

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

Kingwisoft Technology Group Company Limited

金慧科技集團股份有限公司

(formerly known as ZZ Technology Group Company Limited 中植科技集團股份有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08295)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

Reference is made to the annual results announcement of Kingwisoft Technology Group Company Limited (the “**Company**”) dated 26 June 2023 in relation to its annual results for the year ended 31 March 2023 (the “**Year**”) (the “**Announcement**”) and the annual report of the Company for the year ended 31 March 2023 (the “**2022/2023 Annual Report**”) published on 29 June 2023. As disclosed in the Announcement and the 2022/2023 Annual Report, as at 31 March 2023, the Company recognized an impairment loss on goodwill of RMB349.4 million. The purpose of this supplemental announcement is to provide additional information on the impairment loss on goodwill for the information and consideration of the shareholders of the Company and investors. Unless otherwise defined, terms used in this supplemental announcement shall have the same meanings as defined in the Announcement and/or the 2022/2023 Annual Report.

CAUSES AND CIRCUMSTANCES LEADING TO IMPAIRMENT LOSSES

A valuer has assessed for the Company the recoverable amount as at 31 March 2023, the valuation date, of KingNine Holdings Limited (“**KingNine**”) and its subsidiaries (collectively, the “**KingNine Group**”). The recoverable amount of KingNine Group as at 31 March 2023 was RMB542.3 million. As at 31 March 2023, the valuation date, the impairment loss on goodwill amounted to RMB349.4 million.

The KingNine Group is principally engaged in provision of back-office services (primarily provision of customer service solutions and setting up of contact service systems and centres), comprehensive marketing and agency services and data centre services. For the financial year ended 31 March 2023, revenue from the back-office services amounted to approximately RMB837 million, representing 94.2% of the overall revenue of the KingNine Group. In 2022, due to complex environmental factors such as the impact of the COVID-19 pandemic and the weakening of the global economy, the recovery of the PRC’s economy

was disturbed, and the growth of service demand from some of the KingNine Group’s customers slowed down, resulting in a slower growth rate of revenue from the main business. The KingNine Group ended the year with a lower-than-expected level of future purchasing intentions from customers in discussions with them for next year’s business. Based on the results of the year-end communication with customers, the management of the Group has made a conservative forecast of the future sales growth of the KingNine Group with the expectation that the KingNine Group cash-generating unit (“CGU”) will incur an impairment loss on goodwill.

SELECTION OF VALUATION METHOD

The Company has consistently applied the income approach to the valuation of the KingNine Group as at 31 March 2023 and there have been no subsequent changes to the valuation method used. The method is based on the principle that value in use can be measured as the present value of the future cash flows expected to be derived from an asset group used on an ongoing basis. The income approach estimates future economic benefits and discounts those benefits to their present value using an appropriate discount rate that takes into account all risks associated with realising those benefits.

SIGNIFICANT INPUTS, BASES AND KEY ASSUMPTIONS

The following table summarises the significant inputs to the valuation of the KingNine Group CGU:

	31 March 2023	31 March 2022
Revenue growth rate	3.3%–26.0%	7.1%–32.3%
Perpetual growth rate	3%	3%
Discount rate	23.4%	23.7%

The management has developed cash flow projections for the five-year budget by reference to historical growth rates of previous years and in line with management’s expectations of future market developments. Cash flows beyond the five-year period are extrapolated using an estimated perpetual growth rate of 3.0% (2021/2022: 3.0%), which does not exceed the long-term average growth rate of the CGUs’ business.

Discount rate is estimated to be 23.4% (2021/2022: 23.7%), which is before tax and represents the current market assessment of the risks specific to the KingNine Group CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate

calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (the “WACC”). The WACC takes into account both debt and equity.

REASONS FOR SIGNIFICANT CHANGES IN INPUTS, BASES AND KEY ASSUMPTIONS

The KingNine Group is principally engaged in provision of back-office services (primarily provision of customer service solutions and setting up of contact service systems and centres), comprehensive marketing and agency services and data centre services. For the financial year ended 31 March 2023, revenue from the back-office services amounted to approximately RMB837,000,000, representing 94.2% of the overall revenue of the KingNine Group. During the Year, the KingNine Group continued to strengthen and maintain its stable business relationships with leading clients in the fields of Internet mobility, finance and securities, e-commerce, and live streaming services, and strived to expand new businesses. Its top five clients remain fairly stable.

In 2022, due to complex environmental factors such as the impact of the COVID-19 pandemic and the weakening of the global economy, the recovery of the PRC’s economy was disturbed, and the growth of service demand from some of the KingNine Group’s customers slowed down, resulting in a slower growth rate of revenue from the main business. The KingNine Group ended the year with a lower-than-expected level of future purchasing intentions from customers in discussions with them for next year’s business. Based on the results of the year-end communication with customers, the management of the Group has made a conservative forecast of the future sales growth of the KingNine Group.

There were no significant changes in the perpetual growth rate and discount rate of the KingNine Group CGU.

The above additional information does not affect the other information contained in the Announcement or the 2022/2023 Annual Report. Save as disclosed, all other information contained in the Announcement and the 2022/2023 Annual Report remains unchanged.

By order of the board of directors of
Kingwisoft Technology Group Company Limited
金慧科技集團股份有限公司
QIU Xiaojian
Chairman

Hong Kong, 18 January 2024

As at the date of this announcement, the executive Directors are Mr. QIU Xiaojian (Chairman) , Mr. LI Xiang, Mr. HU Shilong and Ms. ZHOU Fang; and the independent non-executive Directors are Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong, Mr. ZENG Liang and Mr. WANG Li.

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

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