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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 51% EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

The Board is pleased to announce that on 27 February 2024 (after trading hours of the Stock Exchange), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Interest, representing a 51% equity interest in the Target Company, at a consideration of RMB30,600,000.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 19.06 of the GEM Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

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THE AGREEMENT

The principal terms of the Agreement are set out below:

- Date** 27 February 2024
- Parties** (i) The Vendor; and
(ii) The Purchaser.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s).

Subject matter

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest, representing a 51% equity interest in the Target Company, subject to the terms and conditions therein.

Consideration and payment terms

The Consideration shall be payable by the Purchaser to the Seller in cash in the following manner:

- (a) the Purchaser shall pay 50% of the consideration, i.e. RMB15,300,000, within 30 business days from the effective date of the Agreement; and
- (b) the Purchaser shall pay the remaining consideration, i.e. RMB15,300,000, within one year from the effective date of the Agreement.

The Consideration in the amount of RMB30,600,000 was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to estimated unaudited consolidated net assets value of approximately RMB8,974,000 of the Target Group on Completion.

Completion

The Purchaser and the Target Company shall handle the equity change registration procedures in relation to the Disposal (the "**Equity Change Registration Procedures**") with the market regulation and administration authorities within 10 business days from the effective date of the Agreement, with which the Vendor shall cooperate. The date of completion of the Equity Change Registration Procedures will be the Closing Date.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board is of the view that the Disposal will, on the one hand, provide supplemental liquidity to fund the development of the Company's core business and, on the other hand, alleviate the pressure on its subsequent investment in non-core business engaged by the Target Group.

Based on the above reasons and having considered all relevant factors, the Board (including the independent non-executive Directors) is of the view that the Agreement is on normal commercial terms, fair and reasonable and that the Disposal is in the interests of Company and its Shareholders.

INFORMATION ABOUT THE PARTIES

The Group

The principal activity of the Company is investment holding. The Group is principally engaged in investment holding, 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.

The Purchaser

The Purchaser is a limited partnership established in the PRC, which is principally engaged in investment activities with its own funds. Details of the partners of the Purchaser and their respective interests in the Purchaser as at the date of this announcement are set out below:

	Name	Role in the Purchaser	Percentage of Purchaser's interest
1.	Jiang Nan (姜楠)	General partner and managing partner	99%
2.	Pei Ruiguo (裴瑞國)	Limited partner	<u>1%</u>
	Total		<u><u>100%</u></u>

The Purchaser and its ultimate beneficial owners are Independent Third Parties.

The Target Group

The Target Company is a company incorporated in the PRC with limited liability and is directly and wholly-owned by the Vendor. As at the date of this announcement, the Target Company held the entire equity interest in Changsha Rongzhi Interactive Technology Company Limited (長沙融智互動科技有限公司) and 70% equity interest in Chengdu Rongzhi Yunzhou Brand Management Company Limited (成都融智雲舟品牌管理有限公司). The Target Group is engaged in comprehensive marketing and agency services.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the unaudited financial information of the Target Group for the financial years ended 31 March 2022 and 31 March 2023 and the unaudited financial information for the ten months ended 31 January 2024 prepared in accordance with Hong Kong Financial Reporting Standards, respectively:

	Financial year ended 31 March 2022 RMB'000 (Unaudited)	Financial year ended 31 March 2023 RMB'000 (Unaudited)	Ten months ended 31 January 2024 RMB'000 (Unaudited)
Revenue	18,669	23,308	36,978
Net (loss)/profit before taxation	861	4,052	(7,976)
Net (loss)/profit after taxation	1,012	3,915	(7,940)

Based on the unaudited consolidated management accounts of the Target Group, the unaudited consolidated net assets of the Target Group was approximately RMB8,974,000 as at 31 January 2024.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Group's equity interest in the Target Company will be reduced from 100% to 49%. The Target Group is an indirect wholly-owned subsidiary of the Company and will instead become an associate of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated with the financial statements of the Group, and the Group will share the financial results of the associate.

The Board intends to use the net proceeds from the Disposal as general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“PRC”	The People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region
“Company”	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), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM of the Stock Exchange (Stock Code: 08295)
“Consideration”	the consideration for the Sale Interest, being RMB30,600,000
“Group”	the Company and its subsidiaries
“Disposal”	the disposal of the Sale Interest by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“Target Company”	Chengdu ThinkMore Technology Co., Ltd. (成都融智互動科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Vendor

“Target Group”	the Target Company and its subsidiaries
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Shareholder(s)”	holders of common shares of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Purchaser”	Hainan Zhicheng Investment Partnership (Limited Partnership), a limited partnership incorporated in the PRC
“Agreement”	the equity transfer agreement dated 27 February 2024 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Interest
“Director(s)”	directors of the Company
“Board”	the board of directors
“Vendor”	Kingwisoft Technology Co., Ltd., a company incorporated in the PRC with limited liability, which is regarded as a wholly-owned subsidiary of the Company
“Sale Interest”	a 51% equity interest in the Target Company held by the Vendor
“Independent Third Party(ies)”	any individual or company not being the connected persons (as defined under the GEM Listing Rules) of the Company, independent of the Company and its connected persons (as defined under the GEM Listing Rules) and not connected with them
“Business day(s)”	any day other than Saturday, Sunday and statutory holidays of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent

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

Hong Kong, 27 February 2024

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. 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 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 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.