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Wan Cheng Metal Packaging Company Limited
萬成金屬包裝有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8291)

DISCLOSEABLE TRANSACTION
DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

THE DISPOSAL

On 22 May 2024, the Company, and the Purchaser, an Independent Third Party, has entered into the Agreement in relation to the Disposal, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, the Sale Shares at the Consideration of HK\$180,000.

The Sale Shares represent 51% of the issued shares of the Target which was a direct wholly-owned subsidiary of the Company as at the date of the Agreement and before Completion. Upon completion of the transfer of the Sale Shares, the Target will no longer be a subsidiary of the Company.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceed 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

On 22 May 2024, the Seller and the Purchaser entered into the Agreement in relation to the Disposal. The principal terms of the Agreement are set out below:

THE AGREEMENT

Date

22 May 2024

Parties

- (1) Wan Cheng Metal Packaging Company Limited (as Seller); and
- (2) Mr. Hui King Yip (as Purchaser)

To the best of knowledge, information and belief of the Directors, and after making all reasonable enquiries, the Purchaser is Independent Third Party.

Subject Matter

Pursuant to the Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, the Sale Shares. The Sale Shares represent 51% of the issued shares of the Target which was a direct wholly-owned subsidiary of the Company as at the date of the Agreement and before Completion.

Consideration

The Consideration of HK\$180,000 shall be payable by the Purchaser to the Seller in cash on or before 31 July 2024, or any other date as mutually agreed in writing between the Seller and the Purchaser. The Consideration for the Disposal was determined after arm's length negotiations between the Seller and the Purchaser with reference to, among others, (i) the prevailing market condition; and (ii) the operational and financial performance of the Target.

Completion

Completion is conditional upon the fulfilment and/or waiver of, as the case may be, the following conditions precedent:

- (i) the Agreement having been executed by the Purchaser and the Seller and having become effective;
- (ii) as at the effective date of the Agreement, the Seller has not taken any action which may reasonably give rise to material adverse effect on the legality and validity of the continuing registration of the Target; and
- (iii) as at the effective date of the Agreement, the Seller has not taken any action which may give rise to material adverse effect on the financial position, business, assets, operation, ownership or control of the Target.

The Purchaser, at its absolute discretion, may waive any of the conditions precedent above by notice in writing.

Completion shall take place on the date on which all conditions precedent having been fulfilled (or waived, as the case may be).

Within five working days from the Completion Date, the Seller and the Purchaser shall sign all relevant documents to enable the Target to submit the said documents for registration. The Seller undertakes that the Target shall submit the relevant documents for the change in shareholder with the relevant authority within five working days of receipt of the said documents.

The Seller and the Purchaser shall perform their respective obligation under the Agreement to ensure the change in shareholder of the Target will be completed within 20 working days (or such longer period to be agreed by the Seller and Purchaser in the event that the delay is due to policy reason or reason unrelated to the Seller and the Purchaser).

INFORMATION ON PARTIES TO THE AGREEMENT

The Seller

The Company is an investment holding company incorporated in the Cayman Islands with limited liability and the Group is principally engaged in (i) manufacturing and sales of tinplates and tinplate packaging products in the People's Republic of China; and (ii) repackaging and sales of cosmetic products in Hong Kong. The Group commenced the business of repackaging and sales of cosmetic products during the year ended 31 December 2023.

The Purchaser

As advised by the Purchaser and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party. The Purchaser is an investor with extensive experience in sales and marketing and extensive sales networks including sales of health food and tea etc.

The Target

The Target is a direct wholly-owned subsidiary of the Company as at the date of the Agreement and before Completion. It is a company incorporated in Hong Kong with limited liability in 2023 and is primarily engaged in business of repackaging and sales of cosmetic products. As at the date of the Agreement, the registered share capital of the Target was HK\$100. The audited net assets value of the Target was approximately HK\$250,000 as at 31 December 2023.

The financial results of the Target are set out as follows:

	For the period from 18 August 2023 (date of incorporation) to 31 December 2023 HK\$'000 (audited)
Revenue	4,089
Profit before taxation	246
Profit after taxation	246

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the transfer of the Sale Shares, the Target will no longer be a subsidiary of the Company.

As at 30 April 2024, the net assets value of the Target was approximately HK\$250,000. Subject to the final audit, it is expected that the Company will record a gain of approximately HK\$50,000 from the Disposal after deducting the expenses attributable thereto. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditors of the Company. The proceeds from the Disposal are currently intended to be used by the Group as general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Considering the financial performance and after reviewing the business and operation status of the Target, and taking into account factors including but not limited to the increasingly intense market competition, changing consumer preferences, and other fixed costs of the Target, the Board considers that it is appropriate to proceed with the Disposal. The Disposal, when materialised, not only bringing in the sales experience and network of the Purchaser to expand business, and at the same time, the Purchaser can also share the fixed costs of the Target which will also strengthen the cash flow of the Group allowing the Group to improve its liquidity.

The Directors are of the view that the terms of the Agreement are fair and reasonable and the entering into of the Agreement are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceed 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Agreement”	the share purchase agreement dated 22 May 2024 entered into between the Seller and the Purchaser in relation to the Disposal
“Board”	the board of Directors of the Company
“Company”/“Seller”	Wan Cheng Metal Packaging Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 8291)
“Completion”	the completion of the Disposal under the Agreement
“Completion Date”	the date on which all conditions precedent of the Agreement have been fulfilled or waived, as the case may be
“Consideration”	the consideration payable for the Sale Shares pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the Sale Shares by the Seller to the Purchaser
“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 from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	Any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“PRC”	The People’s Republic of China
“Purchaser”	Mr. Hui King Yip
“Sale Shares”	51% of the issued shares of the Target
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Wancheng Group Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent.

By Order of the Board
Wan Cheng Metal Packaging Company Limited
Wang Shuai
Executive Director

Hong Kong, 22 May 2024

As at the date of this announcement, the executive Directors are Mr. Wang Shuai, Mr. Wang Yun and Mr. Zou Yonggang and the independent non-executive Directors are Mr. Wong Sui Chi, Mr. Wu Chi King and Ms. Ha Yee Lan Elaine.

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 in this announcement misleading.

This announcement will remain on the Stock Exchange’s website at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.wanchengholdings.com.