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TOP SPRING INTERNATIONAL HOLDINGS LIMITED

萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03688)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

THE DISPOSAL

On 25 November 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser (an independent third party) entered into the Provisional Agreement, whereby the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property at the Consideration of HK\$250,000,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% and all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

The Disposal will be subject to the approval by the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or its/his/her associate(s) has a material interest in the Provisional Agreement and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting at the EGM to be convened by the Company for approving the Provisional Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, information relating to the Disposal, the financial information and other information of the Group and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 December 2024 so as to allow sufficient time for the preparation of the relevant information for the inclusion in the circular.

As the Disposal is conditional on the fulfillment of the Conditions Precedent, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE DISPOSAL

The Board wishes to announce that the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser (an independent third party) entered into the Provisional Agreement on 25 November 2024 in relation to the Disposal.

The principal terms of the Provisional Agreement are as follows:

THE PROVISIONAL AGREEMENT

Date

25 November 2024 (after trading hours)

Parties

- (i) the Vendor; and
- (ii) the Purchaser.

Property to be disposed of

The Property to be disposed of by the Vendor refers to piece or parcel of ground respectively registered in the Land Registry as New Kowloon Inland Lot No. 812 (now known as No. 6 Rutland Quadrant, Kowloon), together with the messuages, erections and building thereon.

Consideration and payment terms

The Consideration for the Disposal is HK\$250,000,000, which shall be paid by the Purchaser in the following manner:

- (i) initial deposit in the sum of HK\$12,500,000 shall be paid upon the signing of the Provisional Agreement;
- (ii) further deposit in the sum of HK\$12,500,000 shall be paid within 14 days from the date of the Provisional Agreement (inclusive of the date of the Provisional Agreement) (that is, on or before 8 December 2024); and
- (iii) the balance of the Consideration in the sum of HK\$225,000,000 shall be paid upon the Completion.

The Consideration was determined after arm's length negotiations between the Group and the Purchaser with reference to, among other things, the prevailing market conditions, the net book value of the Property of HK\$319,000,000 as at 30 June 2024 and the preliminary valuation of the Property of HK\$319,000,000 as at 30 June 2024 according to the valuation by an independent professional valuer by way of market approach.

Conditions Precedent

The Disposal is subject to the Conditions Precedent that (i) the Purchaser has obtained sufficient financial resources to settle the Purchaser Price and having provided a confirmation in this regard to the Vendor in full on or before 31 January 2025; and (ii) the Vendor has obtained all the necessary approval of the Board at a directors' meeting and approval of the Shareholders at the EGM in connection with the sale and purchase under the Provisional Agreement on or before 31 January 2025.

If any of the Conditions Precedent cannot be fulfilled by the Purchaser or the Vendor (as the case may be), the non-fulfilling party shall inform the other party or its solicitors by giving three (3) working days' prior notice in writing to cancel the Provisional Agreement, and in that event, (a) the Vendor and the Purchaser shall enter into a cancellation agreement to cancel the sale and purchase under the Provisional Agreement within seven (7) working days from the date of the aforesaid notice to cancel the Provisional Agreement; (b) the Vendor shall forthwith return all the deposits paid by the Purchaser (without interests, costs and compensation) within seven (7) working days from the date of the aforesaid notice in writing to cancel the Provisional Agreement; and (c) it shall not be necessary for the Purchaser to tender an assignment to the Vendor. Thereupon, neither party shall have any claim (including the claim for damages and/or specific performance) against the other party under the Provisional Agreement.

Formal Agreement

The Vendor and the Purchaser have agreed to sign the formal agreement for sale and purchase of the Property within 21 days from the date of the Provisional Agreement (inclusive of the date of the Provisional Agreement).

Completion

The Completion shall take place on a day agreed between the Vendor and the Purchaser within two (2) months from the date on which all Conditions Precedent are fulfilled.

FINANCIAL EFFECT OF THE DISPOSAL

The net book value of the Property as at 30 June 2024 as well as the preliminary valuation of the Property as at 30 June 2024 are both HK\$319,000,000. Upon Completion, it is estimated that the Company will record a potential loss before tax on the Disposal of approximately HK\$69,000,000, being the difference between the Consideration of HK\$250,000,000 and the valuation of the Property of HK\$319,000,000 as at 30 June 2024.

The exact amount of gain or loss to be recorded in the consolidated statement of profit or loss of the Group is subject to audit, and therefore may be different from the figure provided above. Shareholders and potential investors of the Company should note that the above estimation is for illustrative purpose only.

USE OF PROCEEDS

The net proceeds, being the Consideration net of relevant expenses from the Disposal, arising from the Disposal are estimated to be approximately HK\$245 million. The Company intends to utilise the net proceeds for repayment of loans that support the Project, directly or indirectly, and as the Group's general working capital.

INFORMATION ON THE PROPERTY

The Property is the piece or parcel of ground registered in the Land Registry as New Kowloon Inland Lot No. 812 and of and in the messuages, erection and building thereon and known as No. 6 Rutland Quadrant, Kowloon, Hong Kong. The Property has a leasable gross floor area of approximately 574 square metres and is currently used as the campus of a kindergarten.

Set out below is certain financial information of the Property for 31 December 2022 and 2023:

	2022 <i>(approximately</i> <i>HK\$'000)</i> <i>(audited)</i>	2023 <i>(approximately</i> <i>HK\$'000)</i> <i>(audited)</i>
Rental income	–	–
Net profit/(loss) before tax	440.4	(9,577.0)
Net profit/(loss) after tax	277.8	(9,689.6)

The net profit and loss related to the Property for the years ended 31 December 2023 and 2022 were mainly attributable to change in fair value in the respective years.

INFORMATION ON THE VENDOR, THE COMPANY AND THE GROUP

The Vendor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It holds the Property as investment property for rental income.

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares have been listed on the Main Board of the Stock Exchange. The Group is a conglomerate group integrating real estate investment and development, industrial operation, commercial property management, formative education and emerging industries investment businesses operating in the PRC and Hong Kong.

INFORMATION ON THE PURCHASER

Based on public information, the Purchaser is a company limited by guarantee without a share capital incorporated in Hong Kong. It is a charitable institution which is exempt from tax under Section 88 of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) since 1968. It is principally engaged in religious activities and an independent third party of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Taking into consideration the prevailing market conditions in Hong Kong and the gloomy future outlook in the real estate industry of Hong Kong, the Company believes that the Disposal will enable the Group to monetize the value in its investment in the Property accumulated over a period of time since investment and represents an opportunity to enhance the financial flexibility of the Group at this point of time.

The Disposal is beneficial to the Group in optimizing the allocation of resources and reducing its gearing ratio, which is conducive to the Group's ability to manage risks and achieve long-term stable and healthy development.

In light of the aforementioned, the Directors (including the independent non-executive Directors) are of the view that the terms of the Provisional Agreement were negotiated on an arm's length basis and on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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The Disposal will be subject to the approval by Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or its/his/her associate(s) has a material interest in the Provisional Agreement and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting at the EGM to be convened by the Company for approving the Provisional Agreement and the transactions contemplated thereunder.

GENERAL

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As the Disposal is conditional on the fulfillment of the Conditions Precedent, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“applicable percentage ratio(s)” has the same meaning ascribed thereto in the Listing Rules

“associates” has the same meaning ascribed thereto in the Listing Rules

“Board” the board of Directors

“Company”	Top Spring International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange with stock code 3688
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Provisional Agreement
“Conditions Precedent”	the conditions precedent to the Completion set out in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	HK\$250,000,000, being the consideration for the sale and purchase of the Property payable by the Purchaser to the Vendor pursuant to the Provisional Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms of the Provisional Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the transactions as contemplated under the Provisional Agreement
“Group”	collectively, 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 PRC
“independent third party(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“Project”	the property project in relation to the Property
“Property”	the piece or parcel of ground registered in the Land Registry as New Kowloon Inland Lot No. 812 and of and in the messuages, erections and building thereon and known as No. 6 Rutland Quadrant, Kowloon, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase dated 25 November 2024 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Purchaser”	Shang Sin Chun Tong (省善真堂), a company limited by guarantee incorporated under the laws of Hong Kong, an independent third party of the Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Flourish Fortune Company Limited (茂幸有限公司), a private company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Top Spring International Holdings Limited
WONG Tak Chun
Company Secretary

Hong Kong, 25 November 2024

As at the date of this announcement, the executive Directors are Mr. WONG Chun Hong, Ms. LAM Mei Ka, Shirley and Mr. WONG Sze Yuen; the non-executive Directors are Mr. YIP Hoong Mun and Mr. KUI Qiang; and the independent non-executive Directors are Professor WU Si Zong, Mr. CHAN Yee Herman and Mr. CHAN So Kuen.