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WAC HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8619)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF ENTIRE EQUITY INTEREST IN ETUAN TECHNOLOGY

THE AGREEMENT

On 26 March 2021 (after trading hours), the Company entered into the Agreement with Mr. Huang in relation to the Disposal. Pursuant to the Agreement, the Company has conditionally agreed to sell and Mr. Huang has conditionally agreed to purchase the entire equity interest in Etuan Technology at a consideration of HK\$400,000.

Etuan Technology is principally engaged in investment holding of Zhouji Network through the VIE Arrangement. Upon completion of the Disposal, Etuan Technology will cease to be a subsidiary of the Company and the consolidated financial results of Etuan Technology, including Zhouji Network, will no longer be consolidated into the financial statements of the Group.

As the highest applicable percentage ratio calculated under Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 5% but is less than 25%, the entering into of the Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 26 March 2021 (after trading hours), the Company entered into the Agreement with Mr. Huang in relation to the Disposal. Pursuant to the Agreement, the Company has conditionally agreed to sell and Mr. Huang has conditionally agreed to purchase the entire equity interest in Etuan Technology at a consideration of HK\$400,000.

The Agreement

The principal terms of the Agreement are summarised below:

Dates: 26 March 2021

Parties: The Company (as seller); and
Mr. Huang (as purchaser)

Subject Matter: Pursuant to the Agreement, the Company has conditionally agreed to sell and Mr. Huang has conditionally agreed to purchase the entire equity interest in Etuan Technology.

Upon completion of the Disposal, the entire Shareholder's Loan owing by Etuan Technology to the Company would be waived by the Company. As at 31 December 2020, the unaudited amount of the Shareholder's Loan amounted to approximately HK\$1,365,000.

Consideration: The consideration for the entire equity interest of Etuan Technology is HK\$400,000, which is paid upon completion of the Disposal. The consideration is determined after arm's length negotiations among the parties to the Agreement with reference to, among others, (i) the financial position of Etuan Technology as at 31 December 2020; (ii) a discount on the trade receivables as at 31 December 2020; and (iii) amount of the Shareholder's Loan as at 31 December 2020 to be waived by the Company.

Completion: Completion shall take place upon the execution of the Agreement on 26 March 2021. The Company shall instruct the registered agent of Etuan Technology to report the relevant changes of the equity interest and surrender the ownership of Etuan Technology on the same day.

Undertakings by the Company

Pursuant to the Agreement, the Company has given, inter alia, the following undertaking to Mr. Huang:

- that the Company has no mortgages, liens, pledges, security interests, charges, claims and other encumbrances and defects of title of any nature or otherwise indebtedness in any other manner in respect of its equity interest in Etuan Technology prior to the date of the Agreement.

Undertakings by Mr. Huang

Pursuant to the Agreement, Mr. Huang has given, inter alia, the following undertaking to the Company:

- that Mr. Huang is financially capable of bearing all economic risks of investment in the equity interest of Etuan Technology for an indefinite period of time.

INFORMATION OF ETUAN TECHNOLOGY

Etuan Technology is a company incorporated in the British Virgin Islands with limited liability on 22 March 2019 and is principally engaged in investment holding of Zhouji Network through the VIE Arrangement. Before completion of the Disposal, Etuan Technology is a wholly-owned subsidiary of the Company. Reference is made to the announcement of the Company dated 29 April 2020 regarding the establishment of the VIE Arrangement. As a result of the VIE Arrangement, Etuan Technology has effective control over the finance and operations of Zhouji Network and enjoyed the entire economic interest and benefits of Zhouji Network.

Zhouji Network operates a social community-based e-commerce new retail online platform “Zaotuan APP” (including mobile applications and mini programs) which could provide a selection of commodities with quality for users and shopping guides for saving money, and also provide professional health management solutions and online education solutions to improve overall healthy living quality and educational level of the users. In addition to its mobile application business, Zhouji Network is also committed to creating a new social retail marketing platform for online and offline entrepreneurial users through e-commerce solution, also known as SaaS (Software as a Service), which not only could attract consumers but also guide more offline consumption by way of various marketing functions developed by the platform, with the purpose of creating a new retail platform for the internet community based on the users’ social system, brand community system and marketing function system.

Upon completion of the Disposal, Etuan Technology will cease to be a subsidiary of the Company and the consolidated financial results of Etuan Technology, including Zhouji Network, will no longer be consolidated into the financial statements of the Group.

Set out below is a summary of the audited consolidated financial results of Etuan Technology for the years ended 31 March 2019 and 2020:

	For the year ended	
	31 March	
	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	—	—
Gross profit	—	—
Net loss for the year before taxation	10	557
Net loss for the year	10	557

Based on the unaudited management accounts, the unaudited net assets value of Etuan Technology was approximately HK\$410,000 as at 31 December 2020. Taking into account the waiver of the Shareholder's Loan and assuming such waiver had taken effect on 31 December 2020, the unaudited net assets value of Etuan Technology would have been adjusted to approximately HK\$1,775,000.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is incorporated in the Cayman Islands with limited liability, issued shares of which are listed and traded on GEM of the Stock Exchange (Stock code: 8619). The Group is a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering which is mainly provided in Hong Kong. The Group's consultancy services mainly cover: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering.

INFORMATION OF MR. HUANG

Mr. Huang is a PRC resident, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Huang is an Independent Third Party.

FINANCIAL EFFECT AND USE OF PROCEEDS FROM THE DISPOSAL

The Group expects to recognise an unaudited accounting loss of approximately HK\$1,375,000 from the Disposal, being the difference between the consideration of HK\$400,000 and the unaudited net assets value of Etuan Technology of HK\$410,000 as at 31 December 2020 and taking into account the waiver of the Shareholder's Loan of HK\$1,365,000 upon completion of the Disposal. The actual gain or loss in connection with the Disposal will be subject to audit. The Group intends to apply the proceeds from the Disposal as general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have been regularly reviewing the performance of the businesses of the Group with the aim of striving for the best interests for the Company and the Shareholders. On 26 March 2021, Ms. Su Xiaoyan (“**Ms. Su**”) has resigned as an executive Director due to her personal and business commitments which require more of her attention and dedication. Ms. Su has been the key management who has expertise to monitor the operations of the social community-based e-commerce new retail online platform under Zhouji Network. After her resignation, the Board expects that it will have difficulty in finding an appropriate and experienced person in a short period of time. In light of the uncertainty in the future global economy brought by COVID-19, the Company considers that the Disposal represents an opportunity to divest Etuan Technology to allow the Company to reallocate its resources.

The Directors consider that the terms and conditions of the Agreement are reasonable and fair, on normal commercial terms and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated under Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 5% but is less than 25%, the entering into of the Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the sale and purchase agreement entered into between the Company and Mr. Huang on 26 March 2021 in respect of the Disposal;
“Board”	the board of Director(s);
“Company”	WAC Holdings Limited, a company incorporated in the Cayman Islands with limited liability, issued Shares of which are listed and traded on GEM (Stock code: 8619);
“COVID-19”	the novel coronavirus disease;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the entire equity interest in Etuan Technology by the Company to Mr. Huang pursuant to the Agreement;

“Etuan Technology”	Etuan Technology Limited, a company incorporated in the British Virgin Islands with limited liability on 22 March 2019 and is principally engaged in investment holding of Zhouji Network through the VIE Arrangement. Before completion of the Disposal, Etuan Technology is a wholly-owned subsidiary of the Company;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Independent Third Party”	a party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules);
“Mr. Huang”	Mr. Huang Binghuan* (黃冰歡), as purchaser of the Agreement;
“Mr. Wu”	Mr. Wu Fangyun* (吳芳雲), the registered owner of the entire equity interest in Zhouji Network;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;
“Share(s)”	ordinary shares of nominal value of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shareholder’s Loan”	the entire shareholder’s loan owing by Etuan Technology to the Company, which would be waived by the Company upon completion of the Disposal, and the unaudited amount of the shareholder’s loan amounted to approximately HK\$1,365,000 as at 31 December 2020;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“VIE Arrangement”	the variable interest entity (VIE) arrangement established through the entering into of the structured contracts, which enables Etuan Technology to have effective control over the operations and the entire economic interest and benefits of Zhouji Network, details of which are set out in the announcement of the Company dated 29 April 2020;

“Zhouji Network” Hangzhou Zhouji Network Technology Limited* (杭州舟濟網絡
科技有限公司), a company incorporated in the PRC with limited
liability, which is wholly-owned by Mr. Wu, and in which Etuan
Technology has effective control over its operations and entire
economic interest and benefits through the VIE Arrangement
before completion of the Disposal; and

“%” per cent.

By Order of the Board
WAC HOLDINGS LIMITED
Dr. Chan Yin Nin
Chairman

Hong Kong, 26 March 2021

As at the date of this announcement, the Board comprises Dr. Chan Yin Nin and Mr. Kwong Po Lam as executive Directors; and Ms. Chu Moune Tsi, Stella, Mr. Choy Wai Shek, Raymond and Mr. Sze Kyran as independent non-executive Directors.

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 GEM website of the Stock Exchange at www.hkgem.com and the “Latest Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.wcce.hk.

* *For identification purpose only*