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HK1803

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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1803)

DISCLOSEABLE TRANSACTION CAPITAL INJECTION INTO ZHONGHU HAIZHOU (SHENZHEN) BUSINESS EQUIPMENT CO., LIMITED

THE AGREEMENT

The Board is pleased to announce that on 22 June 2017 (after trading hours), BJ Sports Everwise, an indirect wholly owned subsidiary of the Company entered into the Agreement with the Target Company in relation to the capital injection into the Target Company.

Pursuant to the Agreement, the BJ Sports Everwise shall inject a sum of RMB63,750,000 (equivalent to approximately HK\$73,121,250) in cash into the Target Company. Thereafter, the Target Company will become an indirect non-wholly owned subsidiary of the Group and will be consolidated in the audited consolidated financial statement of the Group.

LISTING RULES IMPLICATIONS

As the applicable percentages ratio(s) as defined in the Rule 14.07 of the Listing Rules exceed 5% but are all less than 25%, the transaction under the Agreement constitutes a disclosable transaction for the Company and is subject to notification and announcement requirement pursuant to Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 22 June 2017 (after trading hours), BJ Sports Everwise, an indirect wholly owned subsidiary of the Company entered into the Agreement with the Target Company in relation to the capital injection into the Target Company.

THE AGREEMENT

Date: 22 June 2017

Parties: (1) Shenzhen Aisuo
(2) Mr. Liu
(3) BJ Sports Everwise
(4) Mr. Zhou

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Shenzhen Aisuo, Mr. Liu, Mr. Zhou, the Target Company and its existing shareholders are Independent Third Parties.

Capital Injection and Profit Guarantee

Pursuant to the Agreement, the BJ Sports Everwise shall inject a sum of RMB63,750,000 (equivalent to approximately HK\$73,121,250) in cash into the Target Company.

As at the date of this announcement, the Target Company has a total unpaid registered capital of RMB10,000,000. Pursuant to the Agreement, the Target Company will increase its registered capital from RMB10,000,000 to RMB20,408,100 and BJ Sports Everwise will inject a sum of RMB63,750,000 in cash into the Target Company of which RMB10,408,100 as registered capital and RMB53,341,900 as capital surplus.

The Target Company will be owned by the Company as to 51% upon completion of the capital injection. Thereafter, the Target Company will become an indirect non-wholly owned subsidiary of the Group and will be consolidated in the audited consolidated financial statement of the Group.

Upon completion of the capital injection, Shenzhen Aisuo has irrevocably warranted and undertaken to BJ Sports Everwise that the audited net profit after taxation of the Target Company shall not be less than RMB15,000,000, RMB20,000,000 and RMB25,000,000 for the three years ended 31 December 2018, 2019 and 2020, respectively (the “**Guaranteed Profits**”). If the audited net profit after taxation is below 90% of the Guaranteed Profits in any of the year ended 31 December 2018, 2019 and 2020, Shenzhen Aisuo will compensate the shortfall to BJ Sports Everwise in cash within 15 days after the publication of the audited accounts.

The above amount to be injected into the Target Company was determined after arm’s length negotiation between the parties with reference to, including but not limit to (i) the business prospect and the intrinsic value of the Target Company; and (ii) the factors stated in the section headed “Reasons for the capital injection” below. The aggregate amount to be paid by BJ Sports Everwise will be satisfied by internal resources of the Group.

Board Composition of the Target Company

Upon completion, the board of directors of the Target Company will comprise three directors, of whom two directors will be nominated by BJ Sports Everwise and one director will be nominated by Shenzhen Aisuo.

Condition and completion

Completion will be conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Target Company obtaining all the necessary consents and approval from the relevant PRC government authorities, including but not limited to the approval by the Target Company’s board resolutions and shareholders resolutions regarding the Agreement and the transaction contemplated thereunder;
- (ii) the Company obtaining the consents and approval from the relevant government authorities including the Stock Exchange;
- (iii) the Company obtaining the approval of the board resolutions and shareholder’s resolutions of BJ Sports Everwise regarding the Agreement and the transaction contemplated thereunder;

- (iv) Shenzhen Aisuo shall prompt to transfer all business contracts and its related rights and obligations that are being performed or will be performed to the Target Company;
- (v) Shenzhen Aisuo shall prompt to transfer all its registered trademarks, copyrights, and other relevant intellectual property rights to the Target Company; and
- (vi) Shenzhen Aisuo agreeing not to involve into any business which is the same or as similar to and competing with the Target Company.

INFORMATION OF THE GROUP

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

BJ Sports Everwise is an indirect wholly owned subsidiary of the Company which is incorporated in the Hong Kong with limited liability and is principally engaged in the investment holding of sport-related business in the PRC.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability. At the date of this announcement, the Target Company has an unpaid registered capital of RMB10,000,000. The Target Company will be engaged in building world-class real ice rink, indoor ski and ancillary facilities in the PRC. The Target Company was incorporated on 9 June 2017 in the PRC and financial information such as book value of assets or net profit is not yet available at the date of this announcement.

Shenzhen Aisuo is a company incorporated in the PRC with limited liability and is a holder of 99.99% equity interest in the Target Company before completion of the capital injection.

Mr. Liu is a shareholder of the Target Company who held 0.01% of the issued share capital of the Target Company before completion of the capital injection.

Mr. Zhou is the legal representative (法定代表人) of both (i) Shenzhen Aisuo and (ii) the Target Company; and a guarantor.

REASONS FOR THE CAPITAL INJECTION

As disclosed in the Company's annual report for the year ended 31 December 2015 and its interim report for the period ended 30 June 2016, the Group intended to explore business opportunities by entering the sport-related industry in the PRC. The Board considers that the proposed capital injection can strengthen the capital base of the Target Company to cater for future development and business growth, which will increase the performance of the Target Company, which in turn will increase the overall profits of the Group.

LISTING RULES IMPLICATIONS

As the applicable percentages ratio(s) as defined in the Rule 14.07 of the Listing Rules exceed 5% but are all less than 25%, the transaction under the Agreement constitutes a disclosable transaction for the Company and is subject to notification and announcement requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	an agreement dated 22 June 2017 entered into between BJ Sports Everwise and the Target Company in relation to the capital injection into the Target Company
“BJ Sports Everwise”	Beijing Sports Everwise Investment Limited, an indirect wholly owned subsidiary of the Company which is incorporated in Hong Kong with limited liability
“Board”	the board of Directors
“Company”	Beijing Sports and Entertainment Industry Group Limited, a company incorporated in the Cayman Islands, whose Shares are listed on the Main Board (stock code: 1803)
“Connected Persons”	having the meaning ascribed to such term in the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its Connected Persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mr. Liu”	劉雪飛先生 (Mr. Liu Xue Fei), a holder of 0.01% equity interest in the Target Company as at the date of this announcement
“Mr. Zhou”	周海波先生 (Mr. Zhou Hai Bo), the legal representative (法定代表人) of both (i) Shenzhen Aisuo and (ii) the Target Company; and a guarantor
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Aisuo”	深圳市艾斯諾投資諮詢有限公司 (Shenzhen Aisuo Investment Consulting Co., Limited), a company incorporated in the PRC with limited liability, a holder of 99.99% equity interest in the Target Company as at the date of this announcement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	中互海州(深圳)商業設施有限公司 (Zhonghu Haizhou (Shenzhen) Business Equipment Co., Limited), a company incorporated in the PRC with limited liability
“%”	per cent.

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

Hong Kong, 22 June 2017

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 purpose only*

The exchange rate adopted in this announcement for illustration purposes only is RMB1 = HKD 1.147.