

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)

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 08295



INTERIM
REPORT

2021



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This report, 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 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 RMB401.9 million for the Interim Period 2021 (2020: approximately RMB1.0 million). Such significant increase was mainly attributable to the revenue generated from the new business, namely the provision of value-added telecommunication and related services in the PRC.
- Profit attributable to owners of the Company for the Interim Period 2021 was approximately RMB20.2 million, as compared to loss of approximately RMB11.6 million for the corresponding period in 2020.
- Basic and diluted earnings per share for the Interim Period 2021 was approximately RMB0.48 cent (2020: Basic and diluted loss per share was approximately RMB0.33 cent).
- Total assets as at 30 September 2021 was approximately RMB1,439.0 million (31 March 2021: RMB1,415.4 million). Net assets value as at 30 September 2021 was approximately RMB1,024.7 million (31 March 2021: RMB1,015.6 million).
- The Board does not recommend payment of an interim dividend for the Interim Period 2021 (2020: Nil).

Condensed Consolidated Statement of Profit Or Loss and Other Comprehensive Income

For the three months and six months ended 30 September 2021

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 (the “Company”) is pleased to present the condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months (the “Second Quarter Fiscal 2021”) and six months ended 30 September 2021 (the “Interim Period 2021”), together with the comparative unaudited figures for the corresponding periods in 2020, as follows:

Condensed Consolidated Statement of Profit Or Loss and Other Comprehensive Income

For the three months and six months ended 30 September 2021

	Notes	Three months ended 30 September		Six months ended 30 September	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
Revenue					
Value-added telecommunication and related services income	4	217,015	–	401,193	–
Corporate advisory income	4	–	136	83	271
Loan interest income	4	306	378	601	744
Total revenue		217,321	514	401,877	1,015
Cost of services		(171,539)	–	(313,506)	–
Gross profit		45,782	514	88,371	1,015
Other income and losses, net	5	3,972	12,943	8,752	16,374
Marketing expenses		(2,539)	–	(5,187)	–
Research and development expenses		(7,098)	–	(13,113)	–
Administrative expenses		(23,263)	(14,471)	(45,319)	(28,914)
Provision of expected credit loss on accounts receivable, net		(296)	–	(296)	–
Finance costs	6	(4,157)	(29)	(7,482)	(63)
Share of result of an associate		13	–	13	–
Profit/(loss) before tax	7	12,414	(1,043)	25,739	(11,588)
Income tax expense	8	(3,464)	–	(9,020)	–
Profit/(loss) for the period		8,950	(1,043)	16,719	(11,588)

Condensed Consolidated Statement of Profit Or Loss and Other Comprehensive Income

For the three months and six months ended 30 September 2021

	Notes	Three months ended 30 September		Six months ended 30 September	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
Profit/(loss) for the period attributable to					
Owners of the Company		10,456	(1,043)	20,197	(11,588)
Non-controlling interests		(1,506)	–	(3,478)	–
Earnings/(losses) per share attributable to owners of the Company					
— Basic (RMB cents)	9	0.25	(0.03)	0.48	(0.33)
— Diluted (RMB cents)	9	0.25	(0.03)	0.48	(0.33)
Profit/(loss) for the period		8,950	(1,043)	16,719	(11,588)
Other comprehensive loss					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		177	(23,659)	(2,818)	(23,942)
Total comprehensive income/(loss) for the period		9,127	(24,702)	13,901	(35,530)
Total comprehensive income/(loss) attributable to					
Owners of the Company		10,633	(24,702)	17,379	(35,530)
Non-controlling interests		(1,506)	–	(3,478)	–
		9,127	(24,702)	13,901	(35,530)

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	30 September 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
Non-current assets			
Property and equipment	11	45,387	28,068
Intangible assets		184,545	184,693
Goodwill		589,813	581,824
Right-of-use assets		26,243	28,119
Deferred tax assets		7,638	8,720
Interest in an associate		5,589	–
Equity instrument at fair value through other comprehensive income (“FVTOCI”)		1,328	1,328
Loan receivables		13,053	12,690
Deposits		694	4
Total non-current assets		874,290	845,446
Current assets			
Inventories		1,859	2,080
Accounts receivable	12	386,110	311,326
Prepayments, deposits and other receivables	13	69,931	48,393
Financial assets at fair value through profit or loss (“FVTPL”)	14	5,562	5,061
Tax receivable		665	425
Bank balances and cash		91,081	202,710
		555,208	569,995
Assets held-for-sale	21	9,456	–
Total current assets		564,664	569,995
Current liabilities			
Accounts payable	15	8,415	10,564
Other payables and accruals	16	58,522	38,689
Contract liabilities		6,479	1,406
Borrowings		34,500	29,000
Amount due to related company	18	61,257	–
Tax payables		599	7,479
Consideration payables		70,000	70,000
Lease liabilities		9,545	11,247
		249,317	168,385
Liabilities directly associated with assets held-for-sale	21	42	–
Total current liabilities		249,359	168,385

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	<i>Notes</i>	30 September 2021 RMB'000 (Unaudited)	31 March 2021 RMB'000 (Audited)
Net current assets		315,305	401,610
Total assets less current liabilities		1,189,595	1,247,056
Non-current liabilities			
Consideration payables		125,618	190,837
Deferred tax liabilities		22,491	23,818
Lease liabilities		16,770	16,770
Total non-current liabilities		164,879	231,425
Net assets		1,024,716	1,015,631
Capital and reserves			
Share capital	17	35,395	35,395
Reserves		981,888	964,509
Equity attributable to owners of the Company		1,017,283	999,904
Non-controlling interests		7,433	15,727
Total equity		1,024,716	1,015,631

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Contributed surplus RMB'000 (Unaudited)	Statutory reserve RMB'000 (Unaudited)	Revaluation reserve RMB'000 (Unaudited)	Translation reserve RMB'000 (Unaudited)	Accumulated losses RMB'000 (Unaudited)	Sub-total RMB'000 (Unaudited)	Non- controlling interests RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
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	-	-	-	-	-	-	20,197	20,197	(3,478)	16,719
Other comprehensive loss for the period	-	-	-	-	-	(2,818)	-	(2,818)	-	(2,818)
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	900	900
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(5,716)	(5,716)
At 30 September 2021	35,395	944,878	7,944	7,740	(3,235)	25,659	(1,098)	1,017,283	7,433	1,024,716
At 1 April 2020 (Restated)	29,848	584,350	7,944	-	-	66,196	(39,708)	648,630	-	648,630
Loss for the period	-	-	-	-	-	-	(11,588)	(11,588)	-	(11,588)
Other comprehensive loss for the period	-	-	-	-	-	(23,942)	-	(23,942)	-	(23,942)
At 30 September 2020 (Restated)	29,848	584,350	7,944	-	-	42,254	(51,296)	613,100	-	613,100

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Notes	Six months ended 30 September 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(39,274)	174,858
INVESTING ACTIVITIES			
Purchase of plant and equipment		(25,060)	(11)
Development costs paid		(10,755)	–
Interest received		647	6,060
Dividend income received		49	63
Payment of consideration payables		(70,000)	–
Acquisition of subsidiaries, net of cash acquired	20	725	–
Acquisition of an associate		(6,000)	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(110,394)	6,112
FINANCING ACTIVITIES			
Interest paid		(1,444)	(63)
Repayment of lease liabilities		(6,760)	(1,764)
Advance from related company		60,000	–
New bank borrowings		5,500	–
Capital contribution from non-controlling interest		900	–
CASH FROM (USED IN) FINANCING ACTIVITIES		58,196	(1,827)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(91,472)	179,143
Cash and cash equivalents at 1 April		198,209	428,290
Effect of exchange rates changes on cash and cash equivalents, net		(11,061)	(20,586)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		95,676	586,847
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		95,676	35,108
Time deposits		–	551,739
Bank balances and cash as stated in the condensed consolidated statement of cash flows		95,676	586,847
Restricted bank balances		4,442	4,664
Cash and cash equivalents classified as assets held-for-sale	21	(9,037)	–
Bank balances and cash as stated in the condensed consolidated statement of financial position		91,081	591,511

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 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, Uglund House, Grand Cayman, KY1-1104, Cayman Islands and 11/F., 8 Queen's Road Central, Hong Kong respectively. The shares of the Company are listed on the 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, proprietary investments and money lending.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2021 (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standards 34 ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

As stated in the Group's annual financial statements for the year ended 31 March 2021 (the "Annual Financial Statement"), the Company has changed its the functional and presentation currencies from Hong Kong dollars ("HK\$") to Renminbi ("RMB") starting from 1 October 2020. As such, the presentation currency of the Group's Interim Financial Statements is RMB. Comparative figures have been restated to reflect the change in the Group's presentation currency.

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of new/amended Hong Kong Financial Reporting Standards (“HKFRS”), the accounting policies and methods of computation used in the Interim Financial Statements are the same as those presented in the Group’s Annual Financial Statements. However, the Interim 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.

Application of new/amended HKFRSs

In the current interim period, the Group has applied the following new/amended HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s Interim Financial Statements:

HKFRS 17	Insurance Contract and the related Amendments
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021

Except as described below, the application of new/amended HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these Interim Financial Statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new/amended HKFRSs *(Continued)*

3.1 **Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2**

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

3.2 **Amendments to HKFRS 16**

The amendments modify one of the criteria that must be met in order for the practical expedient to be applied. They extend the period over which lease payments originally due may be reduced to end on 30 June 2022 (previously 30 June 2021). Therefore, using the earlier example of a rent concession which reduced lease payments originally due by 15% from July 2020 – July 2021, an entity that is eligible to apply the revised practical expedient could account for this rent concession using the practical expedient, whereas it could not under the original amendments issued in May 2020.

The directors of the Company consider that the application of the amendments have no material impact on the financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

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)

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

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB’000	RMB’000	RMB’000	RMB’000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Value-added telecommunication and related services:				
— Back-office services				
• Provision of customer service solutions	162,288	—	306,465	—
• Setting up of contact service systems and centres	96	—	399	—
	162,384	—	306,864	—
— Comprehensive marketing services	33,755	—	56,593	—
— Data centre services	20,876	—	37,736	—
	217,015	—	401,193	—
Financial Services:				
— Corporate advisory services	—	136	83	271
— Loan interest income	306	378	601	744
Total	217,321	514	401,877	1,015

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

4. REVENUE AND SEGMENT INFORMATION (Continued)

Timing of revenue recognition

	Value-added telecommunication and related services		Financial services		Total	
	Three months ended		Three months ended		Three months ended	
	30 September		30 September		30 September	
	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	96	–	–	136	96	136
Over time	216,919	–	–	–	216,919	–
	217,015	–	–	136	217,015	136

	Value-added telecommunication and related services		Financial services		Total	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	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	399	–	83	271	482	271
Over time	400,794	–	–	–	400,794	–
	401,193	–	83	271	401,276	271

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

30 September 2021

4. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue by geographical location

	Three months ended 30 September		Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
The People's Republic of China (the "PRC")	217,015	–	401,193	–
Hong Kong	–	136	83	271
The United States of America (the "USA")	306	378	601	744
	217,321	514	401,877	1,015

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

Segment results

For the three months ended 30 September 2021

	Value-added telecommunication and related services RMB'000 (Unaudited)	Financial services RMB'000 (Unaudited)	Corporate RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	217,015	306	–	217,321
Gross profit	45,476	306	–	45,782
Other income and losses, net	4,204	–	(232)	3,972
Marketing expenses	(2,539)	–	–	(2,539)
Research and development expenses	(7,098)	–	–	(7,098)
Administrative expenses	(12,528)	(433)	(10,302)	(23,263)
Provision of expected credit loss on accounts receivable, net	(296)	–	–	(296)
Finance costs	(1,984)	–	(2,173)	(4,157)
Share of result of an associate	13	–	–	13
Profit/(loss) before tax	25,248	(127)	(12,707)	12,414

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment results *(Continued)*

For the six months ended 30 September 2021

	Value-added telecommunication and related services	Financial services	Corporate	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	401,193	684	–	401,877
Gross profit	87,687	684	–	88,371
Other income and losses, net	7,419	–	1,333	8,752
Marketing expenses	(5,187)	–	–	(5,187)
Research and development expenses	(13,113)	–	–	(13,113)
Administrative expenses	(25,803)	(1,707)	(17,809)	(45,319)
Provision of expected credit loss on accounts receivable, net	(296)	–	–	(296)
Finance costs	(2,681)	–	(4,801)	(7,482)
Share of result of an associate	13	–	–	13
Profit/(loss) before tax	48,039	(1,023)	(21,277)	25,739

For the three months and six months ended 30 September 2020, there was only one operating segment. The Group does not present separate segment results.

Notes to the Unaudited Condensed Consolidated Financial Statements

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5. OTHER INCOME AND LOSSES, NET

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Net investment income				
Net fair value gain on financial assets				
at FVTPL	25	1,745	574	2,496
Dividend income	49	63	49	63
	74	1,808	623	2,559
Interest income				
Interest income from financial assets				
at amortised cost				
— Bank deposits	150	1,410	632	2,412
Interest income from financial assets				
at FVTPL				
— Structured deposit	—	1,967	15	3,648
	150	3,377	647	6,060
Other income and losses, net				
Gain/(loss) on exchange difference	(325)	7,474	405	7,328
Government grants and subsidies	2,993	284	4,375	427
Value-Add Tax ("VAT") refund	(7)	—	14	—
Others	1,087	—	2,688	—
	3,748	7,758	7,482	7,755
Total	3,972	12,943	8,752	16,374

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

6. FINANCE COSTS

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Interest on bank borrowings	335	–	741	–
Interest on other borrowings from a related company	1,257	–	1,257	–
Interest on lease liabilities	399	29	703	63
Interest on consideration payable	2,166	–	4,781	–
	4,157	29	7,482	63

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

7. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
Directors' remuneration				
— Directors' fee, salaries and other benefits	1,224	2,185	2,608	4,371
— Discretionary bonus	—	—	—	174
— Retirement benefits scheme	11	12	22	26
Employee benefit expenses (excluding directors' remuneration)				
— Salaries and other benefits	79,502	3,304	148,992	6,484
— Discretionary bonus	—	—	1,822	767
— Retirement benefits scheme	7,337	104	13,205	202
— Amount capitalised	(2,134)	—	(4,281)	—
	85,940	5,605	162,368	12,024
Legal and professional fees	1,876	6,272	2,546	11,798
Depreciation of property and equipment	9,534	27	10,901	58
Depreciation of right-of-use assets	7,230	890	13,791	1,807
Amortisation of intangible assets				
— Cost of services	1,177	—	2,009	—
— Administrative expenses	4,384	—	8,894	—

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

8. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Current tax				
PRC Enterprise Income Tax	3,304	–	9,266	–
Deferred tax	160	–	(246)	–
Income tax expense	3,464	–	9,020	–

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.

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%.

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

9. EARNINGS (LOSSES) PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited and restated)
Earnings/(losses):				
Earnings/(losses) for the periods attributable to owners of the Company	10,456	(1,043)	20,197	(11,588)
	Three months ended 30 September		Six months ended 30 September	
	2021 '000	2020 '000	2021 '000	2020 '000
Number of shares:				
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings/(losses) per share	4,188,520	3,550,497	4,188,520	3,550,497

Diluted earnings/(losses) per share amounts were the same as basic earnings/(losses) per share amounts as there were no potential dilutive ordinary shares outstanding for all periods.

10. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

11. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired items of property and equipment with a cost of approximately RMB25,060,000 (2020: RMB11,000).

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

12. ACCOUNTS RECEIVABLE

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Accounts receivable	386,716	311,636
Less: Allowance for expected credit losses	(606)	(310)
	386,110	311,326

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

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

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

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
0 — 60 days	190,131	144,385
61 — 120 days	42,048	48,793
121 — 180 days	43,671	36,330
Over 180 days	110,260	81,818
	386,110	311,326

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Prepayments	34,543	21,638
Refundable rental and management fee deposits	1,863	1,890
Deposits and other receivables	33,528	24,868
Less: Allowance for expected credit losses	(3)	(3)
	69,931	48,393

14. FINANCIAL ASSETS AT FVTPL

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Listed securities investment	5,562	5,061

These investments include listed securities in Hong Kong of RMB2,048,000 (31 March 2021: RMB2,375,000) and listed securities in the USA of RMB3,514,000 (31 March 2021: RMB2,686,000), which are level 1 financial instruments and the fair value are based on the quoted bid prices in an active market. There are no significant unobservable inputs.

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

15. ACCOUNTS PAYABLE

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Accounts payable	8,415	10,564

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

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
0 — 60 days	2,757	5,649
61 — 120 days	1,664	196
121 — 180 days	301	113
Over 180 days	3,693	4,606
	8,415	10,564

The average credit period on accounts payable is 90 days.

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

16. OTHER PAYABLES AND ACCRUALS

	At 30 September 2021 RMB'000 (Unaudited)	At 31 March 2021 RMB'000 (Audited)
Other payables	26,709	1,848
Payroll payables	31,813	30,588
Other tax payables	–	6,253
	58,522	38,689

17. SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary shares of HK\$0.01 each Authorised: As at 1 April 2020, 30 September 2020, 1 April 2021 and 30 September 2021	10,000,000,000	87,661
Issued and fully paid: As at 1 April 2020 and 30 September 2020	3,550,496,836	29,848
Share issued	638,022,754	5,547
As at 1 April 2021 and 30 September 2021	4,188,519,590	35,395

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

18. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed in Note 6 to the Interim Financial Statements, the Group had the following transactions with related parties during the six months ended 30 September 2021 and 2020:

(a) Compensation of key management personnel of the Group:

The directors of the Company are the key management personnel of the Group. Details of their remuneration are disclosed in Note 7 to the Interim Financial Statements.

(b) Amount due to related company

The amount due to related company is unsecured, interest bearing at 13.5% per annum and repayable within one year.

19. FAIR VALUE OF MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The information about how the fair value of these financial assets are determined (in particular, the valuation techniques and inputs used) are disclosed in respective notes to the Annual Financial Statements.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed statement of financial position approximate their fair value.

During the six months ended 30 September 2021 and year ended 31 March 2021, there were no transfers between Level 1, Level 2 and Level 3.

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

19. FAIR VALUE OF MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Fair value hierarchy as at 30 September 2021

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVTPL	5,562	–	–	5,562
Unquoted equity instrument at FVTOCI	–	–	1,328	1,328
	5,562	–	1,328	6,890

Fair value hierarchy as at 31 March 2021

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVTPL	5,061	–	–	5,061
Unquoted equity instrument at FVTOCI	–	–	1,328	1,328
	5,061	–	1,328	6,389

20. ACQUISITION OF SUBSIDIARIES

During the reporting period, the Group completed the acquisitions of 51% equity interest in both Qingdao Jinliang Technology Co., Ltd.* (青島金量科技有限公司) (“Jinliang Technology”) at a cash consideration of RMB1.02 million and Jiuqi Technology (Hangzhou) Co., Ltd.* (九棲科技(杭州)有限公司) (“Jiuqi Technology”) at a cash consideration of RMB1.02 million. Jinliang Technology and its subsidiaries principally engaged in new media advertising business and platform certification business in the PRC. Jiuqi Technology and its subsidiaries principally engaged in live broadcast operation and education training business in the PRC. These acquisitions were made with the objective to expand the Group's value-added telecommunication and related services business and have been accounted for using the acquisition method.

* For identification purposes only

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

20. ACQUISITION OF SUBSIDIARIES (Continued)

The following table summarises the consideration paid and the amounts of assets acquired and liabilities recognized at the date of acquisitions for the above acquisitions (determined on a provisional basis):

	RMB'000 (Unaudited)
Purchase consideration transferred:	
Cash and cash equivalents paid	2,040
Fair value:	
Plant and equipment	1,641
Accounts receivables	14,727
Prepayments and other receivables	1,800
Cash and bank balances	2,765
Accounts payables	(15,285)
Other payables	(17,314)
Net identifiable liabilities acquired	(11,666)
Non-controlling interests	5,716
Goodwill	7,990
Total consideration	2,040
Net cash inflow arising from the acquisitions:	
Cash and cash equivalents paid	(2,040)
Cash and cash equivalents acquired	2,765
Total net cash inflow	725

Notes to the Unaudited Condensed Consolidated Financial Statements

30 September 2021

21. EVENT AFTER THE REPORTING PERIOD/ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As disclosed in the announcement dated 10 August 2021 published by the Company, it has entered into the equity transfer agreement with certain independent third parties as the purchasers (the "Purchasers"), pursuant to which the Company agreed to sell, and the Purchasers agreed to purchase the entire equity interest in Corporate Wise Limited, a wholly owned subsidiary of the Company, at a total consideration of approximately HK\$17.24 million.

Corporate Wise Limited and its subsidiaries (the "Disposal Group") are principally engaged in the provision of corporate advisory services, investment advisory and asset management services. The completion of this transaction had been taken place on 22 October 2021.

The assets and liabilities classified as held-for-sale, which have been presented separately in the condensed consolidated statement of financial position, are as follows:

	At 30 September 2021 RMB'000 (Unaudited)
Assets	
Tax recoverable	419
Bank balances and cash	9,037
Assets reclassified as held-for-sale	9,456
Liabilities	
Other payables and accruals	(42)
Liabilities directly associated with assets reclassified as held-for-sale	(42)

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 9 November 2021.

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 RMB337.4 million for the Interim Period 2021, a year-on-year increase of 53.0% as compared with the previous year, and accounting for 83.9% of the Group's overall revenue.

The top ten customers of the Group basically remained stable in this quarter. In the meantime, there were several newly-added customers in Internet travel, finance & securities, e-commerce, community group buying, etc., which take the lead in their respective industries (including a high-tech company with powerful Internet basis which is one of the top four AI companies in the world, a life services company which is based on online travel agency (OTA) model and certain companies in financial industry), increasing the number of its customers from 125 as at 31 March 2021 to 193 in the first half of the year. Meanwhile, there are more business orders obtained from 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 obtained great strategic achievement in domestic pandemic control and prevention, and has effectively coped with numerous challenges brought by the pandemic and flood situations. 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 its deep experience in software development, IT security and data centre operation and orderly environmental management capability, KingNine Group worked closely with customers and complied with governments' epidemic prevention and control requirements. KingNine Group took some positive and effective measures, including epidemic prevention and control in the workplace, flexible working arrangements (including work from home) and business interoperability in the workplace, and no case was reported across the country. It had been operating its business smoothly and maintained steady growth with existing customers while securing new incremental markets from new customers.

KingNine Group received two new software copyrights in this quarter in relation to customer service technologies, increasing the number of its patents for inventions and software copyrights to two and 138 respectively. In addition, KingNine Group has newly added three self-run contact services centres in this quarter. The aggregate number of workstations from its 16 self-run contact service centres rose from 7,014 as of 30 June 2021 to 10,348, an increase of 3,334 as compared to 30 June 2021.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Another subsidiary of the Company, Qingdao Jinliang Technology Co., Ltd.* (青島金量科技有限公司) (“Jinliang Technology”), together with its subsidiaries (collectively, “Jinliang Technology Group”) are principally engaged in providing comprehensive and in-depth operation services in expanding customer base for clients in the financial industry. It provides integrated media services for financial clients, such as securities companies, credit companies, insurers, futures companies, banks, fund firms and investment advisers including online marketing services i.e. “新媒體代運營”, “信息流投放” and “財經達人孵化運營” for brand promotion. With our experience and our client resources in the financial industry, we can provide vertical and in-depth services in every financial sector and build a standardised SOP operating system with core competitiveness in each of business segments to establish a solid business operation and collaboration team and a corporate client service team, aiming to build a strong TOB service team in the Internet field. Jinliang Technology Group posted revenue of approximately RMB63.8 million for the Interim Period 2021, accounting for 15.9% of the Group’s total revenue.

The Group bought a 20% stake in Guangzhou Kunyuan Culture Media Co., Ltd.* (廣州坤元文化傳媒服務有限公司) (“Guangzhou Kunyuan”) during the reporting period. Guangzhou Kunyuan is principally engaged in short video content production and related services business, which will have a synergistic effect with the Group’s existing businesses. Through this investment, the Group can increase its service types and further improve customer stickiness and enhance its core competitiveness and profitability.

The completion of the disposal of the entire equity interest in Corporate Wise Limited, a wholly owned subsidiary of the Company, took place on 22 October 2021. Corporate Wise Limited and its subsidiaries are principally engaged in the provision of corporate advisory services, investment advisory and asset management services. Since then, the Group ceased to have any equity interest in Corporate Wise Limited. For details of this transaction, please refer the Company’s announcement dated 10 August 2021.

FINANCIAL REVIEW

The Group recorded a revenue of approximately RMB401.9 million for the Interim Period 2021 (2020: approximately RMB1.0 million). Such significant increase was mainly attributable to the revenue generated from the new business, namely the provision of value-added telecommunication and related services in the PRC.

During the Interim Period 2021, the Group incurred cost of services of approximately RMB313.5 million (2020: Nil) for the provision of value-added telecommunication and related services business. Cost of services primarily consisted of staff costs, subcontracting fees, depreciation and amortisation.

* For Identification purposes only

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Net other income for the Interim Period 2021 was approximately RMB8.8 million (2020: approximately RMB16.4 million).

The Group incurred marketing, research and development expenses of approximately RMB18.3 million (2020: Nil) in aggregate during the Interim Period 2021. Such cost and expenses were incurred for the provision of value-added telecommunication and related services business.

Administrative expenses for the Interim Period 2021 was approximately RMB45.3 million (2020: approximately RMB28.9 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 Interim Period 2021.

During the Interim Period 2021, the Group incurred finance costs of approximately RMB7.5 million (2020: approximately RMB0.063 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 Interim Period 2021 was approximately RMB9.0 million (2020: Nil) which mainly consisted of provision of PRC Enterprise Income Tax of approximately RMB9.3 million and deferred tax credit of approximately RMB0.3 million.

Profit attributable to owners of the Company for the Interim Period 2021 was approximately RMB20.2 million, as compared to loss of approximately RMB11.6 million for the corresponding period in 2020.

Basic and diluted earnings per share for the Interim Period 2021 was approximately RMB0.48 cent (2020: Basic and diluted loss per share was approximately RMB0.33 cent).

The Group's total assets and liabilities increased during the Interim Period 2021 with continued expansion of the Group's business through organic growth and acquisitions. On the other hand, during the Second Quarter Fiscal 2021, the Group had settled the payment of tranche II cash consideration in the amount of RMB70 million for the acquisition of KingNine Group which reduced both assets and liabilities by the same amount of the payment. As a result, the Group's total assets as at 30 September 2021 increased by approximately RMB23.6 million to approximately RMB1,439.0 million as compared with approximately RMB1,415.4 million as at 31 March 2021. The total liabilities of the Group as at 30 September 2021 increased by approximately RMB14.4 million to approximately RMB414.2 million as compared with approximately RMB399.8 million as at 31 March 2021. Net assets value as at 30 September 2021 was approximately RMB1,024.7 million (31 March 2021: approximately RMB1,015.6 million).

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Liquidity and financial resources

As at 30 September 2021, the Group had a current ratio of 2.3 and a gearing ratio of 3.4% (31 March 2021: 3.4 and 2.9%, respectively). The gearing ratio is computed by dividing the Group's bank borrowings of approximately RMB34.5 million by the Group's equity of approximately RMB1,024.7 million. The Group's operation and investments were financed by internal resources and bank borrowings.

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

Capital structure

There was no material change in the Group's capital structure as compared to the most recently published annual report.

Commitments

The Group and the Company did not have any significant commitment as at 30 September 2021 and 31 March 2021.

Employees and remuneration policies

As of 30 September 2021, the Group employed 6,993 employees including Directors (31 March 2021: 4,436). Total staff costs (including Directors' emoluments) for the Interim Period 2021 amounted to approximately RMB166.6 million (2020: RMB12.0 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.

Charge on the Group's assets

There was no material change in charge on the Group's assets as compared to the most recently published annual report.

Contingent liabilities

As at 30 September 2021, the Group had no material contingent liabilities (31 March 2021: nil).

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Material acquisitions and disposals of subsidiaries and affiliated companies

During the reporting period, the Group completed the following acquisitions:

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

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

Future plans for material investments or capital assets

The Group has no plans for material investments or acquisitions of capital assets but will pursue investment opportunities to enhance its profitability in the ordinary course of its business.

* For Identification purposes only

Management Discussion and Analysis

OUTLOOK

In general, domestic economy maintained a recovering trend on the whole in the first three quarters of the year with stable enhancement of structural adjustment and promotion of high-quality development to acquire new progress. According to the data published by the National Bureau of Statistics of China, with preliminary calculation, Gross Domestic Product (GDP) was RMB82,313.1 billion in the first three quarters of the year, rising year-on-year by 9.8% based on comparable prices with a two-year average growth of 5.2%. In the first three quarters, the tertiary sector steadily grew, with value added of information transmission, software and information technology services increased year-on-year by 19.3% in the first three quarters, representing a two-year average growth of 17.6%, respectively.

As 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 KingNine Group.

In this context, 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 and enhance shareholder value.

KingNine Group will continue to push for bidding and completion of projects to generate revenue and profit. Meanwhile, KingNine Group has completed the construction of certain self-run contact service centres in Shenyang, Liaoyang, Lu'an and Puyang etc, and is facilitating the construction of self-run contact service centres in Xi'an and Jinzhou, providing support such as personnel and venues for newly added orders.

As for e-marketing, KingNine Group is accumulating knowledge and preparing for livestreaming e-commerce and living-streaming training fields by combining its existing capability in Internet marketing and promoting with relevant experience to create a new momentum driving KingNine Group to grow in B2B corporate services and live-streaming e-commerce fields. As for streaming allocation, we are gradually achieving our goal and making progress. Strategically, we intend to centre around upstream and downstream businesses of KingNine Group to continuously carry out acquisition, or consider to acquire enterprise-service companies of ToB with synergy effect and promising prospect.

Jinliang Technology Group has been keeping close attention to the new opportunity brought by the evolving domestic and international market, and continues to invest more resources, expand professional teams, seek for cooperation with more diversified media partners, and meanwhile, to enhance cooperation with current first-class short video platforms to provide customers with more efficient services.

Other Information

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Interim Period 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 30 September 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 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 Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

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

As at 30 September 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:

Other Information

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 ("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%
Mr. Hu Shilong ("Mr. Hu") (Note 2)	Interest of controlled corporation	274,190,219	6.55%
Ms. Liu Yingying ("Ms. Liu") (Note 2)	Interest of controlled corporation	274,190,219	6.55%

Notes:

- 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.
- NINEGO is held by Mr. Hu as to 40.60% and Ms. Liu as to 59.40%. As such, Mr. Hu and Ms. Liu are deemed to be interested in 274,190,219 shares of the Company held by NINEGO by virtue of the SFO. With effect from 11 October 2021, Mr. Hu has been appointed as the co-chief executive officer of the Company.

Other Information

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

Save as disclosed above, as at 30 September 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 Interim Period 2021.

COMPETING BUSINESS

As at 30 September 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 30 September 2021 through Zhongzhi Xiuzhuo and Kang Bang (HK), indirectly holds 100% equity interest in Zhongzhi Capital Management Company Limited* (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.

* For Identification purposes only

Other Information

COMPETING BUSINESS (Continued)

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.

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 30 September 2021.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiries to all the relevant Directors who confirmed their compliance with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the Interim Period 2020. No incident of non-compliance was noted by the Company during the Interim Period 2021.

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 throughout the Interim Period 2021.

REVIEW OF UNAUDITED FINANCIAL RESULTS

The Audit Committee has reviewed the Interim 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.

Other Information

EVENT AFTER THE REPORTING PERIOD

Please refer to details as set out in note 21 to the unaudited condensed consolidated financial statements of this report.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the name of the Company from “Zhongjin Technology Services Group Company Limited 中金科技服務集團股份有限公司” to “ZZ Technology Group Company Limited 中植科技集團股份有限公司” (the “Change of Company Name”).

Conditions for the proposed Change of Company Name

The Change of Company Name is subject to the following conditions (the “Conditions”):

- (a) the shareholders of the Company (the “Shareholders”) approving the proposed Change of Company Name by way of a special resolution at the forthcoming extraordinary general meeting of the Company (the “EGM”); and
- (b) the Registrar of Companies in the Cayman Islands approving the Change of Company Name.

Subject to the satisfaction of the Conditions, the new name of the Company will be entered into the register of companies maintained by the Registrar of Companies in the Cayman Islands and the Change of Company Name will take effect from the date of the passing of the special resolution approving the same. The Registrar of Companies in the Cayman Islands shall issue a certificate of incorporation on change of name thereafter. The Company will then carry out the necessary filing procedures with the Companies Registry in Hong Kong.

Reasons for the proposed Change of Company Name

The Board considers that the proposed new name of the Company will enhance the corporate brand and image. The Board is of the view that the Change of Company Name is therefore in the best interests of the Company and the Shareholders as a whole.

Other Information

PROPOSED CHANGE OF COMPANY NAME *(Continued)*

Effects of the Change of Company Name

The Change of Company Name will not affect any of the rights of the Shareholders. All existing share certificates in issue bearing the Company's existing name shall, after the Change of Company Name having become effective, continue to be evidence of the title of the securities of the Company and will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangements for free exchange of existing share certificates for new share certificates bearing the new name of the Company.

General

A circular containing, among other things, details of the proposed Change of Company Name, together with a notice of the EGM will be despatched to the Shareholders as soon as practicable. Further announcement(s) will be made by the Company as and when appropriate to inform the Shareholders of, among other things, the results of the EGM, the effective date of the Change of Company Name and the new stock short name of the Company for trading of the shares of the Company on the Stock Exchange.

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, 9 November 2021

As at the date hereof, 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.