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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)**

## **CONNECTED TRANSACTION DISPOSAL OF THE REMAINING INTEREST IN A SUBSIDIARY**

### **THE SALE AND PURCHASE AGREEMENT**

On 11 August 2021 (after trading hours), the Vendor, an indirect non-wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest (representing 56% of the total equity interest of the Target Company) at a consideration of RMB6 million.

As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company. Immediately after the Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser is the holder of 44% equity interest of the Target Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement constitutes connected transaction of the Company. As one or more of the relevant percentage ratios (as defined under 14.07 of the Listing Rules) in respect of the Disposal exceed 0.1% but less than 5%, the transactions contemplated under the Sale and Purchase Agreement will be subject to the reporting and announcement but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

On 11 August 2021 (after trading hours), the Vendor, an indirect non-wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest (representing 56% of the total equity interest of the Target Company) at a consideration of RMB6 million.

## THE SALE AND PURCHASE AGREEMENT

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

- Date : 11 August 2021 (after trading hours)
- Parties : (1) The Vendor, an indirect non-wholly owned subsidiary of the Company which is principally engaged in sports stadium operation. As at the date of this announcement, the Vendor is wholly-owned by MetaSpace (Beijing) Air Dome Corp. (北京約頓氣膜建築技術股份有限公司) (“**Metaspace (Beijing)**”), a company incorporated in the PRC with limited liability, the shares of which is listed in 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**”) (stock code: 831527), and the Group indirectly owns approximately 51.66% of the total issued shares of Metaspace (Beijing); and

- (2) The Purchaser, a merchant who is principally engaged in sports stadium operation and tennis training business. The Purchaser is the holder of 44% equity interest of the Target Company and is therefore a connected person of the Company under the Listing Rules.

Assets to be disposed of : Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest.

Consideration : The consideration payable for the Sale Equity Interest shall be RMB6 million.

The Consideration shall be paid by the Purchaser or its nominee to the Vendor in the following manner:

- (a) RMB4 million to the Vendor within seven days after the Sale and Purchase Agreement takes effect;
- (b) RMB1 million to the Vendor within seven days after the transfer of the Sale Equity Interest takes place; and
- (c) RMB1 million to the Vendor within seven days after registration of the transfer of the Sale Equity Interest is completed.

The Consideration was arrived at after arm's length negotiation between the Vendor and Purchaser and was on normal commercial terms, with reference to, among others, (i) the net asset value of the Target Company as of 30 June 2021; (ii) the loss-making financial position of the Target Company for the years ended 31 December 2019 and 2020; and (iii) the previous acquisition cost and investment made by the Group with respect to the Target Company.

- Conditions precedent : Pursuant to the terms of the Sale and Purchase Agreement, transfer of the Sale Equity Interest shall take place on the date of satisfaction of the following:
- (a) the Sale and Purchase Agreement having been duly signed and in effect; and
  - (b) the Purchaser having paid the first amount of Consideration, being RMB4 million, to the Vendor.
- Completion : On the day when the conditions precedent are satisfied, the Vendor and the Purchaser shall enter into a confirmation to confirm the transfer of the Sale Equity Interest and the transfer of the Sale Equity Interest shall take place on such day. Within 15 days after the date of such confirmation, the Vendor and the Purchaser shall arrange registration of the transfer of the Sale Equity Interest.
- Post completion matter : After Completion, the Vendor shall assist the Target Company to renew the existing lease agreements in relation to five sports stadiums which are operated by the Target Company. If the Vendor successfully procures the landlords to renew the said leases at an aggregate annual rent of not more than RMB2.25 million and for a term of not less than five years, the Purchaser shall pay to the Vendor services fee of RMB2 million which shall be paid by five equal instalments per year from the date on which the leases are renewed.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company before Completion. As at the date of this announcement, it has a total registered capital of RMB4.5 million of which RMB2.52 million (representing 56% of the total equity interest of the Target Company) is owned by the Vendor and RMB1.98 million (representing 44% of the total equity interest of the Target Company) is owned by the Purchaser. The Target Company is principally engaged in sports stadium operation.

Set out below are the selected audited financial information of the Target Company for the years ended 31 December 2019 and 2020 and the six months ended 30 June 2021:

	<b>For the year ended 31 December</b>		<b>For the six months ended 30 June</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(approx.)</i>	<i>(approx.)</i>	<i>(approx.)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit/(Loss) before taxation	(91.0)	(1,537.4)	222.4
Profit/(Loss) after taxation	(18.2)	(1,591.6)	222.4

The total asset value and net liabilities of the Target Company as at 30 June 2021 were approximately HK\$15.1 million and HK\$0.2 million respectively.

## **FINANCIAL IMPACT OF THE DISPOSAL**

As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company. Immediately after the Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

It is expected that the Company will recognise a gain of approximately RMB1.5 million arising from the Disposal, which is calculated by reference to the carrying value of the Company's investment in Target Company and the Consideration. The actual amount of gain arising from the Disposal to be recognised by the Group will be subject to final audit by the Company's auditors.

The Company intends to apply the proceeds from the Disposal for general working capital and investing in sports-related business as when the investment opportunities arise.

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

The Target Company was in a loss-making position for the years ended 31 December 2019 and 2020. It is expected that the Disposal will reduce the level of loss and improve the profitability of the Group. The Disposal also represents an exit opportunity to dispose of the Target Company and re-deploy the Group's resource on other business development opportunities with better outlook and prospects. The Directors consider that the Disposal would lessen the Group's financial commitment and burden on sustaining the continued operation of the Target Company which would improve the Group's overall liquidity and profitability following Completion.

No Directors have material interest in the Disposal. The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, which are fair and reasonable and the entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser is the holder of 44% equity interest of the Target Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement constitutes connected transaction of the Company. As one or more of the relevant percentage ratios (as defined under 14.07 of the Listing Rules) in respect of the Disposal exceed 0.1% but less than 5%, the transactions contemplated under the Sale and Purchase Agreement will be subject to the reporting and announcement but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Beijing Sports and Entertainment Industry Group Limited, a company incorporated in the Cayman Islands with limited liability (Stock code: 1803);
“Completion”	completion of the Disposal;
“Consideration”	the consideration of the Disposal pursuant to the Sale and Purchase Agreement;
“Directors”	directors of the Company;
“Disposal”	the disposal of the Sale Equity Interest by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“Purchaser”	Cao You* (曹幽), holder of 44% of the Target Company as at the date of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 August 2021 entered into between the Purchaser and Vendor in relation to the Disposal;
“Sale Equity Interest”	equity interest representing 56% of the total equity interest of the Target Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Bodewei (Beijing) Sports Development Co., Ltd.* (博德維(北京)體育發展有限公司), a company established in the PRC with limited liability;
“Vendor”	Yodun Ruidi Sports Culture Investment (Beijing) Co., Ltd. * (約頓瑞地體育文化投資(北京)有限公司), a company established in the PRC with limited liability; and
“%”	per cent.

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

Hong Kong, 11 August 2021

*As at the date of this announcement, the executive Directors are Mr. Liu Xue Heng, Mr. Lam Ka Tak and Mr. Hou Gongda; 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.*

\* For identification purpose only