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ZZ TECHNOLOGY GROUP COMPANY LIMITED

中植科技集團股份有限公司

*(formerly known as Zhongjin Technology Services Group Company Limited 中金科技服務集團股份有限公司)
(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 08295)

SUBSCRIPTIONS OF NEW SHARES UNDER GENERAL MANDATE

On 15 July 2022 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 587,500,000 Subscription Shares at a price of HK\$0.4 per Subscription Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date, the Subscription Shares represent approximately 14.03% of the existing issued share capital of the Company as at the date of this announcement and approximately 12.30% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, subject to closing of the Subscriptions. The Subscription Shares have an aggregate nominal value of HK\$5,875,000.

The Subscription Shares will be issued and allotted pursuant to the General Mandate.

The gross proceeds raised from the Subscriptions will be HK\$235 million, and the estimated net proceeds, after deduction of all relevant expenses, will be approximately HK\$215 million.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

As completion of the Subscriptions is subject to the fulfilment of the Conditions Precedent set out in the Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTIONS

On 15 July 2022 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 587,500,000 Subscription Shares at a price of HK\$0.40 per Subscription Share.

THE SUBSCRIPTION AGREEMENTS

The Subscription Agreement A

Date: 15 July 2022 (after trading hours)

Parties: (1) The Company, as issuer; and
(2) The Subscriber A, as subscriber.

Number of Subscription Shares: 437,500,000 Subscription Shares

Pursuant to the terms of the Subscription Agreement A, the Subscriber A will subscribe for 437,500,000 Subscription Shares at the Subscription Price.

The Subscription Agreement B

Date: 15 July 2022 (after trading hours)

Parties: (1) The Company, as issuer; and
(2) The Subscriber B, as subscriber.

Number of Subscription Shares: 150,000,000 Subscription Shares

Pursuant to the terms of the Subscription Agreement B, the Subscriber B will subscribe for 150,000,000 Subscription Shares at the Subscription Price.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscribers and their ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, each Subscriber does not have any shareholding in the Company. Each of the Subscriber A and its ultimate beneficial owner on the one part and the Subscriber B and its ultimate beneficial owner on the other part is independent of and not connected with and is not party acting in concert with each other.

Subscription Shares

The Subscribers will subscribe in aggregate 587,500,000 Subscription Shares, representing approximately 14.03% of the existing issued share capital of the Company as at the date of this announcement and approximately 12.30% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, subject to closing of the Subscriptions.

The Subscription Shares have an aggregate nominal value of HK\$5,875,000 and the market value of the Subscription Shares is approximately HK\$161,562,500 based on the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements.

Subscription Price

The Subscription Price of HK\$0.4 per Subscription Share represents:

- (1) a premium of approximately 48.15% of the closing price of HK\$0.27 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 July 2022, being the date of the Subscription Agreements; and
- (2) a premium of approximately 45.45% to the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on 15 July 2022, being the date of the Subscription Agreements.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers with reference to the recent trading performance of the Shares, the business prospects and financial position of the Group and the current market conditions.

Conditions precedent to the Subscriptions

Closing of the Subscriptions shall be conditional upon the satisfaction (or waiver by the Company) of each of the following conditions on or before the Long Stop Date:

- (1) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares, and such listing approval not subsequently revoked prior to Closing;
- (2) the warranties given by the Company remaining true, correct, accurate, complete and not misleading as of the date of each of the Subscription Agreements up to the Closing Date; and
- (3) the warranties given by each of the Subscribers remaining true, correct, accurate, complete and not misleading as of the date of each of the Subscription Agreements up to the Closing Date.

If the Conditions Precedent are not fulfilled (or, where applicable, waived in accordance with each of the Subscription Agreements) on or before the Long Stop Date, each of the Subscriptions shall terminate and none of the parties to each of the Subscription Agreements shall have any claim against each other.

Closing of the Subscriptions

Closing of the Subscriptions will take place on the fifth business day immediately after the date upon which the last of the Conditions Precedent of each of the Subscription Agreements has been fulfilled (or otherwise waived in accordance with each of the Subscription Agreements, where applicable), or such other date as may be agreed by the Company and each of the Subscribers in writing).

Ranking of the Subscription Shares

The Subscription Shares, when issued, shall rank *pari passu* in all respects with all other existing Shares outstanding on the Closing Date.

Lock-up undertaking

Pursuant to the Subscription Agreements, each of the Subscribers unconditionally and irrevocably undertakes, among other things, that during the period commencing on the Closing Date to the first anniversary after such date (both dates inclusive) (the “**First Lock-up Period**”), save with the prior written consent of the Company, it shall not sell, transfer, dispose, contract to dispose, charge, create any encumbrance over any of the Subscription Shares. For each year after the First Lock-up Period until the fourth anniversary of the Closing Date, it shall not sell, transfer, dispose, contract to dispose, charge, create any encumbrance over any of more than 25% of the Subscription Shares on a cumulative basis.

Issuance pursuant to General Mandate

The Subscription Share will be allotted and issued pursuant to the General Mandate. The Directors were authorised to allot, issue or otherwise deal with up to 837,703,918 new Shares under the General Mandate, representing 20% of the issued share capital of the Company as at the date of the AGM. As at the date of this announcement, apart from the Subscription Shares, no new Share has been issued or agreed to be issued under the General Mandate. As such, the issue of the Subscription Shares is not subject to the approval by the Shareholders.

Application for listing

An application will be made to the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the Subscription Shares.

INFORMATION OF THE SUBSCRIBERS

The Subscriber A is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is ultimately owned by Mr. Lyu Wenyang. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, both the Subscriber A and its ultimate beneficial owner are Independent Third Parties.

The Subscriber B is a company incorporated in Hong Kong with limited liability and is principally engaged in trading and investment business. The trading business mainly involves bulk commodity entrepot trade of metal products, whereas the investment business includes equity investment and debt investment. It is ultimately owned by Mr. Wang Peng. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, both the Subscriber B and its ultimate beneficial owner are Independent Third Parties.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 4,188,519,590 Shares in issue. The table below summaries the shareholding structure of the Company (1) as at the date of this announcement and (2) immediately upon Closing, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the date of this announcement and the date of Closing:

Name of Shareholders	Shareholding as at the date of this announcement		Shareholding immediately upon Closing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Zhong Zhi Xin Zhuo Capital Company Limited (“ Zhongzhi Xinzhuo ”) (Note 1)	2,409,823,718	57.53%	2,409,823,718	50.46%
Kang Bang Qi Hui (HK) Company Limited (“ Kang Bang (HK) ”) (Note 1)	455,820,525	10.88%	455,820,525	9.54%
NINEGO Corporation (Note 2)	274,190,219	6.55%	274,190,219	5.74%
Subscriber A	—	—	437,500,000	9.16%
Subscriber B	—	—	150,000,000	3.14%
Other public Shareholders	<u>1,048,685,128</u>	<u>25.04%</u>	<u>1,048,685,128</u>	<u>21.96%</u>
Total	<u><u>4,188,519,590</u></u>	<u><u>100%</u></u>	<u><u>4,776,019,590</u></u>	<u><u>100%</u></u>

Notes:

- Each of Zhongzhi Xinzhuo and Kang Bang (HK) is a wholly-owned subsidiary of Tian Xi Capital Company Limited (“**Tian Xi Capital**”). Zhong Zhi Ze Yun Capital Company Limited (“**Ze Yun Capital**”), a company wholly-owned by Mr. Xie Zhikun (“**Mr. Xie**”), controls 100% of the voting power at general meetings of Tian Xi Capital. 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 held by Zhongzhi Xinzhuo and Kang Bang (HK) by virtue of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (“**SFO**”). Mr. Xie passed away on 18 December 2021.
- NINEGO Corporation is held by Mr. Hu Shilong as to 40.60% and Ms. Liu Yingying as to 59.40%.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Directors are of the view that the Subscriptions are in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate mean of raising additional capital for the business operations of the Group and to further strengthen the Group's financial position since it will provide the Company with immediate funding and the shareholders' base of the Company will be broadened. The Directors (including but independent non-executive Directors) consider that the terms and conditions of the Subscription Agreements (including the Subscription Price) were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds raised from the Subscriptions will be HK\$235 million, and the net proceeds, after deduction of all relevant expenses, will be approximately HK\$215 million. The Company intends to apply the net proceeds from the Subscriptions towards existing business development, business expansion and acquisition(s) regarding new media business of providing live-streaming e-commerce and digital marketing services, and general working capital of the Group.

As closing of the Subscriptions is subject to the fulfilment of the Conditions Precedent set out in the Subscription Agreements, the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 11 August 2021;
“Board”	the board of Directors;
“Closing”	closing of the Subscriptions under the Subscription Agreements;
“Closing Date”	the fifth business day immediately after the date upon which the last of the Conditions Precedent has been satisfied;

“Company”	ZZ Technology Group Company Limited 中植科技集團股份有限公司 (formerly known as Zhongjin Technology Services Group Company Limited 中金科技服務集團股份有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM. The Company is in the progress of changing its name to Kingwisoft Technology Group Company Limited (金慧科技集團股份有限公司). The Company will make further announcement concerning the effective date of the Company and the new stock short names in due course;
“Conditions Precedent”	conditions precedent to the Completion;
“connected person”	the meaning ascribed thereto in the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“GEM”	GEM of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“General Mandate”	the general mandate to issue and deal with Shares granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the AGM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	party(ies) who are third parties independent of the Company and not connected persons (as defined in the GEM Listing Rules) of the Company;
“Long Stop Date”	31 March 2023 or such later date as may be agreed between the Company and each of the Subscribers in writing
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the capital of the Company;

“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber A”	Gfly Ltd., a company incorporated in the British Virgin Islands with limited liability;
“Subscriber B”	Glink Resources Limited, a company incorporated in Hong Kong with limited liability;
“Subscribers”	the Subscriber A and the Subscriber B;
“Subscriptions”	the subscriptions for the Subscription Shares by the Subscribers pursuant to the Subscription Agreements;
“Subscription Agreement A”	the agreement dated 15 July 2022 entered into between the Company and the Subscriber A;
“Subscription Agreement B”	the agreement dated 15 July 2022 entered into between the Company and the Subscriber B;
“Subscription Agreements”	Subscription Agreement A and Subscription Agreement B;
“Subscription Price”	the subscription price of HK\$0.4 per Subscription Share;
“Subscription Shares”	an aggregate of 587,500,000 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements; and
“%”	per cent.

By Order of the Board
ZZ Technology Group Company Limited
 中植科技集團股份有限公司
NIU Zhanbin
Chairman

Hong Kong, 15 July 2022

As at the date of this announcement, the executive Directors are Mr. NIU Zhanbin (Chairman), Mr. LIU Yang (Chief Executive Officer) and Mr. WU Hui (Chief Operating Officer); and the independent non-executive Directors are Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong and Mr. ZENG Liang.

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.zztech-group.com.