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China Wacan Group Company Limited
中國網成集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

**PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

Placing Agent



THE PLACING AGREEMENT

On 3 June 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 62,400,000 Placing Shares to not less than six independent Placees at the Placing Price of HK\$0.241 per Placing Share.

Placing Shares

Assuming the Placing is completed in full, the maximum number of 62,400,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company of 312,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares).

The Placing Shares will be allotted and issued pursuant to the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$0.241 per Placing Share represents (a) a discount of approximately 15.44% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 19.93% to the average closing price of approximately HK\$0.301 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

Use of proceeds from the Placing

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$15,038,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$14,100,000 which will be used for working capital and future business opportunities.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

After the trading hours on 3 June 2025, the Company entered into the Placing Agreement with the Placing Agent for the placing of a maximum of 62,400,000 Placing Shares at the Placing Price of HK\$0.241 per Placing Share on a best effort basis and the terms and subject to the condition set out in the Placing Agreement. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

3 June 2025

Issuer

The Company

Placing Agent

Astrum Capital Management Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

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

Placees

The Placing Shares are expected to be placed to not less than six (6) independent Placees, who and whose ultimate beneficial owners, the Company and the Placing Agent reasonably believe after making reasonable enquiries, to be individual, corporate, institutional or other investors who are (i) not connected persons of the Company; and (ii) independent of the Company and its connected persons, and not acting in concert (as defined under the Takeovers Code) with any of them. It is not expected that any of the Placees will become a Substantial Shareholder after completion of the Placing. If any of the Placees will become a Substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

As at the date of this announcement, the Company has 312,000,000 Shares in issue. Assuming there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares, the maximum number of 62,400,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$6,240,000.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.241 per Placing Share represents:

- (a) a discount of approximately 15.44% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 19.93% to the average closing price of approximately HK\$0.301 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the market condition and the prevailing market price of the Shares.

Placing Commission

The Placing Agent will receive a placing commission of 5% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares which are successfully placed by the Placing Agent in accordance with the Placing Agreement. The commission rate was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other things, the prevailing commission rate charged by other placing agents, existing financial position of the Group and the price performance of the Shares.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Condition under the Placing Agreement

Completion of the Placing is conditional upon the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Placing Shares. If the above condition is not satisfied on or before the Long Stop Date, the Placing will lapse and all rights, obligations and liabilities of the Placing Agent and the Company in relation to the Placing shall cease and determine and neither party shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination. The condition to the Placing could not be waived by any party to the Placing Agreement.

Completion of the Placing

Subject to the fulfillment of the condition set out in the Placing Agreement, completion of the Placing shall take place on the Completion Date.

Rescission of the Placing Agreement

If any of the following events occur at any time prior to 10:00 a.m. on the Completion Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Completion Date provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Completion Date, rescind the Placing Agreement without liability to the other party and the Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate granted to the Directors to allot, issue and deal with Shares by ordinary resolutions of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company of 312,000,000 Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 62,400,000 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING OF PLACING SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) the provision of wet trades works and other wet trades related ancillary works in Hong Kong; and (ii) the provision of construction information technology services, and intends to commence a new beauty business by providing high quality beauty services, nutritional healthcare products and health services.

As at 31 December 2024, the Group had total bank balances of approximately HK\$10.5 million and total borrowings of the Group, consisting of bank overdrafts and bank borrowings were approximately HK\$5.3 million. Taking into account the current financial position of the Group and potential business opportunities including tenders for new projects, the Board considers that the Placing represents a good opportunity for the Company to provide immediate funding to strengthen the Company's financial position and replenish the Company's cash reserves for business opportunities. The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent nonexecutive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$15,038,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$14,100,000. On such basis, the net issue price will be approximately HK\$0.226 per Placing Share. The Company intends to apply all the net proceeds from the Placing for working capital and future business opportunities.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming all the Placing Shares are placed in full and there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares).

Substantial Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of shares</i>	<i>Approximate % Note 2</i>	<i>Number of shares</i>	<i>Approximate % Note 2</i>
China Alliance Venture Limited ("China Alliance") <i>Note 1</i>	199,091,000	63.81	199,091,000	53.17
Public Shareholders				
Placees	–	–	62,400,000	16.67
Other public shareholders	<u>112,909,000</u>	<u>36.19</u>	<u>112,909,000</u>	<u>30.16</u>
Total	<u>312,000,000</u>	<u>100.00</u>	<u>374,400,000</u>	<u>100.00</u>

Note:

- China Alliance is beneficially wholly-owned by Mr. Zhou Zhenlin, the chairman of the Board and an executive Director. Mr. Zhou Zhenlin is deemed to be interested in all the Shares held by China Alliance.
- The above percentage figures are subject to rounding adjustments.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 28 June 2024 at which, among other things, the General Mandate was granted by the Shareholders to the Directors
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Wacan Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1920)
“Completion Date”	any day within five Business Days following the satisfaction of the condition set out in the Placing Agreement, or such other date as the Company and the Placing Agent may agree in writing
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the AGM to issue, allot and deal with the additional shares of the Company not exceeding 20% of the total number of issued shares of the Company at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	24 June 2025, being the last day (or such later date as may be agreed between the Placing Agent and the Company in writing) for which the conditions of the Placing have to be fulfilled
“Placee(s)”	any professional, institutional or other private investor(s) procured by or on behalf of the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares by or on behalf of the Placing Agent to the Placees upon the terms and conditions set out in the Placing Agreement
“Placing Agent”	Astrum Capital Management Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 3 June 2025 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.241 per Placing Share
“Placing Shares”	up to 62,400,000 new Shares to be allotted and issued by the Company and placed pursuant to the Placing Agreement and each, a “Placing Share”
“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)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

By order of the Board
China Wacan Group Company Limited
Zhou Zhenlin
Chairman of the Board and Executive Director

Hong Kong, 3 June 2025

As at the date of this announcement, the Board comprises Mr. Zhou Zhenlin, Ms. Peng Yunying and Mr. Guo Xianjiao as executive Directors and Ms. Ding Xin, Mr. Zhu Qi, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon as independent non-executive Directors.