of the Company
“IPO”	the initial public offering of the Shares on the Listing Date
“KOL(s)”	acronym for “key opinion leaders”, the users of an internet product who are accepted or trusted by other users of the internet product and can significantly influence their decisions
“Listing Date”	March 10, 2023, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“MCN(s)”	acronym for “multi-channel network,” is an organization that offers assistance in areas such as production, content programming, monetization and audience development to the internet KOLs or internet celebrity
“MCN channel(s)”	accounts operated by MCNs on various internet platforms including Kuaishou, Douyin, WeChat and Weibo, etc.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“PC”	acronym for “personal computer”
“Pre-IPO RSU Scheme”	restricted share unit scheme adopted pursuant to a resolution of the Board dated June 1, 2021
the “PRC” or “China”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated February 28, 2023
“Period” or “Reporting Period”	the year ended December 31, 2023
“RMB”	the lawful currency of the PRC
“Shanghai Beixun”	Shanghai Beixun Industrial Co., Ltd. (上海鉞勳實業有限公司), a company established in the PRC on November 28, 2011
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of HKD0.00001 each
“Shareholders”	holder(s) of the Share(s)
“SmartInvest Info”	九方智投擒龍版, the proprietary App with both mobile and PC versions through which the Group provides its financial information software services
“SmartInvest Intro”	贏馬學堂, the proprietary mobile App through which the Group provides its online financial literacy education services

“SmartInvest Pro”	九方智投旗艦版, our proprietary App with both mobile and PC versions through which the Group provide services
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“traffic”	in terms of traffic in our market matrix, the flow of audience on various media platforms
“VAT”	Value-added tax
“YOY”	year-on-year
“%”	percent

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

Shanghai, China, March 26, 2024

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