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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 UPDATE ON NON-FULFILLMENT OF PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED CAPITAL OF KINGNINE HOLDINGS LIMITED

This announcement is made by Kingwisoft Technology Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 17.10 and 19.36B(2) of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “**SFO**”).

References are made to the announcements of the Company: (i) dated 10 September 2020 (the “**Announcement**”) and the circular of the Company dated 18 September 2020 (the “**Circular**”) in relation to the entering into of the share purchase deed (the “**Share Purchase Deed**”) for the acquisition of the entire issued capital of KingNine Holdings Limited (the “**Target Company**”); and (ii) dated 16 April 2023 in relation to the anticipated Compensation to be paid by the Founders to the Company pursuant to the Share Purchase Deed (the “**Non-fulfillment Announcement**”). Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, the Circular and the Non-fulfillment Announcement.

Based on the audited consolidated financial statements of the Target Company for the financial year ended 31 March 2023, the audited consolidated net profit attributable to the equity holders of the Target Company in accordance with HKFRS for the financial year ended 31 March 2023 amounted to approximately RMB94.8 million, which is 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 formula and settlement/adjustment arrangement as set out in the Share Purchase Deed, the total amount of Compensation to be paid by the Founders to the Company in respect of the Guarantee

Period commencing on 1 April 2022 and ending on 31 March 2023 is approximately RMB41.5 million (the “**Compensation Payable**”), which shall be set off in full against the total sum of the Tranche IV Cash Consideration to be paid by the Company to the Founders SPV (or persons designated by the Founders SPV) pursuant to the Share Purchase Deed. After the aforementioned set-off of the Compensation Payable against the Tranche IV Cash Consideration, the remaining amount of the Tranche IV Cash Consideration to be paid in cash by the Company to the Founders SPV (or persons designated by the Founders SPV) on 31 July 2023 under the Share Purchase Deed shall be approximately RMB23.1 million. The Board is of the view that the Founders have fulfilled their obligations under the Share Purchase Deed by way of the abovementioned set-off.

The Shareholders and potential investors of the Company should exercise caution when dealing in the securities 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, 26 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.