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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)**

**DISCLOSEABLE TRANSACTION**

**ESTABLISHMENT OF  
SPORTS CULTURAL INDUSTRY FUND  
WITH HUARONG ZHIFU**

The Board is pleased to announce that on 18 September 2017, LP2 and the GP, both wholly-owned subsidiaries of the Company, entered into the Limited Partnership Agreement with LP1 for the establishment of the Sports Cultural Industry Fund with an aggregate capital contribution of RMB1.5 billion.

As the Group's applicable percentage ratios for the establishment of the Fund exceed 5% but are less than 25%, the establishment of the Sports Cultural Industry Fund constitutes a discloseable transaction of the Company under the GEM Listing Rules.

The Board is pleased to announce that on 18 September 2017, LP1, LP2 and the GP entered into the Limited Partnership Agreement for the establishment of the Sports Cultural Industry Fund.

**THE LIMITED PARTNERSHIP AGREEMENT**

The principal terms of the Limited Partnership Agreement are as follows:

- |                 |   |
|-----------------|---|
| <b>Date</b>     | 18 September 2017   |
| <b>Partners</b> | <ol style="list-style-type: none"><li>1. LP1, a subsidiary of Huarong Real Estate;</li><li>2. LP2, a subsidiary of the Company; and</li><li>3. GP, a subsidiary of the Company.</li></ol> |

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, LP1 and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

**Investment objective** The investment in sport community development projects related to the Li Ning Sports Parks, and sports, culture, and sports-related intellectual property projects, as well as investments in private equity funds and other investment opportunities.

<b>Capital commitment</b>	<b>Partners</b>	<b>Capital contributions payable (RMB'000)</b>	<b>Respective percentages</b>
	LP1	999,900	66.66%
	LP2	499,950	33.33%
	GP	150	0.01%
		<hr/>	<hr/>
	Total:	<u>1,500,000</u>	<u>100%</u>

Such contributions are payable in cash within 5 years from the Commencement Date (the “**Investment Period**”) pursuant to the calls as may be made by the GP from time to time. The amounts were determined after arm’s length negotiation among the Partners with reference to the estimated capital requirements of the Fund and the management fees. The Group intends to fund its share of capital contribution from its internal resources and/or external financing.

**Term** Initially 8 years from the date of the first business licence of the Fund (the “**Commencement Date**”), extendable for 2 years with the Partners’ agreement.

## Investment return

Distributions by the Fund will generally be paid in cash within 30 days from the receipt of distributable proceeds from an investment project in the order as follows: –

- (i) first, to repay in full LP1, LP2 and the GP (on a pro-rata basis and in no particular order) their respective amount of capital contribution for the project up to a reference date as the GP may determine (the “**Distribution Reference Date**”);
- (ii) then any surplus amount will be paid to the GP and the LPs (in no particular order), with reference to the internal rate of return on the aggregate amount of capital contribution paid by the Partners up to the relevant Distribution Reference Date (the “**Project IRR**”): –
  - (a) if the Project IRR is 30% or below, on a ratio of 20(GP):80(LP)s);
  - (b) if the Project IRR exceeds 30%, the distributable amount representing 30% of the Project IRR will be distributed in accordance with sub-(a) above, while the remaining amount will be distributed on a ratio of 30(GP):70(LP)s),

provided that any distribution to the LPs will be made on a pro-rata basis as between the LPs (with reference to their respective amount of capital contribution for the project up to the Distribution Reference Date) in no particular order.

## Clawback

The GP may require the Partners to pay back to the Fund such distributions received (other than those received in return of principal capital contributions) for any project, in proportion to their respective amount of distribution received, in order to defray any capital deficit suffered upon the termination of a project.

If, on the liquidation of the Fund, the total amount of distributions received by any of the Partners exceeds the distributable amount determined based on the overall internal rate of return of the Fund, such excess amount (other than those received in return of principal capital contributions and after taxation) will have to be paid back to the Fund by such Partner(s) (the “**Clawback**”).

**Fund management fee**

The GP will act as manager to the Fund at a fee, during the Investment Period, of 2% per annum on the actual capital contributions of the LPs to the Fund, and after the Investment Period, of 2% per annum on the total unreturned capital contributions of the LPs in all ongoing projects of the Fund, payable quarterly. The management fee of the GP was determined after arm's length negotiation between the Partners with reference to the rate and fee structure for similar transactions in the market.

**Management committee and investment committee**

The GP will serve as managing partner of the Fund with exclusive powers to make investment on any project(s) up to RMB100 million. The day-to-day operations of the Fund will be managed by a management committee, comprising three nominees of the GP and two nominees of Huarong Real Estate.

An investment committee, comprising two nominees of the GP and two nominees of Huarong Real Estate, will determine investment decisions of the Fund (including approval of investment on project over RMB100 million, disposal of investment project and material asset of the Fund, etc) on a three-fourths majority vote.

**INFORMATION ON THE PARTIES**

The Group is principally engaged in (i) sports competition and event production and management, sports talent management, and provision of sports-related consultancy service; and (ii) property and community development, research and development, manufacturing, marketing and sales of construction materials, operation of Li Ning Sports Parks and provision of consultancy and sub-contracting services. It is the Group's strategy to drive the establishment of an integrated sports platform with its various sports resources in capturing their potential commercial value, and building people-oriented sports communities that promote nationwide physical fitness with the Group's sports portfolio infused with diversified entertainment and leisure elements, so as to enhance the quality of living and promote sportive and healthier lifestyle across the PRC.

LP1 is a wholly-owned subsidiary of Huarong Real Estate and principally engaged in financial consultancy services, investment consultancy services and investment management.

**REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE SPORTS CULTURAL INDUSTRY FUND**

The establishment of the Fund is in line with the Group's strategy, and is expected to be advantageous in expediting the development of the Company's principal businesses.

The Sports Cultural Industry Fund will strengthen the Company's financial capability in determining to invest and participate in prospective community development projects, as well as other related projects in the PRC brought about by the preferential state policies and the evolvement of the sports industry during the 13th Five-Year Plan period that project strong demand for fitness and recreational facilities and services across the country. Such community development projects including, but not limited to, the operation of wide-ranging national sports venues and facilities, and the development of Li Ning Sports Parks, sports towns and sports communities. As disclosed in the 2017 interim report of the Company, the Company has entered into cooperation framework agreements in relation to the development of sports parks and/or sports communities projects in Nantong, Kunming and Yulin in the first quarter of 2017, and is currently in discussions with the local governments of various economically vibrant cities in the PRC, such as Shanghai, Beijing, Shenzhen, Hangzhou, Nanjing, Suzhou, Wuxi, Haikou, Qingdao, Tianjin, Linyi, Xi'an and Hefei in replicating sports parks and sports communities. Moreover, the Fund may invest and engage in intellectual properties projects with a sports and/or sports cultural theme. The Group will be able to generate management fee and other related fee income from the community development projects under the Fund's investment, thus create a new revenue source for the Group.

By collaborating with Huarong Real Estate, the Company will be able to leverage on its financing expertise, as well as its network in facilitating our liaison with various local governments and business partners in the negotiations for replicating Li Ning Sports Parks, sports towns and sports communities in more cities in the PRC, which is believed to be favorable in pushing forward the Company's community development business. The Company may also benefit from the upside potential brought on by the industry reputation of Huarong Real Estate, while managing its exposure to the property market in different PRC cities more effectively.

The Directors believe that the terms of the Limited Partnership Agreement and the establishment of the Sports Cultural Industry Fund are fair and reasonable and in the interests of the Group and its shareholders as a whole.

## **THE CONSULTANCY AGREEMENT**

The GP also entered into the Consultancy Agreement with Huarong Real Estate on 18 September 2017, pursuant to which Huarong Real Estate will provide financial and project advisory consultancy services to the GP in the ordinary course of business. The Consultancy Agreement will run concurrently with the term of the Fund unless otherwise decided by the Fund's investment committee.

An annual amount representing 30% of the GP's revenue received from the Fund (including management fees and cash distributions, if any), after deduction of operating expenses and taxation, will be paid to Huarong Real Estate as consultancy fees. Any excess consultancy fees paid owing to a Clawback payable by the GP will be refunded by Huarong Real Estate or deducted from any subsequent fees payable to it.

Huarong Real Estate is the immediate shareholder of LP1 and the real estate business platform of China Huarong Asset Management Co., Ltd. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Huarong Real Estate and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

## GEM LISTING RULES IMPLICATIONS

As the Group's applicable percentage ratios for the establishment of the Sports Cultural Industry Fund exceed 5%, but are less than 25%, the establishment of the Sports Cultural Industry Fund constitutes a discloseable transaction of the Company under the GEM Listing Rules.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

“Board”	the board of Directors
“Clawback”	has the same meaning as ascribed to it in the section headed “The Limited Partnership Agreement” in this announcement
“Commencement Date”	has the same meaning as ascribed to it in the section headed “The Limited Partnership Agreement” in this announcement
“Company”	Viva China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected person”	has the same meaning as ascribed to it in the GEM Listing Rules
“Consultancy Agreement”	the financial and project advisory consultancy services agreement entered into between the GP and Huarong Real Estate dated 18 September 2017
“Director(s)”	the director(s) of the Company
“Distribution Reference Date”	has the same meaning as ascribed to it in the section headed “The Limited Partnership Agreement” in this announcement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GP”	珠海橫琴非凡華置投資管理有限公司(Zhuhai Hengqin Viva Huazhi Investment Management Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong Real Estate”	華融置業有限責任公司(Huarong Real Estate Co., Ltd.*), a limited liability company established in the PRC

“Investment Period”	has the same meaning as ascribed to it in the section headed “The Limited Partnership Agreement” in this announcement
“Limited Partnership Agreement”	the limited partnership agreement entered into among LP1, LP2 and the GP dated 18 September 2017 for the establishment of the Sports Cultural Industry Fund
“LP1” or “Huarong Zhifu”	珠海橫琴華融置富投資管理有限公司 (Zhuhai Hengqin Huarong Zhifu Investment Management Co., Ltd.*), a limited liability company established in the PRC
“LP2”	珠海非凡盛世投資管理有限公司 (Zhuhai Viva Shengshi Investment Management Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“LPs”	LP1 and LP2
“Partners”	LP1, LP2 and the GP (each, a “Partner”)
“PRC”	The People’s Republic of China
“Project IRR”	has the same meaning as ascribed to it in the section headed “The Limited Partnership Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sports Cultural Industry Fund” or “Fund”	珠海非凡華置體育文化產業股權投資基金（有限合夥）(Zhuhai Viva Huazhi Sport and Culture Equity Investment Fund (Limited Partnership)*), a limited partnership enterprise to be established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 18 September 2017

\* for identification purpose only

*Executive Directors:*

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

Mr. CHAN Ling (*Chief Operating Officer*)

Mr. LI Chunyang

Mr. LI Qilin

*Non-executive Directors:*

Mr. CHAN James

Mr. MA Wing Man

*Independent non-executive Directors:*

Mr. CHEN Johnny

Mr. LIEN Jown Jing, Vincent

Mr. WANG Yan

*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 GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at [www.vivachina.hk](http://www.vivachina.hk).*