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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 ISSUED SHARE CAPITAL IN
LI NING COMPANY LIMITED
BY WAY OF PLACING**

This circular is despatched to the Shareholders for information purposes only, and written shareholders’ approval has been obtained in lieu of holding a general meeting.

26 May 2022

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Agreement”	the agreement dated 15 March 2021 entered into among, VC Consumables, the Target Company and LionRock in relation to the Very Substantial Acquisition
“Announcement”	the announcement of the Company dated 18 May 2021 in relation to the Placing
“Board”	the board of Directors
“Bossini”	Bossini International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 592)
“Clark”	C&J Clark (No.1) Limited
“Clark Group”	Clark and its subsidiaries
“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 Latest Practicable Date
“Enlarged Group”	the Group upon completion of the Agreement
“EUR”	Euro, the lawful currency of the European Union

DEFINITIONS

“GBP”	Sterling, the lawful currency of United Kingdom
“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
“JPY”	Japanese Yen, the lawful currency of Japan
“Latest Practicable Date”	24 May 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lead Ahead”	Lead Ahead Limited, a limited company incorporated in the British Virgin Islands which holds 2,132,420,382 Shares as at the Latest Practicable Date
“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
“LionRock”	LionRock Capital Partners QiLe L.P.
“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

DEFINITIONS

“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 circular and unless context suggests otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	60,000,000 Li Ning Co Shares 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
“Target Company”	LionRock Capital Partners QiLe Limited
“USD”	United States dollars, the lawful currency of the United States
“VC Consumables”	Viva China Consumables Limited (formerly known as Viva China Entertainment Holdings Limited), a wholly owned subsidiary of the Company
“Very Substantial Acquisition”	the proposed subscription of 510 shares of the Target Company and the proposed acquisition of the shareholder’s loan in the principal amount of GBP51,000,000 by VC Consumables pursuant to the Agreement
“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 Latest Practicable Date
“%”	per cent.

LETTER FROM THE BOARD



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)

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

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

2/F, PopOffice,

9 Tong Yin Street,

Tseung Kwan O,

New Territories, Hong Kong

26 May 2022

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

On 18 May 2021 (before trading hours), as set forth in the Announcement, 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.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, details on the Placing Agreement and other information as required under the GEM Listing Rules.

2. 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 Group and its connected persons.

Sale Shares

As at the date of the 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 per Sale Share 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 date of the 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 up to and including 17 May 2021, being the trading day immediately preceding the date of the Announcement.

LETTER FROM THE BOARD

The Placing Price was determined after arm's length negotiations between the Seller and the Placing Agent with reference to, among other things, (i) the market price of the Li Ning Co Shares on the trading day immediately preceding the date of the Announcement of HK\$68.05 and the average closing price of the Li Ning Co Shares for the last 5 trading days immediately preceding the date of the Announcement of HK\$64.9; and (ii) the daily trading volume of the Li Ning Co Shares which was in the range of about 9,800,000 to 27,000,000 shares for the last 5 trading days immediately preceding the date of the Announcement. Given that 60,000,000 Sale Shares had to be placed pursuant to the Placing which were greater than the recent daily trading volume of the Li Ning Co Shares, the Placing Price was set as a discount to the market price of the Li Ning Co Shares as mentioned above. 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;

LETTER FROM THE BOARD

- (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.

On 18 May 2021, 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 was obtained.

In the event that the 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

All the 60,000,000 Sale Shares have been placed by the Placing Agent and Completion took place on 21 May 2021.

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

LETTER FROM THE BOARD

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 Sale Shares under the Placing Agreement; and (ii) any disposal of Li Ning Co Shares in connection with an enforcement of security under margin loan financing provided by, among others, the Placing Agent or any of its affiliates.

3. INFORMATION OF THE GROUP, THE SELLER, THE PLACING AGENT 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.

The Placing Agent is a licensed corporation under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities.

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

LETTER FROM THE BOARD

According to the annual results announcement of Li Ning Co dated 18 March 2022, the audited consolidated financial information of the Li Ning Group for the two financial years ended 31 December 2020 and 31 December 2021 are as follows:

	For the financial year ended 31 December 2020	For the financial year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	2,247,865	5,328,237
Profit after taxation	1,698,484	4,010,888

The net asset value of Li Ning Group as at 31 December 2020 and 31 December 2021 are as follows:

	As at 31 December 2020	As at 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	8,689,417	21,104,107

4. 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 12.65% of the total issued share capital of Li Ning Co as at the Latest Practicable Date).

Immediately following Completion, the Seller held 271,201,543 Li Ning Co Shares (representing approximately 10.36% of the total issued share capital of Li Ning Co as at the Latest Practicable Date).

The Board is of the view that the Placing represents a good opportunity and timing to realize part of its investment in Li Ning Co. The Company does not have an immediate funding needs.

LETTER FROM THE BOARD

The Board has declared a special dividend on 4 June 2021 and the Company paid the special dividend on 21 July 2021 amounting to approximately HK\$1,269.0 million to the Shareholders and a payment of an equivalent amount of special dividend declared by the Company to the holders of the outstanding convertible bonds of the Company, on an as-converted basis, amounting to approximately HK\$235.1 million which in aggregate amounted to approximately HK\$1,504.1 million, representing approximately 39.7% of the net proceeds. For further details, please refer to the announcement of the Company dated 4 June 2021.

The Board currently intends to use the remaining net proceeds from the Placing of approximately HK\$2,282.8 million (representing approximately 60.3% of the net proceeds) to further expand and grow its business through (i) potential acquisitions by the Group when suitable opportunities shall arise as the management of the Company considers appropriate, including potential projects in relation to sports, health and leisure consumables; and (ii) general working capital of the Group. The allocation of proceeds between potential acquisitions and general working capital would depend on the funding needs of the Company on suitable M&A opportunities which are and may become available. The Group intends to actively pursue potential M&A opportunities for various types of domestic and international consumables products brands and the Group has been identifying suitable acquisition targets. There is no assurance that any such opportunities would materialize and there is no definitive target, timetable or capital requirements determined at this stage.

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 its 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.

5. FINANCIAL IMPACTS OF THE PLACING

Following Completion, all the Sale Shares have been placed. The gross proceeds from the Placing amounted to approximately HK\$3,816.0 million and the net proceeds amounted to approximately HK\$3,786.9 million (after deduction of the placing commission and other expenses of the Placing).

LETTER FROM THE BOARD

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\$66.10 per share as at Completion. 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 plus the gain recognised from reclassification of the proportionate amount of the exchange fluctuation reserve as at 31 March 2021 to the consolidated income statement with amount of HK\$450.9 million and HK\$2.8 million respectively.

6. GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Placing were greater than 25% and less than 75%, the Placing constituted 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" of the Company under Rule 19.45 of the GEM Listing Rules.

LETTER FROM THE BOARD

Since (i) to the best of the Company's knowledge, no Shareholder was 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 of approximately 61.08% of the total issued share capital of the Company as at the date of the Placing Agreement, no general meeting was required to be convened for the approval of such major transaction constituted by the Placing pursuant to Rule 19.44 of the GEM Listing Rules.

7. RECOMMENDATIONS

The Board considers that the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Placing Agreement and the transactions contemplated thereunder respectively at such general meeting.

8. GENERAL

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
VIVA CHINA HOLDINGS LIMITED
LI Ning
Chairman and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 December 2019, 2020 and 2021 are disclosed in the annual reports of the Company for the financial years ended 31 December 2019 (pages 108-208), 31 December 2020 (pages 109-220) and 31 December 2021 (pages 110-220), respectively. These consolidated financial statements are incorporated by reference into this circular.

The said annual reports of the Company are available on the Company's website at www.vivachina.hk under "Investor Relations" and website of the Stock Exchange as below:

- The annual report of the Company for the year ended 31 December 2019 published on 27 March 2020, available on:
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0327/2020032701143.pdf>
- The annual report of the Company for the year ended 31 December 2020 published on 22 March 2021, available on:
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0322/2021032201170.pdf>
- The annual report of the Company for the year ended 31 December 2021 published on 18 March 2022, available on:
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0318/2022031801236.pdf>

2. WORKING CAPITAL SUFFICIENCY

The Directors are satisfied, after due and careful enquiry and based on the information currently available to the Directors, that after taking into account the effects of the entering into of the Placing Agreement, the Very Substantial Acquisition and the entering into of the Agreement and the Enlarged Group business prospects and the financial resources available to the Enlarged Group, including cash generated from future operations, the existing cash and bank balances and available banking facilities of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this circular.

3. INDEBTEDNESS STATEMENT

Indebtedness and Contingent Liabilities

As at 30 April 2022, being the most recent practicable date for the purpose of this indebtedness statement, the Enlarged Group had the following indebtedness:

	As at 30 April 2022 HK\$'000
The Group:	
Bank loans- secured and guaranteed (<i>Note i</i>)	18,103
Lease liabilities	<u>497,936</u>
	<u><u>516,039</u></u>
The Target Company:	
Payables to LionRock (<i>Note ii</i>)	<u><u>986,570</u></u>
The Clark Group:	
Bank loans – secured and guaranteed (<i>Note iii</i>)	710,490
Bank loans – unsecured (<i>Note iv</i>)	56,503
Lease liabilities	<u>1,054,589</u>
	<u><u>1,821,582</u></u>
The Enlarged Group	<u><u>3,324,191</u></u>

Notes:

- i. The Group's bank loans are secured by certain property, plant and equipment and financial assets at fair value through other comprehensive income.
- ii. Payables to LionRock mainly represented by the shareholder's loans in the aggregate principal amount of GBP 100,000,001 (equivalent to HK\$986,570,000) advanced by LionRock to the Target Company for acquiring 51% of the ordinary shares in the capital of Clark and subscribing for 100,000,000 A preference shares in the capital of Clark at GBP100,000,000. The balance shall be set off the subscription consideration of the ordinary shares and preference shares of Clark upon the completion of the Very Substantial Acquisition.

- iii. The Clark Group has the following secured bank loan facilities:
1. USD65,000,000 (equivalent to HK\$510,038,000) revolving credit facility with USD15,000,000 (equivalent to HK\$117,701,000) drawn at 30 April 2022; and
 2. USD75,546,000 (equivalent to HK\$592,789,000) secured senior note agreement which is fully drawn at 30 April 2022.

The Clark Group has granted standard fixed and floating securities to its main banking partners attaching to and affecting the assets of its material subsidiaries. The above facilities expire in May 2024 and are subject to an agreed repayment (debt amortisation) schedule as follows:

	<i>HK\$'000</i>
By May 2022	–
By May 2023	–
By May 2024	710,490
	710,490
	710,490

- iv. The unsecured bank loans are money market loans held in Japan totaling JPY935,000,000 (equivalent to HK\$56,503,000) which are repayable on demand.

Other than the aforementioned indebtedness, as at 30 April 2022, the Group and Clark Group had contingent liabilities of approximately HK\$1,966,000 and HK\$5,321,000, being the bank guarantees given in lieu of utility and property rental deposits respectively.

As at 30 April 2022, the Clark Group had other contingent liabilities of approximately HK\$157,139,000 as outlined below:

1. 1 billion-Rupee (equivalent to HK\$102,525,000) bank guarantee held against the Clark Group's Indian joint venture 2 billion-Rupee (equivalent to HK\$205,050,000) working capital facility.
2. USD5,000,000 (equivalent to HK\$39,234,000) vendor financing facility.
3. GBP1,559,000 (equivalent to HK\$15,380,000) of guarantee facility with GBP1,501,000 (equivalent to HK\$14,813,000) utilised at 30 April 2022 which relate to arrangements with landlords, HMRC and insurance cover.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 April 2022, the Enlarged Group did not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, material contingent liabilities or guarantees outstanding.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

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

Multi-brands Apparels and Footwears

The sports and lifestyle consumables segment, which includes the business of Multi-brands Apparels and Footwears, generated revenue of HK\$851.2 million and recorded an operating loss of HK\$312.6 million for the year ended 31 December 2021 (2020: revenue of HK\$439.0 million and operating loss of HK\$93.5 million).

In view of the immense market potential of the apparel consumer market in the PRC, the Group acquired Bossini in late July 2020 to generate economies of the scale (including but not limited to marketing, supply chain solutions and distribution channels) and benefits such as market coverage with the Group's sports and lifestyle consumables. With the long established household brand name of Bossini in the region, the Board believes that Bossini has the potential to further promote its brand in the PRC, expanding its regional coverage and seizing opportunities.

The Group's "LNG" casual footwear and apparel brand business, which has been marketed on various online platforms, successfully opened a pop-up store in Hangzhou in the fourth quarter in 2020, making its offline market debut, and its first and second physical stores were also opened in Chongqing and Shanghai in January and February 2021, respectively. Moreover, the LNG brand cooperates with other youthful fashion brands and launches authorised products from time to time. For instance, it worked with "The King's Avatar" and "Demon Slayer: Kimetsu no Yaiba" respectively to introduce seasonal crossover products. The LNG brand will continue to gain its inspiration from the "young generation" which represents user bases of e-sports, animation and fashion, and create fashion brands featuring gorgeous visuals and high quality to cater for youngsters of the next generation.

On 15 March 2021, VC Consumables entered into the Agreement, pursuant to which VC Consumables conditionally agreed to subscribe for shares of the Target Company at a subscription price of GBP51,000,000 and acquire a purchase shareholder's loan at a consideration of GBP51,000,000. As at the Latest Practicable Date, the transactions contemplated under the Agreement have not yet been completed. Upon completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company. The Target Company controlled the Clark Group (by reason of a 51% shareholding and the right to appoint a majority of directors to the board).

The Clark Group operates under the “Clarks” brand as global footwear wholesaler and retailer, selling directly to consumers through wholesale and distributor relationships, its high street full price and outlet stores and websites. Clark achieved a global revenue of GBP1.4 billion, GBP0.8 billion and GBP0.9 billion with the United Kingdom and Republic of Ireland, and the United States of America market comprising approximately 84.5%, 80.3% and 82.5% of Clark’s revenue for the 52 weeks ended 1 February 2020, 30 January 2021 and 29 January 2022 respectively. For the 52 weeks ended 30 January 2021, Clark recorded a revenue of GBP778.9 million and a gross profit of GBP367.5 million. Clark recorded an operating loss of GBP150.6 million for the same period. For the 52 weeks ended 29 January 2022, the Clark Group recorded a revenue of GBP 926.2 million with an increase of 19% as compared to the same period in 2021, and an operating profit of GBP53.0 million for the same period.

After the pandemic, the Board believes that Clark has a growth potential by tapping into the Asia market, in particular, the PRC market, and increasing the use of the online platforms. The Board intends to (i) use popular marketing tools including but not limited to influencer marketing to promote Clark’s products; and (ii) set up stores on popular online sale platforms to sell Clark’s products. In addition, it is believed that the Very Substantial Acquisition will achieve synergy between Clark and the Multi-brands Apparels and Footwears Business in the marketing, supply chains solutions and distribution channels and further extend the Group’s market territories worldwide.

After completion, the representatives of the Company will conduct a review on the existing principal business and the financial position of Clark, discuss with the existing management of Clark and take steps to develop the business of Clark under the following directions: (i) increasing cost and operational efficiency; (ii) redefining customer segmentation and strengthening brand building; (iii) reviewing distribution strategies; (iv) restructuring the corporate organisation; and (v) increasing the market presence in Asia, in particular the PRC market.

Sports Experience

Sports experience segment comprises operation, service provision and investment of sports destinations (including sports parks, sports centres and ice-skating rinks), sports competitions and events as well as an e-sports club. The sports experience segment generated revenue totaling HK\$530.4 million (2020: HK\$380.0 million) for the year of 2021, which represents a significant increase of HK\$150.4 million or 39.6% as compared to the year of 2020. This segment reported an operating profit of HK\$23.6 million for the year of 2021 (2020: operating loss of HK\$18.3 million). With the impact from Beijing Winter Olympics and the Chinese e-sport team's victory in the 11th League of Legends global finals, the topics on winter sports and e-sports continues to heat up, plus the recovery of the sports experience segment from the epidemic, the revenue and result of sports experience segment was largely improved compared with prior year, especially for the ice-skating rinks business and the E-sports business.

The Board believes that the Healthy China initiative, a national policy to increase investments in e-sports in first-tier cities, the positioning of Shanghai as a worldwide capital of e-sports and a number of large-scale traditional sports events, including 2021 FIFA Club World Cup and 2022 Beijing Olympic Winter Games in the coming years to be ushered in China, which are expected to drive a new national upsurge in sports, will help the Group to continuously expand the sports industry, including expanding the network of sports destinations, organising investment in sports events and enriching the business layout of sports consumer goods, so as to create a multi-faceted and multi-angle sports experience for the masses.

The Group will continue to concentrate its main resources on the core business of “Multi-brands Apparels and Footwears” and will further expand its brand operation team, set up professional online and offline channel operation divisions, invest in competitive supply chain business which can create the most powerful force for business development of the Group in the PRC market with target of achieving rapid growth for the Group's “Multi-brands Apparels and Footwears” business.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

(A) Long Position in the Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity	Number of Shares/ Underlying Shares held		Number of share options held ⁽⁴⁾	Total interests	Approximate percentage of shareholdings as at the Latest Practicable Date
		Personal interests	Corporate interests			
Mr. LI Ning	Beneficial owner	879,508,000 ⁽¹⁾	-	7,000,000	6,698,951,151	69.32%
	Interest of controlled corporation	-	5,812,443,151 ⁽²⁾	-		
Mr. LI Chunyang	Beneficial owner	15,451,669	-	36,000,000	51,451,669	0.53%
Mr. LI Qilin	Beneficiary of trusts	3,680,022,769 ⁽³⁾	-	-	3,700,022,769	38.29%
	Beneficial owner	-	-	20,000,000		
Mr. MA Wing Man	Beneficial owner	1,544,000	-	6,000,000	7,544,000	0.08%
Mr. Victor HERRERO	Beneficial owner	9,168,000	-	54,000,000	63,168,000	0.65%
Mr. LI Qing	Beneficial owner	-	-	1,800,000	1,800,000	0.02%
Mr. PAK Wai Keung, Martin	Beneficial owner	-	-	1,800,000	1,800,000	0.02%
Mr. WANG Yan	Beneficial Owner	-	-	1,800,000	1,800,000	0.02%

Notes:

1. Mr. Li Ning is interested in 879,508,000 Shares as beneficial owner, including 21,508,000 Shares and 858,000,000 Shares which may be issued on the basis of a full exercise of conversion rights at a conversion price of HK\$0.325 per Share attaching to the convertible bonds issued to Mr. Li Ning by the Company.
2. Mr. Li Ning is deemed to be interested in the long positions of 5,812,443,151 Shares through his interests in Lead Ahead, Victory Mind and Dragon City, respectively as follows:
 - (a) the long position of 2,132,420,382 Shares is held by Lead Ahead, which is owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun. Mr. Li Ning is also a director of Lead Ahead;
 - (b) the long position of 1,680,022,769 Shares is held by Victory Mind, which is owned as to 57% by Ace Leader Holdings Limited (“**Ace Leader**”) and 38% by Jumbo Top Group Limited (“**Jumbo Top**”). All shares of Ace Leader are held by TMF (Cayman) Ltd. (“**TMF**”) in its capacity as trustee of a discretionary trust. Mr. Li Ning is the settlor of the trust and is therefore deemed to be interested in such 1,680,022,769 Shares. Mr. Li Ning is a director of each of Victory Mind and Ace Leader; and
 - (c) the long position of 2,000,000,000 Shares is held by Dragon City in its capacity as trustee of a unit trust, the units of which are owned as to 60% by TMF and as to 40% by TMF, each as the trustee of separate discretionary trust. Mr. Li Ning is the 60% shareholder of Dragon City and a founder of the unit trust and is therefore deemed to be interested in such 2,000,000,000 Shares. Mr. Li Ning is a director of Dragon City.
3. See note 1(b) and note 1(c) under “3. Interests and short positions of substantial shareholders and other persons in the share capital of the Company” below.
4. The share options were granted on 18 January 2021 and are exercisable at HK\$0.670 each during the period from 18 January 2022 to 17 January 2029 after vested according to the respective vesting schedules. Each share option entitles its holder to subscribe for one Share.

(B) Long Position in the shares, underlying shares and debentures of associated corporation of the Company – Bossini

Name of Directors	Capacity	Number of shares/ Underlying shares held		Number of share options held ⁽²⁾	Total interests	Approximate percentage of shareholdings as at the Latest Practicable Date ⁽³⁾
		Personal interests	Corporate interests			
Mr. Li Ning	Interest of controlled corporation	-	1,741,977,652 ⁽¹⁾	-	1,741,977,652 ⁽¹⁾	70.59%
Mr. Victor HERRERO	Beneficial owner	-	-	5,045,450	5,045,450	0.20%

Notes:

1. Dragon Leap Developments Limited (“**Dragon Leap**”) is interested in 1,741,977,652 shares of Bossini. Dragon Leap is owned as to 80% by Viva China Consumables Holdings Limited (“**VC Consumables Holdings**”), a wholly-owned subsidiary of the Company. As such, Mr. Li Ning is deemed to be interested in the same 1,741,977,652 shares of Bossini by virtue of his interests in the Shares.
2. The share options were granted on 5 January 2021 and are exercisable at HK\$0.456 each during the period from 1 January 2022 to 31 December 2026. Each share option entitles its holder to subscribe for one share of Bossini.
3. As at the Latest Practicable Date, the total number of issued shares of Bossini was 2,467,750,091 shares.

Save as disclosed above, none of the Directors nor the chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, so far as was known to the Directors, the interests and short positions of the persons (other than the interests and short positions of the Directors or chief executive of the Company as disclosed above) in the Shares and/or underlying Shares of the Company which were notified to the Company and the Stock Exchange pursuant to provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company are set out below:

Substantial Shareholders	Capacity	Number of Shares/ Underlying Shares held	Approximate percentage of shareholdings as at the Latest Practicable Date
Mr. LI Chun ⁽¹⁾	Beneficial owner	60,000,000	
	Interest of controlled corporation	<u>5,812,443,151</u>	
		<u>5,872,443,151</u>	60.76%
Lead Ahead ⁽²⁾⁽⁶⁾	Beneficial owner	2,132,420,382	22.06%
Victory Mind ⁽³⁾⁽⁶⁾	Beneficial owner	1,680,022,769	17.38%
Ace Leader ⁽³⁾⁽⁶⁾	Interest of controlled corporation	1,680,022,769	17.38%
Jumbo Top ⁽³⁾	Interest of controlled corporation	1,680,022,769	17.38%
Dragon City ⁽⁴⁾⁽⁶⁾	Trustee	2,000,000,000	20.69%
TMF ⁽³⁾⁽⁴⁾	Trustee	3,680,022,769	38.08%
Other Persons			
Mr. ZHAO Jianguo ⁽⁵⁾	Beneficial owner	293,000,000	
	Interest of spouse	700,000,000	
	Interest of controlled corporation	<u>12,963,200</u>	
		<u>1,005,963,200</u>	10.41%
Ms. LI Ying ⁽⁵⁾	Beneficial owner	700,000,000	
	Interest of spouse	293,000,000	
	Interest of controlled corporation	<u>12,963,200</u>	
		<u>1,005,963,200</u>	10.41%

Notes:

1. Mr. Li Chun has personal interest in 60,000,000 Shares and is deemed to be interested in the long positions of 5,812,443,151 Shares through his interests in Lead Ahead, Victory Mind and Dragon City, respectively as follows:
 - (a) the long position of 2,132,420,382 Shares is held by Lead Ahead, which is owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun;
 - (b) the long position of 1,680,022,769 Shares is held by Victory Mind, which is owned as to 57% by Ace Leader and 38% by Jumbo Top. All shares of Jumbo Top are held by TMF in its capacity as trustee of a discretionary trust. Mr. Li Chun is the settlor of the trust and is therefore deemed to be interested in such 1,680,022,769 Shares. Mr. Li Qilin is a beneficiary of the trust and is also therefore deemed to be interested in such 1,680,022,769 Shares. Mr. Li Chun is also a director of each of Victory Mind and Jumbo Top; and
 - (c) the long position of 2,000,000,000 Shares is held by Dragon City in its capacity as trustee of a unit trust, the units of which are owned as to 60% by TMF and as to 40% by TMF, each as the trustee of separate discretionary trust. Mr. Li Qilin is a beneficiary of one of the said separate trusts and is also therefore deemed to be interested in such 2,000,000,000 Shares. Mr. Li Chun is taken to be interested in 40% of the shares of Dragon City and is therefore deemed to be interested in such 2,000,000,000 Shares. Mr. Li Chun is a director of Dragon City.
2. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun.
3. See note 2(b) of Section (A) under “2. Interests and short positions of directors and the chief executive in the shares and underlying shares and debentures of the Company and its associated corporations” and note 1(b) above. For avoidance of doubt and double counting, it should be noted that Ace Leader, Jumbo Top and TMF are deemed to be interested in the 1,680,022,769 Shares which Victory Mind is interested in.
4. See note 2(c) of Section (A) under “2. Interests and short positions of directors and the chief executive in the shares and underlying shares and debentures of the Company and its associated corporations” and note 1(c) above. TMF is deemed to be interested in the 2,000,000,000 Shares which Dragon City is interested in.
5. Mr. Zhao Jianguo has personal interest in 289,666,667 Shares and the share options which are exercisable into 3,333,333 Shares. Ms. Li Ying, the spouse of Mr. Zhao, has personal interest in the convertible bonds in the principal amount of HK\$227,500,000 which are convertible into 700,000,000 Shares. Double Essence Limited was interested in 12,963,200 Shares and is owned as to 50% by Mr. Zhao and 50% by Ms. Li respectively.
6. Mr. Li Ning is a director of Lead Ahead, Victory Mind, Ace Leader and Dragon City, which have interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had any interests or short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. DIRECTORS' INTERESTS IN ASSETS OF THE ENLARGED GROUP AND CONTRACTS

As at the Latest Practicable Date, the Target Company is a wholly owned subsidiary of LionRock. LionRock is a limited partnership. To the best knowledge, information and belief of the Directors after making all reasonable enquiries Li Ning Sports (Hong Kong) Company Limited, an indirect wholly-owned subsidiary of Li Ning Co, is a limited partner of LionRock and the total contribution of which is about 20.09% and Mr. Li Ning holds 3,578,808 Li Ning Co Shares as personal interest and he is deemed to be interested in 1,860,805 Li Ning Co Shares; and Mr. Victor Herrero (a non-executive Director) is a limited partner of LionRock, who made less than 5% of the total contributions in LionRock.

Save as the above, none of the Directors had any direct or indirect interest in any asset which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Enlarged Group were made up) up to the Latest Practicable Date.

None of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Enlarged Group as at the Latest Practicable Date.

5. COMPETING INTERESTS

As at the Latest Practicable Date, according to the GEM Listing Rules, the following Directors have interests in the following businesses which are considered to compete or are likely to compete either directly or indirectly, with the businesses of the Group other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group:

Businesses which are considered to compete or likely to compete with the businesses of the Group			Nature of interest of the Director in the Entity
Name of Director	Name of Entity	Description of the Entity's Business	
Mr. Li Ning	Li Ning Co	mainly engaged in brand marketing, research and development, design, manufacturing, distribution and retail of professional and leisure footwear, sport apparels, equipment and accessories under the LI-NING brand and other licensed brands	director and substantial shareholder (within the meaning of the SFO)
Mr. Li Qilin	Li Ning Co	as disclosed above	director and substantial shareholder (within the meaning of the SFO)

Note:

Mr. Li Chun, an elder brother of Mr. Li Ning, the father of Mr. Li Qilin and a substantial shareholder (within the meaning of the SFO) of the Company, is deemed to be interested in the shares and underlying shares of Li Ning Co held by the Company.

As the Board is independent of the board of the above-mentioned entity and none of the above Directors can control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of this entity.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

7. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the Enlarged Group) having been entered into by any member of the Enlarged Group within the two years preceding the Latest Practicable Date:

- (a) the loan agreement dated 28 September 2020 entered into between VC Consumables as the lender and LionRock Capital GP Limited acting in its capacity as the general partner of LionRock Capital QiLe L.P. as the borrower in relation to the provision of a facility of GBP54 million to the borrower;
- (b) the Agreement;
- (c) the sale and purchase agreement dated 16 March 2021 entered into among Viva China Yangzhou Community Development Holdings Limited, Yangzhou City Huacheng Property Development Limited and Yangzhou Viva Property Development Limited (“**Viva Yangzhou**”) in respect of the disposal of the entire issued capital of Viva Yangzhou;
- (d) the provisional allotment acceptance form dated 31 March 2021 relating to provisional allotment of 546,919,623 shares of Bossini to and the excess application form dated 31 March 2021 relating to an excess application of additional 130,858,154 shares of Bossini made by Dragon Leap, a non-wholly owned subsidiary of the Company;
- (e) the Placing Agreement;

- (f) the placing and subscription agreement dated 27 October 2021 entered into among Li Ning Co, Viva China Development Limited, J.P. Morgan Securities plc and Nomura International (Hong Kong) Limited in relation to the placing and subscribing 120,000,000 shares in the share capital of Li Ning Co;
- (g) a share purchase agreement dated 3 November 2021 entered into among Ample Fame Investments Limited (a wholly owned subsidiary of the Company), Sitoy International Limited, the Company and Sitoy Group Holdings Limited in relation to the acquisition of the entire issued share capital of Sitoy AT Holdings Company Limited; and
- (h) the provisional sale and purchase agreements dated 30 December 2021 entered into among Rapid City Limited, Shine Wealthy Limited and Knight Frank Hong Kong Limited in respect of the sale and purchase of two properties held by Rapid City Limited (the “**Disposal**”) at the aggregate consideration of HK\$184,729,500. Formal agreement in relation to the Disposal dated 13 January 2022 was entered by Rapid City Limited and Shine Wealthy Limited.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, the Enlarged Group was not engaged in any material litigation or arbitration of material importance and there was no material litigation or claim of material importance known to the Directors to be pending or threatened by or against any members of the Enlarged Group.

9. GENERAL INFORMATION

- (a) The share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (b) The secretary of the Company is Ms. CHAN Tsz Ping, a certified public accountant of Hong Kong.
- (c) The compliance officer of the Company is Mr. LI Ning.

- (d) The audit committee of the Company reviews the Company's financial statements, annual reports, half-year reports, quarterly reports and risk management and internal control systems and to provide advice and comments thereon to the Board. As at the Latest Practicable Date, the audit committee of the Company consisted of three Independent Non-executive Directors, Mr. PAK Wai Keung, Martin (chairman of the Audit Committee), Mr. LI Qing and Mr. WANG Yan, and one Non-executive Director, Mr. MA Wing Man.

(i) Mr. PAK Wai Keung, Martin

Mr. Pak Wai Keung, Martin, aged 58, is an independent non-executive Director, the chairman of the audit committee, a member of each of the nomination committee and the remuneration committee of the Company. Mr. Pak joined the Group in February 2019. He has accumulated over 25 years of experience in finance, accounting and corporate governance affairs. Mr. Pak graduated with a Bachelor of Commerce from the Murdoch University, Australia in 1991 and a Master of Corporate Governance from The Hong Kong Polytechnic University in 2009. Mr. Pak is a fellow of the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries).

Mr. Pak has been appointed as an independent non-executive director of Nan Nan Resources Enterprise Limited* (Stock Code: 1229) and Dragon Mining Limited* (Stock Code: 1712) with effect from 19 September 2017 and 5 November 2018 respectively. Since 12 June 2019, Mr. Pak had been an independent non-executive director of China Huiyuan Juice Group Limited, the shares of which were delisted from the Main Board of the Stock Exchange on 18 January 2021. Since 8 December 2017, Mr. Pak had also served as an independent non-executive director of Convoy Global Holdings Limited, the share of which were delisted from the Main Board of the Stock Exchange on 4 May 2021, and resigned on 11 February 2022.

(ii) Mr. WANG Yan

Mr. Wang Yan, aged 50, is an independent non-executive Director, the chairman of the remuneration committee, and a member of both the audit committee and the nomination committee of the Company. Mr. Wang joined the Group in July 2017. From May 2003 to March 2021, he was a director of Sina Corporation (“SINA”), which was previously listed on the Nasdaq Stock Market in the U.S. and delisted on 23 March 2021 after privatization. During the period from 1996 to March 2021, as the co-founder of SINA, Mr. Wang successively held the posts of chief executive officer and chairman. In May 2021, Mr. Wang has been appointed as an independent director of Weibo Corporation which is listed on the Nasdaq Stock Market in the U.S. and the Stock Exchange (Nasdaq ticker: WB; stock code: 9898.HK).

Mr. Wang obtained a B.A. in Public Law in July 1997 and a M.A. of International Relations in September 2020 from the Université Paris-Panthéon-Assas in France.

(iii) Mr. LI Qing

Mr. Li Qing, aged 55, is an independent non-executive Director and a member of both the audit committee and the remuneration committee of the Company. Mr. Li joined the Group in December 2019. Mr. Li has accumulated over 27 years of experience in investment and asset management, merge and acquisition and business operation in Hong Kong and the PRC. Mr. Li graduated with an executive M.B.A degree from Guanghua School of Management of Beijing University (北京大學光華管理學院) in 2006.

Mr. Li has been appointed as an executive director of Crystal Clear Electronic Material Co., Ltd. (Stock Code: 300655(SZSE)) in July 2016 and is currently its chairman. The shares of this company are listed on the Shenzhen Stock Exchange. He is currently the chairman of both Jiming Asset Management (Shanghai) Co., Ltd and Ma'anshan Jishipujiang Asset Management Co., Ltd. He was appointed as the general manager of HuaAn Funds Management Limited from May 2010 to September 2014 and a director of China Investment Information Services Limited, from July 2001 to June 2010.

(iv) Mr. MA Wing Man

Mr. Ma Wing Man, aged 57, has been a non-executive Director and a member of the audit committee of the Company since June 2010. Mr. Ma has over 30 years of experience in finance and administration. Mr. Ma has been employed by “Li Ning Foundation” as the financial controller since 2005. From 1992 to 2005, Mr. Ma had been employed first as accountant and later as financial and accounting manager of Jianlibao Holdings (H.K.) Company Limited, which was a wholesaler and retailer of Jianlibao drinks.

Mr. Ma graduated from Hong Kong Shue Yan College (predecessor of Hong Kong Shue Yan University) in 1989 with a diploma in business administration. In 1993, he obtained a diploma in accounting from School of Professional and Continuing Education, University of Hong Kong. In 1998, he obtained a professional diploma for financial controllers & finance directors of foreign investment & foreign enterprise in China, which was jointly awarded by School of Management Zhongshan University, China and The Hong Kong Management Association. In 2003, he obtained a bachelor of business administration degree with honours in accounting from the Open University of Hong Kong.

** The shares of this company are listed on the Stock Exchange.*

- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS ON DISPLAY

The following documents are on display and are published on the websites of the Stock Exchange (www.hkexnews.com) and the Company (www.vivachina.hk) for a period of 14 days from the date of this circular:

- (a) the Placing Agreement;
- (b) the loan agreement dated 28 September 2020 entered into between VC Consumables as the lender and LionRock Capital GP Limited acting in its capacity as the general partner of LionRock Capital QiLe L.P. as the borrower in relation to the provision of a facility of GBP54 million to the borrower; and
- (c) the Agreement.