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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)

(1) ANNOUNCEMENT

**PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE,
RULE 17.10 OF THE GEM LISTING RULES AND
THE INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF
THE SECURITIES AND FUTURES ORDINANCE;**

AND

(2) RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

THE MOU

The Board was informed by the Vendor that, on 6 March 2023, the Vendor entered into a MOU with the Potential Purchaser. The MOU sets out certain preliminary terms in relation to the Possible Transaction regarding the possible sale of the Sale Shares held by the Vendor to the Potential Purchaser, which if materialised, may lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued Shares (other than those already owned by or agreed to be acquired by the Potential Purchaser or parties acting in concert with it).

The Vendor is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Vendor holds 2,409,823,718 Shares, representing approximately 50.46% of the total number of issued Shares of the Company. Furthermore, as at the date of this announcement, each of the Vendor and Kang Bang Qi Hui (HK) Company Limited (“**Kang Bang (HK)**”), a company holding 455,820,525 Shares (representing approximately 9.54% of the total number of issued Shares of the Company),

is a wholly-owned subsidiary of Tian Xi Capital Company Limited (“**Tian Xi Capital**”), which is in turn wholly-owned by Zhong Zhi Ze Yun Capital Company Limited (“**Ze Yun Capital**”). Ze Yun Capital is a company wholly-owned by Mr. XIE Zhikun (“**Mr. Xie**”). 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 (representing approximately 60% of the total number of issued Shares of the Company) held by the Vendor and Kang Bang (HK) by virtue of the SFO. Mr. Xie passed away on 18 December 2021.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Potential Purchaser and its ultimate beneficial owner are third parties independent of, and not connected with the Company and its connected persons. The Vendor and the Potential Purchaser will enter into further negotiations in relation to the Possible Transaction with a view to enter into the Formal Agreement.

The principal terms of the MOU are as follows:

Exclusivity Period

Pursuant to the terms of the MOU, the Potential Purchaser has been granted an exclusive right to discuss, negotiate and finalise the Formal Agreement from the signing date of the MOU to the date on which the Formal Agreement is signed, or the date on which the MOU is terminated (the “**Exclusivity Period**”). During the Exclusivity Period, the Vendor shall terminate any on-going proposals, offers or negotiations with any third party relating to the Possible Transaction (“**Negotiations**”) (if any), and shall not (and shall procure each of its members not, through any affiliated company, senior management, director, agent or advisor) start or carry out, directly or indirectly, any Negotiations with any third party, and shall not provide any information about the Company (including the Group) and the Sale Shares to any third party for the purpose of Negotiations.

Due Diligence

The Potential Purchaser shall carry out and complete the Due Diligence during the period as agreed in the Formal Agreement. Subject to any applicable laws and regulations, the GEM Listing Rules or guidance, restrictions and prohibitions of the Stock Exchange, the SFC or any regulatory institutions, in order for the Potential Purchaser to conduct the Due Diligence, the Vendor shall provide, and shall procure the Company and the Group to provide, and/or permit the Potential Purchaser and its advisors to obtain, all relevant information and documents required by the Potential Purchaser for the sole purpose of making an informed decision relating to the Possible Transaction.

Formal Agreement

The Possible Transaction is subject to negotiation and execution of a Formal Agreement between the Vendor and the Potential Purchaser.

Binding Effect

Save for the terms relating to legal effect, negotiation of the Possible Transaction, due diligence, the Exclusivity Period, confidentiality, expenses, governing law and jurisdiction, and counterparts, the Vendor and the Potential Purchaser agreed that all other terms in the MOU shall have no binding effect.

POSSIBLE GENERAL OFFER FOR THE SHARES AND TAKEOVERS CODE IMPLICATIONS

Subject to the Formal Agreement being entered into and the satisfaction or waiver (as the case may be) of such conditions precedent to completion as may be specified therein, it is contemplated that upon completion of the Possible Transaction, the Potential Purchaser and parties acting in concert with it will hold 40% of the issued share capital of the Company. In accordance with the requirement of the Takeovers Code, if the Possible Transaction materialises, an obligation on the part of the Potential Purchaser and parties acting in concert with it will be triggered for them to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Potential Purchaser and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. As at the date of this announcement, no Formal Agreement has been entered into in respect of the Possible Transaction, the negotiations are still in progress and the Possible Transaction may or may not proceed.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, the Board will keep the market informed in compliance with the GEM Listing Rules and the Takeovers Code (if applicable) and in particular by way of announcement on a monthly basis until the publication of an announcement of (i) a firm intention to make an offer under Rule 3.5 of the Takeovers Code; or (ii) a decision not to proceed with an offer is made.

SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has 4,776,019,590 Shares in issue and does not have any other outstanding convertible securities, options and warrants. Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

DEALING DISCLOSURES

For the purpose of the Takeovers Code, the offer period commences on the date of this announcement, being 8 March 2023. In accordance with Rule 3.8 of the Takeovers Code, respective associates (as defined under the Takeovers Code which includes, among others, any person who owns or controls 5% or more of any class of relevant securities (as defined

in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Potential Purchaser) of the Company and the Potential Purchaser are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in relation to the responsibilities of stockbrokers, banks and other intermediaries:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNINGS: There is no assurance that the Possible Transaction will materialise or eventually be consummated and the relevant discussions may or may not lead to a general offer under Rule 26.1 of the Takeovers Code. The Possible Transaction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

RESUMPTION OF TRADING

At the request of the Company, trading of Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 7 March 2023. The Company has applied to the Stock Exchange for the resumption of trading in Shares with effect from 9:00 a.m. on 8 March 2023.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“Board”	the board of Directors of the Company
“Company”	Kingwisoft Technology Group Company Limited (金慧科技集團股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange (stock code: 08295)
“connected person(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“Due Diligence”	the due diligence to be conducted by the Potential Purchaser on the assets, liabilities, business, financial, legal and other affairs of the Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“Formal Agreement”	a formal agreement for the sale and purchase of the Sale Shares to be entered into by the Potential Purchaser and the Vendor with respect to the Possible Transaction
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“MOU”	the memorandum of understanding entered into on 6 March 2023 between the Vendor and the Potential Purchaser in relation to the Possible Transaction

“Possible Transaction”	the possible sale and purchase of the Sale Shares
“Potential Purchaser”	a potential purchaser in relation to the Possible Transaction, being an independent third party not connected to the Company and its connected person
“Sale Shares”	1,910,407,836 Shares held by the Vendor, representing 40% of the total number of issued Shares as at the date of this announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Vendor”	ZHONG ZHI XIN ZHUO CAPITAL COMPANY LIMITED, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

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, 8 March 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in 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.