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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)

DISCLOSEABLE TRANSACTION THE ACQUISITION

THE ACQUISITION

On 15 March 2016 (after trading hours), Total Flourish, an indirect wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Seller, the Warrantor and the Company, pursuant to which the Seller agreed to sell and assign, and Total Flourish agreed to purchase and assume, the Sale Share and the Shareholder Loan, respectively. Subject to the terms of the Share Purchase Agreement, the Warrantor agreed to assume all the liabilities of the Seller as may arise under the Share Purchase Agreement.

The aggregate value of the Consideration payable by Total Flourish to the Seller under the Share Purchase Agreement is US\$88,086,976.14 (equivalent to approximately HK\$683,554,935) which comprises (i) the Share Consideration in the amount of US\$33,036,976.14 (equivalent to approximately HK\$256,366,935) (which is inclusive of the Working Capital); and (ii) the Shareholder Loan Consideration in the amount of US\$55,050,000 (equivalent to approximately HK\$427,188,000).

The Sale Share represents all the issued share of the Target Company which, in turn, holds the entire equity interest in Shanghai Li Te Man, the owner of the Property.

Upon Completion, each of the Target Company and Shanghai Li Te Man will become an indirect wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratio(s) under the Listing Rules in respect of the transactions contemplated under the Share Purchase Agreement exceeds 5% but is less than 25%, the entering into of the Share Purchase Agreement constitutes a disclosure transaction of the Company under the Listing Rules.

The Share Purchase Agreement

The principal terms of the Share Purchase Agreement are set out below:

Date

15 March 2016

Parties

- (1) the Seller
- (2) the Warrantor
- (3) Total Flourish, as the purchaser
- (4) the Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, the Warrantor and their respective ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

The assets to be acquired comprise (i) the Sale Share, being one ordinary share in the issued share capital of the Target Company, representing the entire share capital of the Target Company as at the date of this announcement; and (ii) the Shareholder Loan. The principal amount of the Shareholder Loan was in the aggregate sum of US\$55,050,000 (equivalent to approximately HK\$427,188,000) as at the date of this announcement.

Consideration

The aggregate value of the Consideration payable by Total Flourish to the Seller under the Share Purchase Agreement is US\$88,086,976.14 (equivalent to approximately HK\$683,554,935) which comprises (i) the Share Consideration in the amount of US\$33,036,976.14 (equivalent to approximately HK\$256,366,935) (which is inclusive of the Working Capital); and (ii) the Shareholder Loan Consideration in the amount of US\$55,050,000 (equivalent to approximately HK\$427,188,000).

The Consideration shall be payable in cash and shall be satisfied in full upon Completion in the following manner:

- (i) the Deposit (together with any interest accrued thereof, if any) shall form part of the payment for the Consideration; and
- (ii) the balance of the Consideration shall be paid by Total Flourish to the Seller upon Completion.

The Group intends to fund the Consideration by internal resources of the Group, bank financing and the use of part of the proceeds from the issue of the Convertible Bonds (as defined in the circular of the Company dated 26 February 2016), or a combination of any of these. The Consideration was arrived at after arm's length negotiation between Total Flourish and the Seller, and was determined with reference to the unaudited net asset value of the Target Group as at 29 February 2016 and the prevailing market value of the Property as at 31 December 2015.

Indemnity

Pursuant to the Share Purchase Agreement, subject to a cap of US\$3,500,000 (or equivalent to approximately HK\$27,160,000), the Warrantor shall indemnify and hold Total Flourish harmless against any liabilities arising from the Warrantor's breach of its undertaking to (i) procure the Seller to comply with Announcement 7; and (ii) exercise best efforts to assist Total Flourish in relation to any filing as Total Flourish may be so required pursuant to Announcement 7.

In addition, subject to a cap of US\$3,500,000 (or equivalent to approximately HK\$27,160,000), the Warrantor shall indemnify and hold Total Flourish harmless against and pay to Total Flourish an amount equal to any liabilities, losses, costs, expenses or damages incurred by Total Flourish or any of the Target Group arising from, or in connection with, any unsettled PRC corporate income tax, property tax at the Property-level, PRC business tax, local PRC levies, PRC withholding tax and stamp duty, but excluding any PRC land appreciation tax, of any member of the Target Group and the Property, incurred or accrued in the periods, by a member of the Target Group, from which (i) the Seller owned the Target Group to the Completion Date; and (ii) Shanghai Li Te Man owned the Property to the Completion Date.

The Warrantor

Subject to the terms of the Share Purchase Agreement, the Warrantor agreed to assume all the liabilities of the Seller as may arise under the Share Purchase Agreement.

The Company

The Company agreed that it shall use reasonable endeavours to procure Total Flourish to fulfil Total Flourish's obligations to render all assistance as may be required by the Warrantor or the Seller in relation to the filing requirements under Announcement 7.

Completion

Completion shall take place on 31 March 2016, or such earlier date as Total Flourish and the Seller otherwise agree in writing.

Upon Completion, the Seller, Total Flourish, the Warrantor and the Target Company shall execute the Shareholder Loan Assignment in connection with the assignment of the Shareholder Loan from the Seller to Total Flourish.

Each of the Target Company and Shanghai Li Te Man will become an indirect wholly-owned subsidiary of the Company upon Completion.

REASONS AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition will enable the Group to widen and expand its presence in the property market in Pudong New Area, Shanghai, the PRC and benefit the business development of the Group in the PRC. The Directors also believe that the office units and retail units of the Property have strong appreciation potentials in the long term.

The Directors consider that the terms and the entering into of the Share Purchase Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PROPERTY

The Property is located at 727 Pujian Road, Pudong New Area, Shanghai, the PRC. The Property is a residential serviced apartment and office/retail podium, comprising a total of 120 residential units, four office units, four retail units, and 43 car park units. It has a total gross floor area of approximately 25,960.63 sq.m.

The market value of the Property as at 31 December 2015 was RMB803,000,000 (equivalent to approximately HK\$955,570,000). Revenue generated from the leasing of the serviced apartments, office units, retail units and car park units for the two financial years ended 31 December 2014 and 2015 amounted to approximately RMB17,435,615.19 (equivalent to approximately HK\$20,748,382) and RMB33,207,488.02 (equivalent to approximately HK\$39,516,911), respectively.

INFORMATION ON THE GROUP

The Group is a real estate property developer in the PRC specialising in the development and operation of urban mixed-use communities, and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, and the Central China, Beijing-Tianjin and Chengdu-Chongqing regions in the PRC.

INFORMATION ON TOTAL FLOURISH

Total Flourish is a company incorporated in the British Virgin Islands with limited liability. Total Flourish is an indirect wholly-owned subsidiary of the Company. The principal business activity of Total Flourish is investment holding.

INFORMATION ON THE SELLER

The Seller is an exempted limited partnership registered in the Cayman Islands. Its principal business activity is real estate and real estate related investments in Pan Asia region.

INFORMATION ON THE WARRANTOR

The Warrantor is a company incorporated in the British Virgin Islands and its principal business activity is real estate and real estate related investment holdings. The Warrantor is a wholly-owned subsidiary of the Seller.

FINANCIAL INFORMATION OF THE TARGET GROUP

As at the date of this announcement, the Target Group had not prepared its audited financial statements for the financial year ended 31 December 2015. According to the unaudited financial statements of the Target Company, as at 29 February 2016, the unaudited total asset value and the unaudited negative net asset value of the Target Company was HK\$421,236,696.70 and HK\$5,976,776.52, respectively. According to the unaudited financial statements of the Shanghai Li Te Man as at 29 February 2016, the unaudited total asset value and the unaudited net asset value of Shanghai Li Te Man was RMB471,093,888.87 (equivalent to approximately HK\$560,601,728) and RMB236,599,554.07 (equivalent to approximately HK\$281,553,469), respectively.

The net loss before and after tax of the Target Company are set out below:

	For the year ended 31 December 2015 (HK\$) (unaudited)	2014 (HK\$) (audited)
Net loss before and after tax	42,745	24,211

The net loss before and after tax of Shanghai Li Te Man are set out below:

	For the year ended 31 December 2015 (RMB) (unaudited)	2014 (RMB) (audited)
Net loss before and after tax	32,285,317.28 (equivalently to approximately HK\$38,419,528)	45,865,241.34 (equivalently to approximately HK\$54,579,637)

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratio(s) under the Listing Rules in respect of the transactions contemplated under the Share Purchase Agreement exceeds 5% but is less than 25%, the entering into of the Share Purchase Agreement constitutes a disclosure transaction of the Company under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and the Shareholder Loan pursuant to the Share Purchase Agreement
“Announcement 7”	means the announcement of the PRC State Administration of Taxation on Several Issues concerning the Enterprise Income Tax on the Indirect Transfers of Properties by Non-Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) dated 3 February 2015
“Board”	the board of directors of the Company
“Company”	Top Spring International Holdings Limited (萊蒙國際集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Acquisition
“Completion Date”	31 March 2016, or such earlier date as the Seller and Total Flourish otherwise agree in writing
“Consideration”	the aggregate value of the Share Consideration (which is inclusive of the Working Capital) and the Shareholder Loan Consideration
“Deposit”	the deposit in the amount of RMB20,000,000 in its US\$ equivalent (or equivalent to approximately HK\$23,800,000) paid by the Company to the Seller pursuant to the MOU
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party/ Parties”	a person or persons which is or are independent of, and not connected with, any directors, chief executive or substantial shareholders (within the meaning under the Listing Rules) of the Company or any of its subsidiaries or any of their respective associate(s) (within the meaning under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	the memorandum of understanding dated 14 January 2016 and entered into between the Company and the Seller in relation to the Acquisition (as amended by the amendment letters dated 13 February 2016 and 1 March 2016, respectively)
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Property”	the property known as “Grand Pujian Residence” located at 727 Pujian Road, Pudong New Area, Shanghai, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one ordinary share in the issued share capital of the Target Company representing the entire issued share capital of the Target Company
“Seller”	Real Estate Capital Asia Partners III L.P., an exempted limited partnership registered in the Cayman Islands
“Shanghai Li Te Man”	Shanghai Li Te Man Real Estate Co., Ltd. (上海利特曼置業有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Target Company
“Share Consideration”	the consideration payable by Total Flourish to the Seller pursuant to the Share Purchase Agreement for the Sale Share
“Share Purchase Agreement”	the share purchase agreement dated 15 March 2016 and entered into among the Seller, Total Flourish, the Warrantor and the Company in relation to the Acquisition
“Shareholder Loan”	the loan or indebtedness outstanding and owing as at Completion by the Target Company to the Seller which is unsecured, interest-free and repayable on demand, which shall not be more than the aggregate sum of US\$55,050,000 (equivalent to approximately HK\$427,188,000)
“Shareholder Loan Assignment”	the deed relating to the assignment of the Shareholder Loan to be executed by the Seller, Total Flourish, the Warrantor and the Target Company on the Completion Date
“Shareholder Loan Consideration”	the consideration payable by Total Flourish to the Seller pursuant to the Share Purchase Agreement for the assignment of the Shareholder Loan from the Seller to Total Flourish which shall equal to the amount of the Shareholder Loan as at Completion
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Unique Prosper International Limited (宇興國際有限公司), a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and Shanghai Li Te Man
“Total Flourish”	Total Flourish Holdings Limited (同晉控股有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“US\$”	the lawful currency of the United States
“Warrantor”	Pacific Vista International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Seller
“Working Capital”	US\$825,465.37 (equivalent to approximately HK\$6,405,611), being the agreed working capital amount of the Target Group as at 31 March 2016
“%”	per cent

For the purposes of this announcement, the exchange rates of RMB1.00 = HK\$1.19 and US\$1.00 = HK\$7.76 have been used, where applicable, for illustrative purposes only and do not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rate or at all on the date or dates in question or any other date.

By Order of the Board
Top Spring International Holdings Limited
WONG Chun Hong
Chairman

Hong Kong, 15 March 2016

As at the date of this announcement, the executive Directors are Mr WONG Chun Hong, Ms LI Yan Jie, Mr CHEN Feng Yang and Mr WANG Tian Ye; the non-executive Directors are Mr XU Lei, Mr CHIANG Kok Sung Lawrence and Mr LEE Sai Kai David; and the independent non-executive Directors are Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo, Professor WU Si Zong and Mr LEUNG Kwong Choi.