



## **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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, 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 report 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 report misleading.*

## Highlights

- The Group recorded a revenue of approximately RMB647.4 million (2020: approximately RMB120.1 million) for the nine months ended 31 December 2021, representing 439% increase as compared to the corresponding period in 2020. Such significant increase was mainly attributable to the revenue generated from the provision of value-added telecommunication and related services in the PRC.
- Profit attributable to owners of the Company for the nine months ended 31 December 2021 was approximately RMB58.4 million (2020: approximately RMB7.6 million).
- Basic and diluted earnings per share for the nine months ended 31 December 2021 was RMB1.40 cents (2020: RMB0.20 cents).
- The Board does not recommend payment of a dividend for the nine months ended 31 December 2021 (2020: Nil).

## Unaudited Condensed Consolidated Statement of Comprehensive Income

*For the three months and nine months ended 31 December 2021*

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 (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months (the "Third Quarter Fiscal 2021") and nine months ended 31 December 2021, together with the comparative unaudited figures for the corresponding periods in 2020, as follows:

### Unaudited Condensed Consolidated Statement of Comprehensive Income

*For the three months and nine months ended 31 December 2021*

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
<b>Continuing operations</b>					
Revenue	4	246,168	120,118	647,361	120,118
Cost of services		(192,064)	(77,893)	(505,570)	(77,893)
Gross profit		54,104	42,225	141,791	42,225
Other income and losses, net	5	26,061	11,932	34,813	28,306
Marketing expenses		(2,953)	(1,593)	(8,140)	(1,593)
Research and development expenses		(7,448)	(3,328)	(20,561)	(3,328)
Administrative expenses		(24,678)	(18,672)	(68,290)	(44,853)
Provision of expected credit loss on accounts and other receivables, net		(320)	(1,386)	(616)	(1,386)
Finance costs	6	(4,330)	(3,151)	(11,812)	(3,214)
Share of result of an associate		(18)	-	(5)	-
<b>Profit before tax</b>	7	40,418	26,027	67,180	16,157
Income tax expense	8	(2,346)	(5,188)	(11,366)	(5,188)
<b>Profit for the period from continuing operations</b>		38,072	20,839	55,814	10,969
<b>Discontinued operations</b>					
Profit (loss) for the period from discontinued operations		38	(1,132)	(985)	(2,850)
<b>Profit for the Period</b>		38,110	19,707	54,829	8,119

## Unaudited Condensed Consolidated Statement of Comprehensive Income

*For the three months and nine months ended 31 December 2021*

Notes	Three months ended 31 December 2021		Nine months ended 31 December 2021	
	RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
<b>Profit for the Period</b>	<b>38,110</b>	19,707	<b>54,829</b>	8,119
<b>Other comprehensive expense:</b>				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	<b>(1,743)</b>	(39,037)	<b>(4,561)</b>	(38,441)
Reclassification of translation reserve upon disposal of subsidiaries	<b>(5,265)</b>	–	<b>(5,265)</b>	–
<b>Total comprehensive income (expense) for the period</b>	<b>31,102</b>	(19,330)	<b>45,003</b>	(30,322)
<b>Profit (loss) for the period attributable to:</b>				
— Owners of the Company	<b>38,177</b>	19,237	<b>58,374</b>	7,649
— Non-controlling interests	<b>(67)</b>	470	<b>(3,545)</b>	470
	<b>38,110</b>	19,707	<b>54,829</b>	8,119
<b>Profit (loss) for the period attributable to owners of the Company arises from:</b>				
— Continuing operations	<b>38,139</b>	20,369	<b>59,359</b>	10,499
— Discontinued operations	<b>38</b>	(1,132)	<b>(985)</b>	(2,850)
	<b>38,177</b>	19,237	<b>58,374</b>	7,649
<b>Total comprehensive income (expense) for the period attributable to:</b>				
— Owners of the Company	<b>31,169</b>	(19,800)	<b>48,548</b>	(30,792)
— Non-controlling interests	<b>(67)</b>	470	<b>(3,545)</b>	470
	<b>31,102</b>	(19,330)	<b>45,003</b>	(30,322)

## Unaudited Condensed Consolidated Statement of Comprehensive Income

*For the three months and nine months ended 31 December 2021*

	<b>Three months ended 31 December</b>		<b>Nine months ended 31 December</b>	
Notes	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Unaudited and restated)	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Unaudited and restated)
<b>Total comprehensive income (expense) attributable to owners of the Company arises from:</b>				
— Continuing operations	<b>30,712</b>	(5,014)	<b>48,903</b>	(1,382)
— Discontinued operations	<b>457</b>	(14,786)	<b>(355)</b>	(29,410)
	<b>31,169</b>	(19,800)	<b>48,548</b>	(30,792)
<b>Earnings (losses) per share attributable to ordinary equity holders of the Company</b>				
Basic and diluted (RMB cents)	9			
— From continuing operations	<b>0.91</b>	0.50	<b>1.42</b>	0.28
— From discontinued operations	<b>—</b>	(0.03)	<b>(0.02)</b>	(0.08)
<b>Earnings per share for the period</b>	<b>0.91</b>	0.47	<b>1.40</b>	0.20

## Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2021

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Statutory reserve	Revaluation reserve	Translation reserve	Retained profits (Accumulated losses)			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 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 period	-	-	-	-	-	-	58,374	58,374	(3,545)	54,829
Other comprehensive expense for the period	-	-	-	-	-	(9,826)	-	(9,826)	-	(9,826)
Total comprehensive expense for the period	-	-	-	-	-	(9,826)	58,374	48,548	(3,545)	45,003
Transfer between reserves	-	(124)	(7,944)	5,136	-	-	2,932	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	1,600	1,600
Acquisition/disposal of subsidiaries	-	-	-	-	-	-	-	-	6,216	6,216
<b>At 31 December 2021 (Unaudited)</b>	<b>35,395</b>	<b>944,754</b>	<b>-</b>	<b>12,876</b>	<b>(3,235)</b>	<b>18,651</b>	<b>40,011</b>	<b>1,048,452</b>	<b>19,998</b>	<b>1,068,450</b>
At 1 April 2020	29,848	584,350	7,944	-	-	66,196	(39,708)	648,630	-	648,630
Profit for the period	-	-	-	-	-	-	7,649	7,649	470	8,119
Other comprehensive expense for the period	-	-	-	-	-	(38,441)	-	(38,441)	-	(38,441)
Total comprehensive expense for the period	-	-	-	-	-	(38,441)	7,649	(30,792)	470	(30,322)
Transfer between reserves	-	-	-	7,740	-	-	(7,740)	-	-	-
Issue of new shares	5,547	360,528	-	-	-	-	-	366,075	-	366,075
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	13,804	13,804
<b>At 31 December 2020 (Unaudited)</b>	<b>35,395</b>	<b>944,878</b>	<b>7,944</b>	<b>7,740</b>	<b>-</b>	<b>27,755</b>	<b>(39,799)</b>	<b>983,913</b>	<b>14,274</b>	<b>998,187</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered address and principal place of business of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and Room 1204, 12/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong respectively. The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in investment holding, provision of back-office services (primarily provision of customer service solutions, and setting up of contact service systems and centre), comprehensive marketing services and data centre services.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months and nine months ended 31 December 2021 ("Third Quarterly Financial Statements") have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of the GEM Listing Rules.

The functional currency of the Company, which is also the presentation currency of the Group's Third Quarterly Financial Statements, is Renminbi ("RMB").

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 Third Quarter Fiscal 2021. The Group no longer carries on the business of financial services segment. The results of the financial services segment have been classified as discontinued operations of the Group during the Third Quarter Fiscal 2021 and the comparative information for the three and nine months ended 31 December 2020 have been restated accordingly.

# Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

## 3. PRINCIPAL ACCOUNTING POLICIES

The Third Quarterly Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The HKICPA has issued a number of new/amended HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. The adoption of these new/amended HKFRSs has no material effect on the Third Quarterly Financial Statements, and there have otherwise been no significant changes to the accounting policies applied in the Third Quarterly Financial Statements. Other than additional accounting policies resulting from application of the new/amended HKFRSs, the accounting policies and methods of computation used in the Third Quarterly Financial Statements are the same as those presented in the Group's annual financial statements for the year ended 31 March 2021 (the "Annual Financial Statements"). However, the Third Quarterly Financial Statements do not include all of the information required for annual financial statements and they should be read in conjunction with the Annual Financial Statements.

## 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).

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Three months ended 31 December		Nine months ended 31 December	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
<b>Continuing operations</b>				
Value-added telecommunication and related services:				
— Back-office services				
• Provision of customer service solutions	203,691	106,933	510,156	106,933
• Setting up of contact service systems and centres	70	8,602	469	8,602
	<b>203,761</b>	115,535	<b>510,625</b>	115,535
— Comprehensive marketing services	36,033	136	121,320	136
— Data centre services	6,374	4,447	15,416	4,447
	<b>246,168</b>	120,118	<b>647,361</b>	120,118
<b>Discontinued operations</b>				
Financial Services:				
— Corporate advisory services	—	84	83	355
— Loan interest income	219	364	820	1,108
	<b>219</b>	448	<b>903</b>	1,463
<b>Total</b>	<b>246,387</b>	120,566	<b>648,264</b>	121,581

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### Timing of revenue recognition

	<u>Continuing operations</u>		<u>Discontinued operations</u>			
	Value-added telecommunication and related services		Financial services		Total	
	Three months ended 31 December		Three months ended 31 December		Three months ended 31 December	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
At a point in time	70	8,602	–	84	70	8,686
Over time	246,098	111,516	–	–	246,098	111,516
	246,168	120,118	–	84	246,168	120,202

	<u>Continuing operations</u>		<u>Discontinued operations</u>			
	Value-added telecommunication and related services		Financial services		Total	
	Nine months ended 31 December		Nine months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
At a point in time	469	8,602	83	355	552	8,957
Over time	646,892	111,516	–	–	646,892	111,516
	647,361	120,118	83	355	647,444	120,473

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.

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### Revenue by geographical location

	Three months ended 31 December		Nine months ended 31 December	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
<b>Continuing operations</b>				
The People's Republic of China (the "PRC")	<b>246,168</b>	120,118	<b>647,361</b>	120,118
<b>Discontinued operations</b>				
Hong Kong	–	84	<b>83</b>	355
The United States of America (the "USA")	<b>219</b>	364	<b>820</b>	1,108
	<b>219</b>	448	<b>930</b>	1,463
<b>Total</b>	<b>246,387</b>	120,566	<b>648,264</b>	121,581

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

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment results

	Continuing operations			Discontinued operations	
	Value-added telecommunication and related services RMB'000 (Unaudited)	Corporate RMB'000 (Unaudited)	Subtotal RMB'000 (Unaudited)	Financial services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>For the nine months ended 31 December 2021</b>					
Segment revenue	647,361	–	647,361	903	648,264
Segment results and profit (loss) before tax	91,089	(23,909)	67,180	(985)	66,195
<b>For the nine months ended 31 December 2020 (restated)</b>					
Segment revenue	120,118	–	120,118	1,463	121,581
Segment results and profit (loss) before tax	34,132	(17,975)	16,157	(2,592)	13,565

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 5. OTHER INCOME AND LOSSES, NET

	Three months ended 31 December 2021		Nine months ended 31 December 2021	
	RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Continuing operations</b>				
<b>Net investment income (loss)</b>				
Net fair value (loss) gain on financial assets at fair value through profit or loss ("FVTPL")	(969)	32	(395)	2,528
Dividend income	–	–	49	63
	<b>(969)</b>	32	<b>(346)</b>	2,591
<b>Interest income</b>				
Interest income from financial assets at amortised cost				
— Bank deposits	164	540	796	2,952
Interest income from financial assets at FVTPL				
— Structured deposit	–	231	15	3,879
	<b>164</b>	771	<b>811</b>	6,831
<b>Other income and losses</b>				
Government grants and subsidies	8,537	3,587	12,912	4,014
Value-Add Tax ("VAT") refund	1,329	4,696	1,343	4,696
Gain on exchange differences	1,101	2,702	1,506	10,030
Gain on disposal of subsidiaries	14,583	–	14,583	–
Others	1,316	144	4,004	144
	<b>26,866</b>	11,129	<b>34,348</b>	18,884
Total	<b>26,061</b>	11,932	<b>34,813</b>	28,306

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 6. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December	2020	31 December	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>				
Interest on bank borrowings	315	282	1,056	282
Interest on other borrowings from a related company	2,029	406	3,286	406
Interest on lease liabilities	46	332	749	395
Interest on consideration payable	1,940	2,131	6,721	2,131
	<b>4,330</b>	3,151	<b>11,812</b>	3,214

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 7. PROFIT BEFORE TAX

The Group's profit before tax has been arrived at after charging:

	Three months ended 31 December 2021		Nine months ended 31 December 2021	
	RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
<b>Continuing operations</b>				
Directors' remuneration	2,681	2,076	5,311	6,647
Employee benefit expenses (excluding directors' remuneration)				
— Salaries and other benefits	126,214	56,589	289,181	62,260
— Amount capitalised	(2,800)	(3,056)	(7,081)	(3,056)
	<b>126,095</b>	55,609	<b>287,411</b>	65,851
<b>Discontinued operations</b>				
Employee benefit expenses (excluding directors' remuneration)				
— Salaries and other benefits	64	816	1,116	2,598
<b>Total</b>	<b>126,159</b>	56,425	<b>288,527</b>	68,449
<b>Continuing operations</b>				
Legal and professional fees	1,950	3,872	4,359	15,582
Depreciation of plant and equipment	922	4,255	11,789	4,268
Depreciation of right-of-use assets	9,182	2,626	22,973	4,433
Amortisation of intangible assets	5,578	4,135	16,481	4,135
<b>Discontinued operations</b>				
Legal and professional fees	102	181	239	269
Depreciation of plant and equipment	—	21	34	66

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 8. INCOME TAX EXPENSE

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited and restated)	<b>(Unaudited)</b>	(Unaudited and restated)
<b>Continuing operations</b>				
Current tax				
PRC Enterprise Income tax ("EIT")	<b>3,041</b>	11,613	<b>12,307</b>	11,613
Deferred tax	<b>(695)</b>	(6,425)	<b>(941)</b>	(6,425)
	<b>2,346</b>	5,188	<b>11,366</b>	5,188
<b>Discontinued operations</b>				
Current tax				
Hong Kong Profits Tax	–	258	–	258
<b>Total</b>	<b>2,346</b>	5,446	<b>11,366</b>	5,446

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 period, 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 will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue 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 periods.

## Notes to the Unaudited Condensed Consolidated Financial Statements

31 December 2021

### 9. EARNINGS PER SHARE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
<b>Earnings:</b>				
Profit (loss) for the period attributable to owners of the Company arises from:				
— Continuing operations	38,139	20,369	59,359	10,499
— Discontinued operations	38	(1,132)	(985)	(2,850)
	<b>38,177</b>	19,237	<b>58,374</b>	7,649

#### Number of shares (in thousands)

#### Number of shares:

Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	4,188,520	4,091,429	4,188,520	3,731,463
---	-----------	-----------	-----------	-----------

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for both periods.

# Notes to the Unaudited Condensed Consolidated Financial Statements

*31 December 2021*

## **10. DIVIDENDS**

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2021 (2020: Nil).

## **11. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS**

The Third Quarterly Financial Statements were approved and authorised for issue by the Board on 11 February 2022.

## Management Discussion and Analysis

### **BUSINESS REVIEW**

The Company's wholly-owned subsidiary, KingNine Holdings Limited, together with its subsidiaries (collectively, "KingNine Group") posted revenue of approximately RMB571.4 million for the nine months ended 31 December 2021, an increase of 58.9% as compared to the corresponding period of 2020, and accounting for 88.3% of the Group's overall revenue.

The top ten customers of the Group basically remained stable in this quarter. The Group has been keeping moderately growing business relationship with customers who are leading companies in sectors, such as Internet mobility, finance & securities, e-commerce and community group buying, while the Group has achieved breakthrough in Internet marketing services. There are two technology companies engaged in digital content and digital marketing services ranked among the top ten customers of the Group. In terms of new customers and new business expansion, the Group has acquired more customers in the Internet marketing services sector, and have established new business cooperation in many cities with a major telecommunication operator in the customer services sector in China. The number of customers increased from 125 as at 31 March 2021 to 282. At the same time, the Group has obtained more business orders from our existing customers.

The outbreak of the COVID-19 pandemic at the beginning of 2020 has caused a huge impact on the global economy. However, the PRC government has acquired great strategic achievement in domestic pandemic prevention and control, and has effectively coped with numerous challenges brought by the pandemic and the flood situation among others. As a result, domestic economy has continued to recover and develop; services economy has rebounded; reviving momentum of consumer market has been enhanced; and consumer demand has been steadily released. In this quarter, leveraging on the profound experience and orderly environment management capability in software development, IT security and data centre operation, KingNine Group worked closely with customers and complied with governments' pandemic prevention and control requirements. Through anti-pandemic prevention and control in workplace, flexible work arrangements (including work from home), interoperability for business in multi-site workplace and other positive and effective normalised pandemic response measures, the workplaces of the Group over the nation have not reported a single case, and have been maintaining the smooth operation. While existing customers continue to grow steadily, new customers are bringing in new incremental markets.

## Management Discussion and Analysis

### **BUSINESS REVIEW (Continued)**

KingNine Group always insists on independent innovation and R&D, focusing on the scenario-based application of artificial intelligence and big data technology. For this quarter, it has obtained 20 new software copyrights related to customer service technology in the field of customer service technology, and has obtained 2 invention patents and 158 software copyrights on an aggregate basis, and has started to work on the strategy of productivity tool development in the field of digital marketing. Dalian Kingwisoft has been certified as a high-tech enterprise in 2021, which is the third time since it stepped into the ranks of national high-tech enterprises in 2015. Meanwhile, Dalian Kingwisoft won the honour of the 8th Dalian Mayor's Quality Award nomination in this quarter and was recognised as a top 20 enterprise in terms of Dalian High-Tech Zone 2020 Enterprise Innovation Score — Advanced Stage.

In addition, KingNine Group built one new self-operated contact service centre in Jinzhou and expanded five self-operated contact service centres in Xi'an, Puyang, Xiangyang, Liu'an and Dalian during the quarter, bringing the total number of completed workstations in 22 self-operated contact service centres to 11,749, an increase of 5,656 workstations compared to 6,093 workstations as of 31 March 2021.

However, in order to further integrate the Group's resources, the Group disposed a certain part of the equity interests in Qingdao Jinliang Technology Co., Ltd.\* (青島金量科技有限公司) ("Jinliang Technology") during the reporting period. After the disposal, the Group holds 15% equity interests 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 Third Quarter Fiscal 2021. The Group no longer carries on the business of financial services segment. The results of the financial services segment have been classified as discontinued operations of the Group during the Third Quarter Fiscal 2021 and the comparative information for the three and nine months ended 31 December 2020 have been restated accordingly.

\* For identification purpose only

## Management Discussion and Analysis

### FINANCIAL REVIEW

The Group recorded a revenue of approximately RMB647.4 million (2020: approximately RMB120.1 million) for the nine months ended 31 December 2021, representing 439% increase as compared to the corresponding period in 2020. Such significant increase was mainly attributable to the revenue generated from the provision of value-added telecommunication and related services in the PRC.

During the nine months ended 31 December 2021, the Group incurred cost of services of approximately RMB505.6 million (2020: approximately RMB77.9 million) for the provision of value-added telecommunication and related services business. Cost of services primarily consisted of staff costs, subcontracting fees, depreciation and amortisation.

Net other income for the nine months ended 31 December 2021 was approximately RMB34.8 million (2020: approximately RMB28.3 million).

The Group incurred marketing, research and development expenses of approximately RMB28.7 million (2020: approximately RMB4.9 million) in aggregate during the nine months ended 31 December 2021. Such cost and expenses were incurred for the provision of value-added telecommunication and related services business.

Administrative expenses for the nine months ended 31 December 2021 was approximately RMB68.3 million (2020: approximately RMB44.9 million). The major expenses components were staff costs, amortisation of intangible assets and depreciation of right-of-use assets. The increase was mainly attributable to the increases in the abovementioned major expenses components resulting from consolidation of the expenses of the provision of value-added telecommunication and related services business in the nine months ended 31 December 2021.

During the nine months ended 31 December 2021, the Group incurred finance costs of approximately RMB11.8 million (2020: approximately RMB3.2 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 nine months ended 31 December 2021 was approximately RMB11.4 million (2020: approximately RMB5.2 million) which mainly consisted of provision of PRC Enterprise Income Tax of approximately RMB12.3 million (2020: approximately RMB11.6 million) and deferred tax credit of approximately RMB0.9 million (2020: approximately RMB6.4 million).

## Management Discussion and Analysis

### FINANCIAL REVIEW *(Continued)*

Profit attributable to owners of the Company for the nine months ended 31 December 2021 was approximately RMB58.4 million (2020: approximately RMB7.6 million).

Basic and diluted earnings per share for the nine months ended 31 December 2021 was RMB1.40 cents (2020: RMB0.20 cents).

### OUTLOOK

In 2021, in the face of multiple tests such as a complex and severe international environment and scattered pandemic outbreaks across China, the Chinese government adhered to the general keynote of seeking progress in a stable manner, aligned pandemic prevention and control with economic and social development in a scientific manner, achieved new results in high-quality development. China's economy continued to recover steadily. China maintained global leadership in economic development and pandemic prevention and control, achieved the expected targets for major indicators, and gained positive results at the beginning of the "Fourteenth Five-Year Plan". According to preliminary calculations, the annual gross GDP was RMB114,367 billion, an increase of 8.1% over the previous year at constant prices, with a two-year average growth of 5.1%. By industry, the value added of the primary industry was RMB8,308.6 billion, up 7.1% over the previous year; the value added of the secondary industry was RMB45,090.4 billion, up 8.2%; the value added of the tertiary industry was RMB60,968 billion, up 8.2%. In the tertiary industry, by sector, the value added of information transmission, software and information technology services increased by 17.2% over the previous year, maintaining a resurgence of growth.

As KingNine Group's major customers 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, travel and shopping will further promote the booming development of Internet sector companies, which are expected to bring KingNine Group's business more opportunities for rapid growth.

## Management Discussion and Analysis

### **OUTLOOK (Continued)**

As regards, KingNine Group will pay close attention to the impact of macro policies on the business of its customers and maintain close communication with them, take diversified measures to address their needs in a responsive way. Meanwhile, it will actively explore and seek new business opportunities in the financial industry and livestreaming e-commerce, actively grasp the good opportunities for the development of its business, and continue to effectively expand its business presence in China, so as to bring the Group more stable revenue and profitability, thereby enhancing shareholder value.

KingNine Group keeps working hard and opening up new territories in the back-office service field. In addition to the organic growth of orders from existing customers in the already penetrated industries due to the business growth of customers, new orders have been obtained in the operator service field and traditional financial field, and from new leading Internet companies, among which, a major Chinese telecommunication operator has started new business cooperation with the Group in several cities, and all of them have started the implementation of new business in an organised manner. KingNine Group will continue to promote its participation in project tendering and implementation to achieve revenue and contribute profits. At the same time, KingNine Group has completed the construction of its self-operated contact service centres in Puyang, Xiangyang, Xi'an and Jinzhou 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. At the same time, 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, forming KingNine Group's new growth momentum in B2B enterprise services and livestreaming e-commerce, which has helped the Group acquire several service customers, achieve constantly growing traffic placement targets month by month, and there are two technology companies engaged in digital content and digital marketing services newly ranked among the top ten customers of the Group.

## Other Information

### DIVIDENDS

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2021 (2020: Nil).

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in shares of the Company

Name of director/ chief executive	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Mr. Hu Shilong ("Mr. Hu")	Interest of controlled corporation	274,190,219 (Note 1)	6.55%

*Note:*

1. These shares were held directly by NINEGO Corporation ("NINEGO"). NINEGO is held by Mr. Hu as to 40.60%. As Such, Mr. Hu is deemed to be interested in 274,190,219 shares of the Company held by NINEGO by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

#### Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding in the Company
Zhong Zhi Xin Zhuo Capital Company Limited ("Zhongzhi Xinzhuo") (Note 1)	Beneficial owner	2,409,823,718	57.53%
Kang Bang Qi Hui (HK) Company Limited ("Kang Bang (HK)") (Note 1)	Beneficial owner	455,820,525	10.88%
Tian Xi Capital Company Limited ("Tian Xi Capital") (Note 1)	Interest of controlled corporation	2,865,644,243	68.41%
Zhong Zhi Ze Yun Capital Company Limited ("Ze Yun Capital") (Note 1)	Interest of controlled corporation	2,865,644,243	68.41%
Mr. XIE Zhikun <sup>#</sup> ("Mr. Xie") (Note 1)	Interest of controlled corporation	2,865,644,243	68.41%
NINEGO Corporation ("NINEGO") (Note 2)	Beneficial Owner	274,190,219	6.55%
Ms. Liu Ying Ying ("Ms. Liu") (Note 2)	Interest of controlled corporation	274,190,219	6.55%

<sup>#</sup> Mr. Xie passed away on 18 December 2021.

## Other Information

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)***

#### **Long positions in shares of the Company *(Continued)***

Notes:

1. Each of Zhongzhi Xinzhuo and Kang Bang (HK) is a wholly-owned subsidiary of Tian Xi Capital. Ze Yun Capital, a company wholly-owned by Mr. Xie, controls 100% of the voting power at general meetings of Tian Xi Capital. As such, each of Tian Xi Capital, Ze Yun Capital and Mr. Xie is deemed to be interested in an aggregate of 2,865,644,243 shares of the Company held by Zhongzhi Xinzhuo and Kang Bang (HK) by virtue of the SFO.
2. NINEGO is held by Ms. Liu as to 59.40%. As such, Ms. Liu is deemed to be interested in 274,190,219 shares of the Company held by NINEGO by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### **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 nine months ended 31 December 2021.

## Other Information

### COMPETING BUSINESS

As at 31 December 2021, none of the Directors was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Mr. Xie, a controlling shareholder of the Company, holding approximately 68.41% of the total issued share capital of the Company as at 31 December 2021 through Zhongzhi Xinzhuo and Kang Bang (HK), indirectly holds 100% equity interests in 中植資本管理有限公司 (“Zhongzhi Capital”). Zhongzhi Capital’s key business include private equity investments in the primary market, private placement, mergers and acquisitions of overseas businesses and funds which may compete or are likely to compete with the business of the Group.

Mr. Xie also holds indirect interests in the following companies, which are corporations licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities: (1) 80% indirect interest in Tang Wealth International Limited, which mainly provides private banking services, including providing asset allocation and investment consultancy services, including agency sales of public funds and private equity funds, issue of private equity funds or asset management etc. but is not engaged in traditional investment services; and (2) 45.1% indirect interest in Hang Tang International Capital Management Limited, which mainly provides asset management and funds distribution services. Mr. Xie is also the sole shareholder of ZhongTai Financing (Hong Kong) Limited, which holds a Money Lenders Licence and conducts money lending business. Nevertheless, since 22 October 2021, the Group has ceased to engage in the provision of corporate advisory services, investment advisory and asset management services.

Save as disclosed above, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined under the GEM Listing Rules) had any direct or indirect interest in a business which competes or is likely to compete with the business of the Group as at 31 December 2021.

## Other Information

### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee include reviewing and overseeing the financial reporting system, risk management and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Stephen MARKSCHEID (chairman of the audit committee), Mr. ZHANG Weidong and Mr. ZENG Liang.

The audit committee has reviewed the Third Quarterly Financial Statements and is of the opinion that the preparation of those statements complies with the applicable accounting standards and that adequate disclosures have been made.

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, 11 February 2022

*As at the date of this report, 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.*