

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



WANKAONLINE

WANKA ONLINE INC.

萬咖壹聯有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1762)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
FORMATION OF A JOINT VENTURE COMPANY**

FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that, on 11 November 2022 (after trading hours), Suzhou Longying (a directly wholly-owned subsidiary of Huanju Times) entered into the Capital Injection Agreement with the JV Partner (an independent third party) and the JV Company (a directly wholly-owned subsidiary of Suzhou Longying) in respect of formation of the JV Company as a joint venture. Pursuant to the Capital Injection Agreement, the JV Partner agrees to acquire a 49% equity interest in the JV Company by a capital injection of RMB78,400,000 (equivalent to approximately HK\$85,498,000) in cash, and Suzhou Longying agrees to make a capital injection of RMB81,600,000 (equivalent to approximately HK\$88,988,000) in cash, after the completion of which, the JV Company will continue to be a subsidiary of the Company and will be owned as to 49% of its equity interests by the JV Partner and 51% by Suzhou Longying. The cash used by the Company for its payment of the Capital Injection will be its internal resources. The total amount of the proceeds from the Capital Injection will be used to further develop the Group's mobile advertising services network and enrich the Group's service offerings and user-focused content.

LISTING RULES IMPLICATIONS

As the percentage equity interest of Suzhou Longying in the JV Company is reduced from 100% to 51% upon completion of the Capital Injection, the transactions contemplated under the Capital Injection Agreement constitute a deemed disposal of equity interest in the JV Company under Rule 14.29 of the Listing Rules.

As one of the percentage ratios in respect of the Capital Injection exceeds 5% but is less than 25%, the entering into of the Capital Injection Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to reporting and announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The completion of the Capital Injection is subject to the satisfaction or waiver of certain conditions precedents by the parties thereto. Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.

FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that, on 11 November 2022 (after trading hours), Suzhou Longying (a directly wholly-owned subsidiary of Huanju Times) entered into the Capital Injection Agreement with the JV Partner (an independent third party) and the JV Company (a directly wholly-owned subsidiary of Suzhou Longying) in respect of formation of the JV Company as a joint venture. Pursuant to the Capital Injection Agreement, the JV Partner agrees to acquire a 49% equity interest in the JV Company by a capital injection of RMB78,400,000 (equivalent to approximately HK\$85,498,000) in cash, and Suzhou Longying agrees to make a capital injection of RMB81,600,000 (equivalent to approximately HK\$88,988,000) in cash, after the completion of which, the JV Company will continue to be a subsidiary of the Company and will be owned as to 49% of its equity interests by the JV Partner and 51% by Suzhou Longying.

The principal terms of the Capital Injection Agreement are set out below:

Date

11 November 2022 (after trading hours)

Parties

- (1) Suzhou Longying;
- (2) the JV Partner; and
- (3) the JV Company

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the JV Partner and its ultimate beneficial owners are all third parties independent of the Company and its connected persons.

Formation of the JV Company

Pursuant to the Capital Injection Agreement, the JV Partner agrees to acquire a 49% equity interest in the JV Company by a capital injection of RMB78,400,000 (equivalent to approximately HK\$85,498,000) in cash, and Suzhou Longying agrees to make a capital injection of RMB81,600,000 (equivalent to approximately HK\$88,988,000) in cash. Immediately prior to the entering into of the Capital Injection Agreement, the JV Company is held as to 100% by Suzhou Longying with a registered capital of RMB81,600,000 (equivalent to approximately HK\$88,988,000) which is not yet paid-up by Suzhou Longying. Upon completion of the Capital Injection, the registered capital of the JV Company would be increased to RMB160,000,000 (equivalent to approximately HK\$174,486,000) and the JV Company would be held as to 49% and 51% by the JV Partner and Suzhou Longying, respectively, and will continue to be treated as a subsidiary of the Company.

Pursuant to the Capital Injection Agreement, Suzhou Longying and the JV Partner further agree that the JV Company will principally engage in the mobile advertising businesses after the completion of such transaction.

The capital contribution from Suzhou Longying will be funded by the internal resources of the Group. The amount of capital contributions was determined after arm's length negotiation between the parties to the Capital Injection Agreement with reference to their respective capital contribution intentions, the value and business performance of the JV Company and their past investment experiences.

Management

After the completion of the Capital Injection, the board of the JV Company shall consist of five directors, of whom two would be nominated by the JV Partner and three would be nominated by Suzhou Longying. Suzhou Longying shall be entitled to nominate the chairman of the board of the JV Company and its chief financial officer and the JV Partner shall be entitled to nominate the supervisor of the JV Company.

Any material decisions of the JV Company will be subject to the approval of the shareholder's meeting of the JV Company, which shall be passed by more than two-thirds of all the voting power of the JV Company. The material decisions include, among others, the amendment to corporate constitutional documents, change in registered share capital, change in business, merger, acquisition or dissolution, share incentive plan, dividends, related party transactions and material transactions.

Distribution of Profit

After the completion of the Capital Injection, each of the shareholders of the JV Company shall be entitled to, on a pro rata basis of contributed registered capital, receive the dividend as the shareholders of the JV Company may decide from time to time.

Conditions Precedent of the Capital Injection

The completion of the Capital Injection shall be subject to the fulfilment or, where applicable, waiver (as the case may be) of, the following conditions:

- (1) the representations and warranties given by Suzhou Longying, the JV Company and the JV Partner under the Capital Injection Agreement were true and accurate, and remaining true and accurate upon the completion of the Capital Injection;
- (2) there being no event(s) that have occurred or are reasonably expected to occur which will cause a material adverse impact, individually or collectively;
- (3) the Capital Injection Agreement having been duly executed by all parties thereto; and
- (4) all necessary consents, approvals, filings and reports required to be obtained on the part of Suzhou Longying and the JV Partner for the completion of the Capital Injection pursuant to the Capital Injection Agreement having been obtained.

Completion

The completion of the Capital Injection shall take place on or before the 10th business day upon fulfillment or waiver (where applicable) of all the conditions precedent under the Capital Injection Agreement.

Suzhou Longying, the JV Company and the JV Partner shall within 30 business days from the completion of the Capital Injection complete the necessary registration procedures for business changes in respect of the Capital Injection.

PROCEEDS FROM THE CAPITAL INJECTION

The total amount of the proceeds from the Capital Injection will be used to further develop the Group's mobile advertising services network and enrich the Group's service offerings and user-focused content.

FINANCIAL IMPACT OF THE CAPITAL INJECTION

Immediately prior to the entering into of the Capital Injection Agreement, the JV Company is a directly wholly-owned subsidiary of Suzhou Longying. Upon completion of the Capital Injection, the JV Company will be owned as to 51% by Suzhou Longying and as to 49% by the JV Partner. The JV Company will continue to be treated as a subsidiary of the Company upon completion of the Capital Injection and its financial results will continue to be consolidated into the financial statements of the Group. It is expected that the Capital Injection would not have any significant impact on the consolidated financial statements of the Group.

As the decrease in Suzhou Longying's equity interest in the JV Company arising from the Capital Injection will not result in Suzhou Longying losing its control over the JV Company, therefore, the Capital Injection will be accounted for as an equity transaction and Suzhou Longying will not record any gain or loss in the consolidated statement of profit or loss from the Capital Injection.

INFORMATION ON THE PARTIES TO THE CAPITAL INJECTION AGREEMENT

Suzhou Longying is a company established in the PRC with limited liability and is a directly wholly-owned subsidiary of Huanju Times, a consolidated affiliated entity of the Company. The Group is principally engaged in providing mobile internet distribution services and tremendous support to a large number of Android-based ecosystem participants.

The JV Company is a company established in the PRC with limited liability and is a directly wholly-owned subsidiary of Suzhou Longying immediately prior to the entering into of the Capital Injection Agreement and will be owned as to 51% and 49% by Suzhou Longying and the JV Partner, respectively, upon completion of the Capital Injection. The principal business activity of the JV Company is mobile advertising.

The JV Partner is a limited partnership established under the laws of the PRC and is principally engaged in equity investment and investment management. The JV Partner is an independent third party.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION AGREEMENT

The Group is a fast-growing technology company in the mobile Internet market, helping connect businesses from various industries to hundreds of millions of Android-based smartphone users in China. One of the Group's future plans and strategies is to continue to scale its business, thereby reinforcing its market leadership.

Given the extensive experience of the Group in mobile internet distribution services and the trend of further scaling up mobile advertising bringing about more development opportunities for large-scale mobile advertising groups such as the Group, the establishment of the JV Company with entities under the Administrative Committee of Suzhou High-speed Rail New Town (蘇州高鐵新城管理委員會) will give full play to the leverage of financial funds, leverage and attract financial capital and social capital to invest in the Android-based ecosystem, accelerate the development of the Group's service offerings and user expansion, and further implement the strategy of building integrated ecosystem that revolves around the complete lifecycle needs of ecosystem participants and enhances our capabilities to offer new internet and technological solutions for market participants.

Having considered the above factors, the Board is of the view that the Capital Injection Agreement provides a good opportunity for the Group to further develop its mobile advertising services network in the PRC and is in line with the strategic development of the Group and that the terms of the Capital Injection Agreement are fair and reasonable and in the interests of the Company and the Shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the percentage equity interest of Suzhou Longying in the JV Company is reduced from 100% to 51% upon completion of the Capital Injection, the transactions contemplated under the Capital Injection Agreement constitute a deemed disposal of equity interest in the JV Company under Rule 14.29 of the Listing Rules.

As one of the percentage ratios in respect of the Capital Injection exceeds 5% but is less than 25%, the entering into of the Capital Injection Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to reporting and announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board” means the board of Directors of the Company;

“Capital Injection” means the capital injection of RMB78,400,000 (equivalent to approximately HK\$85,498,000) by the JV Partner in cash and RMB81,600,000 (equivalent to approximately HK\$88,988,000) by Suzhou Longying in cash, pursuant to the Capital Injection Agreement;

“Capital Injection Agreement” means the capital injection agreement dated 11 November 2022 entered into between Suzhou Longying, the JV Partner and the JV Company in relation to the formation of the JV Company;

“Company” means Wanka Online Inc., a company incorporated in the Cayman Islands with limited liability. The shares of which are listed on the main board of the Stock Exchange (stock code: 1762);

“connected person(s)” means the connect person ascribed to it under Chapter 14A of the Listing Rules;

“Director(s)” means the director(s) of the Company;

“Group” means the Company, its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of the Company by virtue of the contractual arrangements;

“HK\$” means Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong” means the Hong Kong Special Administrative Region of the People's Republic of China;

“Huanju Times” means Huanju Shidai Culture Media (Beijing) Co., Ltd. (歡聚時代文化傳媒(北京)有限公司), a limited liability company established in the PRC, being a consolidated affiliated entity of the Company;

“JV Company” means Suzhou Jinglan Cloud Technology Co., Ltd. (蘇州鯨瀾雲科技有限公司), a limited liability company established in the PRC, which is a directly wholly-owned subsidiary of Suzhou Longying immediately prior to the completion of the Capital Injection, and will be owned as to 51% and 49% by Suzhou Longying and the JV Partner, respectively, upon completion of the Capital Injection;

“JV Partner” means Suzhou Huanxiu Lake Jinglan Cloud Venture Capital Partnership (Limited Partnership) (蘇州環秀湖鯨瀾雲創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC, and directly owned as to 99.9% and 0.1% by Suzhou High-speed Rail New Town Cultural Industry Development Co., Ltd. (蘇州高鐵新城文化產業發展有限公司) (as limited partner) and Suzhou High-speed Rail Xincheng Private Equity Fund Management Co., Ltd. (蘇州高鐵鑫誠私募基金管理有限公司) (as general partner), respectively, both of which are ultimately controlled by the Administrative Committee of Suzhou High-speed Rail New Town;

“Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

“PRC” means the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement;

“RMB” means Renminbi, the lawful currency of the PRC;

“Shareholder(s)” means holder(s) of the Share(s);

“Stock Exchange” means The Stock Exchange of Hong Kong Limited; and

“Suzhou Longying” means Suzhou Longying Software Development Co., Ltd. (蘇州龍盈軟件開發有限公司), a limited liability company established in the PRC, being a directly wholly-owned subsidiary of Huanju Times.

The completion of the Capital Injection is subject to the satisfaction or waiver of certain conditions precedents by the parties thereto. Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.

By order of the Board
Wanka Online Inc.
GAO Dinan
Chairman

For the purpose of this announcement, the exchange rate of HK\$1 = RMB0.9170 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

Hong Kong, 11 November 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. GAO Dinan, Mr. NIE Xin and Ms. JIANG Yu as executive Directors; Mr. ZHENG Wei as non-executive Director; and Mr. CHEN Baoguo, Mr. JIN Yongsheng and Mr. YU Limin as independent non-executive Directors.

* For identification purposes only