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 2020

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 2020 (the "**Period**"), together with comparative figures for the corresponding period in last year. The 2020 interim condensed consolidated results of the Group are unaudited, but have been reviewed by the audit committee of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six-month period ended 30 June 2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Revenue	*4*	**19,216**	36,068
Cost of sales		**(21,588)**	(34,788)
Gross profit/(loss)		**(2,372)**	1,280
Other income and gains	*4*	**23,482**	7,399
Selling and distribution expenses		**(2,725)**	(4,154)
Administrative expenses		**(19,948)**	(30,074)
Impairment losses on financial and contract assets		**(4,226)**	(710)
Other expenses and losses		**(10,635)**	(23,348)
Finance costs		**(1,326)**	(1,511)
Share of loss of an associate		**(29)**	(32)
LOSS BEFORE TAX	*5*	**(17,779)**	(51,150)
Income tax credit/(expense)	*6*	**(683)**	1,840
LOSS FOR THE PERIOD		**(18,462)**	(49,310)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		**(1,270)**	3,759
Reclassification adjustments for loss included in profit or loss:			
Loss on disposal		**3,043**	362
Impairment losses		**(1,033)**	–
Income tax effect		**(122)**	(680)
		618	3,441
Exchange differences:			
Exchange differences on translation of foreign operations		**487**	623
		487	623
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**1,105**	4,064
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1,105**	4,064
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(17,357)**	(45,246)

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

For the six months ended 30 June 2020

		Six-month period ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Loss attributable to:			
Owners of the Company		**(9,818)**	(32,634)
Non-controlling interests		**(8,644)**	(16,676)
		(18,462)	(49,310)
Total comprehensive loss attributable to:			
Owners of the Company		**(7,224)**	(28,712)
Non-controlling interests		**(10,133)**	(16,534)
		(17,357)	(45,246)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic and diluted		**HK(0.75) cents**	HK(2.50) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**63,682**	62,532
Investment properties		**20,075**	20,842
Right-of-use assets		**36,698**	39,666
Goodwill		**37,692**	37,692
Other intangible assets		**6,056**	11,589
Investment in an associate		**78**	106
Prepayments, other receivables and other assets		**5,543**	7,967
Contract assets		**9,978**	11,637
Trade receivables	*9*	**1,316**	1,670
Debt investments at fair value through other comprehensive income		**37,706**	67,576
Financial assets at fair value through profit or loss		**40,288**	25,203
Deferred tax assets		**19,697**	17,671
Total non-current assets		**278,809**	304,151
CURRENT ASSETS			
Inventories		**11,037**	7,615
Trade and bills receivables	*9*	**70,123**	84,007
Contract assets		**63,258**	69,200
Prepayments, other receivables and other assets		**42,017**	9,772
Debt investments at fair value through other comprehensive income		**20,370**	29,098
Financial assets at fair value through profit or loss		**41,529**	72,056
Restricted bank deposits		**7,891**	5,584
Cash and bank balances		**116,910**	128,657
Total current assets		**373,135**	405,989

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2020

	Notes	**30 June 2020 HK$'000 (Unaudited)**	31 December 2019 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	*10*	**76,142**	107,496
Other payables and accruals		**62,736**	70,042
Interest-bearing bank and other borrowings		**29,325**	33,480
Lease liabilities		**4,690**	11,223
Tax payable		**8,797**	10,484
Total current liabilities		**181,690**	232,725
NET CURRENT ASSETS		**191,445**	173,264
TOTAL ASSETS LESS CURRENT LIABILITIES		**470,254**	477,415
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**25,983**	22,600
Lease liabilities		**14,535**	10,712
Deferred tax liabilities		**5,422**	2,432
Total non-current liabilities		**45,940**	35,744
Net assets		**424,314**	441,671
EQUITY			
Equity attributable to owners of the Company			
Share capital	*11*	**6,510**	6,510
Reserves		**324,957**	332,181
		331,467	338,691
Non-controlling interests		**92,847**	102,980
Total equity		**424,314**	441,671

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 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 16 January 2012. 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 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 of air freight services in the wholesale market.

In the opinion of the Directors, the major shareholder of the Company is Beijing Enterprises Medical and Health Industry Group Limited which was incorporated in the Cayman Islands, and the shares of which are listed on the Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. Basis of preparation

The interim condensed consolidated financial information for the six-month period ended 30 June 2020 has 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 information does 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 2019.

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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the six-month period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office building and sports stadium have been waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the six-month period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$508,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six-month period ended 30 June 2020.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's 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 engaging 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 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, fair value gain on financial assets at fair value through profit or loss ("**FVPL**"), investment return from financial assets at FVPL, interest income from debt investments at fair value through other comprehensive income ("**FVOCI**"), loss on disposal of debt investments at FVOCI, impairment of debt investments at FVOCI, net, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

For the six months ended 30 June 2020

	Sports and entertainment *HK$'000*	Logistics *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue				
Sales to external customers	**16,757**	**–**	**2,459**	**19,216**
Segment results	**(26,020)**	**(40)**	**(574)**	**(26,634)**
Reconciliation:				
Interest income				**570**
Fair value gain on financial assets at FVPL				**15,665**
Investment return from financial assets at FVPL				**2,705**
Interest income from debt investments at FVOCI				**3,425**
Loss on disposal of debt investments at FVOCI				**(3,043)**
Impairment of debt investments at FVOCI, net				**1,033**
Corporate and unallocated expenses				**(11,048)**
Finance costs (other than interest on lease liabilities)				**(452)**
Loss before tax				**(17,779)**
Other segment information:				
Impairment of trade receivables, net	**180**	**–**	**57**	**237**
Impairment of contract assets, net	**5,022**	**–**	**–**	**5,022**
Impairment of investment property, net	**(155)**	**–**	**–**	**(155)**
Impairment of property, plant and equipment	**137**	**–**	**–**	**137**
Gain on disposal of property, plant and equipment	**(21)**	**–**	**–**	**(21)**
Depreciation and amortisation	**9,528**	**–**	**–**	**9,528**
Impairment of inventories	**290**	**–**	**–**	**290**
Capital expenditure*	**4,804**	**–**	**–**	**4,804**

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	(46,475)	(1,311)	(388)	(48,174)
Reconciliation:				
Interest income				1,202
Investment return from financial assets at FVPL				1,546
Interest income from debt investments at FVOCI				3,920
Loss on disposal of debt investments at FVOCI				(46)
Impairment of debt investments at FVOCI, net				(1,359)
Corporate and unallocated expenses				(6,728)
Finance costs (other than interest on lease liabilities)				(1,511)
Loss before tax				(51,150)
Other segment information:				
Impairment of trade receivables, net	2,343	–	27	2,370
Impairment of contract assets, net	(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
Gain on disposal of property, plant and equipment	(21)	–	–	(21)
Depreciation and amortisation	10,386	25	–	10,411
Capital expenditure*	109,303	–	–	109,303

* *Capital expenditure consists of additions to property, plant and equipment.*

All of the Group's revenue are from external customers located in Mainland China.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six-month period ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**19,216**	35,212
Revenue from other sources		
Gross rental income from investment property operating leases	**–**	856
	19,216	36,068

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2020

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	13,134	–	–	13,134
Rendering of operation and management services and other sports and entertainment services	3,623	–	–	3,623
Rendering of air freight services	–	–	–	–
Sales of goods	–	–	2,459	2,459
Total revenue from contracts with customers	16,757	–	2,459	19,216
Timing of revenue recognition				
Goods/services transferred at a point in time	7,763	–	2,459	10,222
Services transferred over time	8,994	–	–	8,994
Total revenue from contracts with customers	16,757	–	2,459	19,216

For the six months ended 30 June 2019

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	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
Total revenue from contracts with customers	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
Total revenue from contracts with customers	29,196	174	5,842	35,212

	2020 ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Unaudited)
Other income		
Bank interest income	**100**	139
Other interest income	**470**	1,063
Interest income from debt investments at FVOCI	**3,425**	3,874
Gross rental income from investment property operating leases	**1,028**	–
	5,023	5,076
Gains		
Fair value gain on financial assets at FVPL	**15,665**	–
Investment return from financial assets at FVPL	**2,705**	1,546
Others	**89**	777
	18,459	2,323
	23,482	7,399

5. LOSS BEFORE TAX

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

	Six-month ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of construction contracts	**8,956**	10,813
Cost of services provided	**473**	1,079
Cost of inventories sold	**2,454**	5,754
Depreciation of property, plant and equipment	**1,174**	1,406
Depreciation of investment properties	**546**	1,932
Depreciation of right-of-use assets	**2,279**	1,517
Amortisation of intangible assets	**5,529**	5,556
Research and development costs	**3,594**	3,560
Lease payments not included in the measurement of lease liabilities	**237**	2,701
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	**10,807**	14,184
Pension scheme contributions	**2,070**	2,423
Equity-settled share option expense	**–**	766
Foreign exchange differences, net	**6,174**	962
Impairment of property, plant and equipment	**137**	16,161
Impairment of investment properties, net	**(155)**	5,900
Impairment of intangible assets	**–**	314
Impairment of inventories	**290**	–
Impairment of financial and contract assets:		
Impairment of trade receivables, net	**237**	2,370
Impairment of contract assets, net	**5,022**	(1,325)
Impairment of debt investments at FVOCI, net	**(1,033)**	1,359
Impairment of other receivables, net	**–**	(1,694)
Gain on disposal of property, plant and equipment	**(21)**	(21)
Loss on disposal of debt investments at FVOCI	**3,043**	46

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for the Company (2019: the Company) which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2019/2020. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of the Company (2019: the Company) is taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%).

The Group's operations in Mainland China are subject to PRC corporate income tax. The standard PRC corporate income tax rate is 25% (2019: 25%), except for one PRC subsidiary which is entitled to a preferential tax rate at 15% (2019: 15%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

	Six-month period ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**161**	(26)
Current – Mainland China		
Charge for the period	**48**	7,449
Overprovision in prior periods	**(136)**	–
Deferred	**610**	(9,263)
Total tax charge/(credit) for the period	**683**	(1,840)

7. DIVIDEND

The Board do not recommend any payment of interim dividend to shareholders of the Company for the six months ended 30 June 2020 (six months ended 30 June 2019: 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 of HK$9,818,000 (2019: HK$32,634,000), and the weighted average number of ordinary shares of 1,302,019,000 (six months ended 30 June 2019: 1,307,466,344) 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 2020 and 2019 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 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade and bills receivables	**94,739**	109,161
Impairment	**(23,300)**	(23,484)
	71,439	85,677
Trade receivables		
Non-current	**1,316**	1,670
Current	**63,118**	84,007
	64,434	85,677
Bills receivable		
Current	**7,005**	–
	71,439	85,677

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. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In the view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the terms set out in the contracts and net of loss allowance, is as follows:

	30 June 2020 *HK$'000* (Unaudited)	31 December 2019 *HK$'000* (Audited)
Within 1 year	**41,476**	60,207
1 to 2 years	**19,259**	20,722
2 to 3 years	**2,906**	3,447
3 years and above	**793**	1,301
	64,434	85,677

At 30 June 2020, the Group's bills receivable would mature within twelve months (31 December 2019: nil).

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date or issue date, is as follows:

	30 June 2020 *HK$'000* (Unaudited)	31 December 2019 *HK$'000* (Audited)
Within 1 month	**11,589**	55,322
1-2 months	**1,620**	25,288
2-3 months	**5,000**	7,718
Over 3 months	**57,933**	19,168
	76,142	107,496

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, while bills payable are normally settled on terms of 180 days upon issuance of bills.

11. SHARE CAPITAL

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
4,000,000,000 (2019: 4,000,000,000) ordinary shares of HK$0.005 each	**20,000**	20,000
Issued and fully paid:		
1,302,019,000 (2019: 1,302,019,000) ordinary shares of HK$0.005 each	**6,510**	6,510

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "**Board**" and the "**Directors**") of Beijing Sports and Entertainment Industry Group Limited (the "**Company**"), I am pleased to present the 2020 interim report and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred as the "**Group**") for the six months ended 30 June 2020 (the "**Period**").

BUSINESS REVIEW AND OUTLOOK

Sports and Entertainment Business

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. As of 30 June 2020, 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.

On the first half of 2020, the outbreak of COVID-19 epidemic in the People's Republic of China (the "**PRC**"), the PRC government has implemented several anti-epidemic measures throughout multiple cities in the PRC. There was a delay in the resumption of works after the Chinese New year holiday and other work restrictions were imposed by the PRC government which led to delay our progress of air dome construction projects and our operation in sports and entertainment services operations. The above anti-epidemic measures and work restrictions has significantly affected the Group's progress of current construction projects and to tender new construction projects.

By the effect of COVID-19 and the related anti-epidemic measure, the Group's revenue was dropped significantly from approximately HK$36.1 million for the corresponding period to approximately HK$19.2 million for the six months ended 30 June 2020, represented a decreased of approximately 46.8%. The decrease was mainly because of the suspension of the current construction projects during the work restrictions period.

For the six months ended 30 June 2020, the Group's revenue was mainly attributable to the construction service of air dome facilities which amounted to approximately HK$13.1 million and all the air dome were for use as sport facilities. Other than construction services, the Group also focused on operation and management of sport air dome facilities which contributed revenue of approximately HK$1.0 million to the Group.

According to data from the National Bureau of Statistics of China, the gross domestic product (GDP) reached RMB45,661.4 billion for the six months ended 30 June 2020, representing a decrease of 1.6% as compared to the corresponding period in 2019.

From a quarterly perspective, the GDP decreased by 6.8% in the first quarter, as compared to the corresponding period last year, in the second quarter the GDP growth rate turned to be a positive 3.2% from a previous negative one, which was better than market expectation. Other than GDP, some economic indicators in June 2020 also improved significantly: the added value of industrial enterprises above designated size increased for three consecutive months, the growth rate of total retail sales of consumer products and fixed assets investment continued to decline at a slower pace, the unemployment rate in urban areas decreased slightly, and the real income of residents declined at a slower rate. These indicated that the economic environment in the PRC is recovering.

For the epidemic, currently the overseas epidemic situation and the world economic situation are relatively severe and complicated. Overall, the PRC's epidemic prevention and control measures have been proven to be effective, and the epidemic situation has seen improving. In particular, the PRC has gained progressive achievements in the overall planning of epidemic prevention and control as well as resumption of work and production. The Company believes that the impact of the epidemic situation is controllable.

Under the current situation, the management is confidence that the performance our sports and entertainment business will improve and recover in the second half of this year.

Logistics Business

During the Period, because of the impact on COVID-19, the tense relationship between Sino-US and the worldwide air cargo business is still highly competitive. 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. Therefore, no revenue contribution was generated from the logistic business.

Under the current worldwide economic condition, the management is not optimistic about the prospects of the logistic business. However, the Group will continue to try to explore potential business opportunities.

During the Period, the Group has successful applied for the Money lending licence in Hong Kong through a wholly-owned subsidiary. The Management will try to explore if any new opportunity in order to expand the Group's source of revenue.

EVENT AFTER THE REPORTING PERIOD

On 4 June 2020 and 2 July 2020, the Company, through MetaSpace, its non-wholly owned subsidiary, subscribed interests in a Fund in an amount of RMB5 million and RMB5 million, respectively.

Pursuant to the Subscription Agreements, MetaSpace agreed to subscribe interests in the Fund in an aggregate amount of RMB10 million, which was payable in cash by MetaSpace from its internal resources. The aggregated subscription amount of RMB10 million is determined based on the condition of the Group's idle cash.

The principal purpose of the Company of the Fund Subscriptions is to diversify the investment portfolio of the Company with an aim to enhancing its profitability. The Fund Subscriptions provide an opportunity to the Company to enhance return by utilising the idle cash of the Group. The redemption mechanism of the Fund also provides flexibility to the Company to recover its funds if there are any future investment opportunities that are appropriate to the Group.

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the First Subscription are less than 5%, the First Subscription does not constitute a discloseable transaction under Chapter 14 of the Listing Rules at the time of entering into the subscription agreement. As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Subscription, after aggregation with the First Subscription, exceed 5% but are less than 25%, the Fund Subscriptions constitute a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference should be made to the announcements of the Company dated 7 July 2020 and 13 August 2020 for the detail of the Fund Subscriptions.

Overall Financial Results

The Company is an investment holding company and its subsidiaries are principally engaged 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$19.2 million, representing an decrease of 46.8% from that of approximately HK$36.1 million during the corresponding period of last year. Gross loss was approximately HK$2.4 million comparing to the gross profit of approximately HK$1.3 million during the corresponding period of last year. The overall gross profit ratio decreased from 3.5% to gross loss of 12.5%.

The decrease in revenue mainly due to the delay in our progress of air dome construction projects because of the COVID-19 epidemic led to the delay in the resumption of works after the Chinese New Year holiday and other work restrictions were imposed by the PRC government.

The gross loss mainly attributable to the (i) decrease in the turnover and corresponding decrease in gross profit and; (ii) the amortisation of the intangible assets arising from the acquisition of Metaspace amounting to approximately HK$5.3 million which was recognised in the cost of sales in the six months ended 30 June 2020 and 2019. If excluded this amortisation of intangible assets, the gross profit should be approximately HK$2.9 million and the gross profit ratio shall be approximately 15.1% as compared to the corresponding period of approximately HK$6.6 million and approximately 18.3% respectively.

Loss for the Period attributable to owners of the Company was approximately HK$9.8 million as compared to approximately HK$32.6 million in the six months period ended 30 June 2019. Basic loss per share of the Company was approximately HK$0.75 cents.

As at 30 June 2020, the balance of cash and bank balances was approximately HK$116.9 million (31 December 2019: approximately HK$128.7 million).

Liquidity, Financial Resources and Capital Structure

The Group's net cash outflow from operating activities for the Period amounted to approximately HK$43.7 million (2019 corresponding period: approximately HK$22.3 million). As at 30 June 2020, cash and bank balances amounted to approximately HK$116.9 million, representing a decrease of approximately HK$11.8 million as compared with the position as at 31 December 2019.

As at 30 June 2020, the Group had interest-bearing borrowings of approximately HK$55.3 million (as at 31 December 2019: HK$56.1 million). The gearing ratio (which is calculated by dividing total borrowings by total assets) was 8.48% (31 December 2019: 7.90%). During the six months ended 30 June 2020 and 2019, the Group did not hedge its exposure to interest rate risk.

As at 30 June 2020, the Group had current assets of approximately HK$373.1 million (31 December 2019: approximately HK$406.0 million) and current liabilities of approximately HK$181.7 million (31 December 2019: approximately HK$232.7 million). The current ratio (which is calculated by dividing current assets by current liabilities) was 2.05 (31 December 2019: 1.74).

Other Income and Gains

The Group recorded other income and gains of approximately HK$23.5 million during the Period and it mainly composed of fair value gain on equity investment trading on the National Equities Exchange and Quotation (the "**NEEQC**") of approximately HK$15.7 million, interest income earned from corporate bonds of approximately HK$3.4 million and investment return earned from wealth management products of approximately HK$2.7 million during the Period.

Administrative Expenses

During the Period, the administrative expenses were approximately HK$19.9 million, which represented a decrease of approximately HK$10.2 million, or 33.9%, from approximately HK$30.1 million in the six months ended 30 June 2019. The significant decrease in administrative expenses was due to the Group is continuing to implement the cost control policies as well as some cost-saving measures was introduced because of the epidemic that happened during the Period. The decrease was mainly contributed from the salaries and allowance of approximately HK$4.0 million, rental expense of approximately HK$2.5 million, and the legal and professional fee of approximately HK$1.0 million.

Other Expenses

During the Period, the other expenses were approximately HK$10.6 million, which represented a decrease of approximately HK$12.7 million or 54.5%, from approximately HK$23.3 million in the corresponding period. The reduced was mainly due to the impairment of construction in progress and investment properties of approximately HK$16.2 million and HK$5.9 million respectively, was recognised in the corresponding period but no related impairment during the Period.

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 one financial institution in Hong Kong. These corporate bonds are measured at fair value as 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 2020, the interest 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 amounted to HK$3.4 million (corresponding period of 2019: HK$3.9 million) and HK$0.6 million (corresponding period of 2019: HK$3.4 million), respectively.

Going forward, the Group expects that these corporate bonds may suffer a minor loss at fair value in the short-run due to price volatility in global economic uncertain under the COVID-19 epidemic and the tension Sino– US relation. 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	Fair Value as at 30 June 2020	Percentage to the Group's total assets as at 30 June 2020	Change in fair value recognised for the six months ended 30 June 2020
		USD'000	*USD'000*	*%*	*USD'000*
Fantasia Holdings Group Company Ltd.	FANTASIA HOLDINGS GROUP 7.375% 4/10/2021	500	506	0.60	7
Central China Real Estate Ltd.	CENTRAL CHN REAL ESTATE 6.75% 8/11/2021	504	502	0.60	–
China Evergrande Group	CHINA EVERGRANDE GROUP 8.25% 23/3/2022	512	476	0.57	(2)
China Evergrande Group	CHINA EVERGRANDE GROUP 6.25% 28/6/2021	488	482	0.57	9
China Evergrande Group	CHINA EVERGRANDE GROUP 7.5% 28/6/2023	492	421	0.50	(13)
Modern Land (China) Co., Ltd.	MODERN LAND CHINA CO LTD 12.85% 25/10/2021	500	507	0.60	15
Powerlong Real Estate Holdings Ltd.	POWERLONG REAL ESTATE 5.95% 19/7/2020	496	512	0.61	(1)
361 Degrees International Ltd.	361 DEGREES INTERNATIONAL 7.25% 3/6/2021	535	391	0.46	(6)
Qinghai Provincial Investment Group Co., Ltd.	QINGHAI INVEST GROUP 6.4% 10/7/2021	513	181	0.22	(18)
Guangzhou R&F Properties Co., Ltd.	EASY TACTIC LTD 5.75% 13/1/22	498	473	0.56	(32)
Nuoxi Capital Ltd.	NUOXI CAPITAL LTD 5.35% 24/1/2023	497	62	0.07	(131)
Kaisa Group Holdings Ltd	KAISA GROUP HOLDINGS LTD 11.75% 26/2/2021	499	534	0.63	(10)

Name of bond issuer	Name of bond	Investment cost	Fair Value as at 30 June 2020	Percentage to the Group's total assets as at 30 June 2020	Change in fair value recognised for the six months ended 30 June 2020
		USD'000	*USD'000*	*%*	*USD'000*
China South City Holdings Ltd.	CHINA SOUTH CITY HOLDING 11.875% 27/3/2021	500	505	0.60	(3)
Fantasia Holdings Group Ltd	FANTASIA HOLDINGS GROUP 11.75% 17/4/2022	334	359	0.43	2
Gemstonces International Limited	GEMSTONES INTERNATIONAL 8.5% 15/8/2020	196	204	0.24	(8)
Tianjin State-Owned Capital Investment & Management Co Ltd	TIANJIN INVST MANAGEMENT 0.15% 17/12/2026	504	504	0.60	–
Kaisa Group Holdings Ltd.	KAISA GROUP HOLDINGS LTD 11.25% 9/4/2022	367	368	0.44	–
Agile Group Holdings Ltd.	AGILE GROUP HOLDINGS LTD FIX-TO VARIABLE (PERP) 8.375%	500	506	0.60	(15)
Total		8,435	7,493	8.90	(206)
Equivalent to HK'000		65,378	58,076		(1,596)

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss represent the subscribed wealth management products issued by licensed banks in the PRC and any equity investment trading on the NEEQC. The 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 and the equity investment was held for long-term capital appreciation. For the six months ended 30 June 2020, the investment return 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$2.7 million (2019: HK$1.5 million).

Wealth management products	**Revolving term**	**Expected Yield**	**Fair value as at 30 June 2020** *RMB'000*	**Percentage to the Group's total assets as at 30 June 2020** *%*	**Investment cost** *RMB'000*
Bank of China Stable Wealth Management Plan-Wisdom Series 201104	redeemable on due date	3.35%	3,021	0.51%	3,000
Liduoduo Company's stable profit RMB-to-public structured deposits series JG6004 (90 days)	redeemable on due date	2.90%	10,039	1.69%	10,000
Bank of Communication 91 days "Yun tong Caifu Wen de li" wealth management	redeemable on due date	3.25%	18,125	3.04%	18,000
China Merchants Bank ju yisheng jin Wealth Management Plan B (35 days)	redeemable on due date	3.10%	3,003	0.50%	3,000
ICBC principal-guaranteed legal person 182 days stable profit RMB wealth management	redeemable on due date	2.70%	1,237	0.20%	1,235
ICBC Wealth management "Tian Li Bao" Net Worth Wealth Management Products (TLB1801)	redeemable on demand	5.41%	1,516	0.25%	1,500
China Merchants Bank Ri Ri Xian Wealth Management Plan 80008	redeemable on demand	0.66%	1,002	0.17%	1,000
Total			37,943		37,735
Equivalent to HK$'000			41,529		41,301

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.

Detail of the equity investment trading on the NEEQC is as follows:

Name of equity	**Cost of shares at 30 June 2020**	**Number of shares held at 30 June 2020**	**Fair Value at 30 June 2020**	**Percentage to the Group's total assets**	**Change in fair value recognised for the six months ended 30 June 2020**
	HK$'000	*Share'000*	*HK$'000*	*%*	*HK$'000*
Shanghai Benemae Pharmaceutical Corporation (Stock code: 830931)	22,235	800	40,288	6.18	15,665

Capital Expenditure

The Group's capital expenditure was approximately HK$4.8 million during the Period (2019 corresponding period: approximately HK$109.3 million), representing the additions to property, plant and equipment, investment properties, intangible assets and right-of-use assets during the Period.

Capital Commitment

As at 30 June 2020, the Groups capital commitments amounted to approximately HK$3.3 million (31 December 2019: approximately HK$2.5 million).

Contingent Liabilities

As at 30 June 2020, the Group did not have any significant contingent liability (31 December 2019: nil).

Charges on assets

As at 30 June 2020, except for the charge over the buildings, construction in progress, right-of-use assets and trade receivables with the carrying value of HK$28.9 million, HK$32.4 million, HK$22.2 million and HK$4.5 million respectively for securing the Group's interest-bearing bank borrowings (31 December 2019: HK$17.1 million, HK$37.5 million, HK$22.9 million and 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 2020, the Group had no material pending litigation.

HUMAN RESOURCES

As at 30 June 2020, the Group had 163 full-time employees (31 December 2019: 144). 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$12.9 million (2019 corresponding period: approximately HK$16.6 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 nine 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 2020 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 due to other business engagements, which have deviated from 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, one regular meeting 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 2020 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 2020

As at the date of this announcement, the executive Directors are Mr. Liu Xue Heng, Mr. Zhu Shixing, Mr. Lam Ka Tak and Mr. Zhang Tingzhe; 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