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China Wacan Group Company Limited

中國網成集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSON UNDER SPECIFIC MANDATE

THE SUBSCRIPTION AGREEMENT

On 10 November 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 112,320,000 Subscription Shares at the Subscription Price of HK\$0.3965 per Subscription Share for a total consideration of HK\$44,534,880.

The Subscription Shares represent approximately 30% of the existing issued share capital of the Company as at the date of this announcement and approximately 23.08% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there are no other changes in the share capital of the Company between the date of the Subscription Agreement and the date of Completion).

The aggregate gross proceeds from the Subscription will amount to HK\$44,534,880 and the aggregate net proceeds, after deduction of the related expenses, will be approximately HK\$43,900,000, representing a net Subscription Price of approximately HK\$0.3908 per Subscription Share. The Company intends to apply the net proceeds from the Subscription in the manner set out in the paragraph headed “Reasons for the Subscription and Use of Proceeds” in this announcement. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought at the EGM. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is the controlling shareholder (as defined under the Listing Rules) of the Company, and is, therefore, a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the grant of Specific Mandate to allot and issue the Subscription Shares. A circular containing (i) details of the Subscription Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder; and (iv) the notice of the EGM and proxy form, will be despatched to the Shareholders. It is expected that the circular will be despatched on or before 1 December 2025.

As Completion of the Subscription is subject to the satisfaction of the Conditions Precedent as set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

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The salient terms of the Subscription Agreement are set out as follows:

Date

10 November 2025 (after trading hours)

Parties

- (i) the Company; and
- (ii) the Subscriber.

The Subscription

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue (pursuant to the Specific Mandate), and the Subscriber conditionally agreed to subscribe for 112,320,000 Subscription Shares at the Subscription Price of HK\$0.3965 for each Subscription Share. The cash consideration payable by the Subscriber shall be HK\$44,534,880 (payable in full on the date of the Completion).

The Subscription Shares

The total number of the Subscription Shares is 112,320,000 Shares, which represents approximately 30% of the existing issued share capital of the Company as at the date of this announcement and approximately 23.08% of the enlarged issued share capital of the Company immediately following the Completion (assuming that there are no other changes in the share capital of the Company between the date of the Subscription Agreement and the date of the Completion).

The nominal value of the Subscription Shares is HK\$11,232,000.

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with Shares in issue at the time of allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$0.3965 per Subscription Share:

- (i) represents a premium of approximately 4.34% over the closing price of HK\$0.380 per Share as quoted on the Stock Exchange on the Last Trading Date and the date of the Subscription Agreement;

- (ii) represents a premium of approximately 0.38% over the average of the closing price of HK\$0.395 per Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date; and
- (iii) equivalent to the average of the closing price of HK\$0.3965 per Share quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Date.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$0.3908 per Subscription Share. The cash consideration of HK\$44,534,880 is payable in cash by the Subscriber on or before Completion. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into account the prevailing market price of the Shares and the Group's historical performances as well as current market condition. The Board considers that the Subscription Price is fair and reasonable in light of the prevailing market conditions and the recent price performance of the Shares. The independent non-executive Directors will consider the advice from the Independent Financial Adviser and will include their opinions in the circular.

Conditions Precedent

Completion is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange having granted (conditionally or unconditionally) the listing of, and permission to deal in, the Subscription Shares on the main board of the Stock Exchange and such listing and permission not subsequently revoked; and
- (ii) the passing of the resolution(s) at the EGM by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Subscription Shares.

None of the Conditions Precedent can be waived by any parties to the Subscription Agreement. The Company shall use its endeavours to make the Conditions Precedent to be fulfilled on or before 31 March 2026. In the event that the Conditions Precedent are not fulfilled on or before 31 March 2026, the Subscription Agreement will lapse and become null and void forthwith and the parties thereto shall be released from all obligations thereunder.

Completion

Completion of the Subscription shall take place within three (3) Business Days after fulfilment of the Conditions Precedent or any other date as agreed by the parties to the Subscription Agreement in writing.

On or before the date of the Completion, the Subscriber shall pay to the Company cash consideration of HK\$44,534,880 under the Subscription Agreement for the subscription of the Subscription Shares. On the date of the Completion, the Company shall issue and deliver share certificates in relation to the Subscription Shares to the Subscriber.

Specific Mandate to Issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

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

INFORMATION OF THE PARTIES

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. As disclosed in the announcement of the Company dated 30 December 2024, the Group intended to commence a new beauty business in addition to its existing business, to provide high quality beauty services, nutritional healthcare products and health services (the “**Beauty & Healthcare Business**”).

The Subscriber is a company incorporated in Hong Kong with limited liability on 9 January 2025 and is principally engaged in investment holding. The Subscriber is the controlling shareholder (as defined in the Listing Rules) of the Company holding approximately 53.17% issued share capital of the Company and is beneficially wholly-owned by Mr. Zhou, the chairman of the Board and an executive Director, as at the date of this announcement.

Mr. Zhou, aged 45, was appointed as an executive Director on 6 September 2024 and the chairman of the Board on 30 October 2024. Mr. Zhou is primarily responsible for the future potential business development of the Group in the PRC. From April 2004 to December 2011, Mr. Zhou served as a deputy general manager of Shenzhen Jiameiran Technology Company Limited* (深圳市嘉美然科技有限公司), a company principally engaged in the sales of skincare products and beauty instruments and he was responsible for the company's sales and marketing management. From January 2012 to August 2017, Mr. Zhou served as a president of Shenzhen Runfei Technology Company Limited* (深圳潤妃科技有限公司), which is also principally engaged in the sales of skincare products and beauty instruments. Since September 2017 until present, Mr. Zhou has been appointed as the chairman of Tofuls International Holdings Group Co., Ltd.* (同芙國際控股集團有限公司), which is principally engaged in health and wellness management consultation. Since June 2023 until present, Mr. Zhou has been appointed as the chairman of World Chinese Business (Guangdong) Technology Co., Ltd.* (世界華商(廣東)科技有限公司), which is principally engaged in providing digital technology services. Since November 2023 until present, Mr. Zhou has been appointed as the chairman of Shihua International Club Company Limited* (世華國際俱樂部有限公司), which is principally engaged in providing information consulting services in the areas of health and leisure activities.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

As at 30 June 2025, the Group had total bank balances of approximately HK\$23.1 million and total borrowings of the Group, consisting of bank overdrafts and bank borrowings were approximately HK\$4.9 million. Taking into account the current financial position of the Group and potential business opportunities including tenders for new projects and the financial needs for commencing and expanding the Beauty & Healthcare Business, the Group would like to further expand and contribute more funds and resources to satisfy the working capital requirements for the business development of the Group.

In response to the funding needs of the Group, the Company has considered a number of financing methods such as debt financing and other ways of equity financing (including open offer, rights issue and share placement to independent institutional and individual investors). Debt and bank financing usually require security of properties and other assets which is not feasible to the Company and will incur additional interest burden to the Group, rendering it not the optimal financing method under the prevailing market conditions. In addition, other equity financing methods, including open offer, rights issue and share placement to independent institutional and individual investors customarily involve the issue of new shares at a discount to the market price. In contrast, the Subscription Price has been set at HK\$0.3965, representing a premium over the closing price of the Share as quoted on the Stock Exchange on the Last Trading Date and the average closing price of the Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date. The Subscription by the Subscriber, being the controlling shareholder (as defined in the Listing Rules), reflects its confidence towards the long-term and sustainable growth of the Group, and the continuing support of the Subscriber would be beneficial to the long-term business development of the Group. Based on the aforesaid, the Board (other than the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) is of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms agreed upon after arm's length negotiations between the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Zhou (the chairman of the Board and an executive Director) has abstained from voting on (and has not been counted in the quorum for) the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder by virtue of his interests in the Subscription. Save as disclosed above, none of the other Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder.

The aggregate gross proceeds of the Subscription will amount to HK\$44,534,880 and the aggregate net proceeds, after the deduction of the related expenses, will be approximately HK\$43,900,000, representing a net Subscription Price of approximately HK\$0.3908 per Subscription Share. The Company intends to use the net proceeds from the Subscription to satisfy the working capital requirements of the Group, including the working capital to maintain the Group's daily operations and funding for developing the businesses of the Group.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercise in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
24 June 2025	Completion of placing of 62,400,000 Shares by placing agent to not less than six places at the price of HK\$0.241 per Share	HK\$14,100,000	<p>(i) approximately HK\$8,100,000, representing approximately 57.4% of the net proceeds would be used for starting the Beauty & Healthcare Business by setting up around 8 physical beauty stores in first tier cities of the PRC</p> <p>(ii) approximately HK\$3,000,000, representing approximately 21.3% of the net proceeds would be used for renovation of the new office leased by the Company including the purchase of new furniture and utilities for the new office</p> <p>(iii) approximately HK\$3,000,000, representing approximately 21.3% of the net proceeds will be used as working capital of the Group</p>	<p>approximately HK\$8,100,000 has been used for starting the Beauty & Healthcare Business</p> <p>approximately HK\$3,000,000 has been used for renovation of the new office and purchase of new furniture and utilities</p> <p>approximately HK\$3,000,000 has been used as working capital of the Group</p>

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 upon Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the date of Completion).

	As at the date of this announcement		Immediately following the Completion	
	Number of shares	Approximate % <i>Note 2</i>	Number of shares	Approximate % <i>Note 2</i>
Substantial Shareholder				
The Subscriber <i>Note 1</i>	199,091,000	53.17	311,411,000	63.98
Public Shareholders				
Public shareholders	<u>175,309,000</u>	<u>46.83</u>	<u>175,309,000</u>	<u>36.02</u>
Total	<u><u>374,400,000</u></u>	<u><u>100.00</u></u>	<u><u>486,720,000</u></u>	<u><u>100.00</u></u>

Note:

1. The Subscriber is beneficially wholly-owned by Mr. Zhou, the chairman of the Board and an executive Director.
2. The above percentage figures are subject to rounding adjustments.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is the controlling shareholder (as defined under the Listing Rules) of the Company, and is, therefore, a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Ding Xin, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon, has been established to consider the terms of the Subscription Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the aforesaid transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Capital 9 is proposed to be appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the grant of Specific Mandate to allot and issue the Subscription Shares. A circular containing (i) details of the Subscription Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder; and (iv) the notice of the EGM and proxy form, will be despatched to the Shareholders. It is expected that the circular will be despatched on or before 1 December 2025.

To the best knowledge of the Directors after making all reasonable enquiries, other than the Subscriber and its associates, no Shareholder will be required to abstain from voting in respect of the resolution(s) that would be proposed to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

As Completion of the Subscription is subject to the satisfaction of the Conditions Precedent as set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“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”	completion of the Subscription pursuant to the Subscription Agreement
“Conditions Precedent”	the conditions precedent in respect of the Completion set out in the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Subscription Shares
“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
“Independent Board Committee”	the independent committee of the Board which comprises all the independent non-executive Directors, namely Ms. Ding Xin, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon, established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder

“Independent Financial Adviser” or “Capital 9”	Capital 9 Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the proposed independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription
“Independent Shareholder(s)”	Shareholder(s) other than the Subscriber and their associates who are required to abstain from voting at the EGM
“Last Trading Date”	10 November 2025, being the last full trading day of the Shares on the Stock Exchange immediately prior to the signing of the Subscription Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhou”	Mr. Zhou Zhenlin, chairman of the Board and an executive Director
“PRC”	the People’s Republic of China, and for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“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)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	China Alliance Venture Technology Limited, a company incorporated in Hong Kong and is directly wholly owned by Mr. Zhou

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and subject to the conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 10 November 2025 between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.3965 per Subscription Share
“Subscription Share(s)”	the 112,320,000 new and fully paid Shares to be subscribed for by the Subscriber
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“%”	per cent.

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

Hong Kong, 10 November 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, Ms. Zhang Lingke and Professor Lam Sing Kwong Simon as independent non-executive Directors.