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WMCH GLOBAL INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8208)

DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF THE SALE SHARES OF THE TARGET COMPANY INVOLVING THE ISSUE OF NEW SHARES UNDER GENERAL MANDATE

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 31 May 2021 (after trading hours), the Company entered into the Agreement with the Seller in respect of the Acquisition. Pursuant to the Agreement, the Company has conditionally agreed to acquire from the Seller the Sale Shares, representing 40% of the issued share capital of the Target Company, at the Consideration of HK\$21.6 million which will be settled by the allotment and issue of 120,000,000 New Shares by the Company to the Seller upon Completion.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) for the Acquisition exceeds 5% but is below 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment of the conditions precedent of the Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

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THE AGREEMENT

The principal terms of the Agreement are set out as follows:

Date

31 May 2021 (after trading hours)

Parties to the Agreement

Seller: Mr. LAU Yu Fung

Buyer: The Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to acquire the Sale Shares, representing 40% of the issued share capital of the Target Company. The information regarding the Target Company is set out in the section headed “Information of the Target Company” below.

Consideration

The Consideration is HK\$21,600,000, which shall be settled by the allotment and issue of 120,000,000 New Shares by the Company to the Seller under the General Mandate at the issue price of HK\$0.18 per New Share upon Completion.

Basis of Consideration

The Consideration was determined after arm’s length negotiations between the Company and the Seller on normal commercial terms after taking into account of the preliminary valuation of the 40% issued share capital of the Target Company of approximately HK\$21.8 million as assessed by an independent professional valuer. The valuation approach used for the preliminary valuation of the Target Company was based on market approach and did not constitute a profit forecast under Rule 19.61 of the GEM Listing Rules.

Guarantee and undertaking

Pursuant to the Agreement, the Seller irrevocably and unconditionally guarantee to the Company that the trade receivables of approximately HK\$5.3 million of the Target Company as at 31 December 2020 (the “**Trade Receivables**”) as shown in the audited financial statement of the Target Company for the year ended 31 December 2020 shall be fully settled within two years from 31 December 2020. If any Trade Receivables shall remain outstanding after two years from 31 December 2020, the Seller shall pay to the Target Company in cash within seven (7) days after the expiry of two years from 31 December 2020 the amount of such outstanding Trade Receivables for the purpose of settling such Trade Receivables on behalf of the debtors thereof.

Pursuant to the Agreement, the Company undertakes that it shall not transfer, charge, dispose or otherwise deal with its shares in the Target Company without the prior approval of the Seller. The Seller undertakes that if he wishes to transfer any of his shares in the Target Company, he shall formally first offer the same to the Company. The Company shall have the first right of refusal to acquire such shares on terms no less favorable than those offered to any third party. If the Company does not exercise its right to purchase such shares, the Seller is free to sell such shares to third parties. No share in the Target Company shall be transferred to or become vested in any person otherwise than in accordance with the Agreement.

Issue of the New Shares

The 120,000,000 New Shares represent: (i) approximately 20.00% of the number of issued Shares as at the date of this announcement; and (ii) approximately 16.67% of the number of issued Shares as enlarged by the allotment and issue of the New Shares. The New Shares will be allotted and issued under the General Mandate upon Completion. As at the date of this announcement, no Share has been issued under the General Mandate. Subject to the Completion, the 120,000,000 New Shares will utilise 100% of the number of new Shares that could be issued by the Company under the General Mandate.

The New Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the New Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue. The allotment and issue of the New Shares under the General Mandate is not subject to the approval of the Shareholders.

An application will be made by the Company to the GEM Listing Committee for the listing of and permission to deal in the New Shares.

Issue Price

The Issue Price of HK\$0.18 per New Share represents:

- (i) a premium of approximately 5.88% over the closing price of HK\$0.170 per Share as quoted on the Stock Exchange on the date of the Agreement;

- (ii) a premium of approximately 1.69% over the average closing price of approximately HK\$0.177 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Agreement; and
- (iii) a premium of approximately 0.56% over the average closing price of approximately HK\$0.179 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Agreement.

The Issue Price was determined after arm's length negotiations between the Company and the Seller with reference to the current market price of the Shares. The Directors consider that the Issue Price is fair and reasonable and on normal commercial terms.

Conditions precedent

Completion shall be conditional upon and subject to:

- (a) the Company being satisfied with the results of its due diligence review of the assets, liabilities, operations and affairs of the Target Company;
- (b) all necessary consents and approvals required to be obtained on the part of the Seller and the Company in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (c) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Agreement and the transactions contemplated thereunder having been obtained including but not limited to compliance with all requirements under the GEM Listing Rules by the Company;
- (d) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the New Shares; and
- (e) the warranties set out in the Agreement remaining true and accurate in all material respects.

If the conditions have not been satisfied on or before 5:00 p.m. on 30 June 2021, or such later date as the Seller and the Company may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Agreement.

Completion

Completion shall take place at 4:00 p.m. on the third Business Days after fulfillment of all conditions precedent set out in the Agreement, or such other date as the Seller and the Company may agree in writing.

After Completion, the financial results of the Target Company will not be consolidated into the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability in 2013 and is wholly owned by the Seller as at the date of the Agreement. It is principally engaged in professional valuation and consultancy services to corporate customers in Hong Kong and overseas. The Target Company provides a wide range of services including property valuation, business valuation, property consultancy, building consultancy, equipment and machinery valuation.

Set out below is the audited financial information of the Target Company based on its audited financial statements prepared in accordance with the Hong Kong accounting standards for the year ended 31 December 2019 and 31 December 2020:

	Year ended 31 December 2020 (audited) <i>HK\$'000</i>	Year ended 31 December 2019 (audited) <i>HK\$'000</i>
Profit before taxation	2,508	1,826
Profit after taxation	2,248	1,675

The audited net asset value of the Target Company as at 31 December 2020 was approximately HK\$4.8 million.

REASONS AND BENEFITS OF THE ACQUISITION

The Group has been operating in the civil and structural engineering market in Singapore for around 16 years. Leveraging on its industry experience in Singapore, the Group started providing civil and structural engineering consultancy services in Vietnam in 2009. The Group mainly provides the following services: (i) civil and structural engineering consultancy services and (ii) other services including master planning, structural due diligence and visual inspection of existing buildings in Singapore and Vietnam.

In order to further the horizontal development of the Group's operation in Hong Kong and PRC market, the Company has entered into the Agreement for acquiring the Sale Shares of the Target Company. The Target Company's professional team has surveying, financial and real estate-related professional qualifications. With the Target Company's expertise and experience in the Hong Kong's and PRC's real estate market, the Target Company provides consultancy services in relation to property investments, acquisitions and sales. The Target Company also provide building inspection and surveying services in Hong Kong.

The Board believes that the Acquisition will increase the Group's competitiveness and enable the Group to diversify its operations and explore potential business opportunities in Hong Kong and PRC market in the coming years. In addition, the Group will explore opportunity with the Target Company by generating synergy with wider services portfolio and wider customer base.

In the view of uncertainty in the global market, the Group will actively engage in those which are beneficial to the long-term development of the Group to create more value for Shareholders.

In view of the above, the Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE

The following table summarises the shareholding structure of the Company as at the date of this announcement and upon Completion (assuming that there is no other change in the share capital of the Company prior to Completion):

	As at the date of this announcement		Immediately upon Completion	
	No. of Shares	%	No. of Shares	%
WMCH Global Holdings Limited <i>(Notes 1 and 2)</i>	450,000,000	75.00	450,000,000	62.50
Seller	0	0.00	120,000,000	16.67
Public Shareholders	<u>150,000,000</u>	<u>25.00</u>	<u>150,000,000</u>	<u>20.83</u>
Total	<u>600,000,000</u>	<u>100.00</u>	<u>720,000,000</u>	<u>100.00</u>

Note:

1. WMCH Global Holdings Limited (“**WMCH Global**”) is beneficially owned as to 55.00% by Mr. Wong Seng (“**Mr. Wong**”), 20.00% by Ms. Leow Geok Mui (“**Ms. Leow**”), 17.50% by Mr. Lim Chin Keong (“**Mr. Lim**”) and 7.50% by Mr. Heng Kim Huat (“**Mr. Heng**”). As such, WMCH Global, Mr. Wong, Ms. Leow, Mr. Lim and Mr. Heng are a group of controlling shareholders of the Company for the purpose of the GEM Listing Rules. Under the SFO, each of Mr. Wong, Ms. Leow, Mr. Lim and Mr. Heng is deemed to be interested in 450,000,000 Shares held by WMCH Global.
2. Ms. Tan Seow Hong is the spouse of Mr. Wong and is therefore deemed to be interested in all the Shares which Mr. Wong is interested in for the purpose of the SFO.
3. The above table is for illustration purpose only assuming that there is no other change in the share capital of the Company prior to the Completion. The Company will take appropriate steps to ensure sufficient public float be maintained upon the Completion in compliance with Rule 11.23(7) of the GEM Listing Rules.

IMPLICATIONS UNDER THE GEM LISTING RULES

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 31 May 2021 and entered into between the Company and the Seller in relation to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business
“Company”	WMCH Global Investment Limited (Stock Code: 8208), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the Acquisition contemplated under the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$21,600,000, being the consideration for the Sale Shares under the Agreement
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting dated 19 June 2020 to allot, issue and deal with up to 120,000,000 new Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) of the Company
“Issue Price”	the issue price of HK\$0.18 per New Share
“New Shares”	120,000,000 new Shares to be allotted and issued by the Company to the Seller at the Issue Price for settlement of the Consideration
“Parties”	the Seller and the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	800,000 ordinary shares in the Target Company, representing 40% of the issued capital of the Target Company, to be bought and sold pursuant to the Agreement
“Seller”	Mr. LAU Yu Fung
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“SFO”	the Securities and Futures Ordinance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Eidea Professional Services Company Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent.

By Order of the Board
WMCH Global Investment Limited
Wong Seng
Chairman and Executive Director

Hong Kong, 31 May 2021

As at the date of this announcement, the executive Directors are Mr. Wong Seng, Ms. Leow Geok Mui, Mr. Lim Chin Keong and Mr. Heng Kim Huat and the independent non-executive Directors are Dr. Tan Teng Hooi, Mr. Leong Jay and Mr. Ng Shing Kin.

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 “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company’s website at www.tw-asia.com.