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 2019

The Board of directors (the "**Board**" and the "**Directors**") of Beijing Sports and Entertainment Industry Group Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019 (the "**Period**"), together with comparative figures for the corresponding period in last year. The 2019 interim condensed consolidated results of the Group are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six-month period ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue	*4*	**36,068**	68,208
Cost of sales		**(34,788)**	(57,147)
Gross profit		**1,280**	11,061
Other income and gains		**7,399**	7,946
Selling and distribution expenses		**(4,154)**	(5,094)
Administrative expenses		**(30,074)**	(37,916)
Other expenses		**(24,058)**	(2,004)
Finance costs		**(1,511)**	(20)
Share of loss of an associate		**(32)**	–
LOSS BEFORE TAX	*5*	**(51,150)**	(26,027)
Income tax credit/(expense)	*6*	**1,840**	(1,005)
LOSS FOR THE PERIOD		**(49,310)**	(27,032)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Financial assets at fair value through other comprehensive income ("FVOCI"):			
Changes in fair value		**3,759**	(11,651)
Reclassification adjustments for gain/(loss) included in profit or loss – loss/(gain) on disposal		**362**	(144)
Income tax effect		**(680)**	1,946
		3,441	(9,849)
Exchange differences:			
Exchange differences on translation of foreign operations		**623**	100
Reclassification adjustments for foreign operations disposed of during the period		**–**	256
		623	356
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**4,064**	(9,493)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**4,064**	(9,493)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(45,246)**	(36,525)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2019

		Six-month period ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(45,246)**	(36,525)
Loss attributable to:			
Owners of the Company		**(32,634)**	(21,722)
Non-controlling interests		**(16,676)**	(5,310)
		(49,310)	(27,032)
Total comprehensive loss attributable to:			
Owners of the Company		**(28,712)**	(29,580)
Non-controlling interests		**(16,534)**	(6,945)
		(45,246)	(36,525)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic and diluted		**HK(2.50) cents**	HK(1.67) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019 HK$'000 (Unaudited)**	31 December 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**39,100**	48,702
Investment properties		**51,646**	–
Right-of-use assets		**37,559**	–
Prepaid land lease payment		**–**	23,371
Goodwill		**37,692**	37,692
Other intangible assets		**17,112**	22,887
Investment in an associate		**135**	166
Debt investments at FVOCI		**82,740**	57,378
Deferred tax assets		**15,517**	7,903
Trade receivables	*9*	**722**	377
Contract assets		**17,528**	16,778
Prepayments, other receivables and other assets		**14,256**	22,226
Total non-current assets		**314,007**	237,480
CURRENT ASSETS			
Inventories		**3,598**	4,832
Trade and bills receivables	*9*	**62,657**	70,695
Contract assets		**70,551**	77,842
Prepayments, other receivables and other assets		**29,548**	35,875
Debt investments at FVOCI		**21,377**	20,280
Financial assets at fair value through profit or loss ("FVPL")		**74,628**	74,013
Restricted bank deposits		**2,158**	1,415
Cash and bank balances		**109,784**	120,357
Total current assets		**374,301**	405,309

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2019

	Notes	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*11*	**61,030**	65,452
Other payables and accruals		**62,778**	46,871
Interest-bearing bank and other borrowings		**22,228**	4,944
Loan from a shareholder		**–**	1,228
Tax payable		**7,153**	6,768
Lease liabilities		**8,232**	–
Total current liabilities		**161,421**	125,263
NET CURRENT ASSETS		**212,880**	280,046
TOTAL ASSETS LESS CURRENT LIABILITIES		**526,887**	517,526
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**8,940**	–
Deferred tax liabilities		**2,528**	3,352
Lease liabilities		**43,174**	–
Total non-current liabilities		**54,642**	3,352
Net assets		**472,245**	514,174
EQUITY			
Equity attributable to owners of the Company			
Share capital	*10*	**6,549**	6,532
Reserves		**366,727**	392,139
		373,276	398,671
Non-controlling interests		**98,969**	115,503
Total equity		**472,245**	514,174

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Beijing Sports and Entertainment Industry Group Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The address of its registered office is 3rd Floor, Queensgate House, 113 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002 Cayman Islands. The principal place of business of the Company in Hong Kong is Room 101, 5/F., Greatmany Centre, 111 Queen's Road East, Wanchai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in the investments in the sports and entertainment related industry in the People's Republic of China (the "**PRC**") with focus in air dome construction, operation and management; as well as rendering air freight logistics service in the wholesale market.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2.2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements *2015-2017 Cycle*	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendment to HKAS 28 *Long-term Interests in Associates and Joint Venture* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and presented separately in the statement of financial position.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Relied on the entity's assessment of whether leases were onerous by applying HKAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review, and

- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) *HK$'000* (Unaudited)
Assets	
Increase in right-of-use assets	78,749
Decrease in prepaid land lease payments	(23,371)
Decrease in prepayments, other receivables and other assets	(3,681)
Increase in total assets	51,697
Liabilities	
Increase in lease liabilities	
Current	6,090
Non-current	45,607
Increase in total liabilities	51,697

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	HK$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	64,464
Weighted average incremental borrowing rate as at 1 January 2019	4.91%
Discounted operating lease commitments as at 1 January 2019	52,075
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	378
Lease liabilities as at 1 January 2019	51,697

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially and subsequently measured at cost, in accordance with the Group's policy for 'investment properties'.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period are as follow:

	Right-of-use assets		
	Land and buildings	**Investment properties**	**Lease liabilities**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January 2019	49,074	29,675	51,697
Transfer	(9,971)	9,971	–
Depreciation charge	(1,761)	(1,613)	–
Interest expense	–	–	1,234
Payments	–	–	(1,485)
Impairment	–	(2,930)	–
Foreign exchange difference, net	217	(182)	(40)
As at 30 June 2019	37,559	34,921	51,406

The Group recognised rental expenses from short-term leases of HK$2,701,000 and rental income from subleasing right-of-use assets of HK$181,000 for the six months ended 30 June 2019.

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments: (a) sports and entertainment segment investing in air dome construction, operation and management and other newly initiated businesses such as sports industry related consultation and management services; (b) logistics segment providing air freight services in the wholesale market and (c) others segment involved in other operating activities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, gain/loss from disposal of subsidiaries, investment income, finance costs as well as head office and corporate expenses are excluded from such measurement.

During the second half year of 2018, the Group has separated the Sports and entertainment and others business line into two segments: sports and entertainment and others, as a result of the Group's changes of reviewing and organizing in the business line since the second half year of 2018. In order to provide a more appropriate presentation for the operating segment information, the Group restated the related results of the comparative period of 2018.

For the six months ended 30 June 2019

	Sports and entertainment *HK$'000*	Logistics *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue				
Sales to external customers	**29,196**	**174**	**5,842**	**35,212**
Other revenue	**856**	**–**	**–**	**856**
				36,068
Segment results	**(50,657)**	**(1,343)**	**(388)**	**(52,388)**
Reconciliation:				
Interest income				**1,202**
Investment income				**5,420**
Corporate and unallocated expenses				**(3,873)**
Finance costs				**(1,511)**
Loss before tax				**(51,150)**
Other segment information:				
Impairment losses recognized in the statement of profit or loss:				
Impairment of trade receivables	**2,343**	**–**	**27**	**2,370**
Reversal of Impairment of contract assets	**(1,325)**	**–**	**–**	**(1,325)**
Impairment of intangible assets	**314**	**–**	**–**	**314**
Impairment of investment property	**5,900**	**–**	**–**	**5,900**
Impairment of property, plant and equipment	**16,161**	**–**	**–**	**16,161**
Depreciation and amortisation	**10,386**	**25**	**–**	**10,411**
Capital expenditure*	**109,303**	**–**	**–**	**109,303**

For the six months ended 30 June 2018

	Sports and entertainment *HK$'000* (Restated)	Logistics *HK$'000*	Others *HK$'000* (Restated)	Total *HK$'000*
Segment revenue				
Sales to external customers	67,517	261	430	68,208
Segment results	(22,474)	(5,342)	(582)	(28,398)
Reconciliation:				
Interest income				541
Investment income				6,724
Gain from disposal of subsidiaries				15
Corporate and unallocated expenses				(4,889)
Finance costs				(20)
Loss before tax				(26,027)
Other segment information:				
Reversal of impairment losses recognized in the statement of profit or loss:				
Reversal of impairment of trade receivables	(750)	–	–	(750)
Reversal of impairment of contract assets	(80)	–	–	(80)
Depreciation and amortisation	7,041	60	–	7,101
Capital expenditure*	14,268	–	–	14,268

As at 30 June 2019 and 2018, the Group's non-current assets were mainly located in China mainland and Hong Kong.

* *Capital expenditure consists of additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets including those assets from the acquisition of a subsidiary.*

4. REVENUE

An analysis of revenue is as follows:

	Six-month period ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Provision of air dome construction services	**23,174**	59,854
Rendering of operation and management services and other sports and entertainment services	**6,022**	7,663
Rendering of air freight services	**174**	261
Sales of goods	**5,842**	430
Revenue from other sources		
Gross rental income	**856**	–
	36,068	68,208

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2019

Segments	Sport and entertainment *HK$'000* (Unaudited)	Logistics *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Types of goods or services				
Provision of air dome construction services	**23,174**	**–**	**–**	**23,174**
Rendering of operation and management services and other sports and entertainment services	**6,022**	**–**	**–**	**6,022**
Rendering of air freight services	**–**	**174**	**–**	**174**
Sales of goods	**–**	**–**	**5,842**	**5,842**
	29,196	**174**	**5,842**	**35,212**
Geographical markets				
China Mainland	**29,196**	**174**	**5,842**	**35,212**
Timing of revenue recognition				
Goods/services transferred at a point in time	**548**	**–**	**5,842**	**6,390**
Services transferred over time	**28,648**	**174**	**–**	**28,822**
	29,916	**174**	**5,842**	**35,212**

For the six months ended 30 June 2018

Segments	Sports and entertainment *HK$'000* (Unaudited)	Logistics *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Types of goods or services				
Provision of air dome construction services	59,854	–	–	59,854
Rendering of operation and management services and other sports and entertainment services	7,663	–	–	7,663
Rendering of air freight services	–	261	–	261
Sales of goods	–	–	430	430
	67,517	261	430	68,208
Geographical markets				
China Mainland	67,517	261	430	68,208
Timing of revenue recognition				
Goods transferred at a point in time	–	–	430	430
Services transferred over time	67,517	261	–	67,778
	67,517	261	430	68,208

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2019

Segments	**Sport and entertainment** *HK$'000* **(Unaudited)**	**Logistics** *HK$'000* **(Unaudited)**	**Others** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Revenue from contracts with customers				
External customers	**29,196**	**174**	**5,842**	**35,212**

For the six months ended 30 June 2018

Segments	Sports and entertainment *HK$'000* (Unaudited)	Logistics *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Revenue from contracts with customers				
External customers	**67,517**	**261**	**430**	**68,208**

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six-months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**5,754**	492
Cost of air dome construction	**10,813**	43,867
Cost of services provided	**1,079**	3,620
Depreciation of right-of-use assets	**1,517**	–
Depreciation and amortisation of other assets	**8,894**	7,101
Minimum lease payments under operating leases	**2,701**	5,571
Staff costs	**16,607**	20,169
Equity-settled share option expense	**766**	2,853
Impairment/(reversal of impairment) of financial and contract assets:		
Impairment/(reversal of impairment) of trade receivables	**2,370**	(750)
Reversal of impairment of contract assets	**(1,325)**	(80)
Impairment/(reversal of impairment) of other receivables	**(1,694)**	2
Impairment/(reversal of impairment) of debt investments at FVOCI	**1,359**	(147)
Impairment of investment properties	**5,900**	–
Impairment of property, plant and equipment	**16,161**	–
Impairment of intangible assets	**314**	–
Gain on disposal of property, plant and equipment	**(21)**	(11)
Foreign exchange differences, net	**962**	2,845

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2018: 16.5%) on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2019.

The Group's operations in Mainland China are subject to PRC corporate income tax. The standard PRC corporate income tax rate is 25%, except for one PRC subsidiary which is entitled to a preferential tax rate at 15%.

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 interim condensed consolidated statement of comprehensive income represent:

	Six-month period ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax – Hong Kong	**(26)**	1,109
Current income tax – Mainland China	**7,449**	1,560
Deferred income tax	**(9,263)**	(1,664)
Income tax (credit)/expense	**(1,840)**	1,005

7. DIVIDEND

The Board do not recommend any payment of interim dividend to shareholders of the Company for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 1,307,466,344 (six months ended 30 June 2018: 1,300,588,664) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2019 and 2018 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. TRADE AND BILLS RECEIVABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Trade and bills receivables	**76,017**	81,357
Impairment	**(12,638)**	(10,285)
	63,379	71,072
Trade receivables		
Non-current	**722**	377
Current	**60,137**	61,568
	60,859	61,945
Bills receivables		
Current	**2,520**	9,127
	63,379	71,072

The Group's sales are mainly made on (i) cash on delivery; (ii) credit terms of 30 to 90 days; and (iii) the terms of the respective construction contracts. The carrying amounts of trade and bills receivables approximated their fair values. The maximum exposure to credit risk as at the end of the reporting period is the fair values of the trade and bills receivables.

An age analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Within 1 year	**29,412**	40,410
1 to 2 years	**27,856**	13,630
2 to 3 years	**2,923**	6,142
3 years and above	**668**	1,763
	60,859	61,945

10. SHARE CAPITAL

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Authorised:		
4,000,000,000 ordinary shares of HK$0.005 each (2018: 4,000,000,000 of HK$0.005 each)	**20,000**	20,000
Issued and fully paid:		
1,309,769,000 ordinary shares of HK$0.005 each (2018: 1,306,430,400 of HK$0.005 each)	**6,549**	6,532

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share Capital
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 January 2019	1,306,430,400	6,532
Exercise of share options	3,338,600	17
At 30 June 2019	1,309,769,000	6,549

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**40,921**	27,042
1-2 months	**2,386**	18,199
2-3 months	**7,745**	5,018
Over 3 months	**9,978**	15,193
	61,030	65,452

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 60 days upon receipts of suppliers' invoices.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Sports and Entertainment Business

In January 2019, the National Bureau of Statistics and the General Administration of Sports of China jointly issued the "**2017 National Sports Industry Total Scale and Value Added Data Announcement**". In 2017, the total production scale of the sports industry in China was RMB2.2 trillion, recorded an increase of RMB781.1 billion. There was an increase of 15.7% compared with 2016, and the added value increased by 20.6%. The data in the report shows that the construction of fitness facilities such as stadiums, fitness trails and sports parks in China has been increased continuously with a growth rate of 94.7%, this reflected a rapid development in constructing of sports facilities in China.

According to the State Council document "**關於加快體育產業、促進體育消費的若干意見**", the total monetary value of the sport industry is expected to reach RMB5 trillion by 2025. The sport industry will become increasingly market-oriented, while the sports service sector is expected to embrace rapid growth. Meanwhile, the "**中國冬季奧運會發佈報告**" suggests that a successful Winter Olympics will usher in unprecedented development opportunities for the nation's winter sports industry. When the Winter Olympics is to be held in Beijing in 2022, China is expected to have 45 million skiers by turnout. The central government has implemented policies to streamline the development of the winter sports industry to encourage universal involvement in and arouse people's enthusiasm for sports activities. With the support of national policies and the constant increase in public awareness towards their own health, the robust development of sport market demand shall bring about new opportunities to the current and future sport industry.

The Group through its non-wholly owned subsidiary, MetaSpace (Beijing) Air Dome Corp* ("**MetaSpace**"), is the leading integrated service provider of construction, operation and management of air dome facilities in the PRC. These air-supported domes are widely adapted for use in multi-functional facilities such as sport and recreational facilities, logistic and warehousing centres, industrial storage facilities as well as commercial exhibition space. Unlike the conventional structure, the air dome structure is less costly to build and to operate, more energy efficient and has short construction period and is easy to relocate and expand over an open space. Up to the six months ended 30 June 2019, MetaSpace has already constructed over 200 air dome facilities throughout the PRC. Currently, our major customers including sports & event organizers, government departments, real estate developers, and warehouse operators. The Group will continue to invest in research and development in deploying start-of-the art technology in building high performance air dome facilities. The Group will continue to strive for combining advances in aeromechanics, new materials, ergonomics, energy saving and environmental protection to provide space for multi-functional facilities in order to satisfy and meet customers' need from different industry sectors. MetaSpace has obtained over 100 intellectual property rights (including invention patents, patented air fight and insulation system, software, copyrights & trademarks, etc.) covering all key technologies in the construction and installation of air dome structure.

During the Period under review, the global market is volatile because of the trade war between China and United States as well as the uncertainties about Brexit process in the United Kingdom. The increasingly challenging marco environment and global economic slowdown also affect the economic growth in China. These uncertainties lead to delay in market demand of air dome in China for use in sport, warehouse and other functional purpose thus resulting a significant drop of the revenue in this segment. However, the management are confident that it will have a better performance in the second half this year.

For the six month ended 30 June 2019, the revenue of sports and entertainment segment was approximately HK$30.1 million compare with approximately HK$67.5 million in the corresponding period and represented a decrease of approximately 55.5%. The decrease was mainly due to to the uncertainty of the global macro environment leads to delay in the demand of air dome for use in sport, warehouse and other functional purpose for the first half of this year.

For the six months ended 30 June 2019, the Group's revenue was mainly attributable to the construction service of air dome facilities which amounted to approximately HK$23.2 million of which approximately 44% was for use in sport facilities and approximately 55% for use in warehouse facilities and the balance of approximately 1% for other functional purposes. During the period, the Group also focused on operation and management of sport air dome facilities in Beijing, Nanchang and Taiyuan which contributed revenue of approximately HK$3.8 million to the Group.

Logistics Business

During the Period, the worldwide air cargo business is still highly competitive and our Group continued to face directly and indirectly completion with other integrated logistics services providers on a local, regional and international basis in the form of pricing and customers' network.

The global market is volatile because of the trade war between China and United States and the current situation in Hong Kong is relatively tight and the prospect is uncertain. These challenges put our air cargo logistics business under pressure to drive growth, the management is more conservative and cautious on the development of logistic business. However, our Group will continue to strengthen its sales and marketing team in order to explore potential business opportunities in other markets in the near future.

EVENT AFTER THE REPORTING PERIOD

On 8, 10 and 11 July 2019, the Group repurchased on the market a total of 7,750,000 shares, representing approximately 0.59% of the issued share capital of the company before relevant share repurchase. The average purchase price was approximately HK$0.4281. The aggregate consideration for the buy-back of shares was HK$3,317,525 (before brokerage and expenses). The total 7,750,000 repurchased shares have been cancelled on 25 July 2019.

Overall Financial Results

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 with focus in air dome construction, operation and management; as well as rendering air freight logistics services in the wholesale market.

During the Period, the Group's revenue was approximately HK$36.1 million, representing an decrease of approximately 47.1% from that of approximately HK$68.2 million during the same period of last year. Gross profit was approximately HK$1.3 million comparing to the gross profit of approximately HK$11.1 million during the corresponding period of last year. The overall gross profit ratio decreased from approximately 16.2% to approximately 3.5%.

The decrease in revenue was mainly due to the uncertainty of the global macro environment leads to delay in the demand of air dome for use in sport, warehouse and other functional purpose for the first half of this year.

The low gross profit and gross margin mainly attributable to the (i) decrease in the turnover and corresponding decrease in gross profit and; (ii) the amortization of the intangible assets arising from the acquisition of Metaspace amounting to approximately of HK$5.3 million which was recognised in the cost of sales in the six months ended 30 June 2019 and the corresponding period of 2018. If excluded this amortization of intangible assets, the gross profit should be approximately HK$6.6 million and the gross profit ratio shall be approximately 18.3% as compared to the corresponding period of HK$16.4 million and approximately 24.0% respectively.

Loss for the Period attributable to owners of the Company was approximately HK$32.6 million as compared to approximately HK$21.7 million for the six months period ended 30 June 2018. Basic loss per share of the Company was approximately HK2.50 cents.

As at 30 June 2019, the balance of cash and bank balances was approximately HK$109.8 million (31 December 2018: approximately HK$120.4 million).

Liquidity, Financial Resources and Capital Structure

The Group's net cash outflow from operating activities for the Period amounted to approximately HK$22.3 million (2018 corresponding period: approximately HK$40.9 million). As at 30 June 2019, cash and bank balances amounted to approximately HK$109.8 million, representing a decrease of approximately HK$10.6 million as compared with the position as at 31 December 2018.

As at 30 June 2019, the Group had interest-bearing borrowings of approximately HK$31.2 million (as at 31 December 2018: HK$6.2 million). The gearing ratio (which is calculated by dividing total borrowings by total assets) was 4.53% (31 December 2018: 0.96%). During the six months ended 30 June 2019 and 2018, the Group did not hedge its exposure to interest rate risk.

As at 30 June 2019, the Group had current assets of approximately HK$374.3 million (31 December 2018: approximately HK$405.3 million) and current liabilities of approximately HK$161.4 million (31 December 2018: approximately HK$125.3 million). The current ratio (which is calculated by dividing current assets by current liabilities) was approximately 2.32 (31 December 2018: approximately 3.24).

Other Income and Gains

The Group recorded other income and gains of approximately HK$7.4 million during the Period and it mainly composed of interest income earned from corporate bonds for approximately HK$3.9 million and investment income earned from wealth management products for approximately HK$1.5 million during the Period.

Administrative Expenses

During the Period, the administrative expenses were approximately HK$30.1 million, which represented a decrease of approximately HK$7.8 million, or 20.7%, from approximately HK$37.9 million in the six months ended 30 June 2018. The decrease mainly contributed by the decrease in staff cost of approximately HK$3.3 million, the share-based payment of approximately HK$2.1 million and the rental expenses of approximately HK$1.8 million.

Other Expenses

The other expenses mainly represented the impairment of construction in progress of approximately HK$16.2 million relating to the construction process of a sport and recreation park being terminated. Also, there was an impairment of investment properties of approximately HK$5.9 million related to an air dome facility in Taiyuan.

Debt investments at Fair Value through Other Comprehensive Income

Debt investments at fair value through other comprehensive income represents corporate bonds purchased by the Group through two financial institutions in Hong Kong. These corporate bonds are measured at fair value and is determined by reference to the quoted bid prices at the reporting date in the over-the-counter markets. During the six months ended 30 June 2019, the investment income recognised in the statement of profit or loss and the fair value gain net of tax effect, recognised in the statement of other comprehensive income or loss amounted to HK$3.9 million (corresponding period of 2018: HK$4.0 million) and HK$3.4 million (corresponding period of 2018: loss of HK$9.8 million), respectively.

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. 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 shortrun 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.

Name of bond issuer	**Name of bond**	**Investment cost** *USD'000*	**Fair Value as at 30 June 2019** *USD'000*	**Percentage to the Group's total assets as at 30 June 2019** *%*	**Change in fair value recognised for the six months ended 30 June 2019** *USD'000*
Fantasia Holdings Group Company Ltd.	FANTASIA HOLDINGS GROUP 7.375% 4/10/2021	500	465	0.53%	96
Central China Real Estate Ltd.	CENTRAL CHN REAL ESTATE 6.75% 8/11/2021	504	510	0.58%	29
China Evergrande Group	CHINA EVERGRANDE GROUP 8.25% 23/3/2022	512	493	0.56%	3
China Evergrande Group	CHINA EVERGRANDE GROUP 6.25% 28/6/2021	488	480	0.54%	(17)
China Evergrande Group	CHINA EVERGRANDE GROUP 7.5% 28/6/2023	492	448	0.51%	(16)
China Evergrande Group	CHINA EVERGRANDE GROUP 8.75% 28/6/2025	500	445	0.50%	(2)
Oceanwide Holdings Co., Ltd.	OCEANWIDE HLDGS INTL 17 7.75% 27/7/2020	830	765	0.87%	26
Modern Land (China) Co., Ltd.	MODERN LAND CHINA CO LTD 12.85% 25/10/2021	498	508	0.58%	2
Panda Green Energy Group Ltd.	PANDA GREEN ENERGY GROUP 8.25% 25/1/2020	509	461	0.52%	173
Qinghai Provincial Investment Group Co., Ltd.	QINGHAI INVEST GROUP 7.25% 22/2/2020	525	415	0.47%	59
China South City Holdings Ltd.	CHINA SOUTH CITY HOLDING 5.75% 9/3/2020	488	485	0.55%	97

Name of bond issuer	Name of bond	Investment cost	Fair Value as at 30 June 2019	Percentage to the Group's total assets as at 30 June 2019	Change in fair value recognised for the six months ended 30 June 2019
		USD'000	*USD'000*	*%*	*USD'000*
Powerlong Real Estate Holdings Ltd.	POWERLONG REAL ESTATE 5.95% 19/7/2020	496	514	0.58%	13
361 Degrees International Ltd.	361 DEGREES INTERNATIONAL 7.25% 3/6/2021	535	430	0.49%	(65)
Qinghai Provincial Investment Group Co., Ltd.	QINGHAI INVEST GROUP 6.4% 10/7/2021	513	365	0.41%	34
Guangzhou R&F Properties Co., Ltd.	EASY TACTIC LTD 5.75% 13/1/22	498	505	0.57%	36
Nuoxi Capital Ltd.	NUOXI CAPITAL LTD 5.35% 24/1/2023	497	455	0.52%	22
Jinshine International Co., Ltd	JINSHINE INTERNATIONAL 6.75% 27/3/2021	496	505	0.57%	45
Baoxin Auto Finance I Ltd.	BAOXIN AUTO FINANCE I LT 7.9% 9/2/2020	1000	1,022	1.16%	4
Chengdu Economic and Technological Development Zone State-Owned Assets Investment Co., Ltd.	CD ECO TECH SA 7.5% 12/2/2022	801	825	0.93%	3
Kaisa Group Holdings Ltd	KAISA GROUP HOLDINGS LTD 11.75% 26/2/2021	498	547	0.62%	34
China South City Holdings Ltd.	CHINA SOUTH CITY HOLDING 11.875% 27/3/2021	499	492	0.56%	(17)

Name of bond issuer	Name of bond	Investment cost	Fair Value as at 30 June 2019	Percentage to the Group's total assets as at 30 June 2019	Change in fair value recognised for the six months ended 30 June 2019
		USD'000	*USD'000*	*%*	*USD'000*
Fantasia Holdings Group Ltd	FANTASIA HOLDINGS GROUP 11.75% 17/4/2022	334	342	0.39%	2
Tewoo Group Finance No.3 Ltd	TEWOO GROUP FIN NO 3 4.625% 6/4/2020	449	353	0.40%	(107)
Gemstonces International Limited	GEMSTONES INTERNATIONAL 8.5% 15/8/2020	196	200	0.23%	2
Kaisa Group Holdings Ltd.	KAISA GROUP HOLDINGS LTD 11.5% 30/1/2023	427	437	0.49%	10
Kaisa Group Holdings Ltd.	KAISA GROUP HOLDINGS LTD 11.25% 9/4/2022	366	360	0.41%	(4)
Agile Group Holdings Ltd.	AGILE GROUP HOLDINGS LTD FIX-TO VARIABLE (PERP) 8.375%	500	522	0.59%	20
Total		13,951	13,348	15.13%	482
Equivalent to HK'000		108,818	104,117		3,759

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss represents the subscription of wealth management products issued by licensed banks in the PRC. These wealth management products are measured at fair value and were subscribed by the Company through some non-wholly owned subsidiaries for short-term treasury management purpose. For the six months ended 30 June 2019, the investment income in respect of these wealth management products from some non-wholly owned subsidiaries recognised in the statement of profit or loss amounted to approximately HK$1.5 million (2018: HK$2.4 million).

Wealth management products	Revolving term	Expected Yield	Fair value as at 30 June 2019	Percentage to the Group's total assets as at 30 June 2019	Investment cost
			RMB'000	*%*	*RMB'000*
Unusual Wealth Management Cui Zhu 9w Zhou Si Gong Xiang 06 (Special) FGAB09012B（非凡資產管理翠竹9w理財產品週四公享06款（特）FGAB09012B）	redeemable	4.45%	19,326	3.17%	19,200
Wealth Bus Ambition No.2（財富班車進取2號）	redeemable on due date	3.95%	10,064	1.65%	10,000
Wealth Bus Ambition No.2（財富班車進取2號）	redeemable on due date	3.85%	7,000	1.16%	7,000
Bank of China Ri ji yue lei 1 day plan 中銀日積月累－日計劃	redeemable	3.00%	2,005	0.33%	2,000
Li duoduo No.1 Cash Management 利多多現金管理1號	redeemable	2.20%	500	0.08%	500
Ri Yi Yue Xin 90030（日益月鑫90030）	redeemable on due date	3.75%	500	0.08%	500
Ri Yi Yue Xin 92060（日益月鑫92060）	redeemable on due date	3.83%	9,500	1.57%	9,500
ICBC legal person "Tian Li Bao" Net Worth Plan 中國工商銀行法人「添利寶」淨值型	redeemable	3.40%	1,200	0.20%	1,200
Ri Yi Yue Xin 92060（日益月鑫92060）	redeemable on due date	3.83%	15,500	2.56%	15,500
Total			65,595		65,400
Equivalent to HK$'000			74,628		74,406

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 the Group's subsidiaries and the issuers after having considered the available surplus cash of the Group's subsidiaries for cash management purpose.

The purchase of the wealth management products was 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 release of any of these wealth management products at appropriate time for general working capital purpose or any future business opportunities when opportunities arise.

Capital Expenditure

The Group's capital expenditure was approximately HK$109.3 million during the Period (2018 corresponding period: approximately HK$14.3 million), representing the additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets including those assets from acquisition of a subsidiary during the Period.

Capital Commitment

As at 30 June 2019, the Groups capital commitments amounted to approximately HK$30.8 million (31 December 2018: approximately HK$135.9 million).

Contingent Liabilities

As at 30 June 2019, the Group did not have any significant contingent liability (31 December 2018: Nil).

Charges on assets

As at 30 June 2019, except for the charge over the construction in progress and right-of-use assets with the carrying value of HK$30.8 million and HK$23.6 million respectively for securing the Group's interest-bearing bank borrowings (31 December 2018: Nil), the Group did not have any charges on assets.

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.

LITIGATION

As at 30 June 2019, the Group had no material pending litigation.

HUMAN RESOURCES

As at 30 June 2019, the Group had 136 full-time employees (31 December 2018: 145). 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$16.6 million (2018 corresponding period: approximately HK$20.2 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 ten 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 is incorporated in the Cayman Islands and has its shares listing on the Hong Kong Stock Exchange since 16 January 2012 (the "**Listing Date**"). The corporate governance rules applicable to the Company is the code on corporate governance practices as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). 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 2019 respectively, except for the deviation from code provisions A.2.1, A.6.7 and 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 A.6.7

Under Code Provision A.6.7, independent non-executive Directors and other non-executive Directors should attend general meetings to develop a balanced understanding of the views of Shareholders. During the Period, not all independent non-executive Directors attended the general meetings of the Company, which complied with Code Provision A.6.7.

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. 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 provision of the Model Code for Securities Transactions by Directors of listed Issuers (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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient public float as required under the Listing Rules.

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 RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company (**www.bsehk.com**) and The Stock Exchange of Hong Kong Limited (**www.hkexnews.hk**). The 2019 interim report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

APPRECIATION

The Board would like to express our appreciation to our shareholders, customers, banks and business partners for their continuous trust and support, and also to all of our staff for their dedicated efforts in facilitating the Group's business restructuring and perseverance in face of challenges.

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

Hong Kong, 28 August 2019

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