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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 IN RELATION TO DISPOSAL OF A SUBSIDIARY**

The Company announces that on 16 March 2021, the Seller, a non-wholly owned subsidiary of the Company, the Buyer and the Target Company entered into the Share Purchase Agreement, pursuant to which the Seller agreed to sell and the Buyer agreed to acquire the entire issued share capital in the Target Company at a consideration of RMB313.69 million (approximately HK\$369.84 million).

As one or more of the applicable percentage ratios in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under the GEM Listing Rules.

#### **INTRODUCTION**

The Company announces that on 16 March 2021, the Seller, a non-wholly owned subsidiary of the Company, the Buyer and the Target Company entered into the Share Purchase Agreement, pursuant to which the Seller agreed to sell and the Buyer agreed to acquire the entire issued share capital in the Target Company at a consideration of RMB313.69 million (approximately HK\$369.84 million).

The principal terms of the Share Purchase Agreement are as follows:

#### **THE SHARE PURCHASE AGREEMENT**

**Date:** 16 March 2021

**Parties:** Seller:  
Viva China Yangzhou Community Development Holdings Limited (非凡中國揚州社區開發控股有限公司)

Buyer:  
Yangzhou City Huacheng Property Development Limited\* (揚州市華城房地產開發有限公司)

Target Company:  
Yangzhou Viva Property Development Limited\* (揚州非凡房地產開發有限公司)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

## Assets to be disposed of

The Seller agreed to sell and the Buyer agreed to acquire the entire issued share capital of the Target Company.

## Consideration and transfer of shares

The Consideration is RMB313.69 million (approximately HK\$369.84 million), which will be paid by the Buyer after deducting the tax payable by the Seller in the amount of RMB10.37 million (approximately HK\$12.2 million) in the following manner:

- (a) after the execution of the Share Purchase Agreement, the Buyer shall open a custodian account at a bank designated by the Seller and the Buyer shall deposit RMB20 million (approximately HK\$23.58 million) (the “**Deposit**”) to the custodian account after opening of the custodian account;
- (b) the Buyer shall transfer RMB282.321 million (approximately HK\$332.86 million) (together with the Deposit, the “**First Payment**”) (together with the Deposit, representing approximately 90% of the Consideration) to the custodian account within 3 business days after the following having been satisfied:
  - (i) the Target Company having terminated certain contracts set out in the Share Purchase Agreement, including but not limited to, all employment contracts entered into by the Target Company; and
  - (ii) other than the fees incurred for the design of the Development and its relevant approval, the Target Company having settled all payables;
- (c) within 5 business days after the tax payment voucher, tax declaration and documents necessary for foreign exchange payment relating to the First Payment having been passed to the Seller, the Seller shall transfer 90% of the shareholding of the Target Company to the Buyer and assist the Buyer to change the legal representative, the general manager, the director(s), the supervisor and other senior management of the Target Company, complete the relevant business registration, amend the articles of association of the Target Company and obtain a new business licence (the “**First Transfer**”);
- (d) within 2 business days from completion of the First Transfer, the Buyer shall provide assistance to the Seller to transfer the First Payment from the custodian account to an offshore account designated by the Seller. The Seller shall provide receipt of the First Payment within 2 business days thereafter;
- (e) within 6 months after the “Construction Project Planning Permit” 《建設工程規劃許可證》in relation to the Development having been obtained, the Buyer shall transfer RMB31.369 million (approximately HK\$36.98 million) (representing approximately 10% of the Consideration) (the “**Second Payment**”) to the custodian account;
- (f) within 5 business days after the tax payment voucher, tax declaration and documents necessary for foreign exchange payment relating to the Second Payment having been passed to the Seller, the Seller shall transfer the remaining 10% of the shareholding of the Target Company to the Buyer, complete the relevant business registration, amend the articles of association of the Target Company and obtain a new business licence (the “**Second Transfer**”); and

- (g) within 2 business days from the completion of the Second Transfer, the Buyer shall provide assistance to the Seller to transfer the Second Payment from the custodian account to the offshore account designated by the Seller. The Seller shall provide receipt of the Second Payment within 2 business days thereafter.

Pursuant to the Share Purchase Agreement, after the confirmation of the Buyer and the Seller, the Buyer may deduct the following amount directly from the Consideration:

- (a) at the time when the Buyer pays the Consideration, if the Target Company has incurred any payables for reasons before the First Payment Date, such amount of payables and all related fees and expenses;
- (b) at the time when the Buyer pays the Consideration, any unsettled amount in relation to cheques issued by the Target Company for reasons before the First Payment Date;
- (c) any unsettled sum between the Target Company and the Seller and its related companies as at the First Payment Date;
- (d) any unsettled salary, commission and compensation to the employees of the Target Company as at the First Payment Date;
- (e) any payment for land transfer amount and related penalty incurred prior to the First Payment Date (including but not limited to violation of regulations, construction exceeding the plan, delay of completion of construction, idle of land, rights restriction, etc.);
- (f) any tax burden of the Target Company in addition to those disclosed to the Buyer in the Share Purchase Agreement;
- (g) any unsettled compensation as a result of the termination of the contracts as set out in the Share Purchase Agreement; and
- (h) if the Target Company has incurred any indebtedness for reasons before the First Payment Date, such amount of outstanding indebtedness.

The Buyer may deduct the aforementioned amount from the First Payment or the Second Payment. If the Buyer has already paid the Consideration in full, the Buyer may claim such amount from the Seller by taking necessary legal action.

The Consideration was determined after arm's length negotiations between the Seller and the Buyer with reference to the net asset value of the Target Company and the Land.

## INFORMATION OF THE TARGET COMPANY AND THE BUYER

The Target Company is a company established in the PRC. As the date of this announcement, the Target Company is wholly-owned by the Seller which in turn is wholly-owned by Viva China Community Development. Viva China Community Development is owned by the Company as to 70% through Viva China Community Development Holdings Limited (a wholly-owned subsidiary of the Company) and as to 30% by Popular Grace.

The Target Company is principally engaged in development and sales of properties, leasing of properties, assets management, interior and exterior design and renovation, wholesale of construction equipment and materials and hotel management. The Target Company also holds the Land which is currently vacant.

Set out below is the unaudited financial information of the Target Company for the financial years ended 31 December 2018 and 2019 which was consolidated into the Group's financial statements:

	For the year ended	
	31 December	
	2018	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue	–	–
Net loss before taxation	371	164
Net loss after taxation	371	164

As at 31 December 2019, the unaudited adjusted total net asset of the Target Company was HK\$303.9 million.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer is a company established in the PRC and its principal business is property development in the PRC. The Buyer is held as to 95% by Qingdao Yuerui Enterprise Management Partnership\* (青島悅瑞企業管理合夥企業) (“**Qingdao Yuerui**”), and 5% by Qingdao Yuetong Enterprise Management Partnership\* (青島悅彤企業管理合夥企業), both being a limited partnership. Qingdao Yuerui is a limited partnership held as to approximately 0.03% and managed by its general partner, Qingdao Yuetan Enterprise Management Company Limited\* (青島悅檀企業管理有限公司) which is owned in majority by Gemdale Corporation (Stock Code: 600383), the shares of which are listed on the Shanghai Stock Exchange. Both Jiaxing Yuewan Enterprise Management Partnership\* (嘉興悅婉企業管理合夥企業) (a limited partnership) and Yangzhou Yunhe New Silk Road Cultural Development Company Limited\* (揚州運河新絲路文化發展有限公司) are the limited partners of Qingdao Yuerui, and their respective contributions in Qingdao Yuerui are approximately 75.73% and 24.24% respectively.

## POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Immediately after completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

The Company expects that an unaudited gain of approximately HK\$46.7 million will be recognised as if the Disposal was completed on 30 November 2020. The gain is calculated based on the Consideration, less the adjusted carrying value of the net asset of the Target Company amounting to HK\$316.0 million as at 30 November 2020 and the reclassification of the exchange fluctuation reserve of the Target Company. The estimated withholding tax in relation to the Disposal is approximately HK\$12.2 million. The actual financial impacts of the Disposal will be finalised upon the relevant financial information becoming available and depend on the actual amounts of costs, claims and other liabilities borne by the Group.

The net proceeds arising from the Disposal are approximately HK\$357.6 million which are currently intended to be used for (i) potential acquisition by the Group when suitable opportunities shall arise as the management of the Company considers appropriate; and (ii) general working capital of the Group.

## **REASONS AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in (i) sports and lifestyle consumable business and (ii) sports destination development business, mainly comprises operation of sports parks, sport centres and ice-skating rinks.

The Directors are of the view that the Disposal would benefit the Group by realizing its investment in the Land and improving the liquidity and overall financial position of the Group.

The Directors consider the terms of the Share Purchase Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

As one or more of the applicable percentage ratios in respect of the Disposal are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under the GEM Listing Rules.

## **DEFINITIONS**

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

“Buyer”	Yangzhou City Huacheng Property Development Limited* (揚州市華城房地產開發有限公司), a company established in the PRC
“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)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	RMB313.69 million (approximately HK\$369.84 million), being the consideration of the Disposal
“Development”	the proposed property development on the Land

“Directors”	the directors of the Company
“Disposal”	the disposal of the entire issued share capital of the Target Company pursuant to the terms of the Share Purchase Agreement
“First Payment Date”	a date which is within 3 business days after the Buyer having sent a completion notice to the Seller after the Seller has received the First Payment in its designated overseas account
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a parcel of land owned by the Target Company located at Guangling Xincheng, Yangzhou, Jiangsu Province of the PRC, northwest to the intersection of Binshui Road and Jianmin Road, with a total area of 23,334 square meter
“percentage ratios”	has the meaning ascribed thereto under the GEM Listing Rules
“Popular Grace”	Popular Grace Limited, a company incorporated in Hong Kong
“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 and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Viva China Yangzhou Community Development Holdings Limited (非凡中國揚州社區開發控股有限公司), a company incorporated in Hong Kong and a non-wholly owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Share Purchase Agreement”	the share purchase agreement dated 16 March 2021 entered into between the Seller, the Buyer and the Target Company in respect of the Disposal
“Shareholder(s)”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Yangzhou Viva Property Development Limited* (揚州非凡房地產開發有限公司), a company established in the PRC and is a non-wholly owned subsidiary of the Company
“Viva China Community Development”	Viva China Community Development (Yangzhou) Holdings Limited, a company incorporated in the British Virgin Islands and a non-wholly owned subsidiary of the Company
“%”	per cent.

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

\* for identification purpose only

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

Hong Kong, 16 March 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 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 Listed Company Information” 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).*