

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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025**

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.

This announcement, for which the directors (the “Directors”) of Kingwisoft Technology Group Company Limited 金慧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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB1,240.7 million for the Year (2024: approximately RMB1,240.9 million), representing a decrease of approximately RMB0.2 million compared to that of last financial year.
- Loss attributable to owners of the Company for the Year was approximately RMB207.7 million, whereas the Group recorded a loss attributable to owners of the Company of approximately RMB197.4 million for the last financial year.
- Basic losses per share for the Year was approximately RMB4.35 cents (2024: basic losses per share of approximately RMB4.13 cents).
- The Board does not recommend payment of a dividend for the Year (2024: Nil).

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of 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) (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2025 (the “Year”), together with the relevant comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2025

| | | 2025 | 2024 |
|---|--------------|--------------------------------|-------------------------|
| | <i>Notes</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| REVENUE | 4 | 1,240,654 | 1,240,904 |
| Cost of services | | <u>(1,199,889)</u> | <u>(1,113,027)</u> |
| Gross profit | | 40,765 | 127,877 |
| Other income and gains | 5 | 19,552 | 74,518 |
| Marketing expenses | | (7,607) | (8,389) |
| Research and development expenses | | (60,252) | (43,572) |
| Administrative expenses | | (95,816) | (79,609) |
| Impairment loss of goodwill | | (56,742) | (224,838) |
| Impairment losses on financial assets, net | | (23,267) | (19,020) |
| Gain on recovery of accounts receivable written-off | | 24 | 21 |
| Other expenses and losses | | (1,347) | (1,896) |
| Finance costs | 6 | (19,455) | (24,310) |
| Share of loss of an associate | | <u>(2,918)</u> | <u>(699)</u> |
| LOSS BEFORE TAX | 7 | (207,063) | (199,917) |
| Income tax credit/(expense) | 8 | <u>3,680</u> | <u>(5,030)</u> |
| LOSS FOR THE YEAR | | <u><u>(203,383)</u></u> | <u><u>(204,947)</u></u> |

| | <i>Note</i> | 2025 RMB'000 | 2024 <i>RMB'000</i> |
|--|-------------|-------------------------------|------------------------|
| OTHER COMPREHENSIVE INCOME | | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of subsidiaries not established in Mainland China | | 341 | 251 |
| Deregistration of subsidiaries not established in Mainland China | | <u>—</u> | <u>122</u> |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | | <u>341</u> | <u>373</u> |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | <u>(203,042)</u> | <u>(204,574)</u> |
| Loss for the year attributable to: | | | |
| Owners of the Company | | (207,729) | (197,382) |
| Non-controlling interests | | <u>4,346</u> | <u>(7,565)</u> |
| | | <u>(203,383)</u> | <u>(204,947)</u> |
| Total comprehensive loss for the year attributable to: | | | |
| Owners of the Company | | (207,388) | (197,009) |
| Non-controlling interests | | <u>4,346</u> | <u>(7,565)</u> |
| | | <u>(203,042)</u> | <u>(204,574)</u> |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| Basic and diluted (RMB cents) | <i>10</i> | <u>(4.35)</u> | <u>(4.13)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2025

| | | 2025 | 2024 |
|---|-------------|-----------------------|-----------------------|
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| NON-CURRENT ASSETS | | | |
| Property and equipment | | 62,082 | 94,313 |
| Investment properties | | 12,280 | 12,020 |
| Right-of-use assets | | 67,347 | 68,819 |
| Goodwill | | – | 56,742 |
| Other intangible assets | | 131,090 | 162,143 |
| Investment in an associate | | 24,734 | 27,652 |
| Equity investments designated at fair value through other comprehensive income | | – | – |
| Prepayments, other receivables and other assets | | 6,135 | 3,750 |
| Pledged deposits | | 2,865 | – |
| Deferred tax assets | | 16,925 | 15,083 |
| Total non-current assets | | 323,458 | 440,522 |
| CURRENT ASSETS | | | |
| Inventories | | 86 | 24 |
| Accounts receivable | <i>11</i> | 537,343 | 668,208 |
| Prepayments, other receivables and other assets | | 58,639 | 77,881 |
| Financial assets at fair value through profit or loss | | – | 4,812 |
| Prepaid tax | | 1,529 | 414 |
| Restricted cash | | 11 | 594 |
| Pledged deposits | | 3,257 | 3,157 |
| Cash and cash equivalents | | 104,758 | 82,673 |
| Total current assets | | 705,623 | 837,763 |

| | | 2025 | 2024 |
|--|-------|----------------|----------------|
| | Notes | RMB'000 | RMB'000 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 12 | 9,334 | 28,639 |
| Other payables and accruals | | 69,766 | 103,368 |
| Contract liabilities | | 1,867 | 1,029 |
| Consideration payables | | – | 28,038 |
| Interest-bearing bank and other borrowings | 13 | 26,000 | 198,044 |
| Lease liabilities | | 28,809 | 22,448 |
| Tax payable | | 12,067 | 6,412 |
| Total current liabilities | | 147,843 | 387,978 |
| NET CURRENT ASSETS | | 557,780 | 449,785 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 881,238 | 890,307 |
| NON-CURRENT LIABILITIES | | | |
| Other payables and accruals | | 626 | 1,147 |
| Interest-bearing bank and other borrowings | 13 | 208,644 | – |
| Lease liabilities | | 40,377 | 45,020 |
| Deferred tax liabilities | | 13,942 | 23,449 |
| Total non-current liabilities | | 263,589 | 69,616 |
| Net assets | | 617,649 | 820,691 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 14 | 40,442 | 40,442 |
| Reserves | | 568,771 | 776,159 |
| | | 609,213 | 816,601 |
| Non-controlling interests | | 8,436 | 4,090 |
| Total equity | | 617,649 | 820,691 |

NOTES TO FINANCIAL STATEMENTS

31 March 2025

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, equity investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and contingent consideration, which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

| | |
|-------------------------------------|---|
| Amendments to HKFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to HKAS 1 | <i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments") |
| Amendments to HKAS 1 | <i>Non-current Liabilities with Covenants</i> (the "2022 Amendments") |
| Amendments to HKAS 7 and HKFRS 7 | <i>Supplier Finance Arrangements</i> |

The nature and the impact of the revised HKFRS Accounting Standards that are applicable to the Group are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is primarily engaged in the provision of value-added telecommunications and related services, including back-office services, comprehensive marketing and agency services and data centre services. Given that the chief operating decision maker of the Company considers that the Group's business is operated and managed as a single segment, no further segment information is presented.

Geographical information

(a) Revenue from external customers

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Mainland China | <u>1,240,654</u> | <u>1,240,904</u> |

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

(b) Non-current assets

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|----------------|------------------------|------------------------|
| Mainland China | 296,726 | 420,802 |
| Hong Kong | <u>807</u> | <u>887</u> |
| Total | <u>297,533</u> | <u>421,689</u> |

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

During the year, revenues from transactions with single external customers (including entities under common control with those customers) amounting to 10% or more of the Group's revenues are as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|------------|------------------------|------------------------|
| Customer A | 432,096 | 414,628 |
| Customer B | <u>259,012</u> | <u>283,693</u> |

4. REVENUE

An analysis of revenue is as follows:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|-------------------------|-------------------------|
| <i>Revenue from contracts with customers</i> | | |
| Back-office services: | | |
| Provision of customer service solutions | 1,188,765 | 1,185,861 |
| Set up of contact service system and centres | <u>1,690</u> | <u>91</u> |
| Subtotal | 1,190,455 | 1,185,952 |
| Comprehensive marketing and agency services | 22,859 | 32,585 |
| Data centre services | <u>26,423</u> | <u>22,367</u> |
| Total revenue from contracts with customers | 1,239,737 | 1,240,904 |
| <i>Revenue from other sources</i> | | |
| Gross rental income from investment property operating leases | <u>917</u> | <u>–</u> |
| Total revenue | <u><u>1,240,654</u></u> | <u><u>1,240,904</u></u> |

Disaggregation of the Group's revenue from contracts with customers is set out below:

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--------------------------------------|-------------------------|-------------------------|
| <i>Timing of revenue recognition</i> | | |
| Over time | 1,215,188 | 1,240,813 |
| At a point in time | <u>24,549</u> | <u>91</u> |
| Total | <u><u>1,239,737</u></u> | <u><u>1,240,904</u></u> |
| <i>Geographical markets</i> | | |
| Mainland China | <u><u>1,239,737</u></u> | <u><u>1,240,904</u></u> |

5. OTHER INCOME AND GAINS

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Investment return from financial assets at fair value through profit or loss, net | | |
| Fair value losses | (3,729) | (2,575) |
| Dividend income | – | 58 |
| Interest income | | |
| Bank interest income | 591 | 923 |
| Other interest income | – | 334 |
| Fair value loss on contingent consideration | – | (27,623) |
| Fair value gain/(loss) on investment properties | (1,354) | 7,957 |
| Government grants [#] | 18,906 | 35,649 |
| Value-added tax (“VAT”) refund [^] | 4,457 | 2,446 |
| Gain on disposal of a subsidiary | – | 52,269 |
| Foreign exchange differences, net | 76 | 4,658 |
| Gain on early termination of leases | 237 | – |
| Others | 368 | 422 |
| | <hr/> | <hr/> |
| Total other income and gains | 19,552 | 74,518 |
| | <hr/> <hr/> | <hr/> <hr/> |

- # Government grants mainly represented incentives received for investments in certain regions in Mainland China in which the Company's subsidiaries operate, employment subsidies and other tax incentives. There are no unfulfilled conditions or contingencies relating to these grants.
- ^ Value-added tax refund mainly attributable to the Value-Added Tax Policy for Software Products (Cai Shui 2011 No. 100), in which for sale of self-developed software products by a general VAT tax payer, after VAT is levied at a tax rate of 17%, the refund-upon-collection policy shall be applied and the portion of the actual VAT burden that is in excess of 3% shall be refunded; and the Tax Policy for Further Supporting and Promoting Entrepreneurship and Employment of Focus Group (Cai Shui 2019 No. 22), in which value-added tax deduction is granted for entering into employment contracts with the focus group.

6. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2025 | 2024 |
|------------------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interest on lease liabilities | 2,649 | 2,900 |
| Interest on consideration payables | 696 | 3,619 |
| Interest on bank borrowings | 510 | 1,891 |
| Interest on other borrowings | 15,600 | 15,900 |
| | <hr/> | <hr/> |
| Total | 19,455 | 24,310 |
| | <hr/> <hr/> | <hr/> <hr/> |

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Depreciation of property and equipment | 45,955 | 39,636 |
| Less: Amount capitalised | <u>–</u> | <u>(412)</u> |
| Total | <u>45,955</u> | <u>39,224</u> |
| Depreciation of right-of-use assets | 29,209 | 30,593 |
| Amortisation of other intangible assets included in | | |
| Cost of services | 13,714 | 10,745 |
| Administrative expenses | <u>17,491</u> | <u>17,492</u> |
| Total | <u>31,205</u> | <u>28,237</u> |
| Impairment loss on goodwill | 56,742 | 224,838 |
| Impairment losses on financial assets, net | | |
| Accounts receivable | 19,163 | 5,953 |
| Other receivables | <u>4,104</u> | <u>13,067</u> |
| Total | <u>23,267</u> | <u>19,020</u> |
| Loss on disposal of property and equipment* | 496 | 386 |
| Loss on early termination of leases* | – | 38 |
| Lease payments not included in the measurement of lease liabilities | 7,495 | 11,103 |
| Auditor's remuneration | 3,840 | 3,808 |
| Employee benefit expense (including directors' and chief executive's remuneration) | | |
| Wages, salaries and other social welfare benefits | 775,272 | 736,940 |
| Pension scheme contributions^ | 75,730 | 69,620 |
| Termination benefits | 1,829 | 2,764 |
| Less: Amount capitalised | <u>–</u> | <u>(8,103)</u> |
| Total | <u><u>852,831</u></u> | <u><u>801,221</u></u> |

* It is included in "Other expenses and losses" in profit or loss.

^ There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. INCOME TAX

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "PRC") and the respective regulations, the Group's entities which operate in Mainland China are subject to corporate income tax ("CIT") at a rate of 25% (2024: 25%) on the taxable income, except for certain subsidiaries which were entitled to a preferential tax rate of 15% (2024: 15%) because they were regarded as "High and New Technology Enterprises", and certain subsidiaries which were entitled to an effective preferential tax rate of 5% (2024: 5%) of the taxable income between RMB1,000,000 and RMB3,000,000 because they were regarded as "small-scaled minimal profit enterprises", one of the criteria of which is with annual taxable income no more than RMB3,000,000 during the corresponding year. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: Nil).

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Current tax — Mainland China | | |
| Charge for the year | 4,307 | 8,297 |
| Underprovision/(overprovision) in prior years | 3,362 | (503) |
| | <u>7,669</u> | <u>7,794</u> |
| Deferred | (11,349) | (2,764) |
| | <u>(3,680)</u> | <u>5,030</u> |
| Total tax charge/(credit) for the year | | |

The share of tax credit attributable to an associate amounting to RMB659,000 (2024: tax expense of RMB3,000) is included in "Share of loss of an associate" in profit or loss.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss (2024: loss) per share amount is based on the loss (2024: loss) for the year attributable to owners, i.e., ordinary equity holders, of the Company of RMB207,729,000 (2024: RMB197,382,000), and the weighted average number of ordinary shares of 4,776,019,590 outstanding during the year (2024: 4,776,019,590).

No adjustment has been made to the basic loss (2024: loss) per share amount presented for the year ended 31 March 2025 in respect of a dilution because the Group had no potentially dilutive ordinary shares in issue during the year ended 31 March 2025 (2024: Nil).

11. ACCOUNTS RECEIVABLE

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Accounts receivable | 569,008 | 680,710 |
| Impairment | <u>(31,665)</u> | <u>(12,502)</u> |
| Net carrying amount | <u>537,343</u> | <u>668,208</u> |

The Group generally allows a credit period of within three months to its customers upon issuance of customer billings. The directors of the Company are of 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 other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the date of services rendered and net of loss allowance for impairment, is as follows:

| | 2025 | 2024 |
|-----------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 60 days | 213,399 | 204,455 |
| 61 to 120 days | 155,083 | 178,874 |
| 121 to 180 days | 55,540 | 56,900 |
| Over 180 days | 113,321 | 227,979 |
| | <hr/> | <hr/> |
| Total | 537,343 | 668,208 |
| | <hr/> | <hr/> |

The movements in the loss allowance for impairment of accounts receivable are as follows:

| | 2025 | 2024 |
|--|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At beginning of the reporting period | 12,502 | 6,629 |
| Impairment losses, net (<i>note 7</i>) | 19,163 | 5,953 |
| Disposal of a subsidiary | – | (80) |
| | <hr/> | <hr/> |
| At end of the reporting period | 31,665 | 12,502 |
| | <hr/> | <hr/> |

12. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the date of service received, is as follows:

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------|-------------------------------|-------------------------------|
| Within 60 days | 4,011 | 7,487 |
| 61 to 120 days | 919 | 11,648 |
| 121 to 180 days | 150 | 826 |
| Over 180 days | 4,254 | 8,678 |
| Total | 9,334 | 28,639 |

The average credit period on accounts payable is 30 days. The accounts payable are non-interest-bearing.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | 2025 RMB'000 | 2024 RMB'000 |
|-----------------------------|-------------------------------|-------------------------------|
| Bank borrowings repayable: | | |
| Within one year | 5,000 | 5,000 |
| Other borrowings repayable: | | |
| Within one year | 21,000 | 193,044 |
| In the second year | 208,644 | – |
| Subtotal | 229,644 | 193,044 |
| Total | 234,644 | 198,044 |
| Analysed into: | | |
| Current liabilities | 26,000 | 198,044 |
| Non-current liabilities | 208,644 | – |

The Group's bank borrowings are unsecured and interest-bearing at a fixed rate at 3.45% (2024: 3.6%) per annum.

The Group's other borrowings are unsecured and due to related companies, details of which are as follows:

- (i) The other borrowings from an entity indirectly controlled by the Company's ultimate beneficial owner with principal amounts of RMB60,000,000 (2024: RMB60,000,000) and RMB70,000,000 (2024: RMB70,000,000) are interest-bearing at fixed rates of 12.0% and 12.0%, respectively, per annum (2024: 12.0% and 12.0%, respectively, per annum), and a principal amount of RMB27,000,000 (2024: RMB27,000,000) is interest-free (2024: interest-free). The repayment date of the principal and interest amounts of the Group's other borrowings has been extended from 31 March 2025 to 31 March 2027.
- (ii) The other borrowings from NINEGO Corporation and FUNGHWAA Ltd. with an aggregate principal amount of RMB21,000,000 (2024: Nil) are interest-free and repayable at the first anniversary of the loan drawdown date.

14. SHARE CAPITAL

| | 2025 <i>RMB'000</i> | 2024 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Authorised: | | |
| 10,000,000,000 (2024: 10,000,000,000) ordinary shares of HK\$0.01 each | <u>87,661</u> | <u>87,661</u> |
| Issued and fully paid: | | |
| 4,776,019,590 (2024: 4,776,019,590) ordinary shares of HK\$0.01 each | <u>40,442</u> | <u>40,442</u> |

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 12 August 2025 to Friday, 15 August 2025 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company (the “AGM”). During which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 11 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2024, the global economic situations remained complex and volatile, with prominent regional disparities and a still-weak recovery. Factors such as escalating geopolitical conflicts, rising trade protectionism, and the spread of debt crises contributed to feeble growth momentum. Amidst this intricate external environment, China’s economy achieved its target growth rate thanks to the resilience of exports and supportive policies, but it still faced multiple challenges, including insufficient domestic demand and the pains of transforming old and new growth drivers.

Facing the uncertainties of the global economy and the surging tide of technological revolution, the Group has proactively responded to changes. The Group has always insisted on improving customer satisfaction and the healthy and sustainable development of its business, building digital service capabilities, and continuing to tap into the field of enterprise services, expanding new service scenarios. The Group has also endeavoured to embrace the cutting edge technologies such as AI with continuous efforts on innovation and application of technologies to provide customers with professional services. The Group aims to ensure the smooth operation of its business and the growth of its operating revenue.

The Group generated revenue of approximately RMB1,240.7 million for the financial year ended 31 March 2025, representing a decrease of approximately RMB0.2 million compared to the same period last year. In particular, revenue from back-office services was approximately RMB1,190.5 million, accounting for 96.0% of our total revenue. Insisting on innovation is the long-term strategy of the Group.

During the reporting period, we continued to strengthen and broaden our business relationships with leading clients in the fields of Internet, finance and securities, manufacturing, retail, logistics. Our top five clients remain fairly stable, including a large commercial bank. Meanwhile, in terms of new clients and new business development, we have acquired a number of clients and service projects in the areas of data annotation, auditing and commercialisation services through deepening our efforts in the enterprise service market.

The Group, which has always adhered to independent innovation and research and development, focuses on the innovation in artificial intelligence and big data technologies and their integration with and application in business scenarios, with positive results achieved. The developed business scenarios cover enterprise service business systems, digital operation and talent management, training and practice, as well as merchant and product efficiency management tools in the field of digital marketing. During the reporting period, by virtue of its quality professional services and leading innovation capability, the Group's companies obtained 2 new invention patents and a number of software copyrights which are closely related to the Group's business, with a cumulative total of 5 invention patents and 350 software copyrights. The Group's companies were awarded as the "Enterprise Making Outstanding Contributions to the Three-year Action for the All-round Revitalization and New Breakthrough of Liaoning Province", and once again obtained the "Second Prize for Enterprise Management Innovation Achievement" in Liaoning Province. In addition, a number of the Group's companies were awarded the "Young Eagle Enterprise", which signifies that the Group's continuous research and development of technologies based on scenarios and its service ability of assisting in the digital transformation of enterprises has entered into a brand-new stage.

Furthermore, the Company actively responded to the business changes brought about by new technologies such as artificial intelligence and made preparations for expansion and upgrading in advance in terms of personnel, equipment and working environment. During the reporting period, the Group built and reconstructed a number of self-operated contact service centres in places such as Dalian, Chengdu, Yibin, etc. The total number of completed workstations in the 52 self-operated contact service centres amounted to 19,013. The Group has developed a capability that serves a multi-dimensional network covering tier 1 to tier 4 cities and is able to fully satisfy the Company's business requirements in new service scenarios.

Financial Review

Results of the Group

The Group recorded a revenue of approximately RMB1,240.7 million for the Year (2024: approximately RMB1,240.9 million), representing a decrease of approximately RMB0.2 million compared to that of last financial year.

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

| | 2025 | 2024 |
|---|------------------|----------------|
| | RMB'000 | RMB'000 |
| <i>Revenue from contracts with customers</i> | | |
| Back-office services: | | |
| Provision of customer service solutions | 1,188,765 | 1,185,861 |
| Set up of contact service system and centres | 1,690 | 91 |
| Subtotal | 1,190,455 | 1,185,952 |
| Comprehensive marketing and agency services | 22,859 | 32,585 |
| Data centre services | 26,423 | 22,367 |
| Total revenue from contracts with customers | 1,239,737 | 1,240,904 |
| <i>Revenue from other sources</i> | | |
| Gross rental income from investment property operating leases | 917 | — |
| Total revenue | 1,240,654 | 1,240,904 |

During the Year, the Group incurred cost of services of approximately RMB1,199.9 million (2024: approximately RMB1,113.0 million) which primarily consisted of staff costs, subcontracting fees, rental expenses, depreciation and amortisation. The Group has proactively prepared for staff and equipment expansion, as well as workplace expansion and construction, carried out new business and skill training for staff, and orderly implemented staff rotation and equipment renewal to actively respond to the business transformation brought by new technologies such as artificial intelligence. The transition between old and new businesses had led to an increase in costs of business development during specific cycles, while revenue has failed to grow synchronously immediately, resulting in a decline in gross profit margin.

Net other income and gains for the Year was approximately RMB19.6 million (2024: approximately RMB74.5 million). Such decrease was mainly attributable to the gain of approximately RMB52.3 million on disposal of 51% equity interest in Chengdu ThinkMore Technology Co., Ltd. in the previous financial year.

Based on the assessment by the Company's management of the latest available information and the overall economic environment, the Group recognised a non-cash impairment loss on goodwill of the cash-generating unit ("CGU") of KingNine Group of approximately RMB56.7 million (2024: approximately RMB224.8 million). The impairment loss on goodwill is a non-cash item and does not have an impact on the Group's cash flows. Accordingly, the Group's goodwill has become fully impaired as at 31 March 2025.

During the Year, the Group recorded net impairment losses on financial assets of approximately RMB23.3 million (2024: approximately RMB19.0 million) for the provision of expected credit loss on accounts and other receivables.

The Group incurred marketing, research and development expenses of approximately RMB67.9 million (2024: approximately RMB52.0 million) in aggregate during the Year. Administrative expenses for the Year was approximately RMB95.8 million (2024: approximately RMB79.6 million). To address the application and management needs of new business scenarios, the Group has increased its investment in research and development related to new businesses and adopted more refined project management, leading to an increase in research and development expenses and administrative expenses.

During the Year, the Group incurred finance costs of approximately RMB19.5 million (2024: approximately RMB24.3 million) which mainly consisted of interests of bank and other borrowings and lease liabilities.

The Group's income tax credit for the Year was approximately RMB3.7 million (2024: income tax expense of approximately RMB5.0 million) which mainly consisted of provision of PRC Enterprise Income Tax of approximately RMB4.3 million (2024: approximately RMB8.3 million), and an underprovision in prior period of approximately RMB3.4 million (2024: overprovision of approximately RMB0.5 million) and deferred tax credit of approximately RMB11.3 million (2024: RMB2.8 million).

Loss attributable to owners of the Company for the Year was approximately RMB207.7 million, whereas the Group recorded a loss attributable to owners of the Company of approximately RMB197.4 million for the last financial year.

Basic losses per share for the Year was approximately RMB4.35 cents (2024: basic losses per share of approximately RMB4.13 cents), while diluted losses per share for the Year was the same as basic losses per share of approximately RMB4.35 cents (2024: diluted losses per share of approximately RMB4.13 cents).

The total assets of the Group as at 31 March 2025 decreased by approximately RMB249.2 million to approximately RMB1,029.1 million as compared with that of approximately RMB1,278.3 million as at 31 March 2024. The total liabilities of the Group as at 31 March 2025 decreased by approximately RMB46.2 million to approximately RMB411.4 million as compared with that of approximately RMB457.6 million as at 31 March 2024. Net assets as at 31 March 2025 was approximately RMB617.6 million (31 March 2024: approximately RMB820.7 million).

Capital Structure, liquidity and financial resources

The Board monitors the Group's capital structure by reviewing its cash flow requirements and considering its future financial obligations and commitments.

The Group's operation and investments were financed by internal resources, interest-bearing bank and other borrowings during the Year.

As at 31 March 2025, aggregate of cash and bank balances, restricted cash and pledged bank deposits of the Group amounted to approximately RMB110.9 million (2024: approximately RMB86.4 million), which were mainly denominated in Hong Kong dollar and Renminbi (“RMB”).

As at 31 March 2025, the Group had interest-bearing bank and other borrowings of approximately RMB234.6 million (2024: approximately RMB198.0 million), which were mainly denominated in RMB. The interest-bearing bank and other borrowings amounted to approximately RMB26.0 million (2024: approximately RMB198.0 million) are repayable within one year with the rest are repayable more than one year.

As at 31 March 2025, the Group had a current ratio of 4.8 and a gearing ratio of 38.0% (2024: 2.2 and 24.1%, respectively). The gearing ratio is computed by dividing the Group’s interest-bearing bank and other borrowings of approximately RMB234.6 million (2024: approximately RMB198.0 million) by the Group’s equity of approximately RMB617.6 million (2024: approximately RMB820.7 million).

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.

Commitments

The Group and the Company did not have any significant commitment as at 31 March 2025 and 2024.

Charge on the Group’s assets

As at 31 March 2025, there were no interest-bearing bank and other borrowings of the Group secured by any assets.

Employees and remuneration policies

As of 31 March 2025, the Group had 14,377 employees including Directors (2024: 13,446 employees). Total staff cost (including Directors’ emoluments) for the Year amounted to approximately RMB852.8 million. Employees’ remuneration packages are decided based on their job responsibilities, local market benchmarks and industry trends. Employee discretionary bonus is distributable according to the performance of the respective subsidiaries and employees concerned.

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

Contingent liabilities

As at 31 March 2025, the Group had no material contingent liabilities (2024: Nil).

Future plans for material investments or capital assets

The Group will focus on premium corporate clients in the Internet and finance sectors to diversify its categories of services and strengthen our customers' stickiness, which in turn help the Group to generate economies of scale and gain more market share.

The Group will look into our business development and consider acquiring or investing in relevant assets which form synergistic effects with our principal business as and when appropriate. Through the acquisition and investment, the Group can expand its services categories and premium customer base and strengthen our capability in research and development, which in turn identify and meet demands from customers in a view to raise our core competitiveness and profitability.

Material acquisitions and disposals of subsidiaries and affiliated companies

The Group had no material acquisitions or disposal of subsidiaries and affiliated companies during the Year.

Outlook

In an overview of the domestic and global situation, as the complexity, severity and uncertainty of the international situation are increasing, the further recovery of the domestic economy is subject to the difficulties and challenges such as insufficient effective demand, overcapacity in some industries, weak social expectations, and still more risks and potential dangers. The great wheel of the times never stops due to wind and waves. In the complex environment where global industrial chain restructuring and market fluctuations coexist, the tide of artificial intelligence and data elements is

surging forward at an unprecedented speed. They are reshaping industrial logic and bringing brand-new vitality. Cross-industry or intra-industry integration is an irreversible trend of industrial change in the era of the new technological revolution and digital economy, and is also the inevitable path of modern industrial development and evolution.

As the Group's major clients are players from various service industries such as finance and securities, operators and Internet, they are expected to recover rapidly with the continued economic recovery and the gradual rise of new endogenous momentum. However, we will still face some difficulties and challenges such as insufficient effective demand and increasingly complicated, severe and uncertain external environment. At the same time, we also see that AI technology is undergoing rapid and profound evolution. Digital technologies are innovating consumption scenarios, stimulating consumption vitality, and profoundly transforming consumer behavior, bringing about innovative business formats and models. Coupled with the release of accumulated consumption demand and the active development of new business forms in the service industry, this has also created growing development space for the enterprise service industry in which the company operates within this smart digital space. We will pay close attention to the impact of macro policies and emerging technologies on our clients' businesses, and maintain close communication with clients. We will take diversified measures to make active responses. Meanwhile, we will actively explore and seek new business opportunities in the financial industry and the Internet industry, actively grasp the good opportunities for business development. In addition, we will effectively expand its business presence in China and enhance technology empowerment, through which drive business innovation and improve profitability, to realise healthy growth, thereby enhancing shareholder value.

The Group keeps working hard and opening up new territories in the back-office services 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, and the Group has orderly commenced the implementation of new businesses in digital service fields such as data annotation and review. The Group will continuously promote its participation in project tendering, implementation and construction of self-operated contact centres to provide personnel, sites and other special supports for new orders to achieve revenue and profit contribution.

In terms of Internet marketing, the Group will continue to expand in the field of digital marketing services and fully integrate with its existing Internet marketing and promotion capabilities and experience. In exploring the integration of quality and effectiveness, the Group will actively promote the integration and linkage of marketing and back-office services. It will establish presence in the field of local lifestyle and digital marketing businesses while always striving to achieve the integration of quality and effectiveness. Furthermore, the Group has acquired several service clients in this business segment. The Company is working on deeper integration of its established digital marketing service capabilities with the new consumption scenarios, creating a healthier ecology and enhancing its service capabilities to ensure that the Group will have more confidence and strength in weathering economic cycles and dealing with external impacts.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

The Company has applied the principles of good corporate governance set out in the Corporate Governance Code contained in Appendix C1 to the GEM Listing Rules (the "CG Code") throughout the Year.

The Board regularly monitors and reviews the Group's progress in respect of corporate governance practices to ensure compliance with the code provisions (the "Code Provisions") set out in the CG Code.

The Company has complied with all the Code Provisions throughout the Year.

REVIEW OF RESULTS

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the Year.

The figures in respect of the Group's audited consolidated financial statement and the related notes thereto for the year ended 31 March 2025 as set out in this announcement have been agreed to the corresponding amounts set out in the Group's consolidated financial statements for the year ended 31 March 2025, which have been audited by Ernst & Young.

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, 26 June 2025

As at the date of this announcement, the executive Directors are Mr. QIU Xiaojian (Chairman), Mr. LI Xiang, Mr. HU Shilong, Ms. ZHOU Fang, Ms. LIU Xiaochen, Mr. XU Gang and Mr. WANG Rui; and the independent non-executive Directors are Mr. ZENG Liang, Mr. WANG Li, Mr. YANG Hongjun and Ms. LI Guiying.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.kwtech-group.com.