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VIVA CHINA HOLDINGS LIMITED
非凡中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8032)

**MAJOR TRANSACTION
IN RELATION TO THE SALE OF
2.41% OF THE TOTAL ISSUED SHARE CAPITAL IN
LI NING COMPANY LIMITED
BY WAY OF PLACING**

This announcement is made by the Company pursuant to 17.10(2)(a) of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the SFO.

THE PLACING AGREEMENT

The Company announces that on 18 May 2021 (before trading hours), Viva China BVI, a wholly-owned subsidiary of the Company, as the Seller and the Placing Agent entered into the Placing Agreement, pursuant to which the Seller agreed to appoint the Placing Agent, and the Placing Agent agreed to act as agent of the Seller to procure purchasers for the Sale Shares held by the Seller, or failing which, to purchase the Sale Shares itself subject to the terms and conditions set forth in the Placing Agreement. The Placing Price was determined at HK\$63.6 per Sale Share.

GEM LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Placing are greater than 25% and less than 75%, the Placing constitutes a major transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Written Shareholders' approval

Since (i) to the best of the Company's knowledge, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Placing, and (ii) the Company has obtained written shareholders' approval in respect of the Placing Agreement, the Placing and all incidental documentations and approvals from a closely allied group of Shareholders, comprising Lead Ahead, Victory Mind and Dragon City, which hold 2,132,420,382, 1,680,022,769 and 2,000,000,000 Shares respectively representing approximately 22.41%, 17.65% and 21.02% and in aggregate 61.08% of the total issued share capital of the Company, no general meeting is required to be convened for the approval of any major transaction constituted by the Placing pursuant to Rule 19.44 of the GEM Listing Rules.

A circular containing, among other things, details of the Placing Agreement and other information as required under the GEM Listing Rules is expected to be dispatched to the Shareholders on or before 9 June 2021 for information only.

WARNING

The completion of the Placing is subject to the satisfaction of the conditions precedent as set out in the Placing Agreement. As the Placing may or may not proceed and special dividend may or may not be declared, Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

INTRODUCTION

This announcement is made by the Company pursuant to 17.10(2)(a) of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the SFO.

The Company announces that on 18 May 2021 (before trading hours), Viva China BVI, a wholly-owned subsidiary of the Company, as the Seller and the Placing Agent entered into the Placing Agreement, pursuant to which the Seller agreed to appoint the Placing Agent, and the Placing Agent agreed to act as agent of the Seller to procure purchasers for the Sale Shares held by the Seller, or failing which to purchase the Sale Shares itself subject to the terms and conditions set forth in the Placing Agreement. The Placing Price was determined at HK\$63.6 per Sale Share.

The principal terms and conditions of the Placing Agreement are as follows:

The Placing Agreement

Date: 18 May 2021

Seller: Viva China BVI

Placing Agent: J.P. Morgan Securities (Asia Pacific) Limited

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent is a third party independent of the Company and its connected persons.

Sale Shares

As at the date of this announcement, the Sale Shares represent approximately 2.41% of the issued share capital of Li Ning Co. The Sale Shares will be sold free and clear of liens, encumbrances, equities or claims together with all dividends, distributions or other rights declared or distributed in respect of the Sale Shares for which a record date in respect of such entitlement occurs on or after the date of the Placing Agreement.

Placing Price

The Placing Price of HK\$63.6 represents:

- (a) a discount of approximately 6.54% to the closing price of HK\$68.05 per Li Ning Co Share as quoted on the Stock Exchange on 17 May 2021, being the trading day immediately preceding the issue of this announcement; and
- (b) a discount of approximately 2.00% to the average closing price of approximately HK\$64.9 per Li Ning Co Share as quoted on the Stock Exchange for the last 5 trading days prior to and including 17 May 2021, being the trading day immediately preceding the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Seller and the Placing Agent with reference to, among other things, the prevailing market price and the recent trading volume of the Li Ning Co Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions

The obligations of the Placing Agent under the Placing Agreement shall be subject to the following conditions:

- (a) the Placing Agreement and the transactions contemplated thereunder being approved by the Shareholders in accordance with the GEM Listing Rules and other applicable laws and regulations;
- (b) each of the representations and warranties of the Seller in the Placing Agreement being correct when given or made and remain correct as if given and made at the Closing Time;
- (c) the Seller having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement at or before the Closing Time;
- (d) there shall not have occurred, developed or announced since the date of the Placing Agreement any material adverse change or any development reasonably likely to involve a material adverse change in the management, business, properties, financial condition, shareholders' equity or results of operations of Li Ning Co and its subsidiaries taken as a whole shall have occurred, developed or announced since the date of the Placing Agreement;

- (e) none of the following events shall have developed, occurred, existed or come into effect since the date of the Placing Agreement:
- (i) a suspension or material limitation in trading of the Li Ning Co's securities or securities generally on the Stock Exchange;
 - (ii) a general moratorium on commercial banking activities declared by the relevant authorities in Hong Kong or any other jurisdiction which is, in the opinion of the Placing Agent, relevant (the "**Relevant Countries**") or a material disruption in commercial banking or securities settlement or clearance services in any of the Relevant Countries;
 - (iii) any outbreak or escalation of hostilities, or another emergency or crisis involving any of the Relevant Countries or the declaration by any of the Relevant Countries of a national emergency or war; or
 - (iv) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in any of the Relevant Countries or elsewhere, if the effect of any such event specified in (iii) or (iv) in the judgment of the Placing Agent makes it impracticable or inadvisable to proceed with the transactions contemplated by the Placing Agreement.

As at the date of this announcement, the written shareholders' approval from a closely allied group of Shareholders who together hold more than 50% of the voting rights at the general meeting to approve the transaction in respect of the Placing Agreement and the transactions contemplated thereunder in accordance with Rule 19.44 of the GEM Listing Rules and other applicable laws and regulations has been obtained.

In the event that Seller shall not have delivered the Sale Shares at the Closing Time as required by the Placing Agreement, or any of the above conditions has not been satisfied (or waived in writing), by or at the Closing Time, the Placing Agent may in its sole discretion elect to terminate the Placing Agreement in which case the Placing Agreement shall cease to have effect, except for the liability of the Seller arising before or in relation to such termination and as otherwise provided therein, provided that, if the Seller delivers less than all of the Sale Shares by or at the Closing Time, the Placing Agent shall also have the option to effect the purchase of any number of such Sale Shares as are delivered at the agreed purchase price per share, but such partial purchase shall not relieve the Seller from liability for its default with respect to the Sale Shares not purchased.

Completion

Completion shall take place on 21 May 2021.

Lock-up

Pursuant to the Placing Agreement, during the period ending 90 days after the date of the Placing Agreement, unless with the consent from the Placing Agent, the Seller will not, and shall procure members of the Seller's group of companies and affiliates (which excludes Li Ning Co) shall not, offer, sell, contract to sell, grant any option to purchase or otherwise dispose of, directly or indirectly, any Li Ning Co Shares or depositary receipts representing Li Ning Co Shares or any other securities of the Li Ning Co which are substantially similar to Li Ning Co Shares or any securities convertible into, exchangeable for or representing the right to receive any of the foregoing securities or enter into any options or derivatives, cash settled or otherwise, or other transactions relating to the foregoing or having similar economic effect, and shall not publicly announce an intention to effect any of such transactions.

The foregoing shall not apply to any of the followings: (i) the sale of the Shares under the Placing Agreement; and (ii) any disposal of Shares in connection with an enforcement of security under margin loan financing provided by, among others, the Placing Agent or any of its affiliates.

REASONS AND BENEFITS FOR THE PLACING

Immediately before entering into the Placing Agreement, the Seller was interested in 331,201,543 Li Ning Co Shares (representing approximately 13.28 % of the total issued share capital of Li Ning Co as at the date of this announcement).

Immediately following completion of the Placing, the Seller would hold 271,201,543 Li Ning Co Shares (representing approximately 10.87 % of the total issued share capital of Li Ning Co as at the date of this announcement).

The Board is of the view that the Placing represents an opportunity to realize part of its investment in Li Ning Co. The Board would consider to apply the net proceeds from the Placing for (i) potential acquisitions by the Group when suitable opportunities shall arise as the management of the Company considers appropriate; (ii) general working capital of the Group; and (iii) declaration of a special dividend after completion of the Placing as a reward to the Shareholders if considered appropriate by the Board after taking into account of overall financial performance and funding needs of the Group. The Board considers that the terms of the Placing Agreement are fair and reasonable and the transactions contemplated therein are in the interests of the Company and the Shareholders as a whole. It is the intention of the Company to continue to hold its remaining interests in Li Ning Co after the Placing as a long term investment.

The gross proceeds from the Placing will be approximately HK\$3,816.0 million and the net proceeds will be approximately HK\$3,786.9 million (after deduction of the commission and other expenses of the Placing).

INFORMATION OF THE GROUP AND THE LI NING GROUP

The Group is principally engaged in the operation of "Multi-brands Apparels and Footwears". It also engages in the "Sports Experience", including the operation, service provision and investment of sports destinations, sports competitions and events as well as an e-sports club.

The Seller is an investment holding company.

Li Ning Group is one of the leading sports brand enterprises in the PRC mainly providing professional and leisure sporting goods including footwear, apparel, equipment and accessories primarily under the LI-NING brand.

According to the annual results announcement of Li Ning Co dated 19 March 2021, the audited consolidated financial information of the Li Ning Group for the two financial years ended 31 December 2019 and 31 December 2020 are as follows:

	For the financial year ended 31 December 2019	For the financial year ended 31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	1,856,546	2,247,865
Profit after taxation	1,499,143	1,698,484

No valuation for the Li Ning Co Shares held by the Seller has been done. The market closing price of Li Ning Co Shares was HK\$68.05 per share on the trading day immediately before the date of this announcement. The Group's investments in Li Ning Co is considered as investments in associate and accounted for using the equity method before and after the Placing. Upon the Completion, the Company will derecognise the carrying value of the associate proportionate to the percentage reduced, reclassify a proportionate amount of the exchange fluctuation reserve previously recognised to the consolidated financial statements and recognise the resulting gain on the partial sales of its investment in the associate in the consolidated income statement. The Group expects to recognise a resulting gain of approximately HK\$3,338.8 million from the partial sales of its investment in the associate as if the Placing were completed on 31 March 2021. The amount is calculated based on the net proceeds of approximately HK\$3,786.9 million, less the carrying value of the associate proportionate to the percentage reduced and the gain recognised from reclassification of the proportionate amount of the exchange fluctuation reserve as at 31 March 2021 to the consolidated income statement. The actual financial impacts of the Placing will be finalised upon the relevant financial information becoming available.

The Group expects there is a significant increase in the Group's profit attributable to the owners of the Company for the first half of 2021 contributed by the expected gain from partial sale of investment in associate as compared with that of the corresponding period in 2020 as a result of the Placing. Such review is only based on the Board's preliminary assessment in accordance with the unaudited consolidated management accounts of the Group and other information currently available to the Company and is not based on any financial data or information that has been audited or reviewed by the Company's independent auditor. Save for the financial impact on the Placing as mentioned above, the Placing did not have any other material effect on the earnings, assets and liabilities of the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Placing are greater than 25% and less than 75%, the Placing constitutes a major transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Written Shareholders' approval

Lead Ahead is owned as to 60% by Mr. Li Ning (an executive Director, chairman of the Board and the chief executive officer of the Company) and 40% by his brother, Mr. Li Chun. Mr. Li Ning is also a director of Lead Ahead. Victory Mind is indirectly held by the corporate trustee of two discretionary trusts, the beneficiaries of which include the respective family members of Mr. Li Ning, Mr. Li Chun and Mr. Li Qilin, an executive Director. Dragon City is the trustee of a unit trust, the units of which are owned by two family trusts, the beneficiaries of which include the respective family members of Mr. Li Ning, Mr. Li Chun and Mr. Li Qilin. Mr. Li Qilin is the son of Mr. Li Chun and the nephew of Mr. Li Ning. Lead Ahead, Victory Mind and Dragon City are considered as “closely allied group of shareholders” under Rule 19.45 of the GEM Listing Rules.

Since (i) to the best of the Company's knowledge, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Placing, and (ii) the Company has obtained written shareholders' approval in respect of the Placing Agreement, the Placing and all incidental documentations and approvals from a closely allied group of Shareholders, comprising Lead Ahead, Victory Mind and Dragon City, which hold 2,132,420,382, 1,680,022,769 and 2,000,000,000 Shares respectively representing approximately 22.41%, 17.65% and 21.02% and in aggregate 61.08% of the total issued share capital of the Company, no general meeting is required to be convened for the approval of any major transaction constituted by the Placing pursuant to Rule 19.44 of the GEM Listing Rules.

A circular containing, among other things, details of the Placing Agreement and other information as required under the GEM Listing Rules is expected to be dispatched to the Shareholders on or before 9 June 2021 for information only.

WARNING

The completion of the Placing is subject to the satisfaction of the conditions precedent as set out in the Placing Agreement. As the Placing may or may not proceed and special dividend may or may not be declared, Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Closing Time”	10:00 a.m. on 21 May 2021 or such other date as the Seller and the Placing Agent may agree in writing
“Company”	Viva China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM (stock code: 8032)

“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Directors”	the directors of the Company
“Dragon City”	Dragon City Management (PTC) Limited, a limited company incorporated in the British Virgin Islands which holds 2,000,000,000 Shares as at the date of this announcement
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lead Ahead”	Lead Ahead Limited, a limited company incorporated in the British Virgin Islands which holds 2,132,420,382 Shares as at the date of this announcement
“Li Ning Co”	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2331)
“Li Ning Co Share(s)”	share(s) in the share capital of Li Ning Co
“Li Ning Group”	Li Ning Co and its subsidiaries
“percentage ratios”	has the meaning ascribed thereto under the GEM Listing Rules
“Placing”	the placing of the Sale Shares pursuant to the Placing Agreement
“Placing Agent”	J.P. Morgan Securities (Asia Pacific) Limited
“Placing Agreement”	the placing agreement dated 18 May 2021 and entered into between the Seller and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$63.6 per Sale Share
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	60,000,000 Li Ning Co Shares to be sold by the Seller pursuant to the Placing Agreement

“Seller” or “Viva China BVI”	Viva China Development Limited, a company incorporated under the laws of British Virgin Islands, a wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Victory Mind”	Victory Mind Assets Limited, a limited company incorporated in the British Virgin Islands which holds 1,680,022,769 Shares as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In case of any inconsistency between the English version and the Chinese version of this announcement, the English version shall prevail.

By Order of the Board
Viva China Holdings Limited
LI Ning
Chairman & Chief Executive Officer

Hong Kong, 18 May 2021

Executive Directors:

Mr. LI Ning (*Chairman and Chief Executive Officer*)
Mr. LI Chunyang
Mr. LI Qilin

Non-executive Directors:

Mr. Victor HERRERO
Mr. MA Wing Man

Independent non-executive Directors:

Mr. LI Qing
Mr. PAK Wai Keung, Martin
Mr. WANG Yan

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least seven days from the date of its posting and the Company’s website at www.vivachina.hk.