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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board of the Company is pleased to announce the condensed consolidated interim results of the Group for the six months ended 30 June 2016, together with comparative figures for the corresponding period in last year. The 2016 condensed consolidated interim results of the Group are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**51,595**	284,630
Cost of sales		**(43,259)**	(245,628)
Gross profit		**8,336**	39,002
Other losses, net		**(973)**	(369)
Other income		**768**	394
Administrative expenses		**(25,988)**	(57,094)
Operating loss	*5*	**(17,857)**	(18,067)
Finance income		**59**	138
Finance costs		**(598)**	(699)
Finance costs, net		**(539)**	(561)
Share of loss of an associate		**–**	(108)
Loss before income tax		**(18,396)**	(18,736)
Income tax expense	*6*	**(1,771)**	(858)
Loss for the Period		**(20,167)**	(19,594)
Other comprehensive income/(loss)			
Change in fair value of available-for-sale financial assets		**351**	226
Reclassification adjustment of exchange reserves upon disposal of a subsidiary		**(497)**	–
Exchange differences arising on the translation of foreign operations		**(392)**	400
Total comprehensive loss for the Period		**(20,705)**	(18,968)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
(Loss)/profit attributable to:			
– Equity holders of the Company		**(19,536)**	(20,364)
– Non-controlling interests		**(631)**	770
		(20,167)	(19,594)
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		**(19,944)**	(19,994)
– Non-controlling interests		**(761)**	1,026
		(20,705)	(18,968)
		HK cents	*HK cents*
Loss per share for loss attributable to equity holders of the Company			
– Basic	*7*	**(2.04)**	(2.52)
– Diluted	*7*	**(2.04)**	(2.52)
		HK$'000	*HK$'000*
Dividends	8	**–**	–

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Notes	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**6,169**	6,637
Investment properties		**87,000**	87,000
Available-for-sale financial assets		**13,955**	13,605
Long-term prepayments, deposits and other receivables		**162**	331
		107,286	107,573
Current assets			
Trade receivables	*9*	**19,256**	71,491
Prepayments, deposits and other receivables		**11,781**	10,251
Amount due from non-controlling interests		**1,979**	–
Current income tax recoverable		**–**	391
Pledged deposits		**6,333**	6,388
Cash and cash equivalents		**55,313**	51,029
		94,662	139,550
Total assets		**201,948**	247,123
EQUITY			
Share capital	*11*	**4,841**	4,689
Reserves		**105,072**	104,558
		109,913	109,247
Non-controlling interests		**5,811**	2,111
Total equity		**115,724**	111,358

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

	Notes	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Finance lease liabilities		**–**	65
Deferred income tax liabilities		**53**	53
		53	118
Current liabilities			
Trade payables	*10*	**20,390**	66,063
Finance lease liabilities		**–**	64
Other payables and accruals		**29,406**	22,096
Amount due to non-controlling interests		**–**	284
Loans from a shareholder		**35,000**	20,043
Borrowings		**–**	25,148
Current income tax payable		**1,375**	1,949
		86,171	135,647
Total liabilities		**86,224**	135,765
Total equity and liabilities		**201,948**	247,123
Net current assets		**8,491**	3,903
Total assets less current liabilities		**115,777**	111,476

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 General information of the Group

This condensed consolidated interim financial information are presented in Hong Kong Dollars (HK$) unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 29 August 2016.

These condensed consolidated interim financial statements have not been audited.

2 Basis of preparation

These condensed consolidated interim financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the HKICPA. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2016 are not expected to have a material financial impact on the Group's consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

4 Estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

5 Sales and segment information

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of air freight service in the wholesale market and investments in the sports and entertainment related business in the PRC.

The Group's operating segments are determined based on information reported to the chief operating decision maker of the Group (the "**CODM**"), for the purpose of resource allocation and performance assessment. The CODM has been identified as the executive Directors of the Company. The Directors regularly review revenue and results analysis by (i) Logistic business and (ii) Sports and Entertainment business. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

The segment information provided to the executive Directors for the reportable segments for the Period is as follows:

	Unaudited		
	Logistics business *HK$'000*	**Sport and Entertainment business** *HK'000*	**Total** *HK'000*
Sales to external customers	**51,595**	**–**	**51,595**
Cost of sales	**(43,259)**	**–**	**(43,259)**
Segment results	**(14,808)**	**–**	**(14,808)**
Unallocated expenses, net			**(2,162)**
Depreciation and amortisation			**(887)**
Operating loss			**(17,857)**
Finance cost, net			**(539)**
Loss before income tax			**(18,396)**
Income tax expense			**(1,771)**
Loss for the Period			**(20,167)**

Revenue of approximately HK$51,339,000 and HK$256,000 were derived from air freight service and sea freight service respectively.

The segment information provided to the executive Directors for the reportable segments for the six months ended 30 June 2015 is as follows:

	Unaudited (Restated)		
	Logistics business *HK$'000*	Sport and Entertainment business *HK'000*	Total *HK'000*
Sales to external customers	284,640	–	284,630
Cost of sales	(245,628)	–	(245,628)
Segment results	(11,453)	–	(11,453)
Unallocated expenses, net			(4,730)
Depreciation and amortisation			(1,884)
Operating loss			(18,067)
Finance cost, net			(561)
Share of loss of an associate			(108)
Loss before income tax			(18,736)
Income tax expense			(858)
Loss for the period			(19,594)

Revenue of approximately HK$284,291,000 and HK$339,000 were derived from air freight service and sea freight service respectively.

As at 30 June 2016 and 2015, the Group's non-current assets were mainly located in Hong Kong.

6 Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits.

Macau complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 (equivalent to approximately HK$31,000) but below MOP300,000 (equivalent to approximately HK$291,000), and thereafter at a fixed rate of 12%. For the periods ended 30 June 2016 and 2015, the special tax incentive is provided to effect that tax free income threshold is MOP300,000 (equivalent to approximately HK$291,000) and thereafter being taxed at a fixed rate of 12%.

The Group's operations in Mainland China are subject to PRC corporate income tax. The standard PRC corporate income tax rate is 25%. Preferential rate of 10% withholding income tax is also imposed on dividends relating to any profits earned commencing from 1 January 2008 to foreign investors incorporated in Hong Kong.

Taxation outside Hong Kong and Mainland China has been calculated on the estimated assessable profit at the rates of taxation prevailing in the countries in which the Group operates.

The amounts of income tax expense charged to the condensed consolidated interim statement of comprehensive income represent:

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**–**	769
Taxation outside Hong Kong		
Macau	**1,771**	–
Others	**–**	942
	1,771	942
Over provision in priors years		
Hong Kong profits tax	**–**	(225)
Taxation outside Hong Kong	**–**	(83)
	–	(308)
Deferred income tax	**–**	(545)
	1,771	858

7 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss for the Period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company for the purpose of basic and diluted loss per share *(HK$'000)*	**(19,536)**	(20,364)
Weighted average number of ordinary shares in issue for the purpose of basic loss per share (in thousand shares)	**958,719**	806,860
Adjustment for share options	**1,812**	–
Weighted average number of ordinary shares in issue for the purpose of diluted loss per share (in thousand shares)	**960,531**	806,860
Basic loss per share (HK cents per share)	**(2.04)**	(2.52)
Diluted loss per share (HK cents per share)	**(2.04)**	(2.52)

(b) Diluted

Diluted loss per share for the Period is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted loss per share for the six months ended 30 June 2015 was the same as the basic loss per share as there was no dilutive potential ordinary share for the six months ended 30 June 2015.

8 DIVIDENDS

The Board do not recommend any payment of interim dividend to Shareholders for the Period (30 June 2015: Nil).

9 Trade receivables

	As at	
	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**22,494**	74,729
Less: allowance for impairment of trade receivables	**(3,238)**	(3,238)
Trade receivables – net	**19,256**	71,491

The Group's sales are mainly made on (i) cash on delivery; and (ii) credit terms of 30 to 60 days.

The carrying amounts of trade receivables approximated their fair values.

As at 30 June 2016 and 31 December 2015, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 to 30 days	**6,906**	39,735
31 to 60 days	**2,503**	21,678
61 to 90 days	**1,210**	7,540
Over 90 days	**11,875**	5,776
	22,494	74,729

The maximum exposure to credit risk as at the balance sheet date is the fair values of the trade receivables.

10 Trade payables

	As at	
	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade payables	**20,390**	66,063

As at 30 June 2016 and 31 December 2015, the ageing analysis of trade payables based on invoice date was as follows:

	As at	
	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 to 30 days	**5,750**	30,379
31 to 60 days	**1,756**	7,442
61 to 90 days	**1,141**	2,572
91 to 120 days	**636**	448
Over 120 days	**11,107**	25,222
	20,390	66,063

As at 30 June 2016 and 31 December 2015, the carrying amounts of trade payables approximated their fair values.

11 Share capital

	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Authorised:		
4,000,000,000 ordinary shares of HK$0.005 each	**20,000**	20,000
Issued and fully paid:		
968,230,000 (31 December 2015: 937,860,000) ordinary shares of HK$0.005 each	**4,841**	4,689

	Number of issued and fully paid ordinary shares	**Issued share capital**
		HK$'000
At 1 January 2016	937,860,000	4,689
Subscription of new Shares under general mandate *(Note)*	30,370,000	152
At 30 June 2016	968,230,000	4,841

Note: On 5 February 2016, the Company and About Capital Management (HK) Co., Limited (the "**Subscriber**") entered into the subscription agreement pursuant which the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscript for 30,370,000 Shares at the subscription price of HK$0.65 per Share (the **Subscription**"). The Subscription was completed on 26 February 2016. A total of 30,370,000 Subscription Shares were allotted and issued on 26 February 2016 with a net proceeds of approximately HK$19,700,000 was received by the Company on the same date.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the Period, the Group achieved approximately HK$51.6 million in revenue, representing a significant decrease of approximately 81.9% from that of approximately HK$284.6 million during the same period of last year. Gross profit was approximately HK$8.3 million, comparing to the gross profit of approximately HK$39.0 million during the corresponding period of last year. The overall gross profit ratio increased from approximately 13.7% to approximately 16.2%. Loss for the Period attributable to equity holders of the Company was approximately HK$19.5 million as compared to approximately HK$20.4 million in the period end 30 June 2015. Basic loss per share was approximately HK2.04 cents during the Period. As at 30 June 2016, the balance of cash and cash equivalents was approximately HK$55.3 million (31 December 2015: approximately HK$51.0 million).

During the first half of 2016, the Group has implemented cost control measures aiming to reduce staff costs and office rental and related expenses. Number of employees was reduced from 105 as at 31 December 2015 to 82 as at 30 June 2016. However, weak cargo demand and over-capacity in the air cargo market continues to put downward pressure on yield performance.

Notwithstanding the failure to comply with some of the restrictive financial covenant requirements of certain banking facilities as disclosed in the annual report of the Company for the year ended 31 December 2015, the Group had renewed its facility agreement with a bank in March 2016. As at the date of approving this interim results, the Group is in compliance with the restrictive financial covenant requirements under the renewed banking facilities.

The Board does not recommend the payment of any interim dividend for the Period (2015: Nil per share).

CHANGE IN ULTIMATE HOLDING COMPANY

On 29 January 2016, Excellent Success Asia Limited entered into an agreement to transfer 100,000,000 Shares, representing approximately 10.60% of the entire issued share capital of the Company at the date of transfer to Beijing Enterprises Medical and Health Industry Group Limited ("**BEMH**"). The transfer was completed on 18 March 2016 and BEMH became the largest shareholder of the Company which held approximately 19.77% of the entire issued share capital of the Company as at the date of this announcement.

TERMINATION OF THE SALE AND PURCHASE AGREEMENT

On 23 September 2015, the Company and Vision Finance Group Limited and Mr. Zhang Chengliang (the "**Vendors**") entered into the sale and purchase agreement (the "**Agreement**"), pursuant to which the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell the 5,000,000 shares in Vision Finance Asset Management Limited (the "**Target Company**"), representing the entire issued share capital of the Target Company at a total cash consideration of HK$7,000,000. The Directors were of the view that the acquisition could diversify the business of the Group with the objective of broadening its sources of income.

On 7 January 2016, after careful consideration of all the circumstances such as the volatility of the capital market, the Company and the Vendors entered into a termination agreement to terminate the Agreement.

The Board considered that the termination of the Agreement would not have any material adverse impact on the financial position and operation of the Group.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 5 February 2016, the Company and About Capital Management (HK) Co., Limited (the "**Subscriber**") entered into the subscription agreement pursuant which the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscript for 30,370,000 Shares at the subscription price of HK$0.65 per Share (the "**Subscription**"). The Subscription was completed on 26 February 2016. A total of 30,370,000 Subscription Shares were allotted and issued on 26 February 2016 with a net proceeds of approximately HK$19,700,000 was received by the Company on the same date.

MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

On 9 March 2016, Beijing Sports Industry Group Limited ("**Beijing Sports**"), an indirect wholly owned subsidiary of the Company, entered into a memorandum of understanding (the "**MOU**") with two independent third parties, to acquire 55% of equity interests in Beijing Si Bo You Sports Technology Company Limited. The preliminary consideration for the intended acquisition is RMB22 million and is expected to be settled by Beijing Sports in cash. The MOU is not legally binding and will be expired on 8 September 2016.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed in the extraordinary general meeting held on 24 May 2016, the English name of the Company was changed from "**ASR Logistics Holdings Limited**" to "**Beijing Sports and Entertainment Industry Group Limited**" and a new Chinese name "**北京體育文化產業集團有限公司**" was in place of the existing Chinese name "**瀚洋物流控股有限公司**".

FORMATION OF A JOINT VENTURE

On 2 June 2016, Zhong Hu Sports Culture Development (Beijing) Limited ("**Zhong Hu Sports**"), an indirect wholly-owned subsidiary of the Company entered into the joint venture agreement with Beijing Dingfeng Ronghe Investment Management Limited ("**Beijing Dingfeng**") in respect of the formation of the joint venture company ("**JV Company**"). The JV Company will be principally engaged into the development, construction, investment and operation of air dome for sport stadium and recreation facilities in the PRC. Under the joint venture agreement, the parties agreed that, the JV Company shall be established and shall be held as to 60% by Zhong Hu Sports and 40% by Beijing Dingfeng. The JV Company shall have a registered capital of RMB5,000,000 (equivalent to approximately HK$5,990,000), which shall be contributed by Zhong Hu Sports and Beijing Dingfeng as to RMB3,000,000 in cash (equivalent to approximately HK$3,594,000) and RMB2,000,000 in cash (equivalent to approximately HK$2,396,000) respectively.

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 8 June 2016, the Company and Vision Finance International Company Limited (the "**Placing Agent**") entered into the placing agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, 200,000,000 placing Shares ("**Placing**"). The Placing Shares are expected to be placed by the Placing Agent to not less than six placees, who and whose ultimate beneficial owner(s) (if applicable) shall be independent third parties, at a price of HK$0.7 per placing Share.

The Placing Agent is held indirectly as to 36.75% by the spouse of Mr. Hu Yebi, the executive Director and a Shareholder holding approximately 9.57% of existing issued share capital of the Company and as such, the Placing Agent is an associate of Mr. Hu Yebi and is a connected person of the Company. Accordingly, the payment of the placing commission to the Placing Agent constitutes a connected transaction of the Company under the Listing Rules. Since the applicable percentage ratio (other than the profits ratio) set out in Rule 14A.76(2) of the Listing Rules in respect of the commission payable to the Placing Agent in the amount of HK$3.5 million is less than 5%, the payment of the placing commission to the Placing Agent constitutes an exempt connected transaction and is exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. Further, each of Mr. Liu Xueheng (being the Chairman, Chief Executive Officer and executive Director) and Mr. Niu Zhongjie (being the executive Director and a Shareholder holding approximately 4.94% of the existing issued share capital of the Company) holds a 5.25% equity interest in the Placing Agent, respectively. Mr. Hu Yebi, Mr. Liu Xueheng and Mr. Niu Zhongjie have abstained and are required to abstain from voting in respect of the proposed resolutions for approving the placing agreement and the transaction contemplated thereunder at the Board meeting.

The Placing was completed on 15 August 2016. A total of 200,000,000 Placing Shares were allotted and issued on 15 August 2016 with a net proceeds of HK$136,500,000 was received by the Company on the same date.

References should be made to the announcements of the Company dated on 8 June 2016, 7 July 2016 and 15 August 2016; and the circular dated 7 July 2016 for the details of the Placing.

OUTLOOK

Looking ahead to the second half of 2016, the overall air cargo business environment will remain challenging. Over-capacity will continue to be a major issue.

In view of the difficult business environment and rising operating costs, the Group will continue to implement further cost control measures such as consolidating our offices and reducing headcounts, reducing marketing, promotional and all non-revenue generating activities.

Notwithstanding the difficult market environment in the air cargo industry on wholesaling and reselling, overcapacity in air cargo and the rising costs in labor, offices and other operating costs, the management will maintain our commitment to grow our core business and concurrently explore new revenue streams with optimized operating costs, to bloom the profitability of the Group.

For the new businesses in sports and entertainment related industry in the PRC, the Group has started entering into joint venture agreements in the second half of 2016 on areas such as:

(1) Air-dome for sport stadium and recreation facilities; and

(2) Operation of movie theatres in the third and fourth tier cities.

The Group will continue to attract more talents and increase related investments to satisfy the demand from developing sports and entertainment business in the PRC. The Board believes that the entering into of these joint venture agreements is in line with the business of the Group; and has a very good prospect and benefit to the Shareholders by increasing the revenue base of the Group.

FINANCIAL HIGHLIGHTS

Revenue

For the Period under review, the Group achieved approximately HK$51.6 million in revenue, representing a significant decrease of approximately 81.9% from that of approximately HK$284.6 million during the same period of last year. The drop in revenue was mainly attributable to the weak air cargo demand and over-capacity in the air cargo market.

Gross Profit

For the Period under review, overall gross profit of the Group amounted to approximately HK$8.3 million (2015: approximately HK$39.0 million). The decrease in the Group's gross profit of approximately 78.6% when compared with the same period last year was mainly due to the decrease in yield attributable to the pressure of overcapacity in the air cargo markets.

Administrative Expenses

For the Period, the Group's administrative expenses amounted to approximately HK$26.0 million (2015: approximately HK$57.1 million), representing a decrease of approximately 54.5% when compared with the same period last year, which accounted for approximately 50.4% of the Group's turnover (2015: 20.1%). The decrease in administrative expenses was mainly attributable to the Group's cost control measures. Staff costs decreased by 53.1% to approximately HK$15.7 million (2015: approximately HK$33.5 million) and marketing, promotion and travelling expenses decreased by 75.4% to HK$1.4 million (2015: HK$5.7 million).

Liquidity, Financial Resources and Capital Structure

The Group's net cash outflow from operating activities for the Period amounted to approximately HK$0.3 million (2015: approximately HK$36.5 million). As at 30 June 2016, cash and cash equivalents amounted to approximately HK$55.3 million, representing a net decrease of approximately HK$27.3 million as compared with the position as at 30 June 2015.

As at 30 June 2016, the Group does not have any outstanding bank borrowings (31 December 2015: approximately HK$25.1 million). The gearing ratio (which is calculated by dividing total bank borrowings by total assets) was nil (31 December 2015: approximately 0.102). During the six months ended 30 June 2015 and 2016, the Group did not hedge its exposure to interest rate risk.

As at 30 June 2016, the Group had current assets of approximately HK$94.7 million (31 December 2015: approximately HK$139.6 million) and current liabilities of approximately HK$86.2 million (31 December 2015: approximately HK$135.6 million). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 1.10 (31 December 2015: approximately 1.03).

Capital Expenditure

The Group's capital expenditure was approximately HK$389,000 (2015: approximately HK$2,708,000) representing the purchase of leasehold improvement, office equipment, and furniture and fixtures of the Group during the Period.

Contingent Liabilities and Guarantees

The Group had an un-utilised bank facility of HK$11.4 million as at 30 June 2016 and the facility was secured by the pledged deposits of approximately HK$6.3 million of our Group and keyman insurance policies . Certain airlines and integrated carriers would require their air cargo wholesalers to deliver bank guarantees before their appointment. The aggregate guarantee amount provided was approximately HK$17.4 million as at 30 June 2016 (31 December 2015: approximately HK$31.7 million). Saved as disclosed above, we had no material contingent liabilities and guarantees.

Contractual and Capital Commitments

As at 30 June 2016, the Group had operating leases commitments of approximately HK$1.1 million (31 December 2015: approximately HK$8.2 million).

Foreign Currency Risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and United States dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. During the Period, the Group had not hedged its foreign exchange risk because the exposure, after netting off the gain and loss derived from foreign exchange difference, was not very significant. Our management will continue to monitor our foreign exchange exposure and will consider hedging the foreign currency exposure when it is necessary.

Charge on Group Assets

As at 30 June 2016, certain assets of the Group with aggregate carrying value of HK$20,288,000 (31 December 2015: HK$19,993,000) were pledged to secure banking facilities granted to the Group.

Significant Investments Held, Material Acquisition and Disposal of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies during the Period.

Human Resources

As at 30 June 2016, the Group had 82 full-time employees (31 December 2015: 105). The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees.

Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any significant funds to provide for retirement or similar benefits for its employees. The staff costs incurred for the Period were approximately HK$15.7 million (2015: approximately HK$33.5 million).

CODE ON CORPORATE GOVERNANCE PRACTICES

Good corporate governance is conducive to enhancing the Group's overall performance and accountability is essential in modern corporate administration. The Board, which includes four independent non-executive Directors out of a total of eleven Directors, is responsible for setting strategic, management and financial objectives and continuously observes the principles of good corporate governance and devotes considerable effort to identifying and formalising best practice to ensure the interests of Shareholders, including those of minority Shareholders, are protected.

Beijing Sports and Entertainment Industry Group Limited (Renamed from ASR Logistics Holdings Limited) is incorporated in the Cayman Islands and has its shares listing on the Hong Kong Stock Exchange on 16 January 2012 (the "**Listing Date**"). The corporate governance rules applicable to the Company is on Corporate Governance Code as set out in Appendix 14 to the Listing Rules. In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code from the Listing Date until 31 March 2012 and with the revised Corporate Governance Code from 1 April 2012 until 30 June 2016 respectively, except for the deviation from code provisions D.1.4 of the Corporate Governance Code as described below.

Code Provision A.2.1

According to the code provision A.2.1, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Liu Xue Heng is both the chairman of the Board and the chief executive officer of the Company. The Board considered that Mr. Liu Xue Heng has in-depth knowledge and experience in the sports and entertainment related business in the PRC; and he is the most appropriate person. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make necessary arrangements.

Code Provision D.1.4

Under the code provision D.1.4, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment with Mr. Hu Yebi, Mr. Niu Zhongjie, Mr. Lok Yuen Ming, Mr. Xin Luo Lin and Mr. Pan Lihui. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules regarding securities transactions by directors and senior management. After specific enquiry, all Directors of the Company confirmed that they have complied with the required standard of dealings set out in the Model Code since the listing of the Shares on 16 January 2012.

AUDIT COMMITTEE

The Company has established the Audit Committee on 3 December 2011 in accordance with the requirements of the Corporate Governance Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal control. The Audit Committee comprises three independent non-executive Directors. The interim results for the Period are unaudited but have been reviewed by the Audit Committee. During the Period, two regular meetings of the Audit Committee had been held.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed Shares during the Period.

DIVIDEND

The Board does not recommend the payment of any interim dividend to shareholders for the Period. The declaration, payment, and amount of future dividends will be decided by the Board and will depend upon, among other things, the Group's result of operations, capital requirements, cash flows, general financial conditions, and such other factors as the Board may consider important.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The electronic version of this interim results announcement is published on the websites of the Company (http://bsei.todayir.com) and the Stock Exchange (www.hkexnews.hk).

The interim report of the Company for the Period will be despatched to the shareholders of the Company and published on the said websites in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings.

"Board"	the board of Directors
"Company"	Beijing Sports and Entertainment Industry Group Limited (formerly known as ASR Logistics Holdings Limited), an exempted company incorporated with limited liability under the laws of the Cayman Islands and the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Corporate Governance Code"	code on corporate governance practices as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Main Board"	the stock market operated by the Hong Kong Stock Exchange, which excludes the Growth Enterprise Market and the options market
"Model Code"	model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules

"MOP"	Macau Patacas, the lawful currency of Macau
"Period"	for the six months ended 30 June 2016
"PRC"	the People's Republic of China excluding, for the purpose of this interim results announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Share(s)"	share(s) of HK$0.005 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 29 August 2016

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.