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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Beijing Sports and Entertainment Industry Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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HK1803

北京體育文化產業集團有限公司
BEIJING SPORTS AND ENTERTAINMENT INDUSTRY GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1803)

**DISCLOSEABLE AND CONNECTED TRANSACTION
PROPOSED ACQUISITION OF THE REMAINING INTEREST
IN SWIFT KNIGHT LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board
Committee and the Independent Shareholders**



Donvex Capital Limited
富域資本有限公司

A letter from the Board is set out on pages 5 to 17 of this circular. A notice convening the EGM to be held at Meeting Room, 10/F., Central Tower, 28 Queen's Road Central, Central, Hong Kong on 4 February 2021 at 10:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company (www.bsehk.com).

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

14 January 2021

* for identification purpose only

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	a day (not being a Saturday, a Sunday and a public holiday or days on which typhoon signal No. 8 or above or black rainstorm warning is hoisted in Hong Kong at any time from 9:00 a.m. to 5:30 p.m.) on which banks are generally open for general banking business (excluding internet banking business) in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Beijing Sports and Entertainment Industry Group Limited (stock code: 1803), 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
“Completion”	completion of the Acquisition contemplated under the Sale and Purchase Agreement
“Completion Date”	within ten Business Days after the date upon which the last of the conditions precedent under the Sale and Purchase Agreement shall have been satisfied (or such other date as the Vendor and the Company may agree in writing), being the date on which Completion takes place
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“connected transaction”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration of HK\$28,000,000 for the sale and purchase of the Sale Shares
“Consideration Shares”	106,000,000 new Shares to be allotted and issued, credited as fully paid, by the Company to the Vendor (or its nominee) upon Completion
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting of the Shareholders to be held for the purpose of approving, among others, the Sale and Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares
“Encumbrance”	any mortgage, charge, pledge, lien, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors namely, Mr. Tse Man Kit, Keith, Mr. Lok Lawrence Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui, formed for the purpose of advising the Independent Shareholders in respect of, among other things, the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares
“Independent Financial Adviser” or “Donvex Capital”	Donvex Capital Limited, a corporation licensed to carry out type 6 regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders (excluding the Vendor) who are not required to abstain from voting in the relevant resolution(s) to be proposed in the EGM in relation to the Sale and Purchase Agreement and the transaction contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares

DEFINITIONS

“Last Trading Day”	15 December 2020, being the trading date immediately prior to the date of the Sale and Purchase Agreement
“Latest Practicable Date”	8 January 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MetaSpace (Beijing)”	北京約頓氣膜建築技術股份有限公司 (MetaSpace (Beijing) Air Dome Corp.), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company and is listed in the NEEQ (stock code: 831527)
“MetaSpace Group”	MetaSpace (Beijing) and its subsidiaries
“NEEQ”	the National Equities Exchange and Quotations 全國中小企業股份轉讓系統 (also known as the “third board” or “新三板”)
“PRC”	the People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Company, the Vendor and the Vendor’s Guarantor on 16 December 2020 in relation to the Acquisition
“Sale Shares”	10,000 shares of the Target Company, representing 20% of the entire issued share capital of the Target Company held by the Vendor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company

DEFINITIONS

“Specific Mandate”	the specific mandate to be sought at the EGM to allot and issue the Consideration Shares to the Vendor (or its nominee) as contemplated under the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Swift Knight Limited, a company incorporated in the BVI with limited liability, which is held as to 80% by the Company and 20% by the Vendor before Completion
“Target Group”	the Target Company together with its subsidiaries (including MetaSpace Group)
“Vendor”	Pieta Investment Limited, a company incorporated in the BVI with limited liability in June 2011, the entire issued share capital of which is owned by the Vendor’s Guarantor
“Vendor’s Guarantor”	Ms. Han Jun
“%”	per cent.

The English translation of the Chinese name(s) in this circular, where indicated with “*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

LETTER FROM THE BOARD



HK1803

北京體育文化產業集團有限公司
BEIJING SPORTS AND ENTERTAINMENT INDUSTRY GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1803)

Executive Directors:

Mr. Liu Xue Heng
(Chairman and Chief Executive Officer)
Mr. Zhu Shixing
Mr. Lam Ka Tak
Mr. Zhang Tingzhe

Registered Office:

3rd Floor, Queensgate House
113 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

Non-executive Directors:

Mr. Hu Yebi

Principal Place of Business in Hong Kong:

Room 101, 5/F, Greatmany Centre
111 Queen's Road East
Wanchai
Hong Kong

Independent non-executive Directors:

Mr. Tse Man Kit, Keith
Mr. Lok Lawrence Yuen Ming
Mr. Xin Luo Lin
Mr. Pan Lihui

14 January 2021

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
PROPOSED ACQUISITION OF THE REMAINING INTEREST
IN SWIFT KNIGHT LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 16 December 2020 in respect of the Acquisition.

LETTER FROM THE BOARD

On 16 December 2020 (after trading hours), the Company (as the Purchaser), the Vendor and the Vendor's Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire the Sale Shares at a total consideration of HK\$28,000,000. The Consideration shall be satisfied by the allotment and issue of 106,000,000 Consideration Shares by the Company to the Vendor (or its nominee) at the issue price of HK\$0.2642 per Consideration Share, credited as fully paid, under the Specific Mandate to be sought at the EGM. The Vendor's Guarantor has agreed to guarantee the due observance and performance of the Vendor of its obligations under the Sale and Purchase Agreement.

The Vendor is a substantial shareholder of the Target Company which is a subsidiary of the Company, and therefore is a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes (i) a discloseable transaction of the Company which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a non-exempt connected transaction of the Company which is subject to the notification, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened for the Independent Shareholders to consider, and if thought fit, among other things, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

The Independent Board Committee, comprising Mr. Tse Man Kit, Keith, Mr. Lok Lawrence Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui, all being independent non-executive Directors who do not have any material interest in the Sale and Purchase Agreement, has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole. Donvex Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, (i) the particulars of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information required to be disclosed under the Listing Rules as set out in Appendix to this circular; and (v) the notice of the EGM.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

16 December 2020 (after trading hours)

Parties

- (i) the Company;
- (ii) the Vendor; and
- (iii) the Vendor's Guarantor.

Assets to be acquired

The Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (representing 20% of the entire issued share capital of the Target Company) directly held by the Vendor, subject to the terms and conditions of the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Target Company is a non-wholly owned subsidiary of the Company and is held by the Company and the Vendor as to 80% and 20%, respectively. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

Consideration

The Consideration payable by the Company under the Sale and Purchase Agreement is HK\$28,000,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor (or its nominee).

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company and with reference to, *inter alia*, the net asset value of the Target Group, the net asset value of MetaSpace Group, the financial condition of MetaSpaceGroup, the market capitalization of MetaSpace (Beijing) and the reasons for and benefits of the Acquisition as mentioned in the paragraph headed "Reasons for and benefits of the Acquisition" below.

LETTER FROM THE BOARD

Conditions Precedent

Completion under the Sale and Purchase Agreement is subject to, *inter alia*, the following conditions precedent being satisfied or waived (if applicable):

- (a) the Vendor being the sole legal and beneficial owner of the Sale Shares as at the Completion Date, and the Sale Shares not being accompanied by any Encumbrances;
- (b) the parties to the Sale and Purchase Agreement and each company of the Target Group having obtained all authorisations, consents and approvals in relation to the transactions contemplated in the Sale and Purchase Agreement;
- (c) no event having occurred since the date of the Sale and Purchase Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Group;
- (d) all warranties in the Sale and Purchase Agreement being true, accurate and non-misleading in all respects;
- (e) the passing of all necessary resolutions by the Shareholders (other than those (if any) who are required to abstain from voting under the Listing Rules) at a duly convened EGM to approve: (a) the Company's entry into of the Sale and Purchase Agreement; and (b) the transactions contemplated under the Sale and Purchase Agreement including the allotment and issue of the Consideration Shares; and
- (f) the Listing Committee of the Stock Exchange granting approval of the issue of the Consideration Shares and the listing of, and permission to deal in the Consideration Shares either unconditionally or subject to conditions to which the Company may accept.

The parties to the Sale and Purchase Agreement shall use their best endeavours to fulfill all conditions precedent. If any of the above conditions have not been fulfilled or waived by the Company (other than conditions (b), (e) and (f) which may not be waived) on or before 26 February 2021 (or such other date as the parties to the Sale and Purchase Agreement may agree), the Company shall not be bound to proceed with the purchase of the Sale Shares and the provisions of the Sale and Purchase Agreement shall from such date have no effect and no party shall have any liability under them (without prejudice to the rights of any of the Parties in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement).

As at the Latest Practicable Date, conditions (a) to (d) have been fulfilled.

LETTER FROM THE BOARD

Completion

Completion shall take place within ten business days after the fulfilment (or waiver, if applicable) of all the conditions precedent under the Sale and Purchase Agreement or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company, and the financial results of Target Company will continue to be consolidated in the Group's financial statements.

Consideration Shares

Upon Completion, the Consideration Shares will be allotted and issued by the Company to the Vendor (or its nominee).

The Consideration Shares comprise a total of 106,000,000 Shares, which will be issued pursuant to the Specific Mandate to be sought at the EGM. The Consideration Shares represent approximately 8.14% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 7.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will not be any other issue or repurchase of Shares prior to the Completion).

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued, shall be credited as fully paid and at all times rank *pari passu* among themselves and with the Shares in issue as at the date of issue of the Consideration Shares, except that they shall not be entitled to receive any dividend, distribution or entitlement declared, paid or made by reference to a record date prior to the date of allotment and issue of the Consideration Shares (as the case may be).

The issue price of HK\$0.2642 per Consideration Share was determined after arm's length negotiation between the parties to the Sale and Purchase Agreement with reference to, among other things, the recent trading prices of the Shares, which represents:

- (i) a premium of approximately 40.53% to the closing price of HK\$0.1880 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 39.94% to the average closing price of HK\$0.1888 per Share as quoted on the Stock Exchange for the last five consecutive full trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a premium of approximately 39.49% to the average closing price of HK\$0.1894 per Share as quoted on the Stock Exchange for the last ten consecutive full trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 39.79% to the closing price of HK\$0.189 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Mandate to issue the Consideration Shares

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion (assuming there will not be any other issue or repurchase of Shares prior to the Completion) are set out as follows:

Shareholders	As at the Latest Practicable Date		Immediately upon Completion (assuming there will not be any other issue or repurchase of Shares prior to the Completion)	
	<i>No. of Shares</i>	<i>Approximate % of number of Shares in issue</i>	<i>No. of Shares</i>	<i>Approximate % of number of Shares in issue</i>
Beijing Enterprise Medical and Health Industry Group Limited <i>(Note 1)</i>	353,000,000	27.11%	353,000,000	25.07%
Central Huijin Investment Limited <i>(Note 2)</i>	93,600,000	7.19%	93,600,000	6.65%
Hollyview International Limited <i>(Note 3)</i>	181,055,000	13.91%	181,055,000	12.86%
Mr. Niu Zhongjie <i>(Note 4)</i>	76,490,500	5.87%	76,490,500	5.43%
The Vendor	17,507,500	1.34%	123,507,500	8.77%
Public Shareholders	580,366,000	44.57%	580,366,000	41.22%
		<i>(Note 6)</i>		
Total	1,302,019,000	100.00%	1,408,019,000	100.00%

LETTER FROM THE BOARD

Notes:

1. These Shares are directly held by United Win International Corporation (“**United Win**”) which is wholly-owned by Beijing Enterprises Medical and Health Industry Group Limited (“**BEMH**”) whose shares are listed on the Stock Exchange (stock code: 2389). Accordingly, BEMH is deemed to be interested in 353,000,000 Shares which are beneficially owned by United Win under the SFO.
2. These Shares are directly held by Wan Tai Investments Limited (“**Wan Tai**”). Wan Tai is wholly-owned by CCBI Investments Limited. CCBI Investments Limited is wholly-owned by CCB Financial Holdings Limited. CCB Financial Holdings Limited is wholly-owned by CCB International Group Holdings Limited. CCB International Group Holdings Limited is wholly-owned by China Construction Bank Corporation (“**CCBC**”) whose shares are listed on the Stock Exchange (stock code: 939), and CCBC is 57.11% owned by Central Hujin Investment Limited. Accordingly these aforementioned companies are all deemed to be interested in the 93,600,000 Shares which are beneficially owned by Wan Tai under the SFO.
3. Hollyview International Limited is wholly-owned by Mr. Hu Yebi, a non-executive Director.
4. These Shares comprised of (i) 290,500 Shares directly held by Mr. Niu Zhongjie, a director of certain subsidiaries of the Company; and (ii) 76,200,000 Shares held by Mass Talent Financial Limited, which is wholly-owned by him.
5. Figures are calculated on the assumption that there is no change to the number of Shares in issue from the Latest Practicable Date to the date of Completion.
6. The aggregate of the percentage figures in the above table may not add up to 100% due to rounding of the percentage figures to two decimal places.

INFORMATION OF THE VENDOR AND THE VENDOR’S GUARANTOR

The Vendor is an investment holding company incorporated in the BVI, the entire issued share capital of which is owned by the Vendor’s Guarantor. The Vendor’s Guarantor has over 15 years of experience in securities investment in Hong Kong and the PRC markets. The Vendor is a substantial shareholder of the Target Company, which is a subsidiary of the Company, and therefore is a connected person of the Company at the subsidiary level.

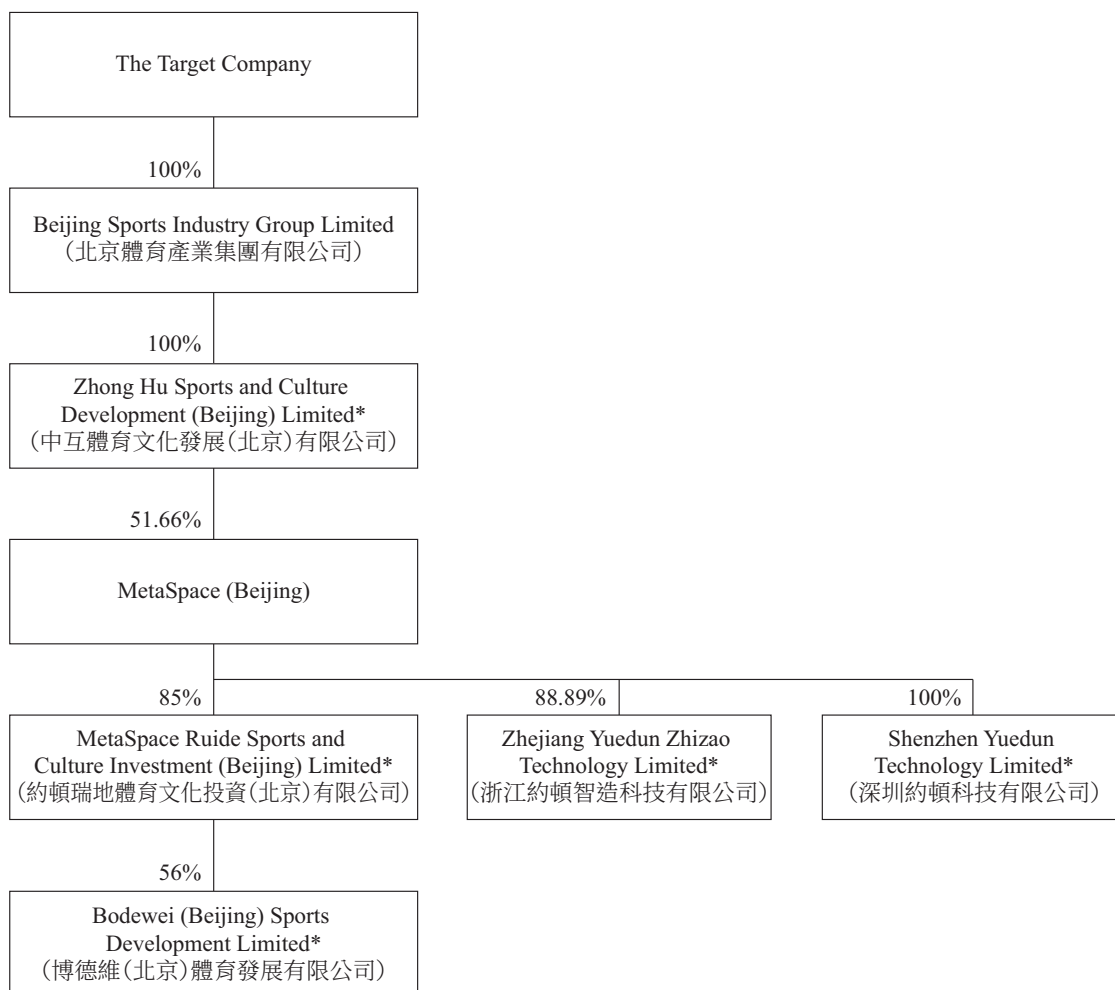
INFORMATION OF THE COMPANY

The Company is incorporated in Cayman Islands with limited liability and is an investment holding company. The Group is principally engaged in the sports and entertainment-related industry in the PRC with focus on provision of construction, operation and management services of air dome facilities in the PRC.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP

The Target Company is an investment holding company incorporated in the BVI with limited liability and the principal business of the Target Group is provision of construction, operation and management services of air dome facilities in the PRC. Set out below is the shareholding structure of the Target Group:-



LETTER FROM THE BOARD

For the purposes of this circular, set out below is a summary of financial information of the Target Group for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020 based on its unaudited consolidated management accounts:

	For the year ended 31 December 2018 (unaudited) HK\$,000	For the year ended 31 December 2019 (unaudited) HK\$,000	For the six months ended 30 June 2020 (unaudited) HK\$,000
Loss before taxation	24,879	10,193	7,472
Loss after taxation	20,780	9,027	8,321

The unaudited net asset value of the Target Group was approximately HK\$61,244,000 as at 30 June 2020.

As at the Latest Practicable Date, the Target Company indirectly owns approximately 51.66% of the total issued share capital of MetaSpace (Beijing). MetaSpace (Beijing) is a company incorporated in the PRC with limited liability and is listed in the NEEQ (stock code: 831527). MetaSpace Group is principally engaged in construction, operation and management services of air dome facilities in the PRC. The market capitalisation of MetaSpace (Beijing), which is calculated based on the closing price of the shares of MetaSpace (Beijing) of RMB3.69 per Share as quoted on the NEEQ on the Last Trading day, is approximately RMB250.0 million (equivalent to approximately HK\$297.6 million).

For the purposes of this circular, set out below is a summary of financial information of MetaSpace Group for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020 based on its unaudited consolidated management accounts:

	For the year ended 31 December 2018 (unaudited) HK\$,000	For the year ended 31 December 2019 (unaudited) HK\$,000	For the six months ended 30 June 2020 (unaudited) HK\$,000
Profit/(loss) before taxation	7,890	9,571	(14,547)
Profit/(loss) after taxation	7,006	9,801	(12,333)

The unaudited net asset value of MetaSpace Group was approximately HK\$226,811,000 as at 30 June 2020.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company currently holds 80% of the Target Company. The major asset of the Target Group comprises of MetaSpace Group. MetaSpace (Beijing) is currently listed on NEEQ (stock code: 831527). The market capitalisation of MetaSpace (Beijing), which is calculated based on the closing price of the shares of MetaSpace (Beijing) of RMB3.69 per Share as quoted on the NEEQ on the Last Trading Day, is approximately RMB250.0 million (equivalent to approximately HK\$297.6 million). Based on this market capitalization of MetaSpace (Beijing) and the indirect interest of 51.66% in MetaSpace (Beijing) held by the Target Company, the underlying market capitalization of MetaSpace Group attributable to the Sale Shares would be approximately HK \$30.7 million. As such, the Consideration represented a discount of approximately 8.80% to the market capitalization of MetaSpace Group attributable to the Sale Shares. Moreover, with reference to the Company's announcement dated 30 September 2020, MetaSpace Beijing is in the process of pursuing a proposed listing and issuance of shares on Selective Layer of NEEQ. In the event MetaSpace Beijing is successfully listed on the Selective Layer of NEEQ, the Board believes that the Target Group may leverage on the fundraising capability of MetaSpace Beijing to further expand its business, thus eventually brings value to the Company and the Shareholders as a whole.

In 2019, the National Bureau of Statistics and the General Administration of Sports of China jointly issued the "2017 National Sports Industry Total Scale and Value Added Data Announcement". In 2017, the total production scale of the sports industry in China was RMB2.2 trillion, recorded an increase of RMB781.1 billion. There was an increase of 15.7% compared with 2016, and the added value increased by 20.6%. The data in the report shows that the construction of fitness facilities such as stadiums, fitness trails and sports parks in China has been increased continuously with a growth rate of 94.7%, this reflected a rapid development in constructing of sports facilities in China.

According to the State Council document "關於加快體育產業、促進體育消費的若干意見", the total monetary value of the sport industry is expected to reach RMB5 trillion by 2025. The sport industry will become increasingly market-oriented, while the sports service sector is expected to embrace rapid growth. The central government has implemented policies to streamline the development of the winter sports industry to encourage universal involvement in and arouse people's enthusiasm for sports activities. With the support of national policies and the constant increase in public awareness towards their own health, the robust development of sport market demand shall bring about new opportunities to the current and future sport industry.

LETTER FROM THE BOARD

The Group, through MetaSpace (Beijing), is the leading integrated service provider of construction, operation and management of air dome facilities in the PRC. These air-supported domes are widely adopted for use in multi-functional facilities such as sport and recreational facilities, logistic and warehousing centres, industrial storage facilities as well as commercial exhibition space. Unlike the conventional structure, the air dome structure is less costly to build and to operate, more energy efficient and has short construction period and is easy to relocate and expand over an open space. Up to the end of 2019, MetaSpace has already constructed over 240 air dome facilities throughout the PRC. Currently, the major customers of MetaSpace Group include sports & event organizers, government departments, real estate developers and warehouse operators.

In view of the above, the Board is optimistic about the future development of the business being conducted under MetaSpace Group and it will be beneficial for the Group to acquire the remaining 20% of the shareholding interest of the Target Company with an objective to optimising the overall shareholding structure of the Target Group by the Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Group will take full control of the Target Company.

Furthermore, as the Consideration is satisfied through the issue of the Consideration Shares. It will not impose immediate cash-flow burden to the Group.

In view of the above, the Board considers that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and that the Sale and Purchase Agreement is on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole.

LISTING RULES IMPLICATION

As at the Latest Practicable Date, the Vendor is a substantial shareholder of the Target Company which is a subsidiary of the Company, and therefore is a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes (i) a discloseable transaction of the Company which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a non-exempt connected transaction of the Company which is subject to the notification, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

GENERAL

The EGM will be convened at Meeting Room 10/F., Central Tower, 28 Queen's Road Central, Central, Hong Kong on 4 February 2021 at 10:30 a.m. for the Independent Shareholders to consider, and if thought fit, among other things, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

A notice convening the EGM to be held at Meeting Room, 10/F., Central Tower, 28 Queen's Road Central, Central, Hong Kong on 4 February 2021 at 10:30 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder will be voted by way of a poll at the EGM.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Sale and Purchase Agreement shall abstain from voting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. As at the date of the Latest Practicable Date, the Vendor holds 17,507,500 Shares, representing approximately 1.34% of the existing issued share capital of the Company, and given its interest in the Sale and Purchase Agreement, the Vendor is required to abstain from voting in respect of the proposed resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquires, as at the Latest Practicable Date, no other Shareholder (other than the Vendor and its respective associates) have a material interest in the Sale and Purchase Agreement which requires them to abstain from voting on the relevant resolutions to be proposed at the EGM. None of the Directors has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and therefore no Director is required to abstain from voting at the Board meeting approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) considers the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are entered into on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

ADDITIONAL INFORMATION

Your attention is also drawn to (i) the letter from the Independent Board Committee as set out on pages 18 to 19 of this circular; (ii) the letter from the Independent Financial Adviser as set out on pages 20 to 35 of this circular; and (iii) the additional information as set out in the appendix of this circular.

Completion of the Acquisition is subject to fulfillment of the conditions precedent as set out in the section headed “Conditions precedent” above of this circular. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

By Order of the Board
Beijing Sports and Entertainment Industry Group Limited
Liu Xue Heng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



HK1803

北京體育文化產業集團有限公司
BEIJING SPORTS AND ENTERTAINMENT INDUSTRY GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1803)

14 January 2021

To the Independent Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
PROPOSED ACQUISITION OF THE REMAINING INTEREST
IN SWIFT KNIGHT LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

We refer to the circular of the Company to the Shareholders dated 14 January 2021 (the “**Circular**”), in which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to consider as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and the issuance of the Consideration Shares under the Specific Mandate, though not in the ordinary course of business of the Group, are fair and reasonable, are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the section headed “Letter from the Board”, as set out on pages 5 to 17 of the Circular which contains, among others, information on the Sale and Purchase Agreement as well as the letter from the Independent Financial Adviser as set out on pages 20 to 35 of the Circular which contains its advice in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder and the issuance of the Consideration Shares under the Specific Mandate.

Having considered (i) the Sale and Purchase Agreement; (ii) the advice of the Independent Financial Adviser; and (iii) the relevant information contained in the section headed “Letter from the Board”, we are of the opinion that the terms of the Sale and Purchase Agreement under the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Sale and Purchase Agreement and the transactions contemplated thereunder and the issuance of the Consideration Shares under the Specific Mandate, though not in the ordinary course of business of the Group, are fair and reasonable, is on normal commercial terms and is in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Tse Man Kit, Keith
Independent non-executive Director

Mr. Lok Lawrence Yuen Ming
Independent non-executive Director

Mr. Xin Luo Lin
Independent non-executive Director

Mr. Pan Lihui
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 2501-02, 25th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

14 January 2021

*The Independent Board Committee and the Independent Shareholders of
Beijing Sports and Entertainment Industry Group Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION PROPOSED ACQUISITION OF THE REMAINING INTEREST IN SWIFT KNIGHT LIMITED INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect to the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the Letter from the Board contained in the circular of the Company dated 14 January 2021 to the Shareholders (the “**Circular**”) of which this letter forms part. Capitalised terms used herein have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

Reference is made to the Company’s announcement dated 16 December 2020 in relation to the Sale and Purchase Agreement and the Specific Mandate. On 16 December 2020, the Company (as the purchaser) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to acquire the Sale Shares at a total consideration of HK\$28,000,000. The Consideration shall be satisfied by the allotment and issue of 106,000,000 Consideration Shares by the Company to the Vendor (or its nominee) at the issue price of HK\$0.2642 per Consideration Share under the Specific Mandate to be sought at the EGM. The Vendor’s Guarantor has agreed to guarantee the due observance and performance of the Vendor’s obligations under the Sale and Purchase Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Vendor is a substantial shareholder of the Target Company which is a subsidiary of the Company, and therefore is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes (i) a discloseable transaction of the Company which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a non-exempt connected transaction of the Company which is subject to the notification, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened for the Independent Shareholders to consider if thought fit, among other things, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares. The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tse Man Kit, Keith, Mr. Lok Lawrence Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui, has been established to consider the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Being the Independent Financial Adviser approved and appointed by the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

We are independent from, and not connected with, the Company or any of its substantial shareholders, directors, chief executive, or any of their respective associates, and have sufficient expertise and resources to give an opinion on the transactions. As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties within the past two years that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the Independent Financial Adviser, no other arrangements exist within the past two years whereby we had received or will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. We consider ourselves independent to form our opinion in relation to the Acquisition.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true up to the Latest Practicable Date.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Company, the Vendor and their respective associates, nor have we carried out independent verification on the information supplied. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Independent Shareholders should note that subsequent developments, including any material change in market and economic conditions, may affect or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Sale and Purchase Agreement and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BACKGROUND OF THE PARTIES

1. Background information of the Group

The Group is principally engaged in the sports and entertainment related industry in the PRC with focus on provision of construction, operation and management services of air dome facilities in the PRC.

Set out below is a summary of the Group's operating results and financial position extracted from the Company's annual report for the year ended 31 December 2019 and interim report for the six months ended 30 June 2020.

	Year ended 31 December		Six months ended
	2018	2019	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Revenue	155,361	175,932	19,216
Gross profit/(loss)	30,832	48,705	(2,372)
Loss for the year/period	66,805	74,241	18,462
			As at
	As at 31 December		30 June
	2018	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Non-current assets	237,480	304,151	278,809
Current assets	<u>405,309</u>	<u>405,989</u>	<u>373,135</u>
Total assets	<u><u>642,789</u></u>	<u><u>710,140</u></u>	<u><u>651,944</u></u>
Non-current liabilities	3,352	35,744	45,940
Current liabilities	<u>125,263</u>	<u>232,725</u>	<u>181,690</u>
Total liabilities	<u><u>128,615</u></u>	<u><u>268,469</u></u>	<u><u>227,630</u></u>
Net assets	<u><u>514,174</u></u>	<u><u>441,671</u></u>	<u><u>424,314</u></u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2019

The revenue of the Group increased by approximately 13.2% from approximately HK \$155.4 million for the year ended 31 December 2018 to approximately HK\$175.9 million for the year ended 31 December 2019. The increase was mainly due to (i) the increase in the number of air dome facilities constructed; (ii) the increase in the average contract size by approximately 25%; and (iii) the Company's increased focus on the air dome market related to industrial facilities, environmental protection facilities and warehouse facilities.

During the year ended 31 December 2019, the Group recorded gross profit of approximately HK\$48.7 million comparing to the gross profit of approximately HK\$30.8 million during the corresponding period of last year. The overall gross profit ratio increased from approximately 19.8% to approximately 27.7%, as compared to the corresponding period in 2018, which was mainly due to (i) the increase in the average contract size by approximately 25% and (ii) the Company focused on the air dome markets related to industrial facilities, environmental protection facilities and warehouse facilities, where such contracts generally have a higher gross profit margin.

As a result of the above together with an increase in impairment losses on financial and contract assets, the Company recorded a net loss of approximately HK\$74.2 million for the year ended 31 December 2019, representing an increase of 11.1% as compared to the corresponding year of HK\$66.8 million.

For the six months ended 30 June 2020

The Group's revenue decreased from approximately HK\$36.1 million for the six months ended 30 June 2019 to approximately HK\$19.2 million for the six months ended 30 June 2020, representing a decrease of approximately 46.8%. The decrease was mainly because of the suspension of the construction projects during the work restrictions period as a result of COVID-19 and the related anti-epidemic measure.

The Group recorded a gross loss of approximately HK\$2.4 million comparing to the gross profit of approximately HK\$1.3 million during the corresponding period of 2019. The overall gross profit ratio decreased from 3.5% to gross loss of 12.5%. The gross loss was mainly attributable to the decrease in the revenue and corresponding decrease in gross profit as a result of the outbreak of COVID-19 which hinders business activities and increased the cost of transportation and labor significantly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Despite the decrease in revenue and gross profit ratio, the net loss recorded by the Group decreased from approximately HK\$49.3 million for the six months ended 30 June 2019 to approximately HK\$18.5 million for the six months ended 30 June 2020, representing a decrease of approximately 62.5%, which was mainly attributable to the impairment of property, plant and equipment and investment properties from approximately HK\$22.1 million for the six months ended 30 June 2019, as compared to the net reversal of impairment of property, plant and equipment and investment properties of approximately HK\$18,000 for the six months ended 30 June 2020.

2. Information of the Target Group

The Target Company is a company incorporated in BVI with limited liability and the principal business of the Target Group is engaging in provision of construction, operation and management services of air dome facilities in the PRC.

Reference is made to the announcements of the Company dated 17 January 2017 and 18 April 2017, where Zhong Hu Sports Culture Development (Beijing) Limited, an indirect non-wholly owned subsidiary of the Company and an indirect wholly-owned subsidiary of Swift Knight, entered into an agreement with the MetaSpace (Beijing) in relation to the capital injection of RMB140 million into MetaSpace (Beijing) by subscription of ordinary shares issued by it (the “**Subscription**”). The Subscription was subsequently completed on 18 April 2017 and the Target Company became an indirectly non-wholly owned subsidiary of the Company.

As at the date of this announcement, the Target Company indirectly owns approximately 51.66% of the total issued share capital of MetaSpace (Beijing). MetaSpace (Beijing) is a company incorporated in the PRC with limited liability and is listed in the NEEQ (stock code: 831527). MetaSpace Group is principally engaged in construction, operation and management services of air dome facilities in the PRC. The market capitalisation of MetaSpace (Beijing) which is calculated based on the closing price of the shares of MetaSpace (Beijing) as quoted on the NEEQ on 15 December 2020, being the last full trading day prior to the date of the Sale and Purchase Agreement, is approximately RMB250.0 million (equivalent to approximately HK\$297.6 million).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is a summary of financial information of the Target Group as extracted from the consolidated financial statements of the Target Company for the years ended 31 March 2019 and six months ended 30 June 2020.

	Year ended 31 December		Six months ended 30 June
	2018	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	133,303	162,169	14,844
Gross profit	33,629	45,686	3,381
– Amortisation of intangible assets	(10,989)	(10,989)	(5,342)
Loss before tax	(24,879)	(10,193)	(7,472)
Loss after tax	(20,780)	(9,027)	(8,321)
	As at 31 December		As at 30 June
	2018	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	122,372	186,670	177,777
Current assets	<u>360,798</u>	<u>443,585</u>	<u>394,054</u>
Total assets	<u><u>483,170</u></u>	<u><u>630,255</u></u>	<u><u>571,831</u></u>
Current liabilities	399,537	524,736	467,937
Non-current liabilities	<u>3,352</u>	<u>35,313</u>	<u>42,650</u>
Total liabilities	<u><u>402,889</u></u>	<u><u>560,049</u></u>	<u><u>510,587</u></u>
Net assets	<u><u>80,281</u></u>	<u><u>70,206</u></u>	<u><u>61,244</u></u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is a summary of financial information of MetaSpace Group for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020 under International Financial Reporting Standards.

	Year ended 31 December		Six months ended
	2018	2019	30 June 2020
	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) before taxation	7,890	9,571	(14,547)
Profit/(loss) after taxation	7,006	9,801	(12,333)

As illustrated above, we noted that the financial performance of the Target Group is severely affected by the impact of the COVID-19 pandemic on the first half of 2020. As advised by the management of the Company, the revenue recognition of its projects were delayed as the construction and operation of the air domes were restricted in the first half of 2020 as a result of relevant anti-pandemic measures in the PRC. As such, the revenue recognition was delayed for the construction contracts of the Target Group for the six months ended 30 June 2020.

For the years ended 31 December 2018 and 2019, despite the MetaSpace Group recorded profit of approximately HK\$7.0 million and HK\$9.8 million for the years ended 31 December 2018 and 2019, respectively, the Target Group recorded net losses for the years ended 31 December 2018 and 2019. As advised by the management of the Company and based on the consolidated management account of the Target Company, the differences in the financial performance of the Target Group and MetaSpace Group were mainly due to

- (i) the non-cash accounting losses of the amortization of intangible assets of approximately HK\$11.0 million for each of the year ended 31 December 2018 and 2019, where the intangible assets were recognised upon the completion of the Subscription under the relevant accounting standard; and
- (ii) the payment of (a) the salaries of approximately HK\$12.5 million and HK\$5.6 million to the PRC management team of the Company; and (b) the rental expenses of approximately HK\$3.3 million and HK\$2.9 million for the corporate office of the Group in the PRC by Zhong Hu Sports Culture Development (Beijing) Limited, an indirectly wholly-owned subsidiary of the Target Company and the immediate holding company of MetaSpace (Beijing) for the years ended 31 December 2018 and 2019 respectively. As advised by the management of the Company, the PRC management team was responsible for overseeing the operations of the Target Group and other business segments of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, excluding (i) the non-cash accounting losses attributable to the amortisation of the intangible assets; and (ii) the cost-sharing of the salary expenses and rental expenses for the corporate office with other subsidiaries of the Group, the Target Group and in particular the MetaSpace Group, were profit-making and generating positive cash-flow for the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Principal terms of the Sale and Purchase Agreement

We have reviewed the Sale and Purchase Agreement and assessed the following principal terms.

The Consideration

The Consideration payable by the Company under the Sale and Purchase Agreement is HK\$28,000,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor (or its nominee) at the issue price of HK\$0.2642 per Consideration Share.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company and with reference to, *inter alia*, the net asset value of the Target Group, the net asset value of MetaSpace Group, the financial condition of MetaSpace Group and the market capitalization of MetaSpace (Beijing).

In assessing the fairness and reasonableness of the Consideration, we have considered the following factors:

(i) The financial performance of the Target Group

As discussed in the section headed "Background – 2. Information on the Target Group" above, the Target Group recorded a profit before the non-cash accounting loss of amortization of intangible assets for the year ended 31 December 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Target Group recorded a loss of approximately HK\$3.0 million before the non-cash accounting loss of amortization of intangible assets for the six months ended 30 June 2020, which was principally due to the impact of the COVID-19 in the first half of 2020. Nevertheless, it is expected the Target Group may recover from the loss-making position taking into account the following factors:

- (a) the intangible assets of the Target Group were only recognised upon the completion of the Subscription as a result of the requirements under relevant accounting standards, which will be amortised throughout their useful lives. As such, the amortisation of the intangible assets for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020 were merely non-cash accounting losses. In addition, substantially all of the intangible assets will be fully amortised during the year ending 31 December 2021 based on their amortisation schedules;
- (b) according to the document titled “關於加快體育產業、促進體育消費的若干意見” published by the State Council of the PRC, the total monetary value of the sport industry is expected to reach RMB5 trillion by 2025. Given Target Group is the leading integrated service provider of construction, operation and management of air dome facilities in the PRC, it is expected that the Target Group will benefit from the favourable governmental policies; and
- (c) as disclosed in the interim report of the Company for the six months ended 30 June 2020, given the COVID-19 epidemic situation has been improving in the PRC, the sports and entertainment business shall gradually recover in the second half of 2020 and the year of 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) The market capitalisation of the MetaSpace Group

The market capitalisation of MetaSpace (Beijing) which is calculated based on the closing price of the shares of MetaSpace (Beijing) as quoted on the NEEQ on 15 December 2020, being the last full trading day prior to the date of the Sale and Purchase Agreement, is approximately RMB250.0 million (equivalent to approximately HK\$297.6 million).

Based on (a) the market capitalisation of MetaSpace Group of RMB250.0 million on 15 December 2020 as mentioned above; and (b) the Target Company is indirectly interested in 51.66% of the equity interest of MetaSpace (Beijing), the underlying market capitalisation of MetaSpace Group attributable to the Sale Shares would be approximately HK\$30.7 million. As such, the Consideration represented a discount of approximately 8.80% to the market capitalisation of the MetaSpace Group attributable to the Sale Shares.

Taking into account of the above factors, we are of the view that the Consideration is fair and reasonable.

The Issue Price

The Issue Price represents:

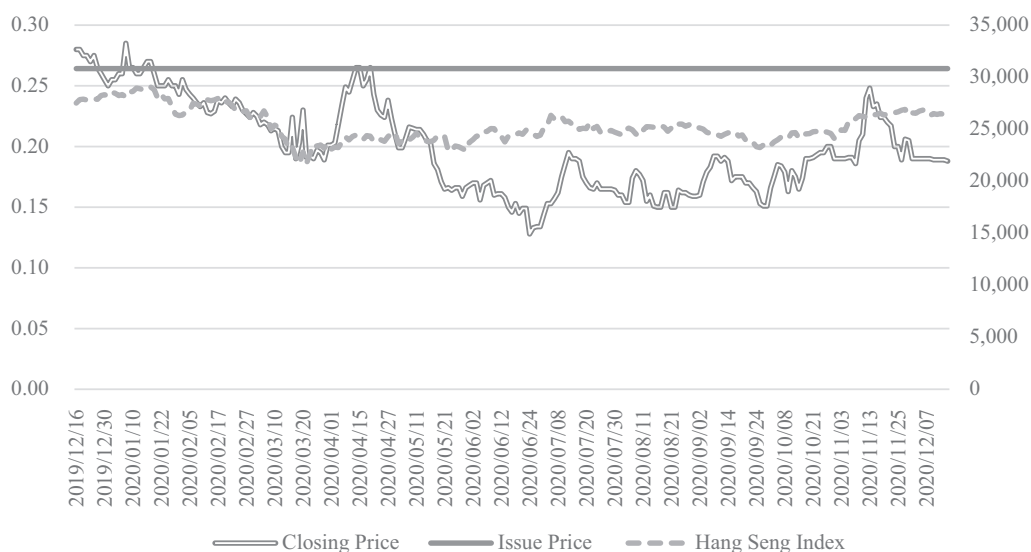
- (i) a premium of approximately 40.53% to the closing price of HK\$0.1880 per Share as quoted on the Stock Exchange on 15 December 2020, being the Last Trading Day prior to the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 39.94% over the average closing price of HK \$0.1888 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last full trading day prior to the date of the Sale and Purchase Agreement;
- (iii) a premium of approximately 39.49% over the average closing price of HK \$0.1894 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the last full trading day prior to the date of the Sale and Purchase Agreement; and
- (iv) a premium of approximately 39.79% over the closing price of HK\$0.1890 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the Issue Price, we have considered the following factors:

Review of the closing price movement of the Shares

We have reviewed the closing price of the Shares with the Hang Seng Index for a twelve-month period from 16 December 2019 (being 1 year prior to the Last Trading Day) up to the Last Trading Day (the “**Review Period**”), which we consider to be reasonably long enough for the purpose of illustrating the trend of the performance of the closing price of the Shares.



Source: The website of the Stock Exchange

As illustrated in the above chart, we noted that the performance of the closing price of the Shares was generally in line with the Hang Seng Index and the closing price of the Shares was experiencing a downward trend during the Review Period. The Issue Price of the Consideration Shares of HK\$0.264 is within the range of the lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Review Period, and represented a premium of approximately 106.25% over the lowest closing price of HK\$0.128 recorded on 24 June 2020, and a discount of approximately 7.87 % to the highest closing price of HK\$0.285 recorded on 8 January 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparable Transactions Analysis

In order to assess the fairness and reasonableness of the Issue Price, we have reviewed and identified recent transactions announced by companies listed on the Stock Exchange in which involved the issuance of consideration shares as part of the consideration (the “**Comparable Transactions**”) since 3 months prior to the Last Trading Day. We consider these selection criteria as reasonable since the Acquisition involves the issuance of Consideration Shares as consideration. Based on the above selection criteria, we have at our best endeavors identified an exhaustive list of 12 Comparable Transactions.

We note that the companies involved in the Comparable Transactions are not engaged in the same principal business of the Company and are of different market capitalizations. Nevertheless, as (i) the Comparable Transactions involve the issuance of the consideration shares as part of the consideration conducted by companies under similar market condition; (ii) the 12 Comparable Transactions represented sufficient sample size for comparison purpose; (iii) the performance of the closing price of the Shares are generally in line with the Hang Seng Index during the Review Period; and (iv) the performance of the Hang Seng Index is relatively stable during the 3 months period prior to the Last Trading Day as compared to the first half of 2020, we are of the view that the Comparable Transactions may provide a general benchmark reference to the Shareholders as they can reflect recent market trends of the terms used in issuing shares as full or partial settlement of consideration.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below illustrates the premiums or discounts represented by the issue price over or to (i) the closing price of last full trading day; (ii) the average closing price of the last 30 consecutive trading days; (iii) the average closing price of the last consecutive 60 trading days; and (iv) the average closing price of the last consecutive 90 trading days prior to the date of the relevant announcement of the Comparable Transactions.

Date of announcement	Company	Stock Code	Premium/(discount) of issue price over/(to)			
			the closing price for the last full trading day	the average closing price for the last 30 consecutive trading days	the average closing price for the last 60 consecutive trading days	the average closing price for the last 90 consecutive trading days
20-Sep-20	Viva Biotech Holdings	1873	(7.68)%	(3.50)%	(2.22)%	5.19%
23-Sep-20	Termbray Industries International (Holdings) Limited	93	(6.77)%	(2.91)%	(1.92)%	(0.82)%
20-Oct-20	Golden Faith Group Holdings Limited	2863	(14.55)%	(9.88)%	14.61%	28.38%
22-Oct-20	Vongroup Limited	318	(15.09)%	(9.06)%	(7.94)%	5.25%
23-Oct-20	HangKan Group Limited	8331	14.29%	11.63%	(22.97)%	(19.96)%
26-Oct-20	Hengten Networks Group Limited	136	(9.09)%	(6.72)%	4.76%	15.79)%
7-Nov-20	7Road Holding Limited	797	(0.37)%	(2.04)%	(0.48)%	(0.47)%
13-Nov-20	Forgame Holdings Limited	484	0.00%	(14.85)%	(20.54)%	(24.94)%
17-Nov-20	Worldgate Global Logistics Limited	8292	(2.94)%	(8.42)%	(21.40)%	(19.90)%
27-Nov-20	Elife Holding Limited	223	29.87%	31.54%	29.95%	26.94%
7-Dec-20	SDM Group Holdings Limited	8363	0.00%	19.26%	26.88%	26.78%
9-Dec-20	Suoxinda Holdings Limited	3680	(19.13)%	0.98%	14.02%	1.48%
	Maximum		29.87%	31.54%	29.95%	28.38%
	Minimum		(19.13)%	(14.85)%	(22.97)%	(24.94)%
	Average		(2.62)%	0.50%	1.06%	3.64%
	The Issue Price		40.53%	29.98%	38.54%	44.18%

Source: Announcements of respective companies

As illustrated in the table above, the premium of the Issue Price over (i) the closing price of last full trading day; (ii) the average closing price of the last 60 consecutive trading days; and (iii) the average closing price of the last 90 consecutive trading days prior to the date of the relevant announcement, is (a) higher than all of the premiums of the Comparable Transaction; and (b) within the range over the average closing price of the last 30 consecutive trading days of the Comparable Transactions.

Taking into account of the above factors, we are of the view that the Issue Price is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for and benefits of the Acquisition

In assessing the fairness and reasonableness of the reasons for and benefits of the Acquisition, we have considered the following factors.

(i) Favourable prospect of the air dome construction business

As discussed under the section headed “Background – 2. Information on the Target Group”, excluding (a) the impact of the non-cash accounting losses attributable to the amortisation of the intangible assets; and (b) the cost-sharing of the salary expenses and rental expenses for the corporate office with other subsidiaries of the Group, the Target Group and in particular the MetaSpace Group, were profit-making and generating positive cash-flow for the Group.

As further discussed under the section headed “Principal terms of the Sale and Purchase Agreement – The Consideration” above, the PRC Government intends to promote the sport industry with favourable policies and the total monetary value of the sport industry is expected to reach RMB5 trillion by 2025. Given the Target Group is the leading integrated service provider of construction, operation and management of air dome facilities in the PRC, it is expected that the Target Group will benefit from the favourable national policies.

As such, it is in the long term interest of the Company to fully control the Target Group through the Acquisition in order to fully capture the favourable prospect of the Target Group.

(ii) Fundraising capability of the Target Group through the potential listing of MetaSpace Beijing on the Selective Layer of the NEEQ

With reference to the Company’s announcement dated 30 September 2020, MetaSpace Beijing is in the process of pursuing a proposed listing and issuance of shares on Selective Layer of NEEQ. In the event MetaSpace Beijing is successfully listed on the Selective Layer of NEEQ, the Target Group may leverage on the fundraising capability of MetaSpace Beijing to further expand its business by capturing the favourable prospect as discussed above, which is in the interest of the Company and the Shareholders as a whole.

(iii) Optimisation of organisational structure and management efficiency of the Group

As the air dome construction and operation services under the Target Group represented the largest business segment of the Company, the Acquisition of the remaining equity interest of the Target Group would allow the Company to increase its management efficiency by fully controlling the board of the Target Company and shortening the time required for internal decision making.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As such, the organisational structure and management efficiency of the Group may be optimised, which is in the long term interest of the Company.

Having taken into account of the above factors, we concur with the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole.

3. Potential dilution effects of the Acquisition

As depicted by the table under the section headed “Effects on shareholding structure of the Company” in the Letter from the Board in the Circular, upon Completion, the shareholding interest of the existing public Shareholders would be diluted by approximately 7.53% (assuming that there is no other change to the issued share capital of the Company from the Latest Practicable Date and up to the date of the Completion).

Nonetheless, in view of (i) the reasons for and the benefits of the Acquisition as set out under the section under “Reasons for and benefits of the Acquisition” of this letter; and (ii) the terms of the Sale and Purchase Agreement being fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that (i) the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable so far as the Shareholders are concerned; and (ii) the Acquisition is, though not in the ordinary course of business of the Group, in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 18 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date, and immediately upon Completion (assuming there will not be any other issue or repurchase of Shares prior to the Completion) were and are expected to be as follows:

<i>Authorised:</i>	<i>HK\$</i>
4,000,000,000 Shares of HK\$0.005 each	20,000,000.00
 <i>Issued and fully paid or credited as fully paid:</i>	
1,302,019,000 Shares in issue as at the Latest Practicable Date	6,510,095.00
<u>106,000,000</u> Consideration Shares to be allotted and issued	<u>530,000.00</u>
 Shares in issue upon Completion (assuming there will not be any other issue or repurchase of Shares prior to the Completion)	
<u>1,408,019,000</u>	<u>7,040,095.00</u>

The Consideration Shares, when allotted and issued, shall be credited as fully paid and at all times rank *pari passu* among themselves and with the Shares in issue as at the date of issue of the Consideration Shares, except that they shall not be entitled to receive any dividend, distribution or entitlement declared, paid or made by reference to a record date prior to the date of allotment and issue of the Consideration Shares (as the case may be).

3. DIRECTORS' INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Name of director	Capacity	Number of ordinary Shares	Number of underlying Shares held pursuant to share options	Percentage of the issued share capital of the Company
Mr. Liu Xue Heng	Beneficial owner	–	9,680,000	0.74%
Mr. Zhang Tingzhe	Beneficial owner	–	293,000	0.02%
Mr. Lam Ka Tak	Beneficial owner	–	290,500	0.02%
Mr. Tse Man Kit, Keith	Beneficial owner	–	968,000	0.07%
Mr. Hu Yebi	Interest in controlled corporation	181,055,000	–	13.91%
	Beneficial owner	–	968,000	0.07%
Mr. Xin Luo Lin	Beneficial owner	–	968,000	0.07%
Mr. Lok Lawrence Yuen Ming	Beneficial owner	290,500	–	0.02%
Mr. Pan Lihui	Beneficial owner	347,600	–	0.03%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor their associates had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) 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 taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Disclosure of substantial shareholders' interests

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholders	Capacity	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company
Beijing Enterprises Medical and Health Industry Group Limited (“BEMH”) (Note 1)	Interest in controlled corporation	353,000,000	27.11%
United Win International Corporation (“United Win”) (Note 1)	Beneficial owner	353,000,000	27.11%
Central Huijin Investment Limited (“Central Huijin”) (Note 2)	Interest in controlled corporation	93,600,000 (L) 45,600,000 (S)	7.19% 3.50%
China Construction Bank Corporation (“CCBC”) (Note 2)	Interest in controlled corporation	93,600,000 (L) 45,600,000 (S)	7.19% 3.50%
CCB International Group Holdings Limited (“CCBIGH”) (Note 2)	Interest in controlled corporation	93,600,000 (L) 45,600,000 (S)	7.19% 3.50%
CCB Financial Holdings Limited (“CCBFH”) (Note 2)	Interest in controlled corporation	93,600,000 (L) 45,600,000 (S)	7.19% 3.50%

Name of shareholders	Capacity	Number of shares/ underlying shares held	Percentage of the issued share capital of the Company
CCB International (Holdings) Limited (“CCBIH”) (Note 2)	Interest in controlled corporation	93,600,000 (L)	7.19%
		45,600,000 (S)	3.50%
CCBI Investments Limited (“CCBI Inv”) (Note 2)	Interest in controlled corporation	93,600,000 (L)	7.19%
		45,600,000 (S)	3.50%
Wan Tai Investments Limited (“Wan Tai”) (Note 2)	Beneficial owner	93,600,000 (L)	7.19%
		45,600,000 (S)	3.50%
Hollyview International Limited (“Hollyview”) (Note 3)	Beneficial owner	181,055,000	13.91%
Mass Talent Financial Limited (“Mass Talent”) (Note 4)	Beneficial owner	76,200,000	5.85%
Mr. Niu Zhongjie (“Mr. Niu”) (Note 4)	Interest in controlled corporation	76,200,000	5.85%
	Beneficial owner	290,500	0.02%

Notes:

- These Shares are directly held by United Win which is wholly owned by BEMH whose shares are listed on the Stock Exchange (stock code: 2389). Accordingly, BEMH is deemed to be interested in 353,000,000 Shares which are beneficially owned by United Win under the SFO.
- These Shares are directly held by Wan Tai. Wan Tai is wholly-owned by CCBI Inv. CCBI Inv is wholly-owned by CCBFH. CCBFH is wholly-owned by CCBIH. CCBIH is wholly-owned by CCBC whose shares are listed on the Stock Exchange (stock code: 939), and CCBC is 57.11% owned by Central Hujin. Accordingly, these aforementioned companies are all deemed to be interested in the 93,600,000 Shares which are beneficially owned by Wan Tai under the SFO.
- Hollyview is wholly-owned by Mr. Hu Yebi, a non-executive Director.
- These Shares comprised of (i) 290,500 Shares directly held by Mr. Niu, a director of certain subsidiaries of the Company; and (ii) 76,200,000 Shares held by Mass Talent, which is wholly-owned by him.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who

were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders of the Company and their respective close associates (as defined under the Listing Rules), was interested in any business which competes or is likely to compete either directly or indirectly with the business of the Group (as would be required to be disclosed under the Listing Rules if each of them were a controlling shareholder).

6. INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors have, or had, any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2019, the date to which the latest published audited financial statements of the Company were made up. None of the Directors are materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into the ordinary course of business) within two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the two subscription agreements dated 4 June 2020 and 2 July 2020 entered into between MetaSpace (Beijing) and Beijing Richtop Capital Co., Limited whereby MetaSpace (Beijing) subscribed interests in Ronghui Growth Private Equity Fund II* in an amount of RMB5 million and RMB5 million respectively; and
- (ii) the Sale and Purchase Agreement.

8. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration or claim which is in the opinion of the Directors of material importance and no litigation or claim which is in the opinion of the Directors of material importance to be pending or threatened by or against any member of the Group.

9. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there were not any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited financial statements of the Group were made up.

10. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the experts who have provided their opinion or advice for inclusion in this circular:

Name	Qualification
Donvex Capital	a licensed corporation to carry out type 6 regulated activities under the SFO

As at the Latest Practicable Date, the abovenamed expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name or opinion in the form and context in which it is included.

As at the Latest Practicable Date, the abovenamed expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the abovenamed expert did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2019, the date of which the latest published audited consolidated financial statements of the Group were made up.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 101, 5/F, Greatmany Centre, 111 Queen's Road East, Wanchai, Hong Kong on any Business Day from the date of this circular up to and including the date of the EGM:

- (i) the written consent given by the expert as referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix;
- (ii) the letter from the Independent Board Committee;
- (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders;
- (iv) the Sale and Purchase Agreement;
- (v) the material contracts referred to in the section headed "Material Contracts" in this appendix; and
- (vi) this circular.

12. GENERAL

- (i) The company secretary of the Company is Mr. Shum Yick Chun ("**Mr. Shum**"). Mr. Shum, aged 39, is an associate member of the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Association of Chartered Certified Accountants. He obtained an associate degree of business administration in accountancy from City University of Hong Kong in 2003 and a master degree in corporate governance from Open University of Hong Kong in 2017. He has over 16 years of experience in auditing, accounting, company secretarial matters and financial management.
- (ii) The registered office of the Company is situated at 3rd Floor, Queensgate House, 113 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.
- (iii) The headquarter of the Group in the PRC is in Room 1002, 10/F, Block A, Parkview Green FangCaoDi, 9 Dongdaqiao Road, Chaoyang District, Beijing, PRC.
- (iv) The principle place of business of the Company in Hong Kong is Room 101, 5/F., Greatmany Centre, 111 Queen's Road East, Wanchai, Hong Kong.
- (v) The principal share register of the Company is Harneys Services (Cayman) Limited at 3rd Floor, Queensgate House, 113 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

- (vi) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (vii) The English texts of this circular shall prevail over their Chinese text in case of inconsistencies.

NOTICE OF THE EGM



HK1803

北京體育文化產業集團有限公司
BEIJING SPORTS AND ENTERTAINMENT INDUSTRY GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1803)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**Meeting**”) of Beijing Sports and Entertainment Industry Group Limited (the “**Company**”) will be convened and held at Meeting Room, 10/F., Central Tower, 28 Queen’s Road Central, Central, Hong Kong on 4 February 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modification) the following resolution:

Unless otherwise specified, capitalized terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 14 January 2021 (the “**Circular**”).

ORDINARY RESOLUTION

1. “THAT:

- (i) the Sale and Purchase Agreement (a copy of each of the Sale and Purchase Agreement having been produced at the meeting and marked “A” and initialed by the chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder and in connection therewith and any other ancillary documents, be and are hereby approved, ratified and/or confirmed;
- (ii) conditional upon the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares on the Stock Exchange, the grant of the Specific Mandate to the Directors to allot and issue the Consideration Shares to the Vendor (or its nominee) pursuant to the Sale and Purchase Agreement be and is hereby approved, confirmed and ratified. The Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the Shareholders prior to the passing of this resolution; and

NOTICE OF THE EGM

(iii) the Directors (or a duly authorised committee thereof) be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents or agreements and to take all such steps which, in the opinion of the Directors (or a duly authorised committee thereof), may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares to the Vendor (or its nominee), and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors (or a duly authorised committee thereof), in the interests of the Company.”

By Order of the Board

Beijing Sports and Entertainment Industry Group Limited

Liu Xue Heng

Chairman

Hong Kong, 14 January 2021

As at the date of this notice, the executive Directors are Mr. Liu Xue Heng, Mr. Zhu Shixing, Mr. Lam Ka Tak and Mr. Zhang Tingzhe, the non-executive Director is Mr. Hu Yebi, and the independent non-executive Directors are Mr. Tse Man Kit, Keith, Mr. Lok Lawrence Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui.

Notes:

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF THE EGM

4. For determining the right to attend and vote at the Meeting to be held on 4 February 2021, the register of members of the Company will be closed from 1 February 2021 to 4 February 2021 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming Meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 29 January 2021.

Precautionary measures for the Meeting

Taking into account the recent developments of the coronavirus disease 2019 (COVID-19), the Company will implement the following prevention and control measures at the Meeting to safeguard the health and safety of the Shareholders attending the Meeting:

1. Compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue.
2. Every Shareholder or proxy is required to wear a surgical face mask throughout the meeting.
3. No refreshments will be served and no corporate gifts will be distributed.

Shareholders, particularly those who are subject to quarantine in relation to COVID-19, are reminded that they may appoint any person or the chair of the Meeting as a proxy to attend and vote at the Meeting, instead of attending and voting in person. A form of proxy for use at the Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.bsehk.com>).