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Tomson Group

TOMSON GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 258)

DISCLOSEABLE TRANSACTION SUCCESSFUL TENDER OF PROPERTY

The Board is pleased to announce that on 5 August 2022 (after trading hours), Island Sky, a wholly-owned subsidiary of the Company, received the Notification of Acceptance from the Vendor (acting through the Receivers) and the Receivers confirming that its tender for the Property (situated at the whole 13/F of Tower II, Admiralty Centre, Hong Kong) at the Purchase Price of HK\$193 million has been accepted.

As the highest applicable percentage ratio in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 5 August 2022 (after trading hours), Island Sky, a wholly-owned subsidiary of the Company, received the Notification of Acceptance from the Vendor (acting through the Receivers) and the Receivers confirming that its tender for the Property at the Purchase Price of HK\$193 million has been accepted.

THE CONTRACT AND THE ACQUISITION

The principal terms of the Contract are summarized as follows:

- Parties:**
- (1) the Vendor (acting through the Receivers)
 - (2) the Receivers
 - (3) Island Sky, a wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor, the Receivers and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter:

Pursuant to the Contract, Island Sky acknowledges and agrees that the Property is sold on an “as is” basis.

The Property is currently subject to the Encumbrances, including, without limitation, the First Mortgage, the Second Charge, the Building Order, the Writ of Summons, the Legal Proceedings, but shall be sold to Island Sky free from the First Mortgage and the Second Charge on or before completion of the Acquisition.

The Property is sold for the residue of the term created by the Government Lease subject to (i) the terms and conditions contained in the Contract; (ii) the terms, conditions and covenants set out, reserved by and contained in the Government Lease; (iii) all rights and liabilities affecting the same; and (iv) the payment of the Government rent. The Government Lease has a term of 75 years commencing from 18 August 1978 with a right of renewal for one further term of 75 years.

Purchase Price and Payment:

The Purchase Price for the Property is HK\$193 million, which was arrived at after taking into account (i) the location, the recent transaction price and the residue of terms of years of Tower II of Admiralty Centre; (ii) the current condition and the current or future use of the Property; (iii) the average rent per square feet of the rentable area of the Property and that of its neighbouring floors; and (iv) the cost as may be incurred to discharge or release all encumbrances, and the potential rate of return of the investment.

The Purchase Price shall be payable by the following instalments:

- (i) a sum of HK\$10 million (equivalent to approximately 5.18% of the Purchase Price) as initial deposit which was paid upon submission of the tender by Island Sky on 15 July 2022;
- (ii) a sum of HK\$9.3 million (equivalent to 10% of the Purchase Price less the initial deposit) that shall be paid on or before the Date of Payment of Further Deposit as further deposit and the relevant cashier’s order shall be delivered together with a signed memorandum of agreement; and
- (iii) a sum of HK\$173.7 million (equivalent to 90% of the Purchase Price) that shall be paid on or before the Completion Date.

The Purchase Price will be satisfied in cash by the internal resources of the Group.

Completion: Completion of the Acquisition shall take place at the offices of the Vendor's solicitors on the Completion Date.

Upon completion, the Vendor shall execute one proper assignment of the Property to Island Sky and Island Sky shall fully pay the balance of the Purchase Price (i.e. 90% of the Purchase Price).

Subject to the terms and conditions of the Contract, as from and inclusive of the actual day of completion, possession of the Property will be taken by Island Sky subject to the occupancy of any existing occupants, and all rates, Government rent and management fee will be discharged by Island Sky.

Annulment of sale: In the event of the Vendor (in its capacity as mortgagor of the First Mortgage) or anyone acting on its behalf or any other person exercising its rights to redeem the Property at any time prior to completion of the Acquisition, the Vendor and the Receivers shall be entitled to forthwith annul the sale and the deposits paid under the Contract shall be refunded to Island Sky without interest and Island Sky shall not be entitled to any claim or relief or to enforce specific performance against the Vendor or the Receivers.

Other major terms: Island Sky acknowledges and accepts that the Vendor is selling the Property through the Receivers and Island Sky shall be deemed to have accepted the Vendor's title and rights and the Vendor's powers to sell the Property as joint and several receivers of the Property appointed under the First Mortgage. Neither the Vendor nor the Receivers shall give any covenants, expressed or implied, in the assignment of the Property. Island Sky shall not raise any requisitions or objections in respect of the existence of the Encumbrances.

As from the date of acceptance of the tender, the Property shall be at the sole risk and responsibility of Island Sky.

Save as otherwise provided in the Contract, Island Sky shall discharge or release any charging order or memorandum of charge or building order or small claims or the Encumbrances and any other encumbrance affecting the Property (if any) at its own costs.

If Island Sky shall (other than due to the default of the Vendor) fail to (i) make payment of any part of the Purchase Price; or (ii) complete the Acquisition in accordance with the Contract; or (iii) observe or comply with the terms and conditions of the Contract, the Vendor may forthwith determine the Contract and shall be entitled to forfeit any paid deposit and re-enter upon the Property and repossess the same if possession shall have been given to Island Sky in accordance with the provisions of the Contract.

INFORMATION ON THE PROPERTY

The Property is located at Tower II of Admiralty Centre, a mixed-use building on Harcourt Road, Admiralty, Hong Kong and consisting of offices and shopping malls on the lower levels. The Property has a gross floor area of approximately 10,627 square feet. The Receivers confirm that they have not granted nor will they grant any lease, tenancy or licence to the occupant(s) in relation to the Property.

Based on the public information available to the Company: (1) the rental payments in respect of certain portion of the Property were HK\$4,350,000 for the year ended 31 December 2020 and HK\$3,900,000 for the year ended 31 December 2021 under the respective tenancy agreements made between the Vendor as landlord and Wai Chun Group or its subsidiary (as the case may be) as tenant; and (2) certain portion of the Property is currently occupied by Wai Chun Group, which is an independent third party to the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are property development and investment, hospitality and leisure business, securities trading, as well as operation of and investment in media and entertainment business.

The Property, which is situated in Admiralty Centre, is in a strategic location in the key financial and commercial district on the Hong Kong Island. Admiralty Centre is a Grade A commercial-cum-office building and accessible to key Hong Kong Mass Transit Railway stations that not only provide convenient transport within Hong Kong but also provide easy check-in to the Hong Kong International Airport and accessible to Western part of Kowloon Peninsula that provides transportation to the PRC. The Board considers the Acquisition a strategic long-term investment for the Group, as the Company believes Hong Kong will remain as a major international city and benefit from the Government's favorable Greater Bay Area policy and the strong economic growth of the PRC. It is expected that the Acquisition will enhance the property investment portfolio of the Group, generate stable recurring rental income and further strengthen the long-term development of the Group in Hong Kong. The Property may be used as the Company's headquarter in Hong Kong at opportune time.

The Directors (including the independent non-executive Directors) consider that the Acquisition and the transactions contemplated under the Contract are on normal commercial terms and the terms of the Contract are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON ISLAND SKY AND THE GROUP

Island Sky, a wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability. The principal activity of Island Sky will be property holding and investment upon completion of the Acquisition.

The Company is an investment holding company incorporated in the Cayman Islands and its subsidiaries are principally engaged in property development and investment, hospitality and leisure business, securities trading, as well as operation of and investment in media and entertainment business.

INFORMATION ON THE VENDOR AND THE RECEIVERS

The Vendor

The Vendor is an investment holding company incorporated in Hong Kong with limited liability.

Based on the public information available to the Company, the Vendor is owned by Mr. Lam Ching Kui as to 50% and Ms. Chan Oi Mo as to 50%. Mr. Lam Ching Kui is an executive director and a controlling shareholder of Wai Chun Group, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1013) and is interested in or deemed to be interested in approximately 74.46% of the issued share capital of Wai Chun Group and Ms. Chan Oi Mo is the spouse of Mr. Lam Ching Kui. Wai Chun Group is also a tenant of certain portion of the Property.

The Receivers

Messrs. Osman Mohammed Arab and Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited are the Receivers. Based on the public information available to the Company, RSM Corporate Advisory (Hong Kong) Limited is a member of a leading global network of independent audit, tax, and consulting firms that was formed in 1964. The corporate advisory services of RSM Corporate Advisory (Hong Kong) Limited includes restructuring and insolvency services and forensic accounting and litigation support services.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Acquisition”	the acquisition of the Property under the terms of the Contract
“applicable percentage ratio(s)”	the applicable percentage ratio(s) as defined under Rule 14.07 of the Listing Rules
“Board”	the board of directors of the Company
“Building Order”	the order issued by the Building Authority under section 28(3) of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) in respect of the Property as registered in the Land Registry of Hong Kong

“Company”	Tomson Group Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 258)
“Completion Date”	on or before the 35th calendar day after the Date of Payment of Further Deposit, which is tentatively 16 September 2022
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contract”	the binding contract between the Vendor and Island Sky for the sale and purchase of the Property on the terms and conditions contained in the conditions of sale as constituted by Island Sky’s signed form of tender and the Vendor’s acceptance of offer
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Date of Payment of Further Deposit”	the 7th calendar day after the date of Notification of Acceptance (i.e. 12 August 2022)
“Directors”	the directors of the Company
“Encumbrances”	all the encumbrances to which the Property is now subject to, including, without limitation, the First Mortgage, the Second Charge, the Building Order, the Writ of Summons, the Legal Proceedings, and (whether present or future, actual or contingent) all losses, damages, liabilities, obligations, claims, lawsuits, proceedings, costs and expenses incurred by the Vendor or any other third party in connection with or arising from or affecting the Property
“First Mortgage”	a first legal charge over the Property granted by the Vendor as mortgagor in favour of the First Mortgagee created under a mortgage dated 28 December 2018
“First Mortgagee”	Industrial Bank Co., Ltd. Hong Kong Branch
“Government”	the Government of Hong Kong
“Government Lease”	the Government lease under which the Property is held from the Government
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Island Sky”	Island Sky Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Legal Proceedings”	the High Court Action No. 1375 of 2021 taken out in the High Court of Hong Kong Court of First Instance
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notification of Acceptance”	the letter notifying the acceptance of the tender for the Property from the Vendor dated 5 August 2022
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“Property”	the whole 13/F of Tower II, Admiralty Centre, Hong Kong
“Purchase Price”	HK\$193 million, being the consideration for the Acquisition
“Receivers”	Messrs. Osman Mohammed Arab and Lai Wing Lun, the joint and several receivers and managers of the Property
“Second Charge”	a second legal charge over the Property granted by the Vendor as second mortgagor in favour of Sky Ranch Investments Limited as lender
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meanings as those defined under the Listing Rules
“Vendor”	Wai Chun Holdings Group Limited, a company incorporated in Hong Kong with limited liability (acting through the Receivers)
“Wai Chun Group”	Wai Chun Group Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1013) and based on the public information available to the Company, a tenant of certain portion of the Property. Mr. Lam Ching Kui, one of the ultimate beneficial owners of the Vendor, is an executive director and a controlling shareholder interested in or deemed to be interested in approximately 74.46% of the issued share capital of Wai Chun Group
“Writ of Summons”	the writ of summons in respect of the Legal Proceedings, a sealed copy of which was registered in the Land Registry of Hong Kong

“0%”

per cent.

For and on behalf of the Board
TOMSON GROUP LIMITED
Hsu Feng
Chairman & Managing Director

Hong Kong, 7th August, 2022

As at the date of this announcement, the Board comprises three executive Directors, Madam Hsu Feng (Chairman and Managing Director), Mr. Albert Tong (Vice-Chairman) and Mr. Tong Chi Kar Charles (Vice-Chairman), and three independent non-executive Directors, Mr. Cheung Siu Ping, Oscar, Mr. Lee Chan Fai and Mr. Sean S J Wang.