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HK1803

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

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

**(Stock code: 1803)**

**(I) SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO THE ANNUAL REPORT OF THE COMPANY  
FOR THE YEAR ENDED 31 DECEMBER 2017  
AND  
(II) DISCLOSEABLE TRANSACTIONS RELATING TO  
PURCHASE OF WEALTH MANAGEMENT PRODUCTS**

**SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the annual report (the “**Annual Report**”) of Beijing Sports and Entertainment Industry Group Limited (the “**Company**”) for the year ended 31 December 2017 published on the websites of The Stock Exchange Hong Kong Limited (the “**Stock Exchange**”) and the Company on 26 April 2018.

In addition to the information provided in the Annual Report, the Company would like to further inform the Shareholders and potential investors of the Company additional information under the paragraph headed “Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries and affiliated Companies” in the section headed “Management Discussion and Analysis” of the Annual Report.

## **PURCHASE OF WEALTH MANAGEMENT PRODUCTS**

In December 2017, the Company, through its non-wholly owned subsidiary, MetaSpace, had purchased for two wealth management products, namely SPDB Product and CMB Product, with the amounts of RMB55,700,000 and RMB28,500,000 respectively.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the purchase of SPDB Product and CMB Product exceeds 5% but all the applicable percentage ratios are less than 25%, each of the purchase of SPDB Product and CMB Product constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that the notification and announcement in respect of the purchase of these wealth management products as required under Chapter 14 of the Listing Rules had been delayed due to its unintentional oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Company of the application of Rule 14.28 of the Listing Rules as the applicable percentage ratios calculated based on a numerator of non-wholly owned equity interests were less than 5%. Accordingly, the Company did not previously consider that each of the purchase of SPDB Product and CMB Product, when respectively calculated based on a numerator of 100% of the relevant value, would constitute notifiable transactions under the Listing Rules. The management of the Company had overlooked the application of Rule 14.28 of the Listing Rules, thus resulting the failure to identify the purchase of SPDB Product and CMB Product as a discloseable transaction of the Company under Rule 14.07 of the Listing Rules and to meet requirements under Rule 14.34 of the Listing Rules accordingly.

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2017**

Reference is made to the Annual Report of the Company for the year ended 31 December 2017 published on the websites of the Stock Exchange and the Company on 26 April 2018. Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Annual Report.

In addition to the information provided in the Annual Report, the Company would like to further inform the Shareholders and potential investors of the Company additional information under the paragraph headed “Significant Investment Held, Material Acquisitions and Disposals of Subsidiaries and affiliated Companies” in the section headed “Management Discussion and Analysis” of the Annual Report:

### **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

As at 31 December 2017, the Group had available-for-sale financial assets in the amounts of approximately HK\$108,166,000 as non-current assets (representing approximately 16.49% of its total assets) and approximately HK\$122,717,000 as current assets (representing approximately 18.71% of its total assets).

## (i) NON-CURRENT ASSETS

The non-current portion of the Group's available-for-sale financial assets consist of corporate bonds purchased by a wholly-owned subsidiary of the Company, namely Sino Sky Trend Limited, through a financial institution in Hong Kong, particulars of which are set out below:

Name of bonds issuer	Name of bond	Principal business	Investment cost USD '000	Fair value		For the year ended 31 December 2017	
				As at 31 December 2017 USD '000	Percentage to the Group's total assets %	Bond interest income USD '000	Change in fair value USD '000
Dalian Wanda Commercial Properties Co., Ltd.	Wanda Properties Overseas Ltd. 4.875% 5 years	(a)	1,004	985	1.19	22	(20)
Sunac China Holdings Ltd.	Sunac China Holdings Ltd. 8.75% 5 years	(b)	500	517	0.62	17	18
Oceanwide Holdings Co., Ltd.	Oceanwide Holdings International Co., Ltd. 9.625% 4 years	(c)	519	522	0.62	10	17
Zhiyuan Group (BVI) Co., Ltd.	Zhiyuan Group (BVI) Co., Ltd. 6.2% 3 years	(d)	550	527	0.63	17	(16)
Dalian Wanda Commercial Properties Co., Ltd.	Wanda Properties International Co., Ltd. 7.25% 10 years	(a)	1,517	1,517	1.77	34	(34)
361 Degrees International Ltd.	361 Degrees International Ltd. 7.25% 5 years	(e)	540	521	0.62	12	(12)
Xinyuan Real Estate Co., Ltd.	Xinyuan Real Estate Co., Ltd. 8.125% 3 years	(f)	519	511	0.61	18	(4)
Fantasia Holdings Group Company Ltd.	Fantasia Holdings Group Co., Ltd. 7.375% 5 years	(g)	511	503	0.60	16	(6)
Modern Land (China) Co., Ltd.	Modern Land (China) Co., Ltd. 6.875% 3 years	(h)	507	498	0.59	15	(7)
Central China Real Estate Ltd.	Central China Real Estate Ltd. 6.75% 5 years	(i)	511	516	0.62	15	7
Guangzhou R&F Properties Co., Ltd.	Easy Tactic Ltd. 5.75% 5 years	(j)	498	510	0.61	12	-
Panda Green Energy Group Ltd.	Panda Green Energy Group Ltd. 8.25% 3 years	(k)	529	523	0.62	6	8
Qinghai Provincial Investment Group Co., Ltd.	Qinghai Provincial Investment Group Co., Ltd. 7.25% 3 years	(l)	540	525	0.63	12	(8)
China South City Holdings Ltd.	China South City Holdings Ltd. 5.75% 3 years	(m)	498	493	0.59	15	(5)
China Evergrande Group	China Evergrande Group 8.25% 5 years	(n)	525	541	0.64	17	20
China Evergrande Group	China Evergrande Group 6.25% 5 years	(n)	489	500	0.60	29	(3)
China Evergrande Group	China Evergrande Group 7.5% 5 years	(n)	494	508	0.61	34	(1)
China Evergrande Group	China Evergrande Group 8.75% 8 years	(n)	503	518	0.62	19	19
Qinghai Provincial Investment Group Co., Ltd.	Qinghai Provincial Investment Group Co., Ltd. 6.4% 4 years	(l)	514	520	0.62	12	(5)
Powerlong Real Estate Holdings Ltd.	Powerlong Real Estate Holdings Ltd. 5.95% 3 years	(o)	496	511	0.61	14	1
Oceanwide Holdings Co., Ltd.	Oceanwide Holdings International Co., Ltd. 17 7.75% 3 years	(c)	830	827	0.99	28	(31)
Oceanwide Holdings Co., Ltd.	Oceanwide Holdings International Co., Ltd. 17 8.5% 3 years	(c)	602	604	0.72	4	(2)
Qinghai Provision General Aviation Group Co., Ltd.	Qinghai General Aviation 6% 1 year	(p)	639	641	0.76	2	(1)
Total			13,835	13,838	16.49	380	(65)
<i>Equivalent to HK\$'000</i>			108,145	108,166		2,969	(504)

Pursuant to the Listing Rules, the purchase of each of the corporate bonds by itself does not constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules as all applicable percentage ratios under Rule 14.07 of the Listing Rules are below 5%.

The principal business activities of the companies underlying the bonds are as follow:

- (a) Wanda Properties Overseas Ltd. and Wanda Properties International Co., Ltd. are the wholly-owned subsidiaries of Dalian Wanda Commercial Properties Co., Ltd. in the PRC and is principally engaged in the businesses of property development in the PRC.
- (b) Sunac China Holdings Ltd. is a company listed in the Stock Exchange (Stock code: 1918) and is principally engaged in the businesses of property development and investment, property management services and operations in the PRC.
- (c) Oceanwide Holdings Co., Ltd. is a China-based company principally engaged in the development of residential buildings and commercial buildings, property leasing, property management and the provision of technical services in the PRC and overseas markets.
- (d) Zhiyuan Group (BVI) Co., Ltd. is an indirect wholly-owned subsidiary of Jiangsu NewHeadLine Development Group Co., Ltd. and is principally engaged in infrastructure construction projects and providing loans for small-and-medium-scale technology-type enterprises; property services, such as security, cleaning, meeting affairs, canteen logistics, and repairing and maintenance of facilities and equipment.
- (e) 361 Degrees International Ltd. is a company listed in the Stock Exchange (Stock code: 1361) and is principally engaged in manufacturing, trading and distribution of sport goods in the PRC.
- (f) Xinyuan Real Estate Co., Ltd. is a company listed in the New York Stock Exchange (Stock code: XIN) and is a real estate developer and property manager operating primarily in the PRC.
- (g) Fantasia Holdings Group Co., Ltd. is a company listed in the Stock Exchange (Stock code: 1777) and is principally engaged in the businesses of property development in the PRC.

- (h) Modern Land (China) Co., Ltd. is a company listed on the Stock Exchange (Stock code: 1107) and is principally engaged in property development, provision of real estate agency services, project management, hotel operation, property, leasing, provision of innovative household technology services, and immigration services as well as project management.
- (i) Central China Real Estate Ltd. is a company listed on the Stock Exchange (Stock code: 832) and is principally engaged in property development in the PRC.
- (j) Easy Tactic Ltd. is a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd., a company listed on the Stock Exchange (Stock code: 2777) and is principally engaged in the development of quality residential and commercial properties for sale mainly in the PRC.
- (k) Panda Green Energy Group Ltd. is a company listed on the Stock Exchange (Stock code: 686) and is principally engaged in development, investment, operation and management of renewable energy power plants in the PRC and the United Kingdom.
- (l) Qinghai Provincial Investment Group Co., Ltd. is a state-owned enterprise of Qinghai Province, PRC and is principally engaged in local infrastructure investments and manufacturing aluminum products in the PRC.
- (m) China South City Holdings Ltd. is a company listed on the Stock Exchange (Stock code: 1668) and is principally engaged in developing and operating large-scale integrated logistics and trade centers in the PRC.
- (n) China Evergrande Group is a company listed on the Stock Exchange (Stock code: 3333) and is principally engaged in property development in the PRC.
- (o) Powerlong Real Estate Holdings Ltd. is a company listed on the Stock Exchange (Stock code: 1238) and is principally engaged in property development, property investment, property management services, and other property development related services in the PRC.

- (p) Qinghai Provision General Aviation Group Co., Ltd. is a state-owned enterprise of Qinghai Province, PRC and is principally engaged in construction of aviation airports, runways, and other construction projects in the PRC. They also provide aviation technology consulting and airport management service.

These corporate bonds are measured at fair value and classified as Level 1 fair market measurement (Quoted prices in active market). The fair value of these corporate bonds is determined by reference to the quoted bid prices at the reporting date in the over-the-counter markets. During the year, the interest income on the Group's bond investments recognized in the statement of profit or loss amounted to approximately HK\$2,969,000, and gain from bonds disposal during the year amounted to approximately HK\$266,000. The fair value loss on the Group's bond investments recognized in the statement of other comprehensive income or loss amounted to approximately HK\$504,000.

Going forward, the Group expects that these corporate bonds will suffer a minor loss at fair value in the short-run due to price volatility in light of the expected rise in interest rate by the US Federal Reserve from 2018 and the vulnerability of China's domestic debt market with tighter refinancing channels. However, the Group will maintain its strategy to hold these corporate bonds for long term purpose to earn an attractive yield and to minimize the risk of price fluctuations in the short-run and to eliminate unnecessary administrative and trading costs.

Nevertheless, the Group does not preclude the possibility of disposing any of the existing corporate bonds before maturity if such disposal will be in the best interest of the Company and its shareholders as a whole in light of the circumstances, such as perceived deterioration of financial health of the issuing company, vulnerability of default risk, and consideration of favorable redemption clause at the option of the bondholder.

## (ii) CURRENT ASSETS

The current portion of the Group's available-for-sale financial assets consist of mainly purchase of wealth management products issued by licensed banks in the PRC, particulars of which are set out below:

Wealth management products	Revolving term	Yield	Fair value		Investment cost RMB'000
			As at 31 December 2017 RMB'000	Percentage to the Group's total assets %	
Li Duo Duo Dui Gong Structural Deposit (利多多對公結構性存款)	90 Days	Note	55,700	10.20	55,700
Ri Yi Yue Xin 90030 (日 益 月 鑫 90030)	30 Days	Note	28,500	5.21	28,500
Others	30 Days	Note	18,000	3.30	18,000
Total			<u>102,200</u>	<u>18.71</u>	<u>102,200</u>
<i>Equivalent to HK\$'000 #</i>			<u>122,717</u>		<u>122,717</u>

Note: Floating interest rate as offered by the banks.

These wealth management products are measured at fair value and classified as Level 2 fair market measurement (Significant observable inputs) as they do not have a quoted market price in an active market. These subscriptions were carried out by the Company through its non-wholly owned subsidiary in the PRC, namely MetaSpace (Beijing) Air Dome Corp\* (“MetaSpace”), for short-term treasury management purpose. During the year, the interest income from investment in wealth management products recognized in the statement of profit or loss amounted to approximately HK\$1,544,000.



## **Purchase of wealth management products**

In December 2017, the Company, through its non-wholly owned subsidiary, MetaSpace, purchased two wealth management products, details of which are set out as follows:

### ***The Purchase of SPDB Product***

Transaction date:	28 December 2017
Parties:	MetaSpace, as the purchaser  Shanghai Pudong Development Bank Limited, as the issuer ("SPDB")
Name of product:	Li Duo Duo Dui Gong Structural Deposit (利多多對公結構性存款) ("SPDB Product")
Term of investment:	90 days revolving
Principal amount:	RMB55,700,000
Type of product:	Principal guaranteed with floating return
Early termination:	The Company does not have a right of early termination

### ***The Purchase of CMB Product***

Transaction date:	29 December 2017
Parties:	MetaSpace, as the purchase China Merchants Bank, as the issuer (“CMB”)
Name of product:	Ri Yi Yue Xin 90030( 日 益 月 鑫 ) (“CMB Product”)
Term of investment:	30 days revolving
Principal amount:	RMB28,500,000
Type of product:	Principal not guaranteed with floating return
Early termination:	The Company does not have a right of early termination

### **Basis of determination for the consideration**

The Directors confirmed that the considerations of the purchase of the above wealth management products were determined on the basis of commercial terms negotiated at arm’s length between Metaspac and the issuers after having considered the available surplus cash of Metaspac for cash management purpose.

### **Reasons for and benefits of purchasing the wealth management products**

The purchase of the wealth management products was carried out by the Company through its non-wholly owned subsidiary, MetaSpace, for cash management purpose in order to maximize its return on the surplus cash received from its business operations. The Group expects that these wealth management products with revolving term will earn a better yield than direct deposits generally offered by commercial banks in the PRC, and thus will increase the overall earnings of the Group. In view of achieving balanced yield whilst maintaining relatively high liquidity, the Directors are of the view that investment in these wealth management products are fair and reasonable and in the interests of the Company and the Shareholders as a whole. However, the Group may have intention to dispose of any of these wealth management products at appropriate time for general working capital purpose or any future business opportunities when opportunities arise.

## **Information on the Group**

The Group is principally engaged in the investments and development of air dome stadiums and other facilities for sports and entertainment related industry in the PRC, and the provision of air freight services in the wholesale market.

## **Information on SPDB and CMB**

Each of SPDB and CMB, being the Company's principal banker, is a licensed bank established under the laws of the PRC and is principally engaged in the provision of corporate and personal banking and other financial services in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of SPDB and CMB and their ultimate beneficial owners are third parties independent of the Company and its connect persons (as defined under the Listing Rules).

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the purchase of SPDB Product exceeds 5% but all the applicable percentage ratios are less than 25%, the purchase of SPDB Product constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the purchase of CMB Product exceeds 5% but all the applicable percentage ratios are less than 25%, the purchase of CMB Product constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant notification and announcement requirements under Rule 14.34 of the Listing Rules in respect of the purchase of SPDB Product and CMB Product, as and when such obligations arose. Regrettably, the Company acknowledges that the notification and announcement in respect of the purchase of these wealth management products as required under Chapter 14 of the Listing Rules had been delayed due to its unintentional oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Company of the application of Rule 14.28 of the Listing Rules as the applicable percentage ratios calculated based on a numerator of non-wholly owned equity interests were less than 5%. Accordingly, the Company did not previously consider that each of the purchase of SPDB Product and CMB Product, when respectively calculated based on a numerator of 100% of the relevant value, would constitute notifiable transactions under the Listing Rules. The management of the Company had overlooked the application of Rule 14.28 of the Listing Rules, thus resulting the failure to identify the purchase of SPDB Product and CMB Product as discloseable transaction of the Company under Rule 14.07 of the Listing Rules and to meet requirements under Rule 14.34 of the Listing Rules accordingly.

## **REMEDIAL ACTIONS**

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the non-compliance was inadvertent and unintentional. To prevent similar non-compliance from occurring in the future, the Company has implemented the following remedial actions with immediate effect:

1. The Company will arrange more training on regulatory compliance matters relating to notifiable transactions to the Directors, senior management and the responsible staff on a regular basis to reinforce their understanding of and importance of compliance with the Listing Rules;
2. The Company will provide a detailed guideline relating to notifiable and connected transactions under the Listing Rules for all the Directors as well as its management team in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at early stage;

3. The Company will also circulate a reporting guideline such that each member of the Group shall report those transactions which may constitute potential notifiable or connected transactions to the head office in Hong Kong for approval prior to the entering into of those transactions;
4. The Company will work more closely with its internal legal advisers on compliance issues; and
5. The Company shall, as and when appropriate and necessary, consult other professional adviser before entering into possible notifiable transaction.

Going forward, the Company will continue to comply with the management procedures of its investments on wealth management products and make such disclosure in a timely manner to ensure compliance with the Listing Rules.

**The above disclosure does not affect other information contained in the Annual Report and, save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.**

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

Hong Kong, 2 August 2018

*As at the date of this announcement, the executive Directors are Mr. Liu Xue Heng, Mr. Hu Yebi, Mr. Niu Zhongjie, Mr. Zhu Shixing, Mr. Lam Ka Tak, Mr. Zhang Tingzhe and Mr. Tsui Ngai, Eddie; and the independent non-executive Directors are Mr. Tse Man Kit, Keith, Mr. Lok Lawrence Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui.*

\* *For identification only*

# *The exchange rates adopted in this announcement for illustration purposes only are USD1=HK\$7.8168 and RMB1=HK\$1.2008*