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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Birmingham Sports Holdings Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the licensed securities dealer, or to the bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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## BIRMINGHAM SPORTS HOLDINGS LIMITED

### 伯明翰體育控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 2309)

#### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS RELATING TO LEASE OF PROPERTIES IN CAMBODIA

AND

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

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



#### Giraffe Capital Limited

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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of this circular, unless the context otherwise requires.

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 35 of this circular.

A notice convening the EGM to be held at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong on Wednesday, 23 June 2021 at 4:00 p.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, please complete and sign the enclosed 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 Tengis 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 holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

This circular will remain on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.bshl.com.hk](http://www.bshl.com.hk)).

In line with the prevailing practices and guidelines on the prevention of coronavirus (“COVID-19”), the Company may, depending on the development with regard to COVID-19, implement additional precautionary measures at the EGM which may include without limitation:

- compulsory body temperature screening;
- mandatory use of self-prepared surgical face masks at all times during the attendance of the EGM;
- mandatory health declaration – please be advised that anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the EGM, or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the EGM;
- no refreshments will be provided to attendees; and
- other practical precautions which may include maintaining appropriate distancing and spacing at the venue, limiting the number of attendees at the EGM as may be necessary to avoid over-crowding.

In light of the present risks posed by the COVID-19 pandemic, and if such risks continue at the time of the EGM, the Company strongly encourages the Shareholders to exercise their right to appoint the chairperson of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person. The Company may implement further changes and precautionary measures as appropriate.

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## DEFINITIONS

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

“Announcements”	the announcements of the Company dated 28 August 2018 and 21 April 2021 in relation to, among other things, the Transactions
“Annual Caps”	the proposed annual caps for transactions contemplated under the Supplemental Agreement for the three years ending 30 June 2024
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Block”	the properties owned by the Group, which are located within and form part of One Park and comprised of (i) portion of the 2-storey commercial podium adjacent to the main building of the condominium with saleable area of approximately 6,247.34 sq.m.; and (ii) Block C of One Park with total saleable area of approximately 8,148.79 sq.m.
“Board”	the Board of Directors
“Building”	the building with gross floor area of approximately 5,674.59 sq.m. for commercial use in One Park owned by the Group
“Business Day(s)”	a day other than Saturday, Sunday and public holidays in Cambodia
“Cambodia”	the Kingdom of Cambodia
“Celestial Fame”	Celestial Fame Investments Limited, whose information is set out in the section headed “Letter from the Board – Information on the parties – Celestial Fame” of this circular
“Company”	Birmingham Sports Holdings Limited (stock code: 2309), an exempted company incorporated in the Cayman Islands with limited liability and whose shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong on Wednesday, 23 June 2021 at 4:00 p.m. for considering, and if thought fit, approving the resolution as set out in the EGM Notice

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## DEFINITIONS

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“EGM Notice”	the notice convening the EGM which is set out on pages EGM-1 to EGM-3 of this circular
“Ever Depot”	Ever Depot Limited, whose information is set out in the section headed “Letter from the Board – Information on the parties – Ever Depot” of this circular
“Fair Rent Letter”	a fair rent letter with respect to the Properties dated 12 April 2021 issued by the Independent Valuer
“GRED”	Graticity Real Estate Development Co., Ltd., a limited company incorporated in Cambodia wholly-owned by Mr. Vong Pech, a Cambodian citizen, and is engaged in property development
“Group”	the Company and its subsidiaries from time to time
“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
“Independent Board Committee”	the independent committee of the Board comprising all Independent Non-executive Directors formed to advise the Independent Shareholders as to the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Financial Adviser”	Giraffe Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	Shareholders other than GRED and its associates (including Ever Depot)
“Independent Third Party(ies)”	a third party(ies) which is (are) independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company
“Independent Valuer”	JP Assets Consultancy Limited, an independent valuer appointed by the Group
“Latest Practicable Date”	21 May 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2021 (or such other date as the relevant parties may agree)
“Master Lease Agreement”	the master lease agreement dated 28 August 2018 entered into between Celestial Fame and Ever Depot, details of which are disclosed in the circular of the Company dated 20 November 2018
“One Park”	a property development project in Cambodia developed by GRED, details of which are disclosed in the circular of the Company dated 31 October 2017
“Properties”	collectively, the Building and the Block
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement entered into between Celestial Fame and Ever Depot on 21 April 2021 as more particularly described in the section headed “Letter from the Board – The Supplemental Agreement” of this circular
“Transactions”	collectively, the Supplemental Agreement and the transactions contemplated thereunder
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent
“sq.m.”	square meter

*For illustration purposes, amounts in US\$ in this circular have been translated into HK\$ at the rate of US\$1.0 = HK\$7.8.*

*In the event of any inconsistency, the English text of this circular, the EGM Notice and the accompanying form of proxy shall prevail over the Chinese text.*

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## LETTER FROM THE BOARD

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### **BIRMINGHAM SPORTS HOLDINGS LIMITED**

### **伯明翰體育控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2309)**

*Executive Directors:*

Mr. Zhao Wenqing (*Chairman*)  
Mr. Huang Dongfeng (*Chief Executive Officer*)  
Mr. Yiu Chun Kong  
Mr. Hsiao Charng Geng  
Dr. Guo Honglin

*Registered Office:*

4th Floor, Harbour Place  
103 South Church Street  
George Town, P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

*Non-executive Director:*

Mr. Sue Ka Lok

*Principal place of business in Hong Kong:*

31/F., Vertical Sq  
No. 28 Heung Yip Road  
Wong Chuk Hang  
Hong Kong

*Independent Non-executive Directors:*

Mr. Pun Chi Ping  
Ms. Leung Pik Har, Christine  
Mr. Yeung Chi Tat

28 May 2021

*To the Shareholders*

Dear Sir or Madam,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS RELATING TO LEASE OF PROPERTIES IN CAMBODIA AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

References are made to the circular of the Company dated 20 November 2018 and the Announcements.

On 28 August 2018, Celestial Fame entered into the Master Lease Agreement with Ever Depot, pursuant to which Celestial Fame has agreed to lease (or procure the lease of) the Properties to Ever Depot for a term of three years.

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## LETTER FROM THE BOARD

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On 21 April 2021, the Board announced that Celestial Fame (an indirect wholly-owned subsidiary of the Company) entered into the Supplemental Agreement with Ever Depot (a substantial Shareholder), pursuant to which Celestial Fame and Ever Depot conditionally agreed to renew the Master Lease Agreement for a term of three years commencing from 1 July 2021, and set the Annual Caps.

The purpose of this circular is to provide you with, among other thing, (i) a letter from the Board containing further details of the Supplemental Agreement and transactions contemplated thereunder; (ii) the letter from the Independent Board Committee; (iii) the letter from the Independent Financial Adviser; and (iv) the EGM Notice.

### THE SUPPLEMENTAL AGREEMENT

Principal terms of the Supplemental Agreement are set forth below:

- Date : 21 April 2021
- Parties : (1) Celestial Fame as lessor; and  
(2) Ever Depot as lessee.
- Subject matter : Celestial Fame has conditionally agreed to lease, or procure the lease of, the Properties to Ever Depot.
- Term : three (3) years commencing from 1 July 2021, which term may be renewed by agreement of Celestial Fame and Ever Depot.
- Rent : US\$15 per sq.m. per month, totalling a monthly rent of US\$85,118.85 and US\$215,941.95 for the Building and the Block, respectively. Accordingly, the total rent of the Building and the Block equal to approximately US\$1,022,000 (equivalent to approximately HK\$7,972,000) and approximately US\$2,591,000 (equivalent to approximately HK\$20,210,000) per annum, respectively.

The overall rent for each of the Building and the Block was arrived at after arm's length negotiations between the parties under normal commercial terms in the ordinary course of business, and with reference to the market rent as determined by the Independent Valuer having regarded to the prevailing market rents for similar premises in similar locations in Cambodia.

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## LETTER FROM THE BOARD

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Conditions precedent : The obligations of Celestial Fame and Ever Depot to perform their respective obligations under the Supplemental Agreement shall be subject to and conditional upon:

- (1) the passing of the resolution(s) by the Independent Shareholders in the EGM approving the Supplemental Agreement and the transactions contemplated thereunder; and
- (2) all necessary consents, approvals and authorisations having been obtained from all relevant authorities in Cambodia and in any other applicable jurisdiction in connection with the transactions contemplated under the Supplemental Agreement and the implementation of the transactions contemplated thereunder and all other matters incidental thereto.

In the event any of the above conditions precedent shall not be fulfilled by 5:00 p.m. (Hong Kong time) on the Long Stop Date, the Supplemental Agreement shall be null and void and of no further effect and no party shall have any further liability to any other parties under or in connection with the Supplemental Agreement without prejudice to the rights of any such parties in respect of any antecedent breaches.

As at the Latest Practicable Date, none of the above conditions precedent had been satisfied.

### HISTORICAL TRANSACTION AMOUNTS AND THE ANNUAL CAPS

The existing annual caps under the Master Lease Agreement, the historical transaction amounts under the Master Lease Agreement for the years ended 30 June 2019 and 2020 and the expected amount received and receivable for the year ending 30 June 2021 are set out below:

	<b>For the year ended 30 June</b>		<b>For the year ending</b>
	<b>2019</b>	<b>2020</b>	<b>30 June 2021</b>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Existing annual caps	681,000	3,181,000	3,613,000
Annual rent received or receivable	596,000	3,181,000	3,613,000



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## LETTER FROM THE BOARD

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The Group has closely monitored the transaction amounts under the Master Lease Agreement, which have not exceeded the historical annual caps for each of the two years ended 30 June 2020. As at the Latest Practicable Date, the annual cap for the transactions contemplated under the Master Lease Agreement for the year ending 30 June 2021 has not been and is not expected to be exceeded.

The proposed annual caps for the continuing connected transactions under the Supplemental Agreement for the years ending 30 June 2022, 2023 and 2024 are as follows:

	For the year ending 30 June		
	2022	2023	2024
	US\$	US\$	US\$
Annual Caps	3,613,000	3,613,000	3,613,000

The Annual Caps are determined with reference to the above historical transaction amounts and the current market rent.

### INTERNAL CONTROL MEASURES FOR THE SUPPLEMENTAL AGREEMENT

The Group will adhere to the following internal control measures in respect of the Transactions:

- (i) the designated staff from the accounts department of the Group will closely monitor the total transaction amount to ensure that the Annual Caps will not be exceeded;
- (ii) reports which contain total transaction amount under the Supplemental Agreement will be submitted to the management of the Group on a monthly basis; and
- (iii) the Independent Non-executive Directors and the auditors of the Company will conduct annual review of the Transactions.

### INFORMATION ON THE PARTIES

#### The Company

The Company is engaged in investment holding and the principal activities of the Group are (i) operation of a professional football club in the United Kingdom; (ii) investment in properties; (iii) provision of lottery system and online payment system service solutions; and (iv) medical and healthcare services.

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## LETTER FROM THE BOARD

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### **Celestial Fame**

Celestial Fame is a limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company. Celestial Fame is principally engaged in properties investment.

### **Ever Depot**

Ever Depot is a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of GRED, which is a limited company incorporated in Cambodia, engaged in property development and wholly-owned by Mr. Vong Pech as at the Latest Practicable Date. Ever Depot is principally engaged in investment holding.

As at the Latest Practicable Date, Ever Depot was a substantial Shareholder interested in approximately 23.53% of the issued Shares. Ever Depot, GRED and Mr. Vong Pech are connected persons of the Company under the Listing Rules.

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

As the Supplemental Agreement is being entered into in the ordinary and usual course of business of the Group, the Company believes that it will benefit from the Transactions due to the following reasons: (i) the Group will earn a stable stream of rental incomes which are at the prevailing market rent; and (ii) all the costs and risks relating to the operation of the business in the Properties will be borne by the lessee. The Board is given to understand, as at the Latest Practicable Date, that the Building was being operated as an international school providing elementary, primary and secondary education, while the Block was being operated as a service hotel providing apartment services.

The Independent Valuer has provided the Group with opinions on the current rental of the Properties based on market rental information of comparable properties. The rent receivable under the Supplemental Agreement is fair and reasonable and consistent with the prevailing market rents for similar premises in similar locations in Cambodia.

The Independent Valuer assessed the market rent of the Properties (defined as the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease term in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion) as at 31 March 2021 and issued the Fair Rent Letter on 12 April 2021.

Market approach has been adopted by the Independent Valuer to assess the fair rent of the Properties. Market approach is based on the principle of substitution, where comparison is made based on asking rent of comparable properties. Comparable properties (the "Comparables") of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market rent. The Company has discussed with the Independent Valuer the selection criteria of the comparable used for assessing the market rental of the Properties. As advised by the Independent Valuer, they have identified market comparable that are considered relevant to the Properties in terms of physical and locational attributes, and offered as recent as possible. The Company reviewed and noted the Comparables that have been adopted are in the same development or in the vicinity, with the dates of the asking prices falling within the period of the first half of 2021. The Comparables are of residential and commercial uses in nature

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## LETTER FROM THE BOARD

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which are similar to that of the Properties. As advised by the Independent Valuer, the market approach was considered as an appropriate approach in assessing the rent of the Properties given the availability of sufficient number of samples in the similar locality for making a meaningful comparison according to the general industry practice, which is considered to be the best indicator of the fair rent of the Properties.

It is noted that Independent Valuer made various assumptions for the valuation in the Fair Rent Letter, including the followings:

- (i) a willing lessor and willing lessee;
- (ii) prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the negotiation and agreement of rent and lease terms and for the completion of the lease;
- (iii) the rent reflects the state of the market and other circumstances at the date of valuation;
- (iv) no account is taken of any additional bid by a prospective tenant with a special interest;
- (v) both parties to the transaction had acted knowledgeably, prudently and without compulsion; and
- (vi) the landlord leases the properties on the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the property interests.

The Board reviewed and discussed with the Independent Valuer (i) the criteria in selecting the Comparables, including the size, scale, nature, character and location; (ii) the source of the Comparables; (iii) the proposed rent for the Properties with regard to the market rent as determined; and (iv) the rationale of the valuation methodology and key assumptions adopted. As advised by the Independent Valuer, they have identified market comparable that are considered relevant to the Properties in terms of physical and locational attributes, and offered as recent as possible. The Board had reviewed and noted the Comparables that had been adopted are in the same development or in the vicinity, with the dates of the asking prices falling within the period of the first half of 2021. The Comparables are of residential and commercial uses in nature which are similar to that of the Properties. When reviewing the valuation methodology and key assumptions proposed then, the Board considered (i) the consistency with those valuation methodology and key assumptions adopted in the fair rental opinion in relation to the Master Lease Agreement and the Properties, as mentioned in the circular of the Company dated 20 November 2018; (ii) the explanation of the Independent Valuer on the valuation methodology and key assumptions and how they are being applied in the Transactions; and (iii) the view of the Independent Valuer that the adoption of such valuation methodology and key assumptions in the Transactions being fair and reasonable. Based on the above, the Board concurred with the recommendation of the Independent Valuer on the current choice of valuation methodology and key assumptions and considered the same being fair and reasonable.

Based on the above selection criteria and in adopting the market approach, the Independent Valuer had adopted a number of Comparables in the same development and vicinity which bear similarity to the Properties to prepare the Fair Rent Letter based on the adjusted monthly rent of the Comparables.

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## LETTER FROM THE BOARD

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The unit rate of the Properties was determined with reference to the adjusted unit rate of the Comparables, which have been adjusted by reference to the locational and physical attributes. As confirmed by the Independent Valuer, no adjustment other than the above has been considered in the course of the valuation. The Independent Valuer is of the opinion that the terms of the Supplemental Agreement are made on normal commercial terms and the duration of the lease under the Supplemental Agreement are consistent with the prevailing market.

<b>Location of development</b>	<b>Usage</b>	<b>Date of asking</b>	<b>Asking unit rental (per sq.m. per month)</b>
One Park Srah Chak, Phnom Penh	Residential	1st half of 2021	US\$13
Sky Tree Residence Toul Sangke, Phnom Penh	Residential	1st half of 2021	US\$10-11
New buildings pending naming Srah Chak, Phnom Penh	Commercial	1st half of 2021	US\$12-20

The Board reviewed the list of Comparables identified by the Independent Valuer for the Properties. To justify the fairness and representativeness of the Comparable identified by the Independent Valuer, the Group independently researched from the public sources and compared the monthly rent of properties located at the vicinity of the Properties with similar usage and size with the Comparables identified by the Independent Valuer. It was noted that the Comparables identified by the Independent Valuer are representative and suitable for calculating the fair monthly rent of the Properties. Taking into account of such independent analysis, the Board is of the view that the Comparables selected by the Independent Valuer being fair and representative for assessing the fairness and reasonableness of the Transactions and reflect the prevailing market rents of the Properties and the Fair Rent Letter being reasonably prepared without any unusual assumptions.

The Board also enquired on the Independent Valuer's qualification and experience in relation to the valuation. The Board was given to understand that the Independent Valuer has performed rental valuation for other listed companies in Hong Kong. The Fair Rent Letter was prepared by the Independent Valuer's professional team led by Ms. Peggy Y.Y. Lai, who is a registered professional surveyor with over 20 years' of experience in valuation of properties in Hong Kong, United Kingdom, Canada, mainland China and the Asia Pacific Region including Cambodia. Ms. Lai is a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors as well as a member of China Institute of Real Estate Appraisers and Agents in the mainland China. The Independent Valuer confirmed that they are not connected with and are independent to the Group.

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## LETTER FROM THE BOARD

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Having considered the above, the Directors consider that:

- (1) the terms and conditions of the Supplemental Agreement are fair and reasonable;
- (2) the Supplemental Agreement have been negotiated among the parties on an arm's length basis and is on normal commercial terms and in the ordinary and usual course of business of the Group;
- (3) the Annual Caps are fair and reasonable; and
- (4) the transactions contemplated under the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

The Board acknowledged the lack of increment in rent throughout the term of the Supplemental Agreement and is of the view that such arrangement being fair and reasonable and in the interest of the Company and the Shareholders as a whole after taking into account of factors such as the real estate market review publicly available, the economic impact by COVID-19 around the world, in particular the lockdown measures imposed by the government of Cambodia which caused adverse impact on the economy in Cambodia. Having considered the market commentary that there appears to be great uncertainty regarding the length and depth of such impact, the common request for rental reduction from tenants in the market during the pandemic and the cost and uncertainty in securing new tenants, the Board considered that the current rental is reasonable and any increase in rental would not be pragmatic during the pandemic.

In view of the benefits discussed above, the Board is not aware of any material disadvantages to the Group of Celestial Fame entering into the Supplemental Agreement.

### **LISTING RULES IMPLICATIONS**

Since Ever Depot, being a substantial Shareholder interested in approximately 23.53% of the issued Shares as at the Latest Practicable Date, is a connected person of the Company, the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions for the Company. As the highest of the applicable percentage ratios of the Annual Caps are more than 5%, transactions contemplated under the Supplemental Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors has material interest in the Supplemental Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the Board meeting.

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## LETTER FROM THE BOARD

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### GENERAL

The Independent Board Committee, comprising all the Independent Non-executive Directors has been established to consider the terms of the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps), and to advise the Independent Shareholders on how to vote on the EGM. The letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Transactions is set out on pages 14 to 15 of this circular.

Giraffe Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions. The letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transactions is set out on pages 16 to 35 of this circular.

### THE EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM to be held at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong on Wednesday, 23 June 2021 at 4:00 p.m. at which the relevant resolution will be proposed at the EGM to approve, among other things, the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps). The resolution proposed to be approved at the EGM will be taken by poll and an announcement on the poll results of the EGM will be made by the Company after the EGM.

Any Shareholder with a material interest in the proposed transaction and his/her/its close associates will abstain from voting on resolution approving the Transactions. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, GRED was interested in approximately 23.53% of the issued Shares as at the Latest Practicable Date. Therefore, GRED and its associates will abstain from voting on the resolution to be proposed at the EGM. Save as disclosed herein, no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there was (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis.

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 and sign the enclosed 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 Tengis 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 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 (as the case may be) should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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In order to be eligible to attend and vote at the EGM, all unregistered holders of the Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 June 2021. Members of the Company whose names are recorded in the register of members of the Company on Thursday, 17 June 2021 are entitled to attend and vote at the EGM.

### **RECOMMENDATION**

Your attention is drawn to the letter from the Independent Board Committee and the letter from the Independent Financial Adviser of this circular.

The Directors (including all the Independent Non-executive Directors after reviewing and considering the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the proposed resolution approving the Transactions and the Annual Caps at the EGM.

### **ADDITIONAL INFORMATION**

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

Yours faithfully,  
On behalf of the Board  
**Birmingham Sports Holdings Limited**  
**Zhao Wenqing**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders:*



### **BIRMINGHAM SPORTS HOLDINGS LIMITED**

**伯明翰體育控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2309)**

28 May 2021

*To the Independent Shareholders*

Dear Sir or Madam,

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS RELATING TO LEASE OF PROPERTIES IN CAMBODIA**

We refer to the circular of the Company dated 28 May 2021 (the “Circular”) which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the terms of the Supplemental Agreement and the transactions contemplated thereunder (including the Annual Caps), details of which are set out in the section headed “Letter from the Board” of the Circular. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and us in this regard. Details of the advice and the principal factors and reasons the Independent Financial Adviser has taken into consideration in rendering its advice are set out in the section headed “Letter from the Independent Financial Adviser” of the Circular. Your attention is also drawn to the information set out in the Circular.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms of the Supplemental Agreement and the advice of the Independent Financial Adviser, we are of the opinion that (i) the entering into of the Supplemental Agreement is in the ordinary and usual course of business of the Group; (ii) the terms of the Supplemental Agreement are on normal commercial terms or better and which, altogether with the Annual Caps, are fair and reasonable; and (iii) the transactions contemplated under the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

We, therefore, recommend that you vote in favour of the resolutions to be proposed at the EGM to approve the Transactions and the Annual Caps.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Yeung Chi Tat**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter received from Giraffe Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.*



**Giraffe Capital Limited**

28 May 2021

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS RELATING TO THE SUPPLEMENTAL AGREEMENT TO THE MASTER LEASE AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the transactions contemplated thereunder (together with the Annual Caps), details of which are set out in the announcement of the Company dated 21 April 2021 and the letter from the Board (the “Letter from the Board”) of the circular issued by the Company dated 28 May 2021 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 28 August 2018, Celestial Fame (an indirect wholly-owned subsidiary of the Company) entered into the Master Lease Agreement with Ever Depot (a substantial Shareholder), pursuant to which Celestial Fame has agreed to lease (or procure the lease of) the Properties to Ever Depot for a term of three years.

On 21 April 2021, the Board announces that Celestial Fame has entered into the Supplemental Agreement with Ever Depot, pursuant to which Celestial Fame and Ever Depot conditionally agreed to renew the Master Lease Agreement for a term of three years commencing from 1 July 2021, and set the Annual Caps for the transactions contemplated under the Supplemental Agreement for the three years ending 30 June 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given that Ever Depot, being a substantial Shareholder interested in approximately 23.53% of the issued Shares as at the Latest Practicable Date, is a connected person of the Company, the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions for the Company. As the highest of the applicable percentage ratios of the Annual Caps are more than 5%, transactions contemplated under the Supplemental Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the Independent Non-executive Directors are formed to advise the Independent Shareholders in relation to whether the terms of the Supplemental Agreement are fair and reasonable, the Supplemental Agreement are on normal commercial terms or better, the entering into of the Supplemental Agreement is in the ordinary and usual course of business of the Group and which, altogether with the Annual Caps, are fair and reasonable, and transactions contemplated under the Supplemental Agreement are in the interest of the Company and the Shareholders as a whole, and the Independent Shareholders should vote in favour of the resolution to be proposed at the EGM to approve the Transactions and the Annual Caps. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### OUR INDEPENDENCE

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we have acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in respect of (i) the discloseable and connected transaction in relation to the disposal of interests in subsidiaries; and (ii) the continuing connected transactions as detailed in circular of the Company dated 17 November 2020. Notwithstanding the above engagement, as at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, are qualified to act as the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company. It was not aware of any relationships or interests with the Company and other parties that could be reasonably be regarded as relevant to the independence of the Independent Financial Adviser.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have reviewed, among others, (i) the announcement of the Company dated 21 April 2021 in relation to the Supplemental Agreement and the transactions contemplated thereunder (together with the Annual Caps); (ii) the terms of the Supplemental Agreement; (iii) the announcement of the Company dated 28 August 2018; (iv) the circular of the Company dated 20 November 2018; (v) the interim report of the Company for the six months ended 31 December 2020 (the “Interim Report 2021”), the annual report of the Company for the year ended 30 June 2020 (the “Annual Report 2020”) and the annual report of the Company for the year ended 30 June 2019 (the “Annual Report 2019”); (vi) the letter of fair rental opinion on the Supplemental Agreement (the “Fair Rent Letter”) prepared by JP Assets Consultancy Limited, an independent professional valuer (the “Independent Valuer”); (vii) other information and facts supplied by the Group; (viii) the opinions expressed by and the representations of the Directors and management of the Group; and (ix) certain relevant public information, and have assumed that all such information and facts provided and any opinions and representations made to us are true, accurate and complete in all material aspects at the time they were made and will remain so up to the date of the EGM. We have also (i) discussed with the management of the Company with respect to the terms of and reasons for the entering into of the Supplemental Agreement, and the business and future outlook of the Group; and (ii) interviewed the Independent Valuer in respect of the assessment of rental of the Properties. Save and except for the review of the Fair Rent Letter, we have not made any independent evaluation or appraisal of the assets and liabilities of the Group and we have not been furnished with any such evaluation or appraisal. Since we are not experts in the valuation of businesses or companies, we have relied solely on the Fair Rent Letter for the rental of the Properties.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its management of the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its management of the Company and/or the Directors were true and accurate at the time when they are made and continue to be true up to the Latest Practicable Date. We have no reason to believe that any statements, information, opinions 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 not, however, conducted any independent verification and in-depth investigation into the information provided by the Company as well as the business and affairs of the Group, the substantial Shareholder, the lessee or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders. Our opinion is necessarily based on the financial, economic, market, industry-specific and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any change in market and economic conditions) may affect and/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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information regarding the Group. The Directors, having made all reasonable enquiries and careful consideration, confirm that to the best of their knowledge and belief, the information contained in the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Supplemental Agreement and the transactions contemplated thereunder (together with the Annual Caps), 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.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the transactions contemplated thereunder (together with the Annual Caps), we have taken into consideration the following principal factors and reasons:

#### **1. Information on the Group**

##### ***1.1 Business of the Group***

As disclosed in the Letter from the Board, the Company is engaged in investment holding and the principal activities of the Group are (i) operation of a professional football club in the United Kingdom (the “UK”); (ii) investment in properties; (iii) provision of lottery system and online payment system service solutions; and (iv) medical and healthcare services as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.2 Financial performance of the Group

Set out below is a summary of the Group's operating results as extracted from the Annual Report 2020 and the Interim Report 2021:

	For the year ended 30 June		For the six months ended 31 December	
	2020 <i>HK\$'000</i> (audited)	2019 <i>HK\$'000</i> (audited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
<b>Revenue</b>				
<i>Football Club Segment</i>				
– Match day receipts	45,745	52,371	–	25,472
– Broadcasting	86,895	81,053	46,461	50,542
– Commercial income	71,755	72,366	10,943	45,496
	204,395	205,790	57,404	121,510
 <i>Rental income</i>	 24,811	 4,647	 14,090	 10,721
 <i>Lottery system and online payment system service solutions</i>	 2,323	 –	 1,711	 1,759
	<b>231,529</b>	<b>210,437</b>	<b>73,205</b>	<b>133,990</b>
 <b>(Loss)/Profit for the year/ period</b>	 <b>(266,484)</b>	 <b>(364,690)</b>	 <b>75,924</b>	 <b>(65,847)</b>
<b>(Loss)/Profit attributable to owners of the Company</b>	<b>(260,484)</b>	<b>(360,927)</b>	<b>71,947</b>	<b>(64,837)</b>

For the years ended 30 June 2019 and 2020 and the six months ended 31 December 2020, the Group generated revenue mainly from three business segments, being (i) the football club segment; (ii) investment in properties segment; and (iii) provision of lottery system and online payment system service solutions segment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Revenue stream of the football club segment remained the key source of revenue of the Group, which comprised (i) match day receipts which consisted of season and match day tickets; (ii) broadcasting income, including distributions of broadcasting revenue from the English Football League, cup competitions, solidarity payment from the Premier League and revenue from the media; and (iii) commercial income which comprised sponsorship income, corporate hospitality, merchandising, conferences and events and other sundry income.

Rental income represents the income derived from certain residential apartments and commercial properties in Phnom Penh, Cambodia of the Group and all the properties are leased out to secure a stable stream of income for the Group. According to the Interim Report 2021, the Group recorded rental income of approximately HK\$14.1 million from the investment properties for the six months ended 31 December 2020.

### *Comparison of financial performance between the years ended 30 June 2019 and 2020*

As shown from the table above and disclosed in the Annual Report 2020, the Group's revenue increased by approximately 10.0% from approximately HK\$210.4 million for the year ended 30 June 2019 ("FY2019") to approximately HK\$231.5 million for the year ended 30 June 2020 ("FY2020"), primarily due to (i) the increase in the revenue from investment in properties segment which represented the rental income from the Group's premises in Cambodia for FY2020; and (ii) the commencement of the provision of lottery system and online payment system service solutions business for FY2020.

Despite the relatively stable revenue from the football club segment for FY2019 and FY2020, the net loss of the Group improved from approximately HK\$364.7 million for FY2019 to approximately HK\$266.5 million for FY2020, which was mainly due to (i) the decrease in operating expenses due to the outbreak of COVID-19 and lockdown in the UK; (ii) the increase in profit on sales of players' registration from approximately HK\$42.1 million for FY2019 to approximately HK\$115.5 million for FY2020; (iii) the increase in other income resulting from the government subsidy received from the UK government due to the outbreak of COVID-19 and lockdown in the UK; and (iv) the increase in the rental income from the investment properties in Cambodia.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Comparison of financial performance between the six months ended 31 December 2019 and 2020*

As shown from the table above and disclosed in the Interim Report 2021, the Group's revenue decreased by approximately 45.4% from approximately HK\$134.0 million for the six months ended 31 December 2019 ("1H2020") to approximately HK\$73.2 million for the six months ended 31 December 2020 ("1H2021"), primarily due to the decrease in the revenue from football club segment resulting from the UK government's various drastic actions under the novel coronavirus pandemic outbreak that all football matches are required to carry out behind closed doors. The sales performance of the football club, match day receipts and commercial income was adversely affected.

The Group recorded a profit attributable to owners of the Company of approximately HK\$71.9 million for 1H2021 compared to the loss of approximately HK\$64.8 million for 1H2020. The turnaround from loss to profit was mainly attributable to the profit on transfer activities of players earned during 1H2021 amounting to approximately HK\$264.4 million, which was approximately HK\$148.2 million more than that earned in the 1H2020.

### ***1.3 Outlook of the real estate market in Cambodia***

According to (i) the World Bank; (ii) the Global Economic Data, Indicators, Charts & Forecasts ("CEIC"); and (iii) the General Population Census of Cambodia 2020 published in January 2021, the number of population in Cambodia and Phnom Penh, which is the capital and the largest city of Cambodia, increased from approximately 15.5 million and 2.0 million in 2015, respectively, to approximately 16.7 million and 2.3 million in 2020, respectively, representing a compound annual growth rate ("CAGR") of approximately 1.5% and 2.8% for the year from 2015 to 2020, respectively.

Furthermore, urbanisation in Cambodia is increasing steadily. According to the World Bank, the urban population of Cambodia increased from approximately 3.4 million in 2015 to approximately 3.9 million in 2019, representing a CAGR of approximately 3.5%. In 2019, Cambodia has an urban population of approximately 23.8% to the total population. The growing population and urbanisation rate in Cambodia leads to increasing demand for housing and commercial properties and other related urban municipal infrastructures, which is the fundamental driver of the development of real estate industry.

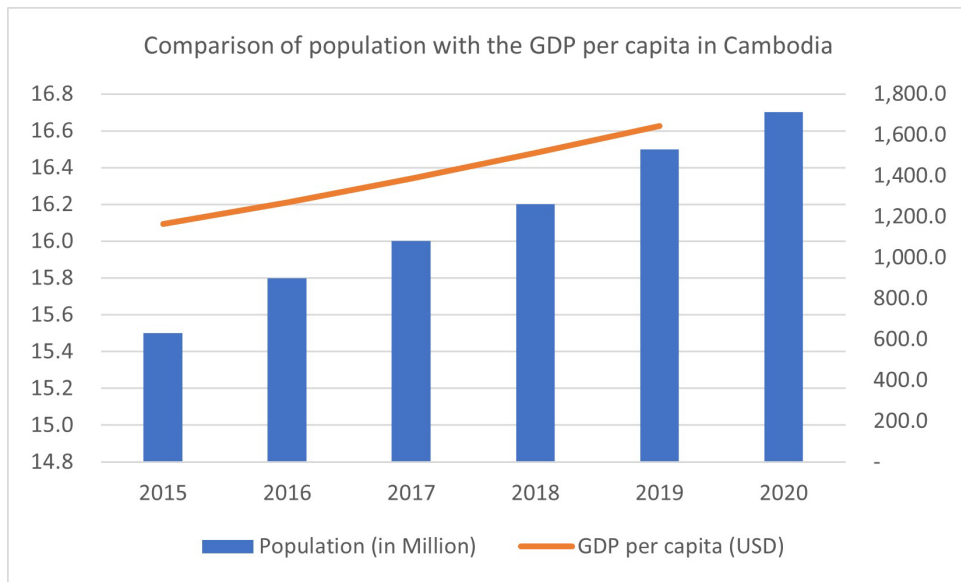


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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In addition, it was found that the population density has increased in Cambodia, in step with the growth of trade, the productive economy, services and culture. We note that the economy of Cambodia has expanded in the past years. According to the World Bank, the gross domestic product (“GDP”) of Cambodia has increased from approximately US\$18.1 billion in 2015 to approximately US\$27.1 billion in 2019, representing a CAGR of approximately 10.6%, while the GDP per capita of Cambodia increased from approximately US\$1,162.9 in 2015 to approximately US\$1,643.1 in 2019, representing a CAGR approximately 9.0%. The following graph illustrates the comparison of population with the GDP per capita in Cambodia from 2015 to 2019:



*Source: (i)The World Bank; (ii)the Global Economic Data, Indicators; (iii)CEIC; and (iv) the General Population Census of Cambodia 2020.*

According to the Cambodia Real Estate Highlights-H1 (2020) published by a global leading independent real estate consultancy in 2021, with the outbreak of COVID-19 from the end of 2019, there was a significant impact on Cambodia’s economic performance during 2020. Cambodia has strong economic linkages with countries that have been severely impacted by COVID-19, which has decimated demand for garment exports to the United States and the European Union, and brought tourism to a standstill. However, in contrast to developed countries, Cambodia’s economy is forecasted to bounce back in 2021, with GDP growth ranging between 5.7% to 8.5% for 2021 according to projections from (i) the World Bank; (ii) Asian Development Bank; and (iii) International Monetary Fund.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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This strong economic recovery will be underpinned by the fiscal and monetary responses implemented by the Cambodian government, including: (i) scaling up of existing social protection schemes through cash transfers to poor and vulnerable households; (ii) tax relief for the tourism and manufacturing sectors; (iii) retraining programmes for unemployed workforce; (iv) wage subsidies for suspended workers; (v) property ownership transfer tax exemption on properties valued below US\$70,000; (vi) capital injection for the Rural Development and Agriculture Bank; and (vii) improving ease of doing business. The monetary policies introduced by the central bank of Cambodia included a reduction in banks' reserve requirement, postponing the implementation of the capital conservation buffer, cutting interest rates on negotiable certificates of deposits and reducing the liquidity coverage ratio.

According to the International Monetary Fund Country Report of Cambodia published in December 2019, the credit growth remains strong in Cambodia and the authorities agreed on the need for close cooperation across agencies to address risks stemming from credit growth in the real estate sector.

Taking into account that (i) total and urban population have been increasing in Cambodia; (ii) Cambodia's economy is forecasted to bounce back in 2021; and (iii) the credit growth remains strong in Cambodia, we consider that the growth in the economy and the prospect of the real estate market in Cambodia is expected to present favourable investment opportunities for the Group.

### **2. Information of the Substantial Shareholders of the Company**

As disclosed in the Letter from the Board, GRED, which is wholly-owned by Mr. Vong Pech, is a limited company incorporated in Cambodia and is engaged in property development. Ever Depot is a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of GRED. Ever Depot is principally engaged in investment holding. As at the Latest Practicable Date, Ever Depot was a substantial Shareholder interested in 4,539,161,000 Shares, representing approximately 23.53% of the issued Shares. Ever Depot, GRED and Mr. Vong Pech are connected persons of the Company under the Listing Rule.

### **3. Principal terms of the Supplemental Agreement**

Details of the Supplemental Agreement are set out in the Letter from the Board. The principal terms and conditions of the Supplemental Agreement are as follows:

#### **3.1 Date**

21 April 2021

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **3.2 Parties**

- (i) Celestial Fame as lessor; and
- (ii) Ever Depot as lessee.

### **3.3 Subject matter**

Celestial Fame has conditionally agreed to lease, or procure the lease of, the Properties to Ever Depot.

### **3.4 Term**

Three (3) years commencing from 1 July 2021, which term may be renewed by agreement of Celestial Fame and Ever Depot.

### **3.5 Rent**

US\$15 per sq.m. per month, totalling a monthly rent of US\$85,118.85 and US\$215,941.95 for the Building and the Block, respectively. Accordingly, the total rent of the Building and the Block equal to approximately US\$1,022,000 (equivalent to approximately HK\$7,972,000) and approximately US\$2,591,000 (equivalent to approximately HK\$20,210,000) per annum, respectively.

The overall rent for each of the Building and the Block was arrived at after arm's length negotiations between the parties under normal commercial terms in the ordinary course of business, and with reference to the market rent as determined by the Independent Valuer having regarded to the prevailing market rents for similar premises in similar locations in Cambodia.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have performed the following work in respect of the assessment on the Independent Valuer's competency and independence, including discussing with the Independent Valuer as to its experience in rental assessment for properties similar to that of the Properties and its relationship with the Group, and reviewing the terms of the Independent Valuer's engagement for the rental assessment, in particular its scope of work. We understand that the Independent Valuer is a member of The Hong Kong Institute of Surveyors and has experience in a number of market rents assessment engagements that are similar to those of the rental assessment of the Properties. Furthermore, we understand that Ms. Peggy Y.Y. Lai, the director of the Independent Valuer and the signor of the Fair Rent Letter, is a professional member of The Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a registered professional surveyor of the Surveyors Registration Board with over 20 years of experience in real estate industry and asset calculation sector. We have interviewed the Independent Valuer and the Independent Valuer confirmed us that apart from normal professional fees payable to it in connection with its engagement for the rental assessment of the Properties, no arrangements exist whereby it will receive any fee or benefit from the Group and its associates and confirmed that the Independent Valuer is a third party independent of the Company and its connected persons. The Independent Valuer confirmed us that it was not aware of any relationships or interests between it and the Company that would be reasonably considered to affect its independence to act as an independent valuer of the Company. As such, we are of the view that the Independent Valuer is qualified, experienced and competent in performing the rental assessment and to form a reliable opinion in respect of the rental value of the Properties.

The Independent Valuer has assessed the market rents of the Properties as at 31 March 2021. We noted from the Fair Rent Letter that, in determining the market rents, the Independent Valuer has examined comparable rentals of similar premises in the nearby vicinity, and assessed market rentals on the basis of market rent (defined as the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion). We also noted that the Independent Valuer has also taken into consideration the market outlook for rents of the types of properties involved and their locations. The Independent Valuer is of the opinion that the rent receivable under the Supplemental Agreement dated 21 April 2021 is fair and reasonable and consistent with the prevailing market rents for similar premises in similar locations in Cambodia and all the terms of the Supplemental Agreement, including the rentals, the three-year lease term, which term may be renewed by agreement of Celestial Fame and Ever Depot, and Celestial Fame shall be responsible for the payment of any applicable real estate tax and government levies, if any, during the lease term, are made on normal commercial terms and the duration of the lease under the Supplemental Agreement are consistent with the prevailing market.

As a further part of our assessment on the fairness and reasonableness of the rent, we have also performed the analysis set out in the paragraph headed "5.1 Evaluation of rent" below.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **3.6 *Conditions precedent***

The obligations of Celestial Fame and Ever Depot to perform their respective obligations under the Supplemental Agreement shall be subject to and conditional upon:

- (i) the passing of the resolution(s) by Independent Shareholders in the EGM approving the Supplemental Agreement and the transactions contemplated thereunder; and
- (ii) all necessary consents, approvals and authorisations having been obtained from all relevant authorities in Cambodia and in any other applicable jurisdiction in connection with the transactions contemplated under the Supplemental Agreement and the implementation of the transactions contemplated thereunder and all other matters incidental thereto.

In the event any of the above conditions precedent shall not be fulfilled by 5:00 p.m. (Hong Kong time) on the Long Stop Date, the Supplemental Agreement shall be null and void and of no further effect and no party shall have any further liability to any other parties under or in connection with the Supplemental Agreement without prejudice to the rights of any such parties in respect of any antecedent breaches.

As at the Latest Practicable Date, none of the above conditions precedent had been satisfied.

## **4. Reasons for and benefits of entering into the Supplemental Agreement**

### **4.1 *Contribute a stable stream of rental incomes to the Group***

With reference to the Interim Report 2021, the Group holds certain residential apartments and commercial properties in Phnom Penh, Cambodia. All the properties are leased out to secure a stable stream of income for the Group. According to the Annual Report 2020 and the Interim Report 2021, the gross rental income from investing properties contributed rental income amounted to approximately HK\$4.6 million, HK\$24.8 million, HK\$10.7 million and HK\$14.1 million, respectively, for FY2019, FY2020, 1H2020 and 1H2021, representing 2.2%, 10.7%, 8.0% and 19.2%, respectively, of the Group's total revenue over the same period. The revenue generated from investment in properties remained stable even the Group encountered a challenging business environment under the outbreak of COVID-19 in 1H2021.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Revenue generated from the football club segment fluctuated in the recent year. As disclosed in the Interim Report 2021, the revenue generated from football club segment decreased from approximately HK\$121.5 million in 1H2020 to approximately HK\$57.4 million in 1H2021, resulting from the UK government's various drastic actions under the novel coronavirus pandemic outbreak that all football matches are required to carry out behind closed doors. In addition, the provision of lottery system and online payment system service solutions business was commenced in FY2020 and such business is a new segment to the Group. The Group recorded a segment (loss)/profit of approximately HK\$(8.5) million, HK\$(2.4) million and HK\$2.7 million, respectively, for FY2020, 1H2020 and 1H2021.

Having considered the above, rental income would be an alternative source of stable income to the Group and we concur with the Directors' view that the transactions contemplated under the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

#### ***4.2 All the costs and risks relating to the operation of the business in the Properties will be borne by the lessee***

As discussed with the management of the Company, the lessee would continue to license the Building and the Block for an international school and service apartment operation, respectively. All costs and risks relating to the operation of the business in the Properties will be borne by the lessee. Based on the Master Lease Agreement and the Supplemental Agreement, (i) lessee shall have the right to decide and engage utility providers at its sole discretion and pay on its own utilities expenses; and (ii) lessee shall have the discretion to consider and arrange for any insurance for the Properties. In addition, if the Properties suffer any damages due to the misconduct or negligence of any of lessee, tenants and/or sub-lessee, lessee shall be responsible to repair and make good of the same. Therefore, we understood from the management of the Company that the costs and risks relating to the operation of the business in the Properties are transferred to the lessee and concur with the Directors' view that the transactions contemplated under the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

Having considered that (i) a stable stream of rental incomes will be generated to the Group; and (ii) all the costs and risk relating to the operation of the business in the Properties will be borne by the lessee, we concur with the Directors' view that the terms of the Supplemental Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. The Annual Caps under the Supplemental Agreement

The existing annual caps under the Master Lease Agreement, the historical transaction amounts under the Master Lease Agreement for the years ended 30 June 2019 and 2020 and the expected amount received and receivable for the year ending 30 June 2021 are set out below:

	<b>For the year ended/ending 30 June</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Existing annual caps	681,000	3,181,000	3,613,000
Annual rent received or receivable	596,000	3,181,000	3,613,000

As disclosed in the Letter from the Board, the Group has closely monitored the transaction amounts under the Master Lease Agreement, which have not exceeded the historical annual caps for each of the two years ended 30 June 2020. As at the Latest Practicable Date, the annual cap for the transactions contemplated under the Master Lease Agreement for the year ending 30 June 2021 has not been and is not expected to be exceeded.

As disclosed in the Letter from the Board, the Annual Caps for the continuing connected transactions under the Supplemental Agreement for the years ending 30 June 2022, 2023 and 2024 are as below:

	<b>For the year ending 30 June</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Annual Caps	3,613,000	3,613,000	3,613,000

The Annual Caps are determined with reference to the above historical transaction amounts and the current market rent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5.1 Evaluation of rent

The Group has appointed the Independent Valuer, JP Assets Consultancy Limited, to perform a fair rental opinion of the rent of Properties under the Supplemental Agreement. Based on the Fair Rent Letter, the Independent Valuer is of the opinion that the rent receivable under the Supplemental Agreement is fair and reasonable and consistent with the prevailing market rents for similar premises in similar location in Cambodia. In addition, all the terms of the Supplemental Agreement are made on normal commercial terms and the duration of the lease under the Supplemental Agreement is consistent with prevailing market.

In assessing the fairness and reasonableness of the Annual Caps, we have discussed with the Independent Valuer the methodology, basis and assumptions adopted in arriving at the market rental of the Properties. We are advised by the Independent Valuer that in determination of the market rentals, the Independent Valuer has examined that passing rentals by considering the current market condition, the comparable rentals of similar properties in vicinity, and the existing rental that can be achieved under normal commercial terms of tenancy agreement under arm's length transactions after normal marketing period without compulsion. We have discussed with the Independent Valuer the selection criteria of the comparable transactions used by Independent Valuer for assessing the market rental of the premise and noted that the Independent Valuer has considered the current market condition for rents of the types of properties involved and their locations, examined comparable rentals of similar properties in the nearby vicinity of the Properties, and assessed market rents on the basis of market rent, being defined as the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction.

The details of the comparable rentals used by the Independent Valuer (the "Comparables") are set out in the following table.

<b>Location of development</b>	<b>Usage</b>	<b>Date of asking</b>	<b>Asking unit rental</b> <i>(per sq.m per month)</i>
One Park Srah Chak, Phnom Penh ("Location A")	Residential	1st half of 2021	US\$13
Sky Tree Residence Toul Sangke, Phnom Penh ("Location B")	Residential	1st half of 2021	US\$10-11
New buildings pending naming Srah Chak, Phnom Penh ("Location C")	Commercial	1st half of 2021	US\$12-20



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the Letter of the Board, the Independent Valuer had adopted a number of Comparables in the same development and vicinity which bear similarity to the Properties to prepare the Fair Rent Letter based on the adjusted monthly rent of the Comparables. The unit rate of the Properties was determined with reference to the adjusted unit rate of the Comparables, which have been adjusted by reference to the locational and physical attributes. As confirmed by the Independent Valuer, no adjustment other than the above has been considered in the course of the valuation. The Independent Valuer is of the opinion that the terms of the Supplemental Agreement are made on normal commercial terms and the duration of the lease under the Supplemental Agreement are consistent with the prevailing market.

As discussed with the management of the Company, the lessee would continue to license the Building and the Block for an international school and service apartment operation, respectively. We have discussed with the Independent Valuer the selection criteria of, and reviewed, the Comparables for assessing the market rents of the Building and the Block. We discussed with the Independent Valuer in relation to the property nature and noted that those properties are located in One Park or in adjacent areas. We noted the Independent Valuer has examined comparable rentals of similar premises in the nearby vicinity, and assessed market rentals on the basis of market rent and has also taken into consideration the market outlook for rents of the types of properties involved and their locations.

### *The Building*

According to the Letter of the Board, the Building with gross floor area of approximately 5,674.59 sq.m. is being operated as an international school providing elementary, primary and secondary education. We discussed with the Independent Valuer and noted that comparables of Location C in Srah Chak are (i) located in adjacent areas and of commercial use; and (ii) the dates of the of the asking prices falling within the period of the first half of 2021.

### *The Block*

According to the Letter of the Board, the Block, which comprised of (a) portion of the 2-storey commercial podium adjacent to the main building of the condominium with saleable area of approximately 6,247.34 sq.m.; and (b) Block C of One Park with total saleable area of approximately 8,148.79 sq.m. We discussed with the Independent Valuer and noted that (i) comparables of Location A is located in One Park and of residential use; (ii) comparables of Location C is in adjacent areas and of commercial use; and (iii) the dates of the asking prices falling within the period of the first half of 2021.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We understood from the Independent Valuer that criterion (i) is set for limiting the Comparables which are comparables to the Properties in terms of nature and location; and (ii) is that the valuation date is within three months of the Fair Rent Letter to reflect the current market rents. Given the Comparables is current asking price with properties located in the vicinity of the Properties with similar nature, we concur with the view of the Independent Valuer that the Comparables used in assessing the market rents of the Properties are fair and representative samples for assessing the fairness and reasonableness of the rent of the Building and the Block.

We obtained the underlying working paper and information from the Independent Valuer and noted that in assessing the overall rent of the Building and the Block, the Independent Valuer had taken into account (i) the respective unit rate of the Building and the Block with reference to the Comparables; and (ii) the respective area of the Building and the Block. The overall rent of the Properties was calculated based on the proportion of the respective area of the Building and the Block. As such, we are satisfied with the Independent Valuer's assessment that the overall rent of the Building and the Block are fair and reasonable with regard to the market rent.

We noted that Independent Valuer has made various assumptions for the Fair Rent Letter of the Properties, including the followings: (i) the parties being a willing lessor and willing lessee; (ii) prior to the date of the Fair Rent Letter, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the negotiation and agreement of rent and lease terms and for the completion of the lease; (iii) the rent reflects the state of the market and other circumstances as at the date of the valuation; (iv) no account is taken of any additional bid by a prospective tenant with a special interest; (v) both parties to the transaction had acted knowledgeably, prudently and without compulsion; and (vi) the landlord leases the properties on the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the property interests.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In the course of our assessment, we have discussed with the Company and Independent Valuer and reviewed on the key assumptions made and we are not aware of any major factors which would cause us to doubt the fairness and reasonableness of the principal bases and assumptions adopted in the Fair Rent Letter. As such, we concur with the Independent Valuer that the comparable transactions used in assessing the market rental of the premises are reasonable and comparable to the premises. We are also advised by the Independent Valuer that given the nature of used of the premises, the market approach was in compliance with the standards and guidelines set out in The Hong Kong Institute of Surveyors Valuation Standards on Properties 2020 Edition issued by the Hong Kong Institute of Surveyors. We have also reviewed the Master Lease Agreement in relation to the lease of the Properties and noted that the existing annual caps are consistent with the historical rental receivable stipulated in the Master Lease Agreement.

We have also reviewed the terms of engagement letter of Independent Valuer and noted that the purpose of which is to prepare a fair rental opinion on the rent receivable under the Supplemental Agreement. The engagement letter also contains standard valuation scope that are typical of property valuation carried out by independent property valuers. There is no limitation of the scope of work which might have an adverse impact on the degree of assurance given by Independent Valuer in the evaluation of the rental of the Properties. We also understand from Independent Valuer that it has carried out on-site inspections and made relevant enquiries and obtained further information for the purpose of the evaluation of the rental of the Properties, the Independent Valuer considers it has been provided with all the information necessary for analysis and given the advice upon the fairness and reasonableness opinion in respect of the Supplemental Agreement.

As discussed with the Directors of the Group and the Independent Valuer, we understood that there was an adverse impact on Cambodia's economic performance during 2020 with the outbreak of COVID-19 and it is expected that Cambodia's economy would be forecasted to bounce back in 2021. However, the real estate market in Cambodia may take longer time to recover in the foreseeable future. The transactions contemplated under the Supplemental Agreement could secure the fixed rental receivable to the Group for the years ending 30 June 2022, 2023 and 2024. Thus, we concur with the Directors' view the fixed rent for the Building and the Block throughout the term of the Supplemental Agreement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Having considered the abovementioned factors, we consider that the rental of the Properties under the Supplemental Agreement is fair and reasonable and on normal commercial term. Therefore, we concur with the Directors' view that the Annual Caps in respect of the transactions contemplated under the Supplemental Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 6. Internal control measures

As disclosed in the Letter from the Board, the Group will adhere to a series of internal control measures in respect of the transactions contemplated under the Supplemental Agreement, including, (i) the designated staff from the accounts department of the Group will closely monitor the total transaction amount to ensure that the Annual Caps will not be exceeded; (ii) reports which contain total transaction amount under the Supplemental Agreement will be submitted to the management of the Group on a monthly basis; and (iii) the Independent Non-executive Directors and the auditors of the Company will conduct annual review of the transactions contemplated under the Supplemental Agreement.

We understood from the management of the Company that the Group has adopted the above internal control measures when conducting the continuing connected transactions under the Master Lease Agreement. The management of the Group would review the work done by relevant staff to ensure all the internal control policies are properly performed by responsible staff. We have obtained and reviewed the monthly reports which contain total transaction amount under the Master Lease Agreement and the payment records of the transactions for the years ended/ending 30 June 2019, 2020 and 2021 and noted that (i) such monthly reports of rents prepared by the accounts department and were reviewed by the chief financial officer; and (ii) the total transaction amount of the rent received for the years ended/ending 30 June 2019, 2020 and 2021 did not exceed the existing annual caps of the respective year.

We have reviewed the invoices issued by the Company and the corresponding payment records for the Properties under the Master Lease Agreement, which covers each of the 25 consecutive months from December 2018, the first month of Celestial Fame charging rental income after the fulfillment of the conditions under the Master Lease Agreement, to December 2020 over the whole period of 31 months from December 2018 to June 2021, and noted that the rent is settled. Having considered that (i) the samples reviewed covers approximately 81% of the whole period of the Master Lease Agreement; (ii) the nature of the transaction was a recurring rental income to the Company; and (iii) the terms of the rental agreement of the Properties remained the same, we considered the selected samples fair and representative.

We have also reviewed the unqualified letter prepared by the auditor of the Company in respect of the annual review of the transaction contemplated under the Master Lease Agreement and noted that the total transaction amount of the rent received for the years ended 30 June 2019 and 2020 did not exceed the existing annual caps of the respective year. As disclosed in the Annual Report 2019 and Annual Report 2020, the Independent Non-executive Directors have reviewed the continuing connected transactions and the unqualified letter from the auditor of the Company and are in the opinion that the continuing connected transactions entered into by the Group were in the ordinary and usual course of its business, on normal commercial terms or better, according to the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the Company and the Shareholders as a whole and within their respective annual cap amounts.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered that (i) a monitoring system will be in place with the accounts department of the Group ensuring that the Annual Caps are not exceeded from time to time; (ii) the reports containing total transaction amount under the Supplemental Agreement will be submitted to the management of the Company on a monthly basis; and (iii) the transaction contemplated under the Supplemental Agreement will be annually reviewed by the Independent Non-executive Directors and the external auditor of the Company, we are of the view that the internal control measures are adequate and effective in ensuring the transactions contemplated under the Supplemental Agreement will be entered into on normal commercial terms and there is an effective system in place to monitor the Annual Caps.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) the entering into of the Supplemental Agreement is in the ordinary and usual course of business of the Group; (ii) the terms of the Supplemental Agreement are on normal commercial terms or better and which, altogether with the Annual Caps, are fair and reasonable; and (iii) the transactions contemplated under the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution for approving the Supplemental Agreement and the transactions contemplated thereunder (together with the Annual Caps) at the EGM.

Yours faithfully,  
For and on behalf of  
**Giraffe Capital Limited**  
**Johnson Chen**  
*Managing Director*

*Mr. Johnson Chen is a licensed person registered with the Securities and Futures Commission and a responsible officer of Giraffe Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and to undertake work as a sponsor. He has over 13 years of experience in the field of corporate finance advisory.*

## 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. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or were otherwise required pursuant to section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity and nature of interest	Number of underlying Shares <sup>(Note i)</sup>	Note	Approximate percentage of the total issued Shares
Mr. Zhao Wenqing	Beneficial owner	66,804,124 (L)	(ii)	0.35%
Mr. Huang Dongfeng	Beneficial owner	66,804,124 (L)	(ii)	0.35%

Notes:

- (i) “L” denotes long position.
- (ii) 60,000,000 share options were granted to each of Mr. Zhao Wenqing and Mr. Huang Dongfeng on 6 December 2018 pursuant to the share option scheme adopted by the Company on 30 December 2016 which was adjusted to 66,804,124 share options as a result of the completion of the rights issue of the Company on 23 April 2019. Therefore, under Part XV of the SFO, Mr. Zhao Wenqing and Mr. Huang Dongfeng are taken to be interested in the underlying shares that they are entitled to subscribe for subject to the exercise of and/or the validity period of the share options granted.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or in the shares, underlying shares or debentures of any of the associated corporations of the Company (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was taken or deemed to have under such provisions of the SFO); or were otherwise required pursuant to section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### 3. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to the Directors, as at the Latest Practicable Date, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in shares or underlying shares of the Company 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:

Name of Shareholder	Capacity and nature of interest	Number of Shares interested <sup>(Note i)</sup>	Notes	Approximate percentage of the total issued Shares
Trillion Trophy Asia Limited (“Trillion Trophy”)	Beneficial owner	5,425,000,000	(ii)	28.12%
Wealthy Associates International Limited (“Wealthy Associates”)	Interest of controlled corporation	5,425,000,000	(ii)	28.12%
Mr. Suen Cho Hung, Paul (“Mr. Suen”)	Interest of controlled corporation	5,425,000,000	(ii)	28.12%
Ever Depot	Beneficial owner	4,539,161,000	(iii)	23.53%
GRED	Interest of controlled corporation	4,539,161,000	(iii)	23.53%
Mr. Vong Pech	Interest of controlled corporation	4,539,161,000	(iii)	23.53%
Dragon Villa Limited	Beneficial owner	3,294,366,000	(iv)	17.08%
Mr. Lei Sutong	Interest of controlled corporation	3,294,366,000	(iv)	17.08%

*Notes:*

- (i) All the above interests in the Shares were long positions.
- (ii) Trillion Trophy is a wholly-owned subsidiary of Wealthy Associates which in turn is wholly-owned by Mr. Suen. Accordingly, Wealthy Associates and Mr. Suen are deemed to be interested in the 5,425,000,000 Shares held by Trillion Trophy under the SFO.
- (iii) Ever Depot is a wholly-owned subsidiary of GRED which in turn is wholly-owned by Mr. Vong Pech. Accordingly, GRED and Mr. Vong Pech are deemed to be interested in the 4,539,161,000 Shares held by Ever Depot under the SFO.
- (iv) Dragon Villa Limited is wholly-owned by Mr. Lei Sutong. Accordingly, Mr. Lei Sutong is deemed to be interested in the 3,294,366,000 Shares held by Dragon Villa Limited under the SFO.

Save as disclosed above, to the best knowledge of the Directors, there is no person known to the Directors, who as at the Latest Practicable Date, had an interest or short position in the Shares and 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 which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

As at the Latest Practicable Date, Mr. Sue Ka Lok, a non-executive Director, was a director of Trillion Trophy, which was interested in the 5,425,000,000 Shares, representing approximately 28.12% of the total issued Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. DIRECTORS' INTERESTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 June 2020, the date to which the latest published audited financial statements of the Group were made up, 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.

There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.

#### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there was no existing or proposed service contracts between any Director and any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).



**6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or any of their respective close associates had engaged in any business that competes or may compete with the business of the Group or had any other conflict of interests with the Group.

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2020, the date to which the latest published audited financial statements of the Company were made up.

**8. LITIGATION**

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

**9. EXPERTS AND CONSENTS**

The following is the qualification of the experts who have given their opinion which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Giraffe Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
JP Assets Consultancy Limited	An independent valuer

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did any of them have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Group were made up (i.e. 30 June 2020), 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.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which they are included.

The letter and advice from the Independent Financial Adviser are given as of the date of this circular for incorporation herein.

**10. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Yam Pui Hung Robert. Mr. Yam holds a Bachelor of Arts in Accountancy degree from the City Polytechnic of Hong Kong (now known as City University of Hong Kong). Mr. Yam is a fellow of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Yam has extensive experience in accounting, financial management, corporate finance and company secretarial practice.
- (b) The registered office of the Company is at 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is at 31/F., Vertical Sq., No. 28 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours (i.e. from 9:00 a.m. to 6:00 p.m. on Monday to Friday, except Saturdays, Sundays and public holidays of Hong Kong) at the principal place of business of the Company in Hong Kong at 31/F., Vertical Sq., No. 28 Heung Yip Road, Wong Chuk Hang, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 4 to 13 to this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 16 to 35 of this circular;
- (e) written consents referred to in the paragraph headed "9. Experts and consents" in this appendix;
- (f) the Fair Rent Letter;
- (g) the Master Lease Agreement;
- (h) the Supplemental Agreement; and
- (i) this circular.

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## EGM NOTICE

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### **BIRMINGHAM SPORTS HOLDINGS LIMITED**

### **伯明翰體育控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2309)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Birmingham Sports Holdings Limited (the “Company”) will be held at Unit 1603-1604, 16/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong on Wednesday, 23 June 2021 at 4:00 p.m. for the purposes of considering and, if thought fit, passing with or without amendments the following ordinary resolution:

#### **ORDINARY RESOLUTION**

1. **“THAT:**

- (a) the supplemental agreement dated 21 April 2021 (the “Supplemental Agreement”), a copy of which is marked “A” and signed by the chairperson of the EGM for the purposes of identification, entered into between Celestial Fame Investments Limited as lessor and Ever Depot Limited as lessee relating to the lease of properties in Cambodia and all transactions contemplated thereunder or in relation thereto be and are hereby approved, confirmed and/or ratified;
- (b) the annual caps for the continuing connected transactions constituted by the transactions contemplated under the Supplemental Agreement for the three years ending 30 June 2024 as set out in the circular of the Company dated 28 May 2021 be and are hereby approved; and
- (c) any one director of the Company (the “Director(s)”) be and is hereby authorised to execute all documents and to do all such things and take all such other steps which, in his/her opinion, may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated in and for completion of the Supplemental Agreement, including but not limited to agree to such variation, amendment or waiver in relation thereto.”

By Order of the Board  
**Birmingham Sports Holdings Limited**  
**Zhao Wenqing**  
*Chairman*

Hong Kong, 28 May 2021

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## EGM NOTICE

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*Notes:*

- (1) In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 17 June 2021. Members of the Company whose names are recorded in the register of members of the Company on Thursday, 17 June 2021 are entitled to attend and vote at the EGM.
- (2) Any member of the Company entitled to attend and vote at a meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at a general meeting of the Company. A proxy needs not be a member of the Company.
- (3) To be valid, the form of proxy and 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 lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
- (4) Where there are joint holders of share(s) of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share(s) as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so presents whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
- (5) Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (6) As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the above resolution will be voted by way of poll.
- (7) If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at [www.bshl.com.hk](http://www.bshl.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Company Announcements" page to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
- (8) In the event of any inconsistency, the English text of this notice shall prevail over the Chinese text.
- (9) In line with the prevailing practices and guidelines on the prevention of coronavirus ("COVID-19"), depending on the development of COVID-19, special precautionary measures will be implemented by the Company at the EGM, which may include without limitation the following:
  - (i) compulsory body temperature screening;
  - (ii) mandatory use of self-prepared surgical face masks at all times during the attendance of the EGM;
  - (iii) mandatory health declaration;
  - (iv) no refreshments will be provided to the attendees; and
  - (v) other practical precautions which may include maintaining appropriate distancing and spacing at the venue, limiting the number of attendees at the EGM as may be necessary to avoid over-crowding.

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## EGM NOTICE

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Please be advised that anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the EGM, or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the EGM. Should any attendee refuse to comply with any of the abovementioned measures, the Company reserves the right to deny access of such attendee to the meeting venue.

In light of the present risks posed by the COVID-19 pandemic, and if such risks continue at the time of the EGM, the Company strongly encourages the Shareholders to exercise their right to appoint the chairperson of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures as appropriate.

- (10) As at the date of this notice, the Board comprises nine Directors, namely Mr. Zhao Wenqing (*Chairman*), Mr. Huang Dongfeng (*Chief Executive Officer*), Mr. Yiu Chun Kong, Mr. Hsiao Charng Geng and Dr. Guo Honglin as Executive Directors; Mr. Sue Ka Lok as Non-executive Director; and Mr. Pun Chi Ping, Ms. Leung Pik Har, Christine and Mr. Yeung Chi Tat as Independent Non-executive Directors.