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New Sports Group Limited
新體育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 299)

**INSIDE INFORMATION — POST-COMPLETION ADJUSTMENT TO CONSIDERATION
AND
SECOND SUPPLEMENTAL AGREEMENT
IN RELATION TO
THE DISCLOSEABLE TRANSACTION REGARDING
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN
KINGWORLD HOLDINGS LIMITED**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 30 July 2015, 30 November 2015, 30 December 2015 and 30 December 2016, the circular of the Company dated 4 December 2015 (the “**Circular**”) and the interim report of the Company dated 29 August 2016 for the period ended 30 June 2016, in relation to the Adjustment Amount. Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Circular.

As disclosed in the Circular, pursuant to the Share Purchase Agreement in relation to the acquisition of the entire issued share capital of Kingworld Holdings Limited, the Consideration shall be HK\$450,000,000 less the Adjustment Amount (if any). The Adjustment Amount shall be calculated as follows:

$$\text{Adjustment Amount} = 6 \times (\text{RMB}60,000,000 - \text{2016 Net Profit After Tax})$$

The “**2016 Net Profit After Tax**” means the net profit after tax of the Target Group (excluding any income or loss of the Target Group generated by activities outside the ordinary and usual course of its business) for the financial year ended 31 December 2016 as referred to in the accounts thereof audited by the auditors appointed by the Buyer (the “**Final 2016 Audited Accounts**”). The said audited accounts in relation to the 2016 Net

Profit After Tax will be prepared in conformity with the Hong Kong Financial Reporting Standards and is expected to be issued by the end of March 2017. The Adjustment Amount is subject to a maximum cap of HK\$450,000,000 which is the amount of the Consideration (excluding the Adjustment Amount (if any)).

THE SECOND SUPPLEMENTAL AGREEMENT

The Board wishes to announce that on 27 February 2017, the parties to the Share Purchase Agreement and 深圳寶新體育產業有限公司 (Shenzhen Baoxin New Sports Industry Co., Ltd.*) (“**Shenzhen Baoxin**”), a subsidiary of the Company, entered into a second supplemental agreement (the “**Second Supplemental Agreement**”) to amend certain terms and set out additional terms of the Share Purchase Agreement which are, among others, as follows:

1. Change of purchaser under the Share Purchase Agreement

Each of the parties to the Second Supplemental Agreement (collectively, the “**Parties**”) irrevocably agree and ratify that the purchaser under the Share Purchase Agreement shall be changed from the Buyer to the Company, and the Company shall be entitled to all of the rights, and shall discharge all of the obligations, of the Buyer under the Share Purchase Agreement in place of the Buyer.

2. Confirmation of the Adjustment Amount

The Parties confirm that the 2016 Net Profit After Tax as stated in the latest draft of the accounts of the Target Group for the financial year ended 31 December 2016 issued by the auditors appointed by the Buyer pursuant to the Share Purchase Agreement (the “**Latest Draft Accounts**”) is RMB19,189,027, and according to the formula set out above, the tentative Adjustment Amount is RMB244,865,838. The final Adjustment Amount will be determined based on the 2016 Net Profit After Tax as stated in the Final 2016 Audited Accounts. Should there be any difference between the respective amount of the 2016 Net Profit After Tax as set out in the Latest Draft Accounts and the Final 2016 Audited Accounts, adjustment equal to such differences will be made to the 5th tranche of the payment instalment as shown below.

3. Payment Schedule of the Adjustment Amount

Pursuant to the Second Supplemental Agreement, Xu Rong, Zhou Xu and the Seller have agreed to jointly pay the Adjustment Amount in cash to the Company in 5 tranches according to the payment schedule as follows:

1st tranche: RMB80,000,000 before 15 March 2017

2nd tranche: RMB40,000,000 before 15 May 2017

3rd tranche: RMB40,000,000 before 15 July 2017

4th tranche: RMB40,000,000 before 15 September 2017

5th tranche: RMB44,865,838 before 15 November 2017

* For identification purpose only

In the event that Xu Rong, Zhou Xu and the Seller fail to pay any of the tranches of the Adjustment Amount in full by the deadlines stated above but subsequently pay such tranche(s) of the Adjustment Amount in full before the next tranche (excluding the 5th tranche) of the Adjustment Amount becomes due, a daily interest will accrue at a rate of 5/10000 upon the outstanding tranche payment as damages payable by Xu Rong, Zhou Xu and the Seller to the Company.

In the event that Xu Rong, Zhou Xu and the Seller fail to pay any outstanding amount (including any tranches of the Adjustment Amount and related damages) prior to the deadline for the payment of the next tranche of the Adjustment Amount, in accordance with the payment schedule set out above, the Company shall have the right to declare that the subsequent tranche(s) of the Adjustment Amount shall fall due and become immediately repayable. Further, a daily interest will accrue at a rate of 5/10000 from the date of when the outstanding tranche payment first becomes due until the Adjustment Amount is paid in full as damages payable by Xu Rong, Zhou Xu and the Seller to the Company. Xu Rong, Zhou Xu and the Seller shall also pay to the Company all the costs and expenses incurred by the Company in relation to the enforcement of the Adjustment Amount and all other economic loss suffered by the Company arising out of the non-payment of the Adjustment Amount in full.

4. Dispute resolution

The Parties agree that in the event of dispute arising from the Share Purchase Agreement and/or the Second Supplemental Agreement, Shenzhen Baoxin has the right to commence legal proceedings against Xu Rong, Zhou Xu and the Seller on behalf of the Company and the relevant beneficiaries in such legal proceedings, and all of the rights and obligations arising thereunder shall be exercised and discharged by Shenzhen Baoxin.

Save as specifically amended by the Second Supplemental Agreement, all other terms and conditions of the Share Purchase Agreement shall remain in full force and effect.

By Order of the Board
New Sports Group Limited
Zhang Xiaodong
Chairman

Hong Kong, 27 February, 2017

As at the date of this announcement, the Company's executive directors are Mr. Zhang Xiaodong and Ms. Xia Lingjie; the non-executive director is Mr. Lau Wan Po; and the independent non-executive directors are Mr. Chen Zetong, Ms. He Suying and Dr. Tang Lai Wah.