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ZZ TECHNOLOGY GROUP COMPANY LIMITED

中植科技集團股份有限公司

(formerly known as Zhongjin Technology Services Group Company Limited 中金科技服務集團股份有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08295)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of ZZ Technology Group Company Limited 中植科技集團股份有限公司 (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB865.7 million for the Year (2021: approximately RMB264.4 million), representing 227% increase as compared to that of last financial year. Such significant increase was mainly attributable to the revenue generated from the provision of value-added telecommunication and related services in the PRC after the completion of the acquisition of the KingNine Group in October 2020.
- Profit attributable to owners of the Company for the Year was approximately RMB80.4 million, compared to the profit of approximately RMB26.2 million for the last financial year.
- Basic earnings per share for the Year was approximately RMB1.92 cent (2021: approximately RMB0.68 cent).
- The Board does not recommend payment of a dividend for the Year (2021: Nil).

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of ZZ Technology Group Company Limited 中植科技集團股份有限公司 (formerly known as Zhongjin Technology Services Group Company Limited 中金科技服務集團股份有限公司) (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2022 (the “Year”), together with the relevant comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Re-presented)
Continuing operations			
Revenue	3	865,670	264,368
Cost of services		(678,596)	(181,207)
Gross profit		187,074	83,161
Other income and losses, net	4	31,655	35,090
Gain from derecognition of financial assets measured at amortised costs		13,936	–
Receipt of written-off trade receivables		5,980	–
Marketing expenses		(9,235)	(2,624)
Research and development expenses		(28,114)	(7,196)
Administrative expenses		(87,654)	(60,366)
Net impairment loss		(12,542)	(313)
Finance costs	5	(17,067)	(6,413)
Share of loss of an associate		(17)	–
Profit before tax	6	84,016	41,339
Income tax expenses	7	(12,886)	(10,648)
Profit for the year from continuing operations		71,130	30,691
Discontinued operation			
Gain/(loss) for the year from discontinued operation		5,825	(3,815)
Profit for the year		76,955	26,876

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Re-presented)
Other comprehensive income/(loss)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	(5,143)	(37,719)
Reclassification of translation reserve upon disposal of subsidiaries	(5,265)	–
Reclassification of translation reserve upon deregistration of a subsidiary	1,259	–
Items that will not be reclassified to profit or loss:		
Fair value loss on equity instrument at fair value through other comprehensive income	–	(3,235)
	<u>–</u>	<u>(3,235)</u>
Other comprehensive loss for the year, net of tax	(9,149)	(40,954)
	<u>(9,149)</u>	<u>(40,954)</u>
Total comprehensive income/(loss) for the year	<u>67,806</u>	<u>(14,078)</u>
Profit for the year attributable to:		
Owners of the Company		
arises from continuing operations	74,525	29,968
arises from discontinued operations	5,825	(3,815)
	<u>80,350</u>	<u>26,153</u>
Non-controlling interests		
arises from continuing operations	(3,395)	723
arises from discontinued operations	–	–
	<u>(3,395)</u>	<u>723</u>
	<u>76,955</u>	<u>26,876</u>

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i> (Re-presented)
Total comprehensive income/(loss) attributable to:			
Owners of the Company			
arises from continuing operations		68,596	14,431
arises from discontinued operations		2,605	(29,232)
		<u>71,201</u>	<u>(14,801)</u>
Non-controlling interests			
arises from continuing operations		(3,395)	723
arises from discontinued operations		–	–
		<u>(3,395)</u>	<u>723</u>
		<u>67,806</u>	<u>(14,078)</u>
Earnings per share attributable to owners of the Company			
Continuing operation			
Basic and diluted (RMB cents)	9	1.78	0.78
Discontinued operation			
Basic and diluted (RMB cents)	9	<u>0.14</u>	<u>(0.10)</u>
Earnings per share for the year	9	<u>1.92</u>	<u>0.68</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Non-current assets			
Property and equipment		70,501	28,068
Intangible assets		184,076	184,693
Goodwill		581,824	581,824
Right-of-use assets		42,370	28,119
Deferred tax assets		6,917	8,720
Equity instrument at fair value through other comprehensive income		15,564	1,328
Loan receivables		–	12,690
Deposits		672	4
Interest in associate		5,983	–
Total non-current assets		907,907	845,446
Current assets			
Inventories		1,377	2,080
Accounts receivable	<i>10</i>	485,259	311,326
Prepayments, deposits and other receivables	<i>11</i>	88,630	48,393
Financial assets at fair value through profit or loss (“FVTPL”)		4,880	5,061
Tax receivable		–	425
Bank balances and cash		86,047	202,710
Total current assets		666,193	569,995

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current liabilities			
Accounts payable	<i>12</i>	11,346	10,564
Other payables and accruals		54,157	38,689
Contract liabilities		8,619	1,406
Bank and other borrowings	<i>13</i>	140,779	29,000
Tax payables		8,304	7,479
Consideration payables	<i>14</i>	70,000	70,000
Lease liabilities		20,962	11,247
		<u>314,167</u>	<u>168,385</u>
Total current liabilities			
		<u>352,026</u>	<u>401,610</u>
Net current assets			
		<u>1,259,933</u>	<u>1,247,056</u>
Total assets less current liabilities			
Non-current liabilities			
Consideration payables	<i>14</i>	129,499	190,837
Deferred tax liabilities		21,195	23,818
Lease liabilities		17,986	16,770
		<u>168,680</u>	<u>231,425</u>
Total non-current liabilities			
		<u>1,091,253</u>	<u>1,015,631</u>
Net assets			
Capital and reserves			
Share capital	<i>15</i>	35,395	35,395
Reserves		1,035,710	964,509
		<u>1,071,105</u>	<u>999,904</u>
Equity attributable to owners of the Company			
Non-controlling interests		<u>20,148</u>	<u>15,727</u>
		<u>1,091,253</u>	<u>1,015,631</u>
Total equity			

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Share capital	Share premium	Contributed surplus	Statutory reserve	Revaluation reserve	Translation reserve	Retained profits/ (Accumulated losses)	Sub-total	Non- controlling interest	Total
	(note (i))	(note (ii))	(note (iii))	(note (iv))	(note (v))					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2020	29,848	584,350	7,944	-	-	66,196	(39,708)	648,630	-	648,630
Profit for the year	-	-	-	-	-	-	26,153	26,153	723	26,876
Other comprehensive loss for the year	-	-	-	-	(3,235)	(37,719)	-	(40,954)	-	(40,954)
Total comprehensive loss for the year	-	-	-	-	(3,235)	(37,719)	26,153	(14,801)	723	(14,078)
Transfer between reserves	-	-	-	7,740	-	-	(7,740)	-	-	-
Issue of new shares	5,547	360,528	-	-	-	-	-	366,075	-	366,075
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	1,200	1,200
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	13,804	13,804
At 31 March 2021 and 1 April 2021	35,395	944,878	7,944	7,740	(3,235)	28,477	(21,295)	999,904	15,727	1,015,631
Profit for the year	-	-	-	-	-	-	80,350	80,350	(3,395)	76,955
Other comprehensive loss for the year	-	-	-	-	-	(9,149)	-	(9,149)	-	(9,149)
Total comprehensive income for the year	-	-	-	-	-	(9,149)	80,350	71,201	(3,395)	67,806
Transfer between reserves	-	-	-	5,136	-	-	(5,136)	-	-	-
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	1,600	1,600
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(5,716)	(5,716)
Disposal of subsidiaries	-	-	(7,944)	-	-	-	7,944	-	11,932	11,932
At 31 March 2022	35,395	944,878	-	12,876	(3,235)	19,328	61,863	1,071,105	20,148	1,091,253

- Note (i):* The Group's share premium represents the proceeds received from share issuance, net of any directly attributable transaction costs credited to share capital and/or share premium.
- Note (ii):* The Group's contributed surplus represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the reorganisation prior to the listing, over the nominal value of the Company's shares issued in exchange thereafter.
- Note (iii):* Statutory reserve represents the amounts set aside from the retained profits by certain subsidiaries incorporated in People's Republic of China (the "PRC") and is not distributable as dividend. In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to legal reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances, cash dividends.
- Note (iv):* Change in fair value of equity instrument at fair value through other comprehensive income is recognised in other comprehensive income and accumulated within the revaluation reserve within equity. The Group will transfer amount from revaluation reserve to retained profit when the relevant equity instrument is derecognised.
- Note (v):* For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Renminbi) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Adoption of new and revised HKFRSs — effective 1 April 2021

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of new or revised HKFRSs that are mandatorily effective for the financial year beginning on or after 1 April 2021 did not have any significant impact on the Group’s accounting policies, financial position and financial performance for the current and prior years and/or the disclosures set out in the Group’s consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-maker (“CODM”), responsible for making strategic decisions, allocating resources and assessing performance of the operating segments. The reportable operating segments and their results are as below:

- provision of value-added telecommunications and related services (including back-office services, comprehensive marketing services and data centre services); and
- provision of financial services (including corporate advisory service).

Segment results

For the year ended 31 March 2022

	Continued operations		Discontinuing operations	
	Value-added telecommunication and related services <i>RMB'000</i>	Corporate <i>RMB'000</i>	Financial services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	865,670	–	903	866,573
Gross profit	187,074	–	903	187,977
Other income and losses, net	22,742	8,913	6,855	38,510
Gain from derecognition of financial assets measured at amortised costs	13,936	–	–	13,936
Receipt of written-off trade receivables	5,980	–	–	5,980
Marketing expenses	(9,235)	–	–	(9,235)
Research and development expenses	(28,114)	–	–	(28,114)
Administrative expenses	(51,892)	(35,762)	(1,933)	(89,587)
Net impairment loss	(12,542)	–	–	(12,542)
Finance costs	(8,377)	(8,690)	–	(17,067)
Share loss of an associate	(17)	–	–	(17)
Profit/(loss) before tax	119,555	(35,539)	5,825	89,841

For the year ended 31 March 2021

	Continued operations		Discontinuing operations	
	Value-added telecommunication and related services <i>RMB'000</i>	Corporate <i>RMB'000</i>	Financial services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	264,368	–	1,795	266,163
Gross profit	83,161	–	1,795	84,956
Other income and losses, net	15,774	19,316	108	35,198
Marketing expenses	(2,624)	–	–	(2,624)
Research and development expenses	(7,196)	–	–	(7,196)
Administrative expenses	(16,848)	(43,518)	(5,460)	(65,826)
Net impairment loss	(313)	–	–	(313)
Finance costs	(1,622)	(4,791)	–	(6,413)
Profit/(loss) before tax	70,332	(28,993)	(3,557)	37,782

An analysis of the Group's revenue from major services are as follows:

	2022	2021
	RMB'000	RMB'000
Continuing operations		
Value-added telecommunication and related services:		
— Back-office services		
• Provision of customer service solutions	693,776	247,043
• Setting up of contract service systems and centres	663	8,602
	694,439	255,645
— Comprehensive marketing services	149,746	931
— Data centre services	21,485	7,792
	865,670	264,368
Discontinued operations		
Financial services:		
— Corporate advisory services	83	355
— Loan interest income	820	1,440
	866,573	266,163
Total	866,573	266,163

Timing of revenue recognition

	Continuing operations		Discontinued operations		Total	
	Value-added telecommunication and related services		Financial services		Total	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At a point in time	663	8,602	83	355	746	8,957
Over time	865,007	255,766	—	—	865,007	255,766
	865,670	264,368	83	355	865,753	264,723

Geographical information

(a) Revenue from external customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
The PRC	<u>865,670</u>	<u>264,368</u>
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Discontinued operations		
Hong Kong	83	355
The United States of America (the "USA")	<u>820</u>	<u>1,440</u>
	<u>903</u>	<u>1,795</u>

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
The PRC	881,194	820,111
Hong Kong	<u>3,560</u>	<u>2,593</u>
	<u>884,754</u>	<u>822,704</u>

The non-current asset information is based on the location of assets.

Information about major customers

During the year, revenue from customers individually contributing over 10% of total revenue of the Group are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A	117,166	32,462
Customer B	–	29,698
Customer C	<u>–</u>	<u>29,328</u>

For the year ended 31 March 2022 and 2021, customers A, B and C are from value-added telecommunication and related services segments.

4. OTHER INCOME AND LOSSES, NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Net investment (loss)/income		
Net fair value (loss)/gain on financial assets at fair value through profit or loss (“FVTPL”)	(286)	2,186
Dividend income	49	63
Interest income		
Interest income from financial assets at amortised costs		
— Bank deposits	962	3,412
Interest income from financial assets at FVTPL		
— Structured deposit	15	3,916
Interest income from former subsidiaries	457	–
Other income and losses		
Government grants and subsidies (<i>note (i)</i>)	13,072	3,095
Value-Add Tax (“VAT”) refund (<i>note (ii)</i>)	5,418	5,580
Gain/(loss) on exchange differences	1,833	9,235
Loss on disposal of property, plant and equipment	–	(217)
Gain on disposal of subsidiaries	6,469	–
Others	3,666	7,820
	<u>31,655</u>	<u>35,090</u>
Discontinued operations	<u>6,855</u>	<u>108</u>
	<u><u>38,510</u></u>	<u><u>35,198</u></u>

Notes:

- (i) The government grants and subsidies mainly represented the rent subsidies, high-tech enterprise subsidies, subsidies related to software and digital innovations enterprise, employment subsidies.
- (ii) According to the Value-Added Tax Policy for Software Products (Cai Shui 2011 No. 110), for sale of self-developed software products by a general VAT tax payer, after VAT is levied at a tax rate of 17%, the refund-upon-collection policy shall be applied and the portion of the actual VAT burden that is in excess of 3% shall be refunded.

5. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Interest on bank borrowings	1,823	507
Interest on other borrowings	5,271	407
Interest on lease liabilities	1,311	811
Interest on consideration payable	8,662	4,688
	<u>17,067</u>	<u>6,413</u>

6. PROFIT BEFORE TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Employee benefit expense (including Directors' remuneration)		
— Salaries, wages and other benefits	379,014	138,440
— Retirement benefits scheme contributions	32,937	7,955
— Amounts capitalised	(10,892)	(6,176)
	<u>401,059</u>	<u>140,219</u>
Auditor's remuneration	2,068	1,595
Legal and professional fees	4,624	16,271
Depreciation of property and equipment	17,288	8,447
Depreciation of right-of-use assets	22,437	10,198
Amortisation of intangible assets		
— Cost of services	4,428	871
— Administrative expenses	17,491	8,174

7. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Current tax		
PRC Enterprise Income tax (“EIT”)	13,706	14,453
Under provision in prior years	—	2,127
	<u>13,706</u>	<u>16,580</u>
Deferred tax	(820)	(5,932)
	<u>12,886</u>	<u>10,648</u>
Discontinued operations		
Current tax		
Hong Kong Profits tax	—	258
	<u>—</u>	<u>258</u>
	<u>12,886</u>	<u>10,906</u>

The basic tax rate of the Group’s PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation regulations of the EIT Law. For the current year, certain subsidiaries of the Group qualified as advanced technology enterprises and have obtained approvals from the relevant tax authorities for the reduction of the applicable tax rate to 15%.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continues to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings:		
Profit for the year attributable to owners of the Company arises from		
— Continuing operation	74,525	29,968
— Discontinued operations	5,825	(3,815)
	80,350	26,153
	2022	2021
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	4,188,519,590	3,844,162,104

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the year ended 31 March 2022 (2021: nil).

10. ACCOUNTS RECEIVABLE

	31 March 2022 <i>RMB'000</i>	31 March 2021 <i>RMB'000</i>
Accounts receivable	488,330	311,636
Less: Allowance for expected credit losses	(3,071)	(310)
	485,259	311,326

The Group allows a credit period of 3 to 6 months to its customers. The directors of the Company are in the view that there have been no significant increase in credit risk of default because the amounts are from customers with good credit rating and continuous repayment. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically.

The Group does not hold any collateral or credit enhancements over these balances.

The following is an aged analysis of accounts receivable, presented based on the date of services rendered at the end of each reporting period.

	31 March 2022 RMB'000	31 March 2021 RMB'000
0 — 60 days	185,244	144,385
61 — 120 days	121,507	48,793
121 — 180 days	51,909	36,330
Over 180 days	126,599	81,818
	<u>485,259</u>	<u>311,326</u>

Movement in the doubtful debts:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	310	–
Provision for the year	2,761	310
Write-offs	–	–
Reversal	–	–
	<u>3,071</u>	<u>310</u>

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 March 2022 RMB'000	31 March 2021 RMB'000
Prepayments	22,078	21,638
Refundable rental and management fee deposits	–	1,890
Due from former subsidiaries (<i>Note</i>)	33,625	–
Deposits and other receivables	42,711	24,868
Less: Allowance for expected credit losses	(9,784)	(3)
	<u>88,630</u>	<u>48,393</u>

Note: Included in the amounts due from former subsidiaries above is an amount of RMB23,000,000 which carries interest at fixed rate of 6% per annum since April 2021, unsecured and repayable on demand and RMB10,625,000 are interest-free, unsecured, and repayable on demand.

12. ACCOUNTS PAYABLE

	31 March 2022 RMB'000	31 March 2021 RMB'000
Accounts payable	<u>11,346</u>	<u>10,564</u>

The ageing analysis of the accounts payable based on date of services rendered at the end of each reporting period is as follows:

	31 March 2022 RMB'000	31 March 2021 RMB'000
0 — 60 days	7,657	5,649
61 — 120 days	548	196
121 — 180 days	285	113
Over 180 days	<u>2,856</u>	<u>4,606</u>
	<u>11,346</u>	<u>10,564</u>

The average credit period on accounts payable is 90 days.

13. BANK AND OTHER BORROWINGS

	31 March 2022 RMB'000	31 March 2021 RMB'000
Bank borrowings repayable (<i>note 1</i>):		
Within one year	48,500	29,000
Other borrowing repayable (<i>note 2</i>):		
Within one year	65,279	—
Within a period of more than one year but not exceeding two years	<u>27,000</u>	<u>—</u>
	140,779	29,000
Less: Amounts due within one year shown under current liabilities	<u>(140,779)</u>	<u>(29,000)</u>
Amounts shown under non-current liabilities	<u>—</u>	<u>—</u>

Note:

- 1) The carrying amount of the borrowings are at fixed rate and are secured by certain accounts receivables of the Group, certain properties owned by and the personal guarantees provided by certain current and former directors of a subsidiary of the Group.
- 2) The carrying amount of the other borrowing from a related company of the Company, with principal amount of RMB60,000,000 are at fixed rate 13.5%, unsecured and repayable within one year and the other borrowing with principal amount of RMB27,000,000 are interests free, unsecured and repayable within two years, which contain a repayment on demand clause (and therefore classified as current liability) is expected to be settled within one year.

The effective interest rates of the Group's bank borrowings were as follows:

	2022	2021
	RMB'000	RMB'000
Effective interest rate (per annum):		
Fixed-rate bank borrowings	<u>4.4% to 4.85%</u>	<u>4.4% to 5.35%</u>

14. BUSINESS COMBINATIONS

On 15 October 2020, the Company acquired 100% of equity interests of KingNine Group for a consideration of RMB1,012,224,000. KingNine Group has been accounted for as subsidiaries of the Group since the acquisition date. As at 31 March 2022, consideration payable of RMB70,000,000 (2021: RMB70,000,000) will be settled within one year, while RMB129,499,000 (2021: RMB190,837,000) will be settled after one year. The acquisition was made as part of the Group's strategy to expand its business.

15. SHARE CAPITAL

	Number of	Amount
	shares	RMB'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>10,000,000</u>	<u>87,661</u>
Issued and fully paid:		
As at 1 April 2020	3,550,496,836	29,848
Share issued	<u>638,022,754</u>	<u>5,547</u>
As at 31 March 2021 and 31 March 2022	<u>4,188,519,590</u>	<u>35,395</u>

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 8 August 2022 to Wednesday, 10 August 2022 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (the “AGM”). During which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments Held, Material Acquisitions And Disposals of Subsidiaries, Associates And Joint Ventures

During the Year, the Group completed the following acquisitions:

1. 51% equity interest in both Qingdao Jinliang Technology Co., Ltd.* (青島金量科技有限公司) (“Jinliang Technology”) at a cash consideration of RMB1.02 million and Jiuqi Technology (Hangzhou) Co., Ltd.* (九棲科技(杭州)有限公司) (“Jiuqi Technology”) at a cash consideration of RMB1.02 million. Jinliang Technology and its subsidiaries principally engaged in new media advertising business and platform certification business in the PRC. Jiuqi Technology and its subsidiaries principally engaged in live broadcast operation and education training business in the PRC. These companies have been accounted for as subsidiaries of the Group since the completion of the acquisitions.
2. 20% equity interest in Guangzhou Kunyuan Culture Media Co., Ltd.* (廣州坤元文化傳媒服務有限公司) (“Guangzhou Kunyuan”) at a cash consideration of RMB6 million. Guangzhou Kunyuan principally engaged in short video content production and related services business. This investment has been accounted for as interest in an associate of the Group since the completion of the acquisition.

Subsequently, in order to further integrate the Group's resources, the Group disposed a certain part of the equity interests in Jinliang Technology and Jiuqi Technology. As at 31 March 2022, the Group held 15% equity interests in Jinliang Technology and 15% equity interests in Jiuqi Technology.

In addition, for the investment in Guangzhou Kunyuan, the Group has signed the Equity Sale Agreement, which is expected to be completed by the end of June 2022. After the completion of the sale, the Group will hold 3% equity interests in Guangzhou Kunyuan.

As disclosed in the announcement dated 10 August 2021 published by the Company, it entered into an equity transfer agreement with certain independent third parties as the purchasers (the "Purchasers"), pursuant to which the Company agreed to sell, and the Purchasers agreed to purchase the entire equity interest in Corporate Wise Limited, a wholly owned subsidiary of the Company, at a total consideration of approximately HK\$17.24 million. Please refer to the announcement of the Company dated 10 August 2021 for details. The completion of this transaction had been taken place on 22 October 2021 and since then the Group ceased to have any equity interest in Corporate Wise Limited.

Save as aforementioned, the Group had no significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

Profit Guarantee

As disclosed in the announcement dated 10 September 2020 and the circular dated 18 September 2020 (the "Circular") published by the Company, it entered into a share purchase deed on 10 September 2020 (the "Share Purchase Deed") with regard to the acquisition of the entire issued capital of KingNine Holdings Limited ("KingNine") (the "Acquisition"). Unless otherwise defined herein, all capitalized terms used in this announcement shall have same meanings as those defined in the Circular.

Mr. Hu Shilong and Ms. Liu Yingying (the "Guarantors") have undertaken to the Company pursuant to the Share Purchase Deed that the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS for any given profit guarantee period would not be less than the guaranteed profit in respect of such profit guarantee period. The Company has undertaken to the Guarantors that subject to the compliance of all applicable laws and regulations (including the GEM Listing Rules and the directors' fiduciary duties and duties of skill, care and diligence), it would use reasonable endeavours to procure the directors of DaLian Kingwisoft nominated by it to act in the interests of the Group as a whole during the entire profit guarantee period.

In respect of the Guarantee Period commenced on 1 April 2019 and ended on 31 March 2020, the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS was approximately RMB65.3 million, and is more than the Guaranteed Profit in respect of this Guarantee Period (i.e. RMB60 million). In respect of the Guarantee Period commenced on 1 April 2020 and ended on 31 March 2021, the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS was approximately RMB93.6 million, and is more than the Guaranteed Profit in respect of this Guarantee Period (i.e. RMB90 million). In respect of the Guarantee Period commenced on 1 April 2021 and ended on 31 March 2022, the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS was approximately RMB134.3 million, and is more than the Guaranteed Profit in respect of this Guarantee Period (i.e. RMB120 million).

Business Review

2021 is a challenging year and an extraordinary year in the post-pandemic era. We show courage in difficult circumstances, and hard work leads to success. We actively faced and adapted to the severe market environment, and insisted on improving client satisfaction and seeking healthy and sustainable business development. We focused on key strategic areas of enterprise services, maintained our leading superiority, enhanced professional service capabilities and scaled up businesses, reduced costs and increased efficiency, and continued to innovate and apply technology to provide clients with more diversified and higher-quality services.

The revenue and profit from our primary businesses showed a good growth trend. KingNine Holdings Limited, the Company's wholly-owned subsidiary, together with its subsidiaries (collectively, "KingNine Group"), posted revenue of RMB807.2 million for the Year, a year-on-year increase of 59.5%. The consolidated net profit attributable to equity holders of KingNine Group for the Year was RMB134.3 million.

The back-office services of KingNine Group have been advancing steadily, with further consolidated leading position in many advantageous fields, such as the Internet and operators. KingNine Group saw revenue of RMB694.4 million from back-office services, accounting for 80.2% of the total revenue. Revenue in the intelligent data solution business rose 37.3% year on year, marking a robust growth. In the meantime, we continuously improved our innovative business and saw an explosive growth in revenue in integrated Internet marketing business, with the scale hitting RMB91.3 million.

During the Reporting Period, the Group's top ten clients remained basically stable. The Group has been keeping moderately growing business relationships with clients who are leading companies in sectors, such as Internet mobility, finance & securities, e-commerce and community group buying. In addition, a world-leading Internet technology company has become one of its top ten clients. Meanwhile, the Group has achieved breakthrough in Internet marketing services. The technology company engaged in digital content and digital marketing services was ranked among the top ten clients of the Group. In terms of expansion of new clients and new businesses, the Group has acquired a number of clients in the field of Internet marketing services. In the field of client services, a leading Chinese lifestyle service provider operating with the OTA model and a world-leading AI high-tech company have become clients of the Group. Besides, it has begun to provide diversified client services for a number of joint-stock commercial banks and city commercial banks. The Group has established new business partnerships in more cities with a major Chinese telecom operator that it has been serving for many years. During the Reporting Period, the number of clients increased by 203 from 125 at the beginning of the year to 328. At the same time, the Group secured more business orders from existing clients.

In 2021, amid the ongoing global pandemic, the global economic recovery lacked momentum, and the external environment became more complex, severe and uncertain. The client service industry in which KingNine Group operates was hit to some extent. Relying on its deep experience in software development, IT security and data centre operation and orderly environmental management capability, KingNine Group actively innovated, worked closely with clients and followed governments' pandemic prevention and control requirements. It took some positive and effective measures, including pandemic prevention and control in the workplace, flexible working arrangements (including working from home) and business interoperability in the workplace, which help it operate its businesses smoothly. It maintained steady growth with existing customers while securing new incremental markets from new customers. The business connotation and value have been further enhanced. The robust business performance during the Reporting Period proves that our business model is extremely resilient and able to quickly adapt to and optimise operations to promote the long-term sustainable and healthy development of the Company.

KingNine Group, which has always adhered to independent innovation and research and development, focuses on the innovation in artificial intelligence and big data technologies and their integration with and application in business scenarios, with positive results achieved. During the Reporting Period, it obtained 29 new software copyrights in client service technology, data centre operation and maintenance technology, operation management platform and so forth that are closely related to the Company's businesses. KingNine Group obtained 2 invention patents and 163 software copyrights on an aggregate basis. It started to work on the strategy of developing quality and productivity tools in the field of digital marketing. Three companies, Shenzhen Kingwisoft, Qingdao Nanyou and Kingwisoft Network, were selected as technology-based SMEs. Dalian Kingwisoft has been certified as a high-tech enterprise in 2021. It is the third time that it has been certified as a high-tech enterprise since 2015. Dalian Kingwisoft has also been recognised for its brand reputation and influence. After winning the title of Gazelle Enterprise in Liaoning Province in 2019, it was rated as a 20-year Excellent Enterprise in the Software Industry in Liaoning Province during the Reporting Period, was nominated for the 8th Dalian Mayor's Quality Award, and was honoured as a Top 20 Enterprise in the Mature Stage — Innovation Points of Enterprises in Dalian High-tech Industrial Zone for 2020.

In addition, KingNine Group built self-operated contact service centres in Shenyang, Liaoyang, Xi'an, Lu'an, Puyang and Jinzhou during the Reporting Period, and expanded such self-operated contact service centres in Xiangyang, Mianyang, Dalian and other cities, bringing the total number of completed workstations in 23 self-operated contact service centres to 11,881, an increase of 5,188 workstations compared to 6,693 workstations as of 31 March 2021.

KingNine Group attaches great importance to human resources management, and its employees are widely dispatched to self-operated contact service centres. The Group has designed a dual-channel employee career development approach. Centring on learners, it drew up appropriate special training programmes to meet employees' needs for career development and value realisation. Through the development of internal talents and the introduction of external talents, the Company has built a reasonably-equipped, high-performance and high-quality professional team to provide talent guarantee to support its business development. Besides, the Company continuously optimised and scientifically selected and trained leading talents to improve its cadre reserve.

During the Report Period, the Group disposed part of shares of Qingdao Jinliang Technology Co., Ltd. ("Jinliang Technology") in order to further integrate the Group's resources. With the completion of the disposal, the Group holds 15% of shareholding in Jinliang Technology.

With the completion of the disposal of the entire equity interests in Corporate Wise Limited, a wholly owned subsidiary of the Company, took place on 22 October 2021, the Group ceased to engage in the provision of corporate advisory services, investment advisory and asset management services. In addition, the loan receivables of the Group have been received in full during the Year. The Group no longer carries on the business of financial services segment including money lending. The results of the financial services segment have been classified as discontinued operations of the Group during the Year and the comparative information for the year ended 31 March 2021 have been restated accordingly.

Financial Review

Results of the Group

Following the completion of the acquisition of KingNine Group on 15 October 2020, this is the first year the Group consolidated the whole year financial results of KingNine Group, whereas the Group consolidated the financial results of KingNine Group for around 5.5 months from 15 October 2020 to 31 March 2021 in the last financial year. As such, income and expenses of the Group had increased in general compared to the last financial year.

The Group recorded a revenue of approximately RMB865.7 million for the Year (2021: approximately RMB264.4 million), representing 227% increase as compared to that of last financial year. Such significant increase was mainly attributable to the revenue generated from the provision of value-added telecommunication and related services in the PRC after the completion of the acquisition of the KingNine Group in October 2020.

An analysis of the Group's revenue from major services is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Value-added telecommunication and related services:		
— Back-office services		
• Provision of customer service solutions	693,776	247,043
• Setting up of contract service systems and centres	663	8,602
	694,439	255,645
— Comprehensive marketing services	149,746	931
— Data centre services	21,485	7,792
	865,670	264,368

During the Year, the Group incurred cost of services of approximately RMB678.6 million (2021: RMB181.2 million) for the provision of value added telecommunication and related services business. Cost of services primarily consisted of staff costs, subcontracting fees, rental expenses, depreciation and amortisation.

Net other income for the Year was approximately RMB31.7 million (2021: approximately RMB35.1 million).

During the year, the Group recorded a gain from derecognition of financial assets measured at amortised costs at approximately RMB13.9 million as a customer agreed to settle its accounts receivable balance by issuing shares of fair value at approximately RMB13.9 million to the Group.

The Group incurred marketing, research and development expenses of approximately RMB37.3 million (2021: RMB9.8 million) in aggregate during the Year. Such cost and expenses were incurred for the provision of value-added telecommunication and related services business.

Administrative expenses for the Year was approximately RMB87.7 million (2021: approximately RMB60.4 million). The increase was mainly attributable to the increases in staff costs, amortisation of intangible assets and depreciation as well as consolidation of the KingNine Group's expenses for full year.

During the Year, the Group incurred finance costs of approximately RMB17.1 million (2021: approximately RMB6.4 million) which mainly consisted of interests on consideration payable arising from the acquisition of KingNine Group, bank and other borrowings and lease liabilities.

The Group's income tax expense for the Year was approximately RMB12.9 million (2021: approximately RMB10.6 million) which mainly consisted of provision of PRC Enterprise Income Tax of approximately RMB13.7 million (2021: approximately RMB16.6 million) and deferred tax credit of approximately RMB0.8 million (2021: RMB6.0 million).

Profit attributable to owners of the Company for the Year was approximately RMB80.4 million, compared to the profit of approximately RMB26.2 million for the last financial year.

Basic earnings per share for the Year was approximately RMB1.92 cent (2021: approximately RMB0.68 cent), while diluted earnings per share for the Year was the same as basic earnings per share of approximately RMB1.92 cent (2021: approximately RMB0.68 cent).

The Group's total assets and liabilities increased during the Year with continued expansion of the Group's business. On the other hand, the Group had settled the payment of tranche II cash consideration in the amount of RMB70 million for the acquisition of KingNine Group which reduced both assets and liabilities by the same amount of the payment. As a result, the Group's total assets as at 31 March 2022 increased by approximately RMB158.7 million to approximately RMB1,574.1 million as compared with approximately RMB1,415.4 million as at 31 March 2021. The total liabilities of the Group as at 31 March 2022 increased by approximately RMB83.0 million to approximately RMB482.8 million as compared with approximately RMB399.8 million as at 31 March 2021. Net assets value as at 31 March 2022 was approximately RMB1,091.3 million (31 March 2021: approximately RMB1,015.6 million).

Liquidity and financial resources

As at 31 March 2022, the Group had a current ratio of 2.1 and a gearing ratio of 12.9% (2021: 3.4 and 2.9%, respectively). The gearing ratio is computed by dividing the Group's bank and other borrowings of approximately RMB140.8 million by the Group's equity of approximately RMB1,091.3 million. The Group's operation and investments were financed by internal resources and borrowings.

For foreign currency risk, the Group will continue to monitor its foreign currency exposure and will consider using hedging instruments if available in respect of significant foreign currency exposure should the need arise.

Capital structure

There was no material change in the Group's capital structure during the Year.

Total equity attributable to owners of the Company amounted to approximately RMB1,071.1 million as at 31 March 2022 (2021: approximately RMB999.9 million). This increase was mainly attributable to profit recognised and the net movement in the translation reserve during the Year.

Commitments

The Group and the Company did not have any significant commitment as at 31 March 2022 and 2021.

Charge on the Group's assets

As at 31 March 2022, the Group's bank borrowings were secured by certain assets of the Group. Details of the Group's pledges of assets are set out in note 13 to the financial statements.

Employees and remuneration policies

As of 31 March 2022, the Group had 7,351 employees including Directors (2021: 4,436 employees). Total staff cost (including Directors' emoluments) for the Year amounted to approximately RMB402.2 million. Employees' remuneration packages are decided based on their job responsibilities, local market benchmarks and industry trends. Employee discretionary bonus is distributable according to the performance of the respective subsidiaries and employees concerned.

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

Contingent liabilities

As at 31 March 2022, the Group had no material contingent liabilities (2021: Nil).

Future plans for material investments or capital assets

The Group will focus on premium corporate clients in the Internet and finance sectors to diversify its categories of services and strengthen our customers' stickness, which in turn help the Group to generate economics of scale and gain more market share.

The Group will look into our business development and consider acquiring or investing in relevant assets which form synergistic effects with our principal business as and when appropriate. Through the acquisition and investment, the Group can expand its services categories and premium customer base and strengthen our capability in research and development, which in turn identify and meet demands from customers in a view to raise our core competitiveness and profitability.

Outlook

In 2022, under the strong leadership of the CPC Central Committee with Xi Jinping at its core, authorities in all regions effectively coordinated anti-pandemic efforts with economic and social development. The country's economy got off to a steady start. Since mid-March, some cities in China have experienced relatively severe COVID-19 outbreaks. Facing the complex situation of changes unseen in a century and the unprecedented pandemic, China has seen increasing complexity, severity and uncertainty in economic development, and faced new challenges in stabilising economic growth, employment and prices. However, the State Council issued a circular urging the implementation of a package of policy measures to stabilise the economy, and authorities at all levels intensified their efforts and introduced a series of policies to stabilise economic growth, which will effectively respond to the downward pressure on the economy, consolidate the foundation for economic recovery, focus on stabilising market players, and firmly stabilise the economy. Efforts are made to achieve the targets set for economic and social development for the year and keep the economy operating within an appropriate range.

According to preliminary estimates, the GDP in the first quarter reached RMB27,017.8 billion, a year-on-year increase of 4.8% at constant prices. In general, China saw continuous economic recovery in the first quarter and kept economic operations within a reasonable range. The services sector continuously turned around in the first quarter. In terms of industries, the value added of information transmission, software and information technology services, and the financial industry grew 10.8% and 5.1% year on year, respectively.

As KingNine Group's major clients are players from sectors such as finance & securities, telecommunication operators and Internet, they are expected to recover rapidly with the continued economic recovery and the gradual rise of new endogenous momentum, while the far-reaching impact of the pandemic on people's education, mobility and shopping will further promote the booming development of Internet companies, which are expected to bring KingNine Group's business more opportunities for rapid growth.

In this context, KingNine Group will pay close attention to the impact of macro policies on its clients' businesses, and maintain close communication with clients. It will insist on business innovation and service improvement with courage, responsibility, perseverance and wisdom to develop its businesses, and take diversified measures to make active responses. Meanwhile, it will actively explore and seek new business opportunities in the financial industry and livestreaming e-commerce, actively grasp the good opportunities for business development, effectively expand its business presence in China, and strengthen the building of various long-term basic capabilities, so as to bring the Group more stable revenue and profitability, thereby achieving sound growth and enhancing shareholder value.

KingNine Group keeps working hard and opening up new territories in the back-office services field. In addition to the organic growth of orders from existing clients in the already penetrated industries due to the business growth of clients, new orders have been obtained in the operator service field and traditional financial field, and from new leading Internet companies. Among them, a major Chinese telecom operator has started new business cooperation with the Group in several cities. It has begun to provide diversified client services for a number of joint-stock commercial banks and city commercial banks. Meanwhile, a leading Chinese lifestyle service provider operating with the OTA model and a world-leading AI high-tech company have become clients of the Group. New businesses have been launched in an orderly manner. KingNine Group will continuously promote its participation in project tendering and implementation to achieve revenue and profit contribution. At the same time, KingNine Group has completed the construction of its self-operated contact service centres in Puyang, Xiangyang, Xi'an, Jinzhou and other cities to provide support in terms of staff and spaces for new orders.

In terms of Internet marketing, KingNine Group is actively making preparation in the field of livestreaming e-commerce and digital marketing services, and fully integrating with its existing Internet marketing promotion capabilities and experience. Meanwhile, the Group has established technological presence in the field of digital marketing, and is actively developing merchant quality and productivity tools in relation to digital life and digital marketing, becoming KingNine Group's new growth momentum in B2B enterprise services and livestreaming e-commerce, which has helped the Group acquire several service clients, and achieve constantly growing traffic placement targets month by month. One technology company engaged in digital content and digital marketing services was ranked among the top ten clients of the Group.

As KingNine Group's major clients are players in finance & securities, operators and Internet industries, all these sectors will recover quickly with the sustained economic recovery and the gradual rise of new endogenous driving forces. Meanwhile, the pandemic's profound impact on people's education, mobility, shopping and so forth will further boost the vigorous development of Internet companies, which is expected to bring more opportunities for rapid growth for KingNine Group.

In this context, KingNine Group will pay close attention to the impact of macro policies on its clients' businesses, and maintain close communication with clients. It will take diversified measures to make active responses. Meanwhile, it will actively explore and seek new business opportunities in the financial industry and livestreaming e-commerce, actively grasp the good opportunities for business development, and effectively expand its business presence in China, so as to bring the Group more stable revenue and profitability, thereby enhancing shareholder value.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "CG Code") throughout the Year.

The Board regularly monitors and reviews the Group's progress in respect of corporate governance practices to ensure compliance with the code provisions of the CG Code.

REVIEW OF RESULTS

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the Year.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by BDO Limited 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 BDO Limited on the preliminary announcement.

By Order of the Board
ZZ Technology Group Company Limited
中植科技集團股份有限公司
NIU Zhanbin
Chairman

Hong Kong, 21 June 2022

As at the date of this announcement, the executive Directors are Mr. NIU Zhanbin (Chairman), Mr. LIU Yang (Chief Executive Officer) and Mr. WU Hui (Chief Operating Officer); and the independent non-executive Directors are Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong and Mr. ZENG Liang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the ‘‘Latest Listed Company Information’’ page of the website of GEM at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.zztech-group.com.

** For Identification purposes only*