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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)

INSIDE INFORMATION PROFIT WARNING

This announcement is made by Kingwisoft Technology Group Company Limited 金慧科技集團股份有限公司 (the “**Company**” together with its subsidiaries, collectively, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Unless otherwise defined herein, all capitalised terms used in this announcement shall have same meanings as those defined in the announcement of the Company dated 10 September 2020 and the circular of the Company dated 18 September 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the Board’s preliminary review of the latest available financial information of the Group, the Group expects to record a net loss attributable to owners of the Company of not more than approximately RMB280 million for the year ended 31 March 2023 (the “**Year**”) whereas the Group recorded a net profit attributable to owners of the Company of approximately RMB80.4 million for the corresponding period in the preceding year.

The anticipated turnaround from profit to loss attributable to owners of the Company for the Year was mainly attributable to: —

- (i) the increases in costs and expenses which adversely affected the gross profit margin and operating profit of KingNine Holdings Limited, the Company’s wholly-owned major subsidiary, together with its subsidiaries (collectively, the “**KingNine Group**”), which principally engaged in provision of the value-added telecommunication and related services in China, due to factors such as COVID-19; and

- (ii) the recognition of the non-cash impairment loss on goodwill of the cash-generating unit (“CGU”) of KingNine Group. Based on the assessment by the Company’s management of the latest available information and the overall economic environment, the Group expects the CGU of KingNine Group will incur an impairment loss on goodwill. The impairment loss on goodwill is a non-cash item and does not have an impact on the Group’s cash flows; and
- (iii) As disclosed in the announcement of the Company dated 16 April 2023, based on the preliminary assessment of the management accounts of the Target Company (ie. KingNine Group) and other information currently available, due to factors such as COVID-19, it is expected that the consolidated net profit attributable to the equity holders of the Target Company (ie. KingNine Group) in accordance with HKFRS for the financial year ended 31 March 2023 will be less than RMB150 million, being the amount of Guaranteed Profit for the financial year ended 31 March 2023 pursuant to the Share Purchase Deed. According to the Share Purchase Deed, the Founders shall compensate the Company the Shortfall in cash (the “**Compensation**”) in accordance with the formula set out in the Share Purchase Deed. As such, the Group recognized a gain from the Compensation.

The Company is currently conducting the assessments, including, for impairment on other assets and changes in fair value of financial assets as of 31 March 2023. Should there be any further material impact on the estimated profit or loss of the Group, further announcement(s) will be made.

As the Group is still in the process of finalising its audited consolidated results for the Year, the information contained in this announcement represents only a preliminary assessment by the Company’s management of the information currently available to it including but not limited to the unaudited consolidated management accounts of the Group for the Year, which have not been audited by the auditors of the Company nor reviewed by the audit committee of the Company as at the date of this announcement and is subject to possible adjustments upon further review.

Shareholders and potential investors of the Company are advised to refer to the details of the annual results announcement of the Company for the Year, which is expected to be announced by the end of June 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 12 June 2023

As at the date of this announcement, the executive Directors are Mr. QIU Xiaojian (Chairman) and Mr. LI Xiang; 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 any statement herein or this announcement misleading.

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