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ZHONGJIN TECHNOLOGY SERVICES GROUP COMPANY LIMITED
中金科技服務集團股份有限公司

(formerly known as ZZ Capital International Limited 中植資本國際有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08295)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2021

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 Zhongjin Technology Services Group Company Limited 中金科技服務集團股份有限公司 (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 RMB266.2 million for the Year (2020: approximately RMB15.1 million), representing 1,663% increase as compared to that of last financial year. Such significant increase was mainly attributable to the revenue generated from the KingNine Group in the second half of the Year after the Completion.
- Profit attributable to owners of the Company for the Year was approximately RMB26.2 million, as compared to that of approximately RMB1.4 million for the last financial year.
- Basic earnings per share for the Year was RMB0.68 cent (2020: earnings per share of RMB0.04 cent).
- The Board does not recommend payment of a dividend for the Year (2020: Nil).

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Zhongjin Technology Services Group Company Limited 中金科技服務集團股份有限公司 (formerly known as ZZ Capital International Limited 中植資本國際有限公司) (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2021 (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 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i> (Restated)
Revenue			
Value-added telecommunication and related services income	4	264,368	–
Corporate advisory income	4	355	13,690
Loan interest income	4	1,440	1,406
Total revenue		266,163	15,096
Cost of services		(181,207)	–
Gross profit		84,956	15,096
Other income and losses, net	5	35,198	43,764
Marketing expenses		(2,624)	–
Research and development expenses		(7,196)	–
Administrative expenses		(65,826)	(57,094)
Provision of expected credit loss on accounts and other receivables, net		(313)	–
Finance costs	6	(6,413)	(183)
Profit before tax	7	37,782	1,583
Income tax expense	8	(10,906)	(170)
Profit for the year		26,876	1,413

	<i>Notes</i>	2021 RMB'000	2020 RMB'000 (Restated)
Profit for the year attributable to			
Owners of the Company		26,153	1,413
Non-controlling interests		723	–
		<u>26,876</u>	<u>1,413</u>
Earnings per share attributable to owners of the Company			
— Basic (RMB cents)	<i>10</i>	<u>0.68</u>	<u>0.04</u>
— Diluted (RMB cents)	<i>10</i>	<u>0.68</u>	<u>0.04</u>
Profit for the year		26,876	1,413
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(37,719)	42,319
Items that will not be reclassified to profit or loss:			
Fair value loss on equity instrument at fair value through other comprehensive income		<u>(3,235)</u>	–
Total comprehensive (loss)/income for the year		<u>(14,078)</u>	<u>43,732</u>
Total comprehensive (loss)/income attributable to			
Owners of the Company		(14,801)	43,732
Non-controlling interests		723	–
		<u>(14,078)</u>	<u>43,732</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

		At 31 March 2021 <i>RMB'000</i>	At 31 March 2020 <i>RMB'000</i> (Restated)	At 1 April 2019 <i>RMB'000</i> (Restated)
Non-current assets				
Property and equipment		28,068	202	389
Intangible assets		184,693	–	–
Goodwill	15	581,824	–	–
Right-of-use assets		28,119	6,330	341
Deferred tax assets		8,720	–	–
Equity instrument at fair value through other comprehensive income		1,328	–	–
Loan receivables		12,690	15,686	13,726
Deposits		4	2,048	2,008
		<u>845,446</u>	<u>24,266</u>	<u>16,464</u>
Total non-current assets				
Current assets				
Inventories		2,080	–	–
Convertible loan receivable at fair value through profit or loss (“FVTPL”)		–	–	144,097
Accounts receivable	11	311,326	3,210	45
Prepayments, deposits and other receivables	12	48,393	202,423	34,803
Financial assets at FVTPL		5,061	3,275	5,857
Tax receivable		425	2,373	2,228
Cash held on behalf of clients		–	3	3
Bank balances and cash		202,710	433,142	409,724
		<u>569,995</u>	<u>644,426</u>	<u>596,757</u>
Total current assets				

		At 31 March 2021 <i>RMB'000</i>	At 31 March 2020 <i>RMB'000</i> (Restated)	At 1 April 2019 <i>RMB'000</i> (Restated)
Current liabilities				
Accounts payable	13	10,564	3	3
Other payables and accruals		38,689	10,446	4,461
Contract liabilities		1,406	–	–
Borrowings	14	29,000	–	–
Tax payables		7,479	3,274	3,859
Consideration payables		70,000	–	–
Lease liabilities		11,247	3,592	–
Total current liabilities		<u>168,385</u>	<u>17,315</u>	<u>8,323</u>
Net current assets		<u>401,610</u>	<u>627,111</u>	<u>588,434</u>
Total assets less current liabilities		<u>1,247,056</u>	<u>651,377</u>	<u>604,898</u>
Non-current liabilities				
Consideration payables		190,837	–	–
Deferred tax liabilities		23,818	–	–
Lease liabilities		16,770	2,747	–
Total non-current liabilities		<u>231,425</u>	<u>2,747</u>	<u>–</u>
Net assets		<u>1,015,631</u>	<u>648,630</u>	<u>604,898</u>
Capital and reserves				
Share capital	16	35,395	29,848	29,848
Reserves		964,509	618,782	575,050
Equity attributable to owners of the Company		<u>999,904</u>	<u>648,630</u>	<u>604,898</u>
Non-controlling interests		15,727	–	–
Total equity		<u>1,015,631</u>	<u>648,630</u>	<u>604,898</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital	Share premium	Contributed surplus	Statutory reserve	Revaluation reserve	Translation reserve	Retained profits/ losses	Sub-total	Non-controlling interests	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 2019 (Restated)	29,848	584,350	7,944	-	-	23,877	(41,121)	604,898	-	604,898
Profit for the year	-	-	-	-	-	-	1,413	1,413	-	1,413
Other comprehensive income for the year	-	-	-	-	-	42,319	-	42,319	-	42,319
Total comprehensive income for the year	-	-	-	-	-	42,319	1,413	43,732	-	43,732
At 31 March 2020 and 1 April 2020 (Restated)	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 to statutory reserve	-	-	-	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	<u>35,395</u>	<u>944,878</u>	<u>7,944</u>	<u>7,740</u>	<u>(3,235)</u>	<u>28,477</u>	<u>(21,295)</u>	<u>999,904</u>	<u>15,727</u>	<u>1,015,631</u>

- 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 2021

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.

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. CHANGES IN FUNCTIONAL AND PRESENTATION CURRENCIES

Prior to October 2020, the Company regarded Hong Kong dollar (“HK\$”) as the functional currency. Upon the completion of the acquisition of the KingNine Group (as defined in Note 15 to the consolidated financial statements) in October 2020, whose functional currency is Renminbi (“RMB”), the Directors consider that the primary economic environment has been substantially changed. Since then, the Company’s primary source of revenue, that is, dividend, is derived from the operation of KingNine Group operating in the PRC. As such, it is more appropriate to use RMB as the functional currency of the Company. Accordingly, the Company has determined the change of the functional and presentation currencies from HK\$ to RMB starting from 1 October 2020.

The change in functional currency of the Company was applied prospectively from the date of change in accordance with Hong Kong Accounting Standard (“HKAS”) 21 “The Effect of Change in Foreign Exchange Rates”. Comparative figures have been restated to reflect the change in the Group’s presentation currency.

For the purpose of re-presentation of the consolidated financial statements of the Group from HK\$ to RMB, the assets and liabilities are translated into RMB at the closing rates as of the respective reporting dates. Income and expenses are translated at the average exchange rates for the respective periods. Share capital, share premium and reserves are translated at the exchange rates at the date when the amount were determined (i.e. historical exchange rate).

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSS

Adoption of new and revised HKFRSS — effective 1 April 2020

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 16	Covid-19 Related Rent Concessions

None of these new or amended HKFRSS has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSS that is not yet effective for the current accounting period except for the amendment to HKFRS 16, Covid-19-Related Rent Concessions.

4. 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 2021

	Value-added telecommunication and related services <i>RMB'000</i>	Financial services <i>RMB'000</i>	Corporate <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	108	19,316	35,198
Marketing expenses	(2,624)	–	–	(2,624)
Research and development expenses	(7,196)	–	–	(7,196)
Administrative expenses	(16,848)	(5,460)	(43,518)	(65,826)
Provision of expected credit loss on accounts and other receivables, net	(313)	–	–	(313)
Finance costs	(1,622)	–	(4,791)	(6,413)
Profit/(loss) before tax	70,332	(3,557)	(28,993)	37,782

For the year ended 31 March 2020, there is only one operating segment. The Group does not present separate segment results.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Value-added telecommunication and related services:		
— Back-office services		
• Provision of customer service solutions	247,043	–
• Setting up of contact service systems and centres	8,602	–
	<u>255,645</u>	–
— Comprehensive marketing services	931	–
— Data centre services	7,792	–
	<u>264,368</u>	–
Financial Services:		
— Corporate advisory services	355	13,690
— Loan interest income	1,440	1,406
	<u>1,440</u>	<u>1,406</u>
Total	<u>266,163</u>	<u>15,096</u>

Timing of revenue recognition

	Value-added telecommunication and related services		Financial services		Total	
	2021	2020	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At a point in time	8,602	–	355	13,690	8,957	13,690
Over time	255,766	–	–	–	255,766	–
	264,368	–	355	13,690	264,723	13,690

No other analysis of the Group's segment assets and liabilities is presented as the information is not regularly provided to the CODM for review.

Geographical information

(a) Revenue from external customers

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
The PRC	264,368	11,166
Hong Kong	355	2,552
The United States of America (the "USA")	1,440	1,378
	266,163	15,096

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

(b) Non-current assets

	31 March 2021 <i>RMB'000</i>	31 March 2020 <i>RMB'000</i> (Restated)
The PRC	820,111	–
Hong Kong	2,593	6,532
	822,704	6,532

The non-current asset information is based on the location of assets and excludes financial instruments (e.g. equity instrument at fair value through other comprehensive income, loan receivables and deposits) and deferred tax assets.

Information about major customers

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Customer A	32,462	–
Customer B	29,698	–
Customer C	29,328	–
Customer D	–	5,191
Customer E	–	3,822
Customer F	–	2,090
	<u> </u>	<u> </u>

For the year ended 31 March 2021, customers A, B and C are from value-added telecommunication and related services segments (2020: customers D, E and F are from financial services segment).

5. OTHER INCOME AND LOSSES, NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Net investment income/(loss)		
Net fair value gain/(loss) on financial assets at fair value through profit or loss (“FVTPL”)	2,186	(2,863)
Fair value gain on convertible loan receivable at FVTPL	–	51,032
Dividend income	63	113
Interest income		
Interest income from financial assets at amortised costs		
— Bank deposits	3,424	4,737
Interest income from financial assets at FVTPL		
— Structured deposit	3,916	7,853
Other income and losses		
Government grants and subsidies (<i>note (i)</i>)	3,095	–
Value-Add Tax (“VAT”) refund (<i>note (ii)</i>)	5,580	–
Gain/(loss) on exchange differences	9,235	(14,342)
Loss on disposal of property, plant and equipment	(217)	–
Loss on deregistration of subsidiaries	–	(2,766)
Others	7,916	–
	<u> </u>	<u> </u>
	<u>35,198</u>	<u>43,764</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.

6. FINANCE COSTS

	2021	2020
	RMB'000	RMB'000
		(Restated)
Interest on bank borrowings	507	–
Interest on other borrowings	407	–
Interest on lease liabilities	811	183
Interest on consideration payable	4,688	–
	<u>6,413</u>	<u>183</u>

7. PROFIT BEFORE TAX

Profit before tax for the year has been arrived at after charging:

	2021	2020
	RMB'000	RMB'000
		(Restated)
Employee benefit expense (including Directors' remuneration)		
— Salaries and other benefits	139,214	18,052
— Discretionary bonus	2,790	205
— Retirement benefits scheme contributions	7,955	247
— Amounts capitalised	(6,176)	–
	<u>143,783</u>	<u>18,504</u>
Auditor's remuneration	1,595	1,622
Legal and professional fees	16,592	28,136
Depreciation of property and equipment	8,534	258
Depreciation of right-of-use assets	10,198	3,507
Amortisation of intangible assets		
— Cost of services	871	–
— Administrative expenses	8,174	–
	<u>8,174</u>	<u>–</u>

8. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000 (Restated)
Current tax		
PRC Enterprise Income tax ("EIT")	14,453	1,935
Under/(Over) provision in prior years	<u>2,385</u>	<u>(1,765)</u>
	16,838	170
Deferred tax	<u>(5,932)</u>	<u>–</u>
Income tax expense	<u>10,906</u>	<u>170</u>

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.

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%.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

10. 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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Earnings:		
Profit for the year attributable to owners of the Company	<u>26,153</u>	<u>1,413</u>
	2021	2020
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	<u>3,844,162,104</u>	<u>3,550,496,836</u>

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 2021 (2020: nil).

11. ACCOUNTS RECEIVABLE

	31 March 2021 <i>RMB'000</i>	31 March 2020 <i>RMB'000</i> (Restated)
Accounts receivable	311,636	3,210
Less: Allowance for expected credit losses	<u>(310)</u>	<u>–</u>
	<u>311,326</u>	<u>3,210</u>

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 2021 RMB'000	31 March 2020 RMB'000 (Restated)
0 — 60 days	144,385	3,210
61 — 120 days	48,793	—
121 — 180 days	36,330	—
Over 180 days	81,818	—
	<u>311,326</u>	<u>3,210</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 March 2021 RMB'000	31 March 2020 RMB'000 (Restated)
Prepayments	21,638	807
Refundable rental and management fee deposits	1,890	—
Deposits and other receivables (<i>Note</i>)	24,868	201,616
Less: Allowance for expected credit losses	(3)	—
	<u>48,393</u>	<u>202,423</u>

Note: As at 31 March 2020, the balance mainly included the consideration receivable in connection with the assignment of the Group's convertible loan receivable. The amount has been received in full during the year ended 31 March 2021. Details of the transaction were disclosed in the announcement of the Company dated 31 March 2020.

13. ACCOUNTS PAYABLE

	31 March 2021 RMB'000	31 March 2020 RMB'000 (Restated)
Accounts payable	10,564	—
Payables for clients monies	—	3
	<u>10,564</u>	<u>3</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 2021 RMB'000	31 March 2020 RMB'000 (Restated)
0 — 60 days	5,649	—
61 — 120 days	196	—
121 — 180 days	113	—
Over 180 days	4,606	3
	<u>10,564</u>	<u>3</u>

The average credit period on account payable is 90 days.

14. BORROWINGS

	31 March 2021 RMB'000	31 March 2020 RMB'000 (Restated)
Bank borrowings repayable:		
Within one year	<u>29,000</u>	—
	29,000	—
Less: Amounts due within one year shown under current liabilities	<u>(29,000)</u>	—
Amounts shown under non-current liabilities	<u>—</u>	<u>—</u>

The carrying amount of the above 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.

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

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

15. BUSINESS COMBINATIONS

On 15 October 2020, the Company acquired 100% of equity interests of KingNine Holdings Limited and its subsidiaries (collectively “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. The acquisition was made as part of the Group’s strategy to expand its business.

The fair value of the identifiable assets and liabilities of the KingNine Group as at the date of acquisition was as follows:

	<i>RMB’000</i>
Purchase consideration transferred:	
Cash consideration	646,149
Contingent consideration	–
Fair value of 638,022,754 ordinary shares of the Company issued	<u>366,075</u>
	<u><u>1,012,224</u></u>
Fair value:	
Plant and equipment	24,836
Intangible assets	185,947
Right-of-use assets	26,084
Equity instrument at fair value through other comprehensive income	4,563
Deferred tax assets	4,057
Inventories	2,006
Accounts receivable	267,412
Prepayment and other receivables	289,593
Cash and bank balances	45,771
Borrowings	(55,000)
Accounts payable	(12,249)
Other payables	(276,766)
Contract liabilities	(943)
Tax payable	(9,936)
Lease liabilities	(26,084)
Deferred tax liabilities	<u>(25,087)</u>
Net identifiable assets acquired	444,204
Non-controlling interests	(13,804)
Goodwill	<u>581,824</u>
Total consideration	<u><u>1,012,224</u></u>

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	<i>RMB'000</i>
Cash and cash equivalents paid	(390,000)
Cash and cash equivalents acquired	<u>45,771</u>
Total net cash outflow	<u><u>(344,229)</u></u>

16. SHARE CAPITAL

	Number of shares	Amount <i>RMB'000</i> (Restated)
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<u>10,000,000,000</u>	<u>87,661</u>
Issued and fully paid:		
As at 1 April 2019, 31 March 2020, 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	<u><u>4,188,519,590</u></u>	<u><u>35,395</u></u>

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 9 August 2021 to Wednesday, 11 August 2021 (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, 6 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisition of Subsidiaries

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”) which constituted a very substantial acquisition and connected transaction of the Company under the GEM Listing Rules. Unless otherwise defined herein, all capitalized terms used in this announcement shall have same meanings as those defined in the Circular.

According to the Share Purchase Deed, the total consideration for the entire issued share capital of KingNine is RMB850 million, of which approximately RMB180 million be settled by allotment and issuance of the Company’s shares, RMB250 million be settled in the form of a closing fund and RMB420 million be settled in the form of cash. Up to 31 March 2021, the Company had issued 638,022,754 shares as the consideration shares, fully settled the closing fund and paid RMB140 million as the tranche I of the cash consideration. In accordance with the Share Purchase Deed, the tranche II to tranche V of the cash consideration in the aggregated amount of RMB280 million (subject to the adjustment as set out in the Share Purchase Deed) will be paid in four installments of RMB70 million each on 31 July 2021, 31 July 2022, 31 July 2023 and 31 July 2024 respectively.

KingNine and its subsidiaries (collectively, the “KingNine Group”) is an emerging leading outsourced customer service provider with its principal place of business located in the People’s Republic of China (the “PRC”) which mainly provide back-office services (through the Contractual Arrangements as defined below), comprehensive marketing services and data centre services.

DaLian Kingwisoft Technology Co., Ltd.* (大連金慧融智科技股份有限公司) (“DaLian Kingwisoft”) and its subsidiaries (collectively the “DaLian Kingwisoft Group”), which are among the entities acquired in the Acquisition, engage in business of provision of value-added telecommunications services that is subject to restrictions imposed by relevant PRC laws on foreign investors of foreign-invested telecommunication enterprises which engage in the provision of value-added telecommunications services.

Due to such restrictions under the relevant PRC laws, and as advised by the PRC legal advisor of the Company, it was not viable for KingNine to directly hold any equity ownership in the DaLian Kingwisoft Group. Instead, KingNine, in line with common practice in industries in the PRC subject to restrictions imposed by the PRC laws on relevant foreign investors and/or foreign ownership on foreign-invested enterprises, achieves effective control over, and receives the entire economic benefits generated by the DaLian Kingwisofts Group through a series of contractual agreements entered between Kingwisoft Technology Co., Ltd.* (金慧融智科技有限公司) (the “WFOE”), an indirect wholly-owned subsidiary of KingNine established in the PRC, on one hand, and each of DaLian Kingwisoft and its registered shareholders, on the other hand (the “Contractual Arrangements”).

The completion of the Acquisition (the “Completion”) took place on 15 October 2020. Following the Completion, KingNine has become a wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the KingNine Group have been consolidated into the consolidated financial statements of the Company. Please refer to the Company’s announcements dated 19 August 2019, 10 September 2020 and 15 October 2020, and the Circular for further details of the Acquisition.

Save as aforementioned, the Group had no material acquisitions or disposal of subsidiaries and affiliated companies during the Year.

Profit Guarantee

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.

The profit guarantee period means each of the following periods (together the “Guarantee Period”):

- (a) the financial year of the KingNine Group commenced on 1 April 2019 and ended on 31 March 2020;
- (b) the financial year of the KingNine Group commenced on 1 April 2020 and ending on 31 March 2021;
- (c) the financial year of the KingNine Group commencing on 1 April 2021 and ending on 31 March 2022;
- (d) the financial year of the KingNine Group commencing on 1 April 2022 and ending on 31 March 2023; and
- (e) the financial year of the KingNine Group commencing on 1 April 2023 and ending on 31 March 2024.

The guaranteed profit means the audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS, as set out below:

- (a) in respect of the Guarantee Period commenced on 1 April 2019 and ended on 31 March 2020, RMB60 million;
- (b) in respect of the Guarantee Period commenced on 1 April 2020 and ending on 31 March 2021, RMB90 million;
- (c) in respect of the Guarantee Period commencing on 1 April 2021 and ending on 31 March 2022, RMB120 million;

- (d) in respect of the Guarantee Period commencing on 1 April 2022 and ending on 31 March 2023, RMB150 million; and
- (e) in respect of the Guarantee Period commencing on 1 April 2023 and ending on 31 March 2024, RMB180 million; (together the “Guarantee Profit”).

In the event that the actual amount of the audited consolidated net profit attributable to the equity holders of KingNine for any Guarantee Period is less than the Guaranteed Profit in respect of such Guarantee Period in accordance with HKFRS, the Guarantors are expected to compensate the Company by paying the Company an amount in cash equal to $((A - B)/C) \times D - E$

where:

A = the sum of: (i) the amount of the Guaranteed Profit in respect of such Guarantee Period; and (ii) the amount of the Guaranteed Profit in respect of each Guarantee Period preceding such Guarantee Period;

B = the sum of: (i) the actual amount of the audited consolidated net profit/net loss attributable to equity holders of KingNine for such Guarantee Period; and (ii) the actual amount of the audited consolidated net profit/net loss attributable to equity holders of KingNine for each Guarantee Period preceding such Guarantee Period;

C = RMB600,000,000 (i.e. the sum of the amount of the Guaranteed Profit in respect of each Guarantee Period);

D = RMB779,392,971 (i.e. the Consideration less the amount of the Consideration paid, or payable, by the Company to Zhongzhi Xinzhuo); and

E = the sum of the amount of any such compensation which has been paid by the Guarantors in respect of each Guarantee Period preceding such Guarantee Period.

If the actual audited consolidated net profit attributable to the equity holders of KingNine in accordance with HKFRS as shown in its audited accounts (the “Actual Net Profit”) for any Guarantee Period is less than the Guaranteed Profit in respect of such Guarantee Period (the “Shortfall”), the Guarantors shall compensate the Company the Shortfall in cash (the “Compensation”) in accordance with the formula above. The Compensation paid will not be returned by the Company to the Guarantors in the subsequent Guarantee Period even if the Actual Net Profit in the subsequent Guarantee Period is higher than the Guaranteed Profit in respect of such subsequent Guarantee Period.

In the event that the accumulated amount of Actual Net Profit for the Entire Guarantee Period is zero and the Shortfall for the Entire Guarantee Period is therefore RMB600,000,000, the Compensation obliged to be paid by the Guarantors for the Shortfall equals the amount of Consideration paid by the Company (other than the amount of the Consideration paid by the Company to Zhongzhi Xinzhuo).

In the event that KingNine records an accumulated actual audited consolidated net loss attributable to the equity holders of KingNine in accordance with HKFRS for the Entire Guarantee Period and the Shortfall for the Entire Guarantee Period is therefore greater than RMB600,000,000, the amount of Compensation obliged to be paid by the Guarantors will exceed the Consideration paid by the Company (other than the amount of the Consideration paid by the Company to Zhongzhi Xinzhuo).

It was agreed that the Compensation payable in respect of any Guarantee Period as referred to above shall be settled by the Guarantors within ten Business Days after the signed or certified audited consolidated financial statements of in respect of KingNine such Guarantee Period is approved by the board of directors of KingNine.

The Share Purchase Deed provides for an express set-off right of the Company which allows the Company to set off any Compensation against any Cash Consideration which has not been paid to the Founders SPV.

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).

The amount of the Guaranteed profit for each Guarantee Period was arrived after arm's length negotiations between the Company and the Guarantors and is determined based on (i) overview of the contact service centre industry and customer service outsourcing industry in the PRC, (ii) the position of the KingNine Group as an emerging leading service provider in the customer service outsourcing industry in the PRC, and (iii) the business prospects of the KingNine Group.

The Directors are of the view that determination of the respective Guaranteed Profit for each Guarantee Period is fair and reasonable.

Change in Functional and Presentation Currencies

Prior to October 2020, the Company regarded Hong Kong dollar (“HK\$”) as the functional currency. Upon the completion of the acquisition of the KingNine Group in October 2010, whose functional currency is Renminbi (“RMB”), the Directors consider that the primary economic environment has been substantially changed. Since then, the Company’s primary source of revenue, that is, dividend, is derived from the operation of KingNine Group operating in the PRC. As such, it is more appropriate to use RMB as the functional currency of the Company. Accordingly, the Company has determined the change of the functional and presentation currencies from HK\$ to RMB starting from 1 October 2020.

Such change of functional currency from HK\$ to RMB will help to minimise the impact of exchange gain/loss on the business results of the Group from the fluctuations of RMB. As a result, the consolidated financial statements for the reporting period are presented in RMB, whereas the comparative figures for the prior reporting period have been restated to align with the change in presentation currency. The change in the presentation currency and translation of the comparative amounts from HK\$ to RMB has had no material impact to the Group.

Business Review

The KingNine Group posted revenue of approximately RMB506.1 million for the Year, representing a year-on-year increase of 17.8%. Revenue from its back-office service after the Completion amounted to approximately RMB255.6 million, accounting for 96.0% of the total revenue of the Group.

The Dalian Kingwisoft Group has won the favour of leading companies in many industries, such as Internet mobility, Internet education, e-commerce, finance & securities, and operators over the years, and has become a long-term, reliable business partner of many renowned companies. Its customer base remains stable and is expanding. The top ten customers basically remained stable in the current year, except two emerging companies, of which one is a leading domestic company engaged in insurance and health service platform, the other China’s largest one-stop and online life services provider. The top five customers comprise of the world’s largest technological platform for mobile travel, the world’s largest third party platform engaged in online and mobile business for brands and retailers, the largest independent third party insurance platform in China, the largest mobile communication service provider in Mainland China and the largest one-stop and online life services provider in China, who collectively contributed 69.8% of the Group’s revenue. In the meantime, there were several newly-added customers in Internet education, finance & securities, e-commerce, community group buying and Internet manufacturing, which take the lead in their respective industries, increasing the number of its customers from 90 as of 31 March 2020 to 125.

The outbreak of COVID-19 pandemic in early 2020 has had a comprehensive and profound impact on global economic development and social conditions. The customer service industry in which the KingNine Group operates has also been hit to some extent. Relying on its deep experience in software development, information security and data centre operation and orderly environmental management capability, the KingNine Group worked closely with customers and complied with governments' epidemic prevention and control requirements. It took some positive and effective measures, including epidemic prevention and control in the workplace, flexible working arrangements (including working from home) and business interoperability in the workplace, and no case was reported across the country. The KingNine Group had been operating its business smoothly and managed to achieve a net profit of approximately RMB95.0 million in the Year, representing an increase of 45.6% compared to that of the previous financial year.

In addition to the restructuring of the board of directors and the board of supervisors, DaLian Kingwisoft established a new subsidiary in Mianyang and branches in Wuhe, Xi'an and Zhengzhou respectively in the second half of the Year. DaLian Kingwisoft's five subsidiaries, namely Kunshan Kingwisoft Information Technology Co., Ltd.* (昆山金慧信息科技有限公司), Xiangyang Kingwisoft Internet Technology Co., Ltd.* (襄陽金慧互聯網科技有限公司), Luzhou Kingwisoft Data Services Co., Ltd.* (瀘州金慧融智數據服務有限公司), Qingdao Nanyou Information Technology Co., Ltd.* (青島南郵信息技術有限公司) (formerly known as Beijing Nanyou Information Technology Co., Ltd.* (北京南郵信息技術有限公司)) and DaLian Kingwisoft Internet Service Outsourcing Co., Ltd.* (大連金慧融智網絡服務外包有限公司), have obtained value-added telecommunications business licenses. Dalian Zhiyin Internet Technology Co., Ltd.* (大連智銀互聯網科技有限公司) has obtained the Approval Opinion on telecommunications business. Due to the pandemic, the value-added telecommunications business licenses of Dalian Zhiyin Internet Technology Co., Ltd.* (大連智銀互聯網科技有限公司) and Qingdao Jinliang Technology Co., Ltd.* (青島金量科技有限公司) (formerly known as Qingdao Kingwisoft Boshang Media Co., Ltd.* (青島金慧播商傳媒有限公司)) ("Jinliang Technology") are still pending approval.

The KingNine Group received one patent for an invention and obtained 21 new software copyrights in the Year, with accumulated 134 software copyrights granted by the National Copyright Administration of the PRC, as well as double software certifications, namely software product certification and software enterprise certification. In addition, the number of its self-operated contact service centres rose from 12 to 13, and the number of workstations rose to 6,693, representing an increase of 352 as compared to that as of 31 March 2020.

In terms of corporate advisory business, the outbreak of COVID-19 pandemic has hit hard economic activities. The Group mainly conducts business in Mainland China and Hong Kong. Some of the Group's potential customers have delayed or suspended their financing plans due to the pandemic, resulting in the Group's loss of some business opportunities. Revenue from corporate advisory business for the Year was approximately HK\$0.40 million (approximately RMB0.355 million), representing a year-on-year decrease of 97.4%.

Financial Review

Results of the Group

The Group recorded a revenue of approximately RMB266.2 million for the Year (2020: approximately RMB15.1 million), representing 1,663% increase as compared to that of last financial year. Such significant increase was mainly attributable to the revenue generated from the KingNine Group in the second half of the Year after the Completion. The KingNine Group mainly provides back-office services, comprehensive marketing services and data centre services in the PRC.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Value-added telecommunication and related services:		
Back-office services		
— Provision of customer service solutions	247,043	—
— Setting up of contact service systems and centres	8,602	—
	255,645	—
Comprehensive marketing services	931	—
Data centre services	7,792	—
	264,368	—
Financial services:		
Corporate advisory services	355	13,690
Loan interest income	1,440	1,406
Total	266,163	15,096

During the Year, the Group incurred cost of services of approximately RMB181.2 million (2020: Nil) which primarily consisted of staff costs, subcontracting fees, rental expenses, depreciation and amortisation. The gross profit margin attributable to the KingNine Group after the Completion was approximately 31.5%.

In addition, the Group incurred marketing, research and development expenses of approximately RMB9.8 million (2020: Nil) in aggregate during the Year. Such cost and expenses were incurred for the business of the KingNine Group.

Net other income for the Year was approximately RMB35.2 million (2020: approximately RMB43.8 million). The decrease in net other income was mainly attributable to the absence of the fair value gain on convertible loan receivable at fair value through profit and loss (“FVTPL”) and loss on deregistration of subsidiaries of approximately RMB51.0 million and approximately RMB2.8 million, respectively recorded in last financial year as offset by the net exchange gain of approximately RMB9.2 million (2020: net exchange loss of approximately RMB14.3 million), the net fair value gain on financial assets at FVTPL of approximately RMB2.2 million (2020: net fair value loss of approximately RMB2.9 million) as well as the value-add tax refund and government grants and subsidies of approximately RMB8.7 million (2020: Nil) in aggregate were recognized during the Year.

Administrative expenses for the Year was approximately RMB65.8 million (2020: approximately RMB57.1 million). The major expenses components were staff costs of approximately RMB28.5 million (2020: approximately RMB18.5 million), professional fees of approximately RMB15.5 million (2020: approximately RMB28.1 million), amortisation of intangible assets of approximately RMB9.4 million (2020: Nil) and depreciation of right-of-use assets of approximately RMB4.4 million (2020: approximately RMB3.5 million). The increase was mainly attributable to the net effect of the increases in staff costs and consolidation of the KingNine Group’s expenses as offset by the professional fees reduced due to the Acquisition was completed during the Year.

During the Year, the Group incurred finance costs of approximately RMB6.4 million (2020: approximately RMB0.2 million) which mainly consisted of interests on consideration payable arising from the Acquisition and borrowings of the KingNine Group.

The Group’s income tax expense for the Year was approximately RMB10.9 million (2020: approximately RMB0.17 million) which mainly consisted of provision of PRC Enterprise Income Tax of approximately RMB16.6 million (2020: approximately RMB1.9 million) and deferred tax credit of approximately RMB5.9 million (2020: Nil).

Profit attributable to owners of the Company for the Year was approximately RMB26.2 million, compared to the profit of approximately RMB1.4 million for the last financial year.

Basic earnings per share for the Year was approximately RMB0.68 cent (2020: approximately RMB0.04 cent), while diluted earnings per share for the Year was the same as basic earnings per share of approximately RMB0.68 cent (2020: approximately RMB0.04 cent).

As at 31 March 2021, the Group's non-current assets was approximately RMB845.4 million (2020: approximately RMB24.3 million). The increase was mainly due to recognition of goodwill and intangible assets resulting from the Acquisition and consolidation of the KingNine Group's assets after the Completion.

Net current assets as at 31 March 2021 was approximately RMB401.6 million (2020: approximately RMB627.1 million). The decrease was largely due to the net effect of the payment of tranche I cash consideration of RMB140 million and settlement of the closing fund of RMB250 million and payable of tranche II cash consideration of RMB70 million due on 31 July 2021 accounted for the Acquisition and consolidation of the KingNine Group's net current assets.

Non-current liabilities as at 31 March 2021 was amounted to approximately RMB231.4 million (2020: approximately RMB2.7 million) which included the payable of tranche III to tranche V cash consideration due in three installments of RMB70 million each on 31 July 2022, 31 July 2023 and 31 July 2024 respectively as well as deferred tax liabilities and lease liabilities.

Net assets value of the Group as at 31 March 2021 increased to approximately RMB1,015.6 million (2020: approximately RMB648.6 million). The net assets value per share as at 31 March 2021 was approximately RMB24.25 cents (2020: approximately RMB18.27 cents).

Liquidity and financial resources

As at 31 March 2021, the Group had a current ratio of 3.4 and a gearing ratio of 2.9% (2020: 37.2 and Nil, respectively). The gearing ratio is computed by dividing the Group's bank borrowings of approximately RMB29.0 million by the Group's equity of approximately RMB1,015.6 million. The Group's operation and investments were financed by internal resources, bank borrowings and issue of new share capital during the Year for the Acquisition.

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

During the Year, the Company issued 638,022,754 shares as the consideration shares for the Acquisition which were amounted to approximately RMB366.1 million on the date of issuance. In addition, as at 31 March 2021, the bank borrowings of the Group was amounted to approximately RMB29.0 million which was for normal operating purposes and due within one year.

Save for the above, there has been no material change in the capital structure of the Company during the Year.

Total equity attributable to owners of the Company amounted to approximately RMB999.9 million as at 31 March 2021 (2020: approximately RMB648.6 million). This increase was mainly attributable to the issue of new shares for the Acquisition, 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 2021 and 2020.

Charge on the Group's assets

As at 31 March 2021, the Group's bank borrowings were secured by certain assets of the Group (2020: Nil). Details of the Group's pledges of assets are set out in note 14 to the financial statements.

Employees and remuneration policies

As of 31 March 2021, the Group had 4,436 employees including Directors (2020: 23 employees). Total staff cost (including Directors' emoluments) for the Year amounted to approximately RMB150.0 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 2021, the Group had no material contingent liabilities (2020: 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

The COVID-19 pandemic has caused a huge impact on the global economy and the Chinese economy was also hit to some extent. However, the Chinese government has managed to control the pandemic rapidly. China saw a V-shaped rebound in economic development in 2020, becoming the only major economy reporting positive growth. The country's gross domestic product ("GDP") stood at RMB101.60 trillion in 2020, a year-on-year growth of 2.3% at comparable prices. China's GDP in the first quarter contracted 6.8% quarter on quarter, while the figure in the second, third and fourth quarters went up 3.2%, 4.9% and 6.5% respectively. The GDP reached RMB24.93 trillion in the first quarter of 2021, representing a growth of 18.3% over the same period of last year. Of course, this is related to the 6.8% year-on-year decline in GDP in the first quarter of last year. China's GDP in the first quarter of 2021 still rose up to 10.3% compared with the data recorded in the same period of 2019. That is to say the GDP saw an average annual growth rate of about 5% over the two years. With the continuous and effective control of the pandemic, ongoing economic recovery and formation of a new development pattern centred on "internal circulation", consumption recovery is expected to pick up speed. The industrial policy will focus on new infrastructure, high-end manufacturing and big consumption, and efforts are stepped up to prevent financial risks in key sectors.

As the KingNine Group's major customers 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 the KingNine Group.

In this context, the KingNine Group will keep a close eye on macro policy's effect on its customers' business, maintain close communication with customers, and take diversified actions to actively respond. Moreover, efforts will be made to actively explore and seek for new business opportunities in the finance, Internet livestreaming and e-commerce fields, seize business development opportunities and continuously increase its footprints in China in an effective manner, so as to create more stable revenue and profitability to the Group and enhance shareholder value.

The KingNine Group keeps refining and expanding its Back-office services. Its orders from the existing customer increased consistently with the growth of their businesses, and it has also obtaining new orders from traditional finance sectors and new leaders of Internet companies, among which China's leading e-commerce platform for life services and a worldly-renowned information technology company have become our customers and we have proceeded to new businesses orderly. The KingNine Group will continue to push for bidding and completion of projects to generate revenue and profit.

As for E-marketing, KingNine Group is accumulating knowledge and preparing for livestreaming e-commerce and livingstreaming training by combining its existing capability in Internet marketing and promoting with relevant experience to create a new momentum driving the KingNine Group to grow in B2B corporate services and livestreaming e-commerce. As for streaming allocation, we are gradually achieving our goal on monthly basis and making progress.

As stated in the announcement of the Company dated 7 May 2021, the Group has carried out platform certification business and new media advertising business through Jinliang Technology. It is expected to provide the Group with more diversified income.

Jinliang Technology and its subsidiaries are principally engaged in providing comprehensive and indepth operation services in expanding customer base for clients in finance sectors, and providing integrated media services including “ media agency operations”, “information streaming” and “financial professionals incubating and operation services” for financial customers (such as securities companies, credit, insurance, futures, bankers, funds, investment advisers), in a view to cater for needs of brands publicity, customer acquisition in marketing, internal streaming incubating and external streaming cooperation. With our experience in operating Internet streaming and our customer resources in finance sectors, we can provide vertical and indepth services in every finance sectors and build a standardised SOP operating system with core competitiveness in each of business segments while establishing a solid and united team for business operation and a strong TOB service team for the Internet sectors.

At the same time, taking into account the performance of the corporate advisory business for the Year, the Group plans to focus on businesses with more optimistic prospects, and considers optimising the asset structure and disposing of non-core businesses.

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 2021 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
Zhongjin Technology Services Group Company Limited
中金科技服務集團股份有限公司
NIU Zhanbin
Chairman

Hong Kong, 22 June 2021

As at the date of this announcement, the executive Directors are Mr. NIU Zhanbin (Chairman), Mr. JIANG Yulin (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 of Hong Kong Limited 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.zhongjintechology.com.

* For identification purpose only