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HK1803

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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1803)

2022 ANNUAL RESULTS ANNOUNCEMENT

The Board of directors (the “**Board**” and the “**Directors**”) of Beijing Sports and Entertainment Industry Group Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Current Year**”) and comparative figures for the corresponding period in last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	4	68,571	218,721
Cost of sales and costs of construction services		(54,400)	(162,020)
Gross profit		14,171	56,701
Other income and gains and losses	4	11,688	3,059
Selling and distribution expenses		(8,057)	(10,393)
Administrative expenses		(43,550)	(44,222)
Impairment loss on goodwill		(29,138)	–
Impairment losses on financial and contract assets	5	(24,896)	(38,805)
Other expenses and losses		(6,779)	(2,405)
Finance costs	6	(2,394)	(3,106)
Share of loss of an associate		(46)	(26)
LOSS BEFORE TAX	5	(89,001)	(39,197)
Income tax credit/(expense)	7	682	(2,369)
LOSS FOR THE YEAR		(88,319)	(41,566)

<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	(9,114)	(16,666)
Reclassification adjustments for losses included in profit or loss:		
Loss on disposal	15	200
Impairment losses	6,393	16,421
Income tax effect	91	(26)
	<u>(2,615)</u>	<u>(71)</u>
Reclassification of foreign currency translation reserve upon disposal of foreign operations	(425)	152
Exchange differences on translation of foreign operations	(21,584)	(2,155)
	<u>(24,624)</u>	<u>(2,074)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(24,624)</u>	<u>(2,074)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(24,624)</u>	<u>(2,074)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(112,943)</u>	<u>(43,640)</u>
Loss attributable to:		
Owners of the Company	(66,628)	(38,804)
Non-controlling interests	(21,691)	(2,762)
	<u>(88,319)</u>	<u>(41,566)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(82,925)	(43,469)
Non-controlling interests	(30,018)	(171)
	<u>(112,943)</u>	<u>(43,640)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8	
Basic and diluted	<u>HK(4.7) cents</u>	<u>HK(2.8) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		73,646	88,912
Investment properties		17,842	20,906
Right-of-use assets		27,955	27,876
Goodwill		–	29,138
Other intangible assets		155	221
Investment in an associate		647	734
Prepayments, other receivables and other assets		10,124	4,670
Contract assets	9	4,104	5,217
Debt investments at fair value through other comprehensive income		2,615	6,767
Financial assets at fair value through profit or loss		468	2,446
Deferred tax assets		11,700	20,941
Total non-current assets		149,256	207,828
CURRENT ASSETS			
Inventories		28,578	8,714
Contract assets	9	50,106	68,542
Trade and bills receivables	10	11,213	43,541
Prepayments, other receivables and other assets		17,572	57,987
Debt investments at fair value through other comprehensive income		11,118	6,734
Financial assets at fair value through profit or loss		2,527	68,168
Restricted bank deposits		10,895	16,405
Cash and bank balances		105,259	79,691
Total current assets		237,268	349,782

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and bills payables	11	49,807	78,040
Other payables and accruals		40,757	57,921
Interest-bearing bank and other borrowings		26,739	25,750
Lease liabilities		4,338	1,050
Tax payable		560	10,659
		<hr/>	<hr/>
Total current liabilities		122,201	173,420
		<hr/>	<hr/>
NET CURRENT ASSETS		115,067	176,362
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		264,323	384,190
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		–	13,589
Lease liabilities		8,716	7,777
Deferred tax liabilities		–	91
		<hr/>	<hr/>
Total non-current liabilities		8,716	21,457
		<hr/>	<hr/>
Net assets		255,607	362,733
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	7,040	7,040
Reserves		191,338	274,088
		<hr/>	<hr/>
		198,378	281,128
Non-controlling interests		57,229	81,605
		<hr/>	<hr/>
Total equity		255,607	362,733
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. CORPORATE AND GROUP 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 the sports and entertainment related industry in the Peoples Republic of China (the “**PRC**”) with focus on air dome construction, operation and management.

In the opinion of the Directors, the major shareholder of the Company is Beijing Health (Holdings) Limited which was incorporated in the Cayman Islands, and the shares of which are listed on the Stock Exchange.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for debt investments at fair value through other comprehensive income (“**FVOCI**”), financial assets at fair value through profit or loss (“**FVPL**”) and bills receivable at FVOCI, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Groups voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Groups share of components previously recognised in other comprehensive income/(loss) is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the preparation of the consolidated financial statements for the year ended 31 December 2022, the Group has applied the following amendments to HKFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKFRS 16 (2021)	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRS 2018–2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 17	<i>Insurance Contracts¹</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback²</i>
Amendments to HKFRS 17	<i>Insurance Contracts^{1, 5}</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{2, 4}</i>
Amendments to HKAS 1	<i>Disclosure of Accounting Policies¹</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates¹</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>
HK Interpretation 5 (Revised)	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause⁴</i>

- ¹ Effective for annual periods beginning on or after 1 January 2023
- ² Effective for annual periods beginning on or after 1 January 2024
- ³ No mandatory effective date yet determined but available for adoption
- ⁴ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
- ⁵ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The above new and amendments to existing standards do not expect to have a material impact on the consolidated financial statements of the Group. The Group will adopt the new and amended HKFRSs to existing standards when they become effective.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the executive directors and certain senior management (including chief accountant) (together referred to as the “**Executive Management**”) for the purposes of allocating resources and assessing performance.

During the year ended 31 December 2022 and 2021, the Group principally operates in one business segment, which is sports and entertainment segment engaging in air dome construction, operation and management and other peripheral services such as sports industry related consultation and management services. Other businesses were considered relatively insignificant for the years ended 31 December 2022 and 2021.

Geographical information

(a) Revenue from external customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Mainland China	61,214	181,191
Other Asian countries	7,357	37,530
	<u>68,571</u>	<u>218,721</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All of the Group’s non-current assets (excluding debt investments at FVOCI, certain financial assets at FVPL and deferred tax assets) are located in Mainland China, in which all of its revenue was derived.

Information about major customers

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue for the year, is set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Provision of air dome construction services		
Customer A	15,043	—*
Customer B	9,399	—*
Customer C	9,109	—*
Customer D	7,357	33,313
	<u>68,571</u>	<u>218,721</u>

* The revenue from such customers did not contribute over 10% or more of the Group's revenue for the year ended 31 December 2021.

4. REVENUE, OTHER INCOME AND GAINS AND LOSSES

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers	<u>68,571</u>	<u>218,721</u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Types of goods or services		
Provision of air dome construction services	67,794	209,916
Rendering of operation and management services and other sports related services	527	8,805
Sale of goods	250	—
	<u>68,571</u>	<u>218,721</u>
Timing of revenue recognition		
Services/goods transferred at a point in time	36,296	104,393
Services transferred over time	32,275	114,328
	<u>68,571</u>	<u>218,721</u>

During the year, the Group recognised revenue of HK\$14,340,000 (2021: HK\$22,107,000) that was included in the contract liabilities in respect of the provision of air dome construction services, the rendering of operation and management services and other sports related services at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

(b) **Transaction price allocated to the remaining performance obligation**

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<u>15,429</u>	<u>41,834</u>

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

Other income and gains and losses

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Bank interest income	452	523
Other interest income	3,225	3,840
Investment income and return from financial assets at FVPL	1,768	1,919
Investment income and return from debt investments at FVOCI	1,735	2,705
Government subsidies (<i>note</i>)	622	1,269
Gross rental income from investment property operating leases	2,163	2,383
Rental concessions	692	–
Others	<u>1,524</u>	<u>371</u>
	<u>12,181</u>	<u>13,010</u>
Gains/(losses)		
Gain on foreign exchange differences, net	137	10,167
Fair value loss on unlisted equity investment at FVPL	(1,845)	(21,708)
Gain on disposal of a subsidiary	1,232	1,573
(Loss)/gain on disposal of debt investments at FVOCI	(14)	300
Loss on disposal of property, plant and equipment	<u>(3)</u>	<u>(283)</u>
	<u>(493)</u>	<u>(9,951)</u>
	<u>11,688</u>	<u>3,059</u>

Note: The amount mainly represented subsidies on the Group's business development. There is no specific condition attached to these subsidies.

5. LOSS BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of construction contracts	49,162	152,517
Cost of services provided	199	2,042
Cost of sales	370	–
Depreciation of property, plant and equipment	5,992	6,100
Depreciation of investment properties	1,164	1,208
Depreciation of right-of-use assets	2,642	2,847
Amortisation of other intangible assets		
– included in cost of sales	–	358
– included in administrative expenses	50	86
	50	444
Research and development costs	8,965	10,409
Lease payments not included in the measurement of lease liabilities	261	615
Auditor's remuneration	1,300	1,400
Employee expenses (excluding directors and chief executives remuneration):		
Wages and salaries	21,836	24,234
Pension scheme contributions	3,051	2,978
	24,887	27,212
Impairment losses on property, plant and equipment*	3,460	–
Impairment losses on right-of-use assets*	1,093	–
Impairment losses on inventories*	–	495
Direct operating expenses (including repairs and maintenance arising from rental-earning investing properties)*	1,750	1,881
Impairment losses on goodwill	29,138	–
Impairment losses on financial and contract assets: (Reversal of impairment)/impairment		
losses on other receivables, net	(145)	791
Impairment losses on contract assets, net	14,782	8,407
Impairment losses on trade receivables, net	3,866	13,186
Impairment losses on debt investments at FVOCI, net	6,393	16,421
	24,896	38,805

* These items are included in "Other expenses and losses" in profit or loss of the consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank and other borrowings	1,449	1,968
Interest on lease liabilities	945	1,138
	<hr/>	<hr/>
Total interest expenses on financial liability not through profit and loss	2,394	3,106
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of the Company are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

The Group's operations in Mainland China are subject to the PRC corporate income tax. The standard PRC corporate income tax rate is 25% (2021: 25%).

Two (2021: two) PRC subsidiaries, MetaSpace and Yuedun Zhizao were qualified as High and New Technology Enterprise ("HNTE") and entitled to a preferential tax rate at 15% (2021: 15%) for the years ended 31 December 2022 and 2021. MetaSpace and Yuedun Zhizao were entitled to the preferential tax rate for the year ending 31 December 2023 and the year ended 31 December 2022 respectively. The HNTE certificate needs to be renewed every three years so as to enable to enjoy the preferential tax rate.

Certain PRC subsidiaries are qualified as small and micro-sized enterprises ("SMEs") for tax reduction. For the first RMB1 million of annual taxable income is eligible for 75% reduction and the income between RMB1 million and RMB3 million is eligible for 50% reduction at the applicable EIT tax rate of 20% for both years.

Certain PRC subsidiaries are entitled to an additional 100% (2021: 75% to 100%) tax reduction for the eligible research and development expenses.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current Hong Kong		
Credit for the year	(3,197)	–
Under-provision in prior years	–	52
Current Mainland China		
Charge for the year	92	362
Over-provision in prior year	(5,492)	–
Deferred	7,915	1,955
	<hr/>	<hr/>
Total tax (credit)/charge for the year	(682)	2,369
	<hr/> <hr/>	<hr/> <hr/>

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 year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,408,019,000 (2021: 1,396,000,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2022 and 2021 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. CONTRACT ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract assets arising from:		
Construction services	93,758	102,616
Operation, management and other sports related services	—	407
	<u>93,758</u>	<u>103,023</u>
Allowance for credit losses	<u>(39,548)</u>	<u>(29,264)</u>
	<u><u>54,210</u></u>	<u><u>73,759</u></u>
Analysed into:		
Current portion	50,106	68,542
Non-current portion	<u>4,104</u>	<u>5,217</u>

Contract assets primarily relate to the Group's rights to consideration for services provided but not billed at the reporting date related to the provision of construction services and operation, management and other sports related services as the receipt of consideration is conditional on successful completion of the construction and operation, management and other sports related services. Included in the contract assets for services are retention receivables and unbilled trade receivables. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The expected timing of recovery or settlement for contract assets as at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	89,501	97,587
After one year	<u>4,257</u>	<u>5,436</u>
Total contract assets	<u><u>93,758</u></u>	<u><u>103,023</u></u>

The movements in the allowance for credit losses of contract assets are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of year	29,264	20,149
Impairment losses	14,782	8,407
Written off	(1,542)	–
Exchange realignment	(2,956)	708
	<u>39,548</u>	<u>29,264</u>
At end of the year	<u><u>39,548</u></u>	<u><u>29,264</u></u>

The increase in the allowance for credit losses for the year ended 31 December 2022 and 2021 was mainly due to several individual customers in default payments.

10. TRADE AND BILLS RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables arising from:		
Construction services	50,869	75,935
Operation, management and other sports related services	585	1,568
Trading of goods	106	–
	<u>51,560</u>	<u>77,503</u>
Allowance for credit losses	(41,590)	(42,413)
Net trade receivables	9,970	35,090
Bills receivables at FVOCI – current	1,243	8,451
	<u>11,213</u>	<u>43,541</u>
Analysed into:		
Non-current	–	–
Current	11,213	43,541
	<u><u>11,213</u></u>	<u><u>43,541</u></u>

The revenue derived from construction services are mainly made on the terms of the respective construction contracts. The revenue derived from operation, management and other sports related services are mainly made on (i) cash on delivery and (ii) credit terms of 30 to 90 days. 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.

At 31 December 2022, MetaSpace and Yuedun Zhizao, two subsidiaries of the Group, endorsed certain bills receivable accepted by banks in Mainland China (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB2,300,000 (equivalent to HK\$2,578,000) (2021: RMB7,100,000 (equivalent to HK\$8,684,000)). The Derecognised Bills had a maturity of two to seven months (2021: one to eleven months) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the directors, the Group has transferred substantially all risks and

rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2022 and 2021, the Group did not recognise any gain or loss in relation to the transfer of the Derecognised Bills and Continuing Involvement. The endorsement has been made evenly throughout the year.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 year	5,138	19,129
1 to 2 years	1,488	7,282
2 to 3 years	2,788	8,570
Over 3 years	556	109
	<u>9,970</u>	<u>35,090</u>

The movements in the allowance for credit losses of trade and bills receivables are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of year	42,413	29,496
Impairment losses	3,866	13,186
Written off	(1,044)	(1,279)
Exchange realignment	(3,645)	1,010
	<u>41,590</u>	<u>42,413</u>

The increase in the allowance for credit losses for the year ended 31 December 2022 and 2021 was mainly due to several individual customers in default payments.

11. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	5,531	16,237
1 to 2 months	3,786	15,423
2 to 3 months	6,401	7,127
Over 3 months	34,089	39,253
	<u>49,807</u>	<u>78,040</u>

The trade and bills payables are non-interest-bearing. The trade payables are normally settled on terms of 30 to 60 days upon receipts of suppliers invoices, while bills payable are normally settled on terms of 90 to 180 days upon issuance of bills.

12. SHARE CAPITAL

Shares

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised:		
4,000,000,000 (2021: 4,000,000,000) ordinary shares of HK\$0.005 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
1,408,019,000 (2021: 1,408,019,000) ordinary shares of HK\$0.005 each	<u>7,040</u>	<u>7,040</u>

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

	Number of shares in issue	Share capital <i>HK\$'000</i>
At 1 January 2021	1,302,019,000	6,510
Issue of shares (<i>note</i>)	<u>106,000,000</u>	<u>530</u>
At 31 December 2021, 1 January 2022 and 31 December 2022	<u>1,408,019,000</u>	<u>7,040</u>

Note: On 11 February 2021, the Company completed the acquisition of further 20% interests in a subsidiary. The consideration was settled by the allotment and issue of 106,000,000 ordinary shares of the Company measured at closing market price on completion date of HK\$0.17 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “**Board**” and the “**Directors**”) of Beijing Sports and Entertainment Industry Group Limited (the “**Company**”) is pleased to present the 2022 annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred as the “**Group**”) for the year ended 31 December 2022 (“**Current Year**”).

BUSINESS REVIEW AND OUTLOOK

During the Current Year, the Group recorded the revenue of HK\$68.6 million as compared with HK\$218.7 million for the year ended 31 December 2021 (“**Corresponding Year**”), a gross profit of HK\$14.2 million as compared with the gross profit of HK\$56.7 million in Corresponding Year and a net loss of HK\$88.3 million as compared with the net loss of HK\$41.6 million in Corresponding Year.

Sports and Entertainment Business

The Group, through its non-wholly owned subsidiary MetaSpace (Beijing) Air Dome Corp, is the leading integrated service provider of the construction, operation, and management of air dome facilities in the PRC. These air-supported domes are versatile structures that can be used for a wide range of purposes, including sport and recreational facilities, logistics and warehousing centers, industrial storage facilities, as well as commercial exhibition spaces. China is home to a large population of sports enthusiasts, and air domes are an ideal solution to meet the growing demands for indoor sports facilities that are weather-resistant, cost-effective, and quicker to construct. Furthermore, air domes are eco-friendly and align with the growing popularity of green technologies and public awareness of health. The Chinese government has been supportive of the industry’s development in the form of subsidies and other financial supports.

The Group’s sports and entertainment business recorded revenue of HK68.3 million in Current Year as compared to HK\$218.7 million in Corresponding Year. The significant decrease of approximately HK\$150 million was owing to substantial disruption to construction progress of the projects caused by the pandemic prevention and control measures in the People’s Republic of China (the “**PRC**”) for most of the time in Current Year. This was in contrast to a much more stable and favorable market and operating situation throughout Corresponding Year. The business’s gross profit amount dropped by approximately HK\$43 million accordingly while gross profit margin dropped even at a greater extent to 20.9% in Current Year from 25.9% in Corresponding Year owing to greater unit production costs resulting from absorption of the fixed manufacturing overhead cost over a lower number of output in Current Year.

The loss before tax of the business (before a one-off non cash impairment loss on goodwill HK\$29.1 million) was HK\$39.6 million as compared with a net loss of HK\$1.1 million in Corresponding Year. With impairment loss on contract assets and trade receivables totaling HK\$18.7 million (Corresponding Year: HK\$21.6 million), the expansion of loss was mainly due to the significant decrease in the gross profit amount.

After a difficult year of operating disruptions caused by the pandemic, China ended its stringent approach to dealing with COVID-19 in December of last year. Livelihoods and commercial activities have gradually returned to normal, which is beneficial to the revival of the economy, including the air dome construction business. As a market leader in the industry, our management team continues to shape and advance the design and technical know-how of manufacturing and constructing safer and superior quality air domes, in order to differentiate ourselves from competitors and further cement our leadership in the sector. We are also looking for opportunities to expand our market to other Asian countries. In addition, we strive to optimize our business model and strengthen risk management and control, particularly in the areas of recoverability issues with trade receivables and regulatory complexity. With secured reserve contracts on hand and potential contracts in the pipeline, the Group is optimistic that business volume will improve next year.

Money Lending Business

The Group generated a loan income from a licenced money lending business in Hong Kong of approximately HK\$3.2 million in both years while it brought a profit before tax and other extraordinary items of HK\$2.6 million in Current Year as compared with HK\$2.9 million in Corresponding Year. As at 31 December 2022, there were two outstanding loan receivables of HK\$18.5 million (At 31 December 2021: three loans with a carrying amount of HK\$40.8 million).

Adhering to a robust risk management and control policies and balancing the liquidity needs of the Group, the Group will remain diligent to allocate its own capital to potential credible projects to generate a stable return.

Manufacturing and Sale of White Pigment Powder (“WPP”) Business

During Current Year, the Company, through an indirectly 60% owned subsidiary, established a new 51% owned subsidiary in the PRC with a total registered capital of RMB10 million to manufacture and sell WPP with the chemical name of Titanium Dioxide. This product has excellent whitening capabilities for almost every material and is weather-resistant. It has a wide range of applications in coatings, plastics, rubber, paper, and daily chemicals. China is currently the world’s largest producer and consumer of the product. The business has a registered patent for a manufacturing process that is more environmentally friendly, cost-efficient, and quality-guaranteed than conventional methods. The business is still in a preliminary stage and recorded revenue, mostly from sales of sampling, and a loss before tax of HK\$0.3 million and HK\$1.4 million, respectively.

The business has been undergoing a series of refining its manufacturing processes and products to ensure stability of production and better product quality. Meanwhile, we continue to send samples and receive feedback from users to enhance quality and keep ourselves up to date with market needs. We are cautiously monitoring development and scaling up production in due course.

FINANCIAL REVIEW

Revenue and gross profit

During Current Year, the Group's revenue, predominately contributed from Sports and Entertainment Business, was approximately HK\$68.6 million, representing a decrease of approximately 69% from that of approximately HK\$218.7 million during the Corresponding Year. Gross profit or ratio was approximately HK\$14.2 million or 20.7% as compared to the gross profit or ratio of approximately HK\$56.7 million or 25.9% during the Corresponding Year. The decrease in both revenue and gross profit or ratios was due to the underperforming Sports and Entertainment business with the reasons for the decrease were set out in the prior paragraphs.

Other Income and Gains or Losses

The Group recorded other income and gains or losses, net of HK\$11.7 million in Current Year as compared to HK\$3.1 million in the Corresponding Year. The favorable change was mainly due to a decrease in the fair value loss on unlisted equity investment at fair value through profit or loss of approximately HK\$19.9 million which is partially offset by a decrease in foreign exchange gain of HK\$10.1 million.

Selling expenses

It mainly represented the payroll cost of sales and marketing department, maintenance cost and expenses incurred for promotion and marketing events of Sports and Entertainment Business. It decreased by HK\$2.3 million or 22.5% mainly due to a decrease in payroll cost as a result of decrease in revenue.

Administrative Expenses

It mainly represented payroll cost (Current Year: HK\$21.2 million; Corresponding Year: HK\$19.3 million), research & development expenses of Sports and Entertainment Business (Current Year: HK\$9.0 million; Corresponding Year: HK\$10.4 million), professional fees including auditor's remuneration (Current Year: HK\$5.7 million; Corresponding Year: HK\$5.0 million), depreciation (Current Year: HK\$4.1 million; Corresponding Year: HK\$3.9 million) and various office expenses (Current Year: HK\$2.0 million; Corresponding Year: HK\$2.8 million). It remained quite stable at approximately HK\$44 million in both years.

Impairment loss on goodwill

It represented the impairment loss on goodwill arising from the acquisition of Metaspace on 18 April 2017. With an independent qualified valuer in assistance of preparation of the impairment assessment model, the value-in-use amount was determined by an approved 5 year budget of the Metaspace and a terminal value after the 5-year with a growth rate, and further discounted by an applicable discount rate before comparing with the carrying amount of the cash generating unit. A deficient amount of the VIU amount was noted in the comparison with the relevant carrying amount primarily due to the lower expected gross profit margin in the model in Current Year. It reflected greater operating challenges that lie ahead especially increased operating costs.

Impairment losses on financial and contract assets

The impairment losses on financial and contract assets mainly represented the expected credit loss of the trade receivables and contract assets of HK\$18.7 million (Corresponding Year: HK\$21.6 million) and expected credit loss on debt investments at fair value through other comprehensive income of HK\$6.4 million (Corresponding Year: HK\$16.4 million).

Other expenses and losses

The other expenses and losses mainly represented impairment loss on property, plant and equipment of Sports and Entertainment business of HK\$3.5 million (Corresponding Year: nil), direct operating expenses of a leasing air dome stadium of HK\$1.8 million (Corresponding Year: HK\$1.9 million), an impairment loss on right-of-use assets of HK\$1.1million (Corresponding Year: Nil) and an impairment loss on inventory of nil (Corresponding Year: HK\$0.5 million) in Current Year.

Finance Costs

It mainly represented the interests on the interest-bearing borrowings and interests on lease liabilities. It remained at HK\$2.4 million in Current Year (Corresponding Year: HK\$3.1 million).

Net loss after taxation

The Group recorded a net loss of HK\$88.3 million in Current Year, up from HK\$41.6 million in Corresponding Year, primarily due to the following changes:

- (i) the significant decrease in revenue and gross profit contribution from the sports and entertainment business by approximately HK\$150 million and more than HK\$42.5 million respectively; and
- (ii) the recognition of a non-cash impairment loss on goodwill of approximately HK\$29.1 million, relating to the sports and entertainment business in the Current Year, whereas no such item was recognized in the Corresponding Year; and

(iii) the above adverse changes were partially offset by a decrease in fair value loss on unlisted equity investments at fair value through profit or loss of approximately HK\$20 million.

SIGNIFICANT INVESTMENTS AND MATERIAL DISPOSALS

Save as disclosed elsewhere, the Company, through an indirectly 60% owned subsidiary, entered into a cooperation agreement with another shareholder whereby the subsidiary and the other shareholder contribute cash capital into a newly established company in accordance with their respective shareholding namely 51% and 49% accordingly. The total registered capital was RMB10 million. The new company was to carry out WPP Business in the PRC. As of the end of the reporting end, both shareholders had topped up their respective capital amount and the new company has been accounted for as subsidiary and its result and financial position were consolidated to the Group account accordingly.

FINANCIAL POSITION

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. In Current Year, the interest income and other investment income from the bonds was HK\$1.7 million (Corresponding Year: HK\$2.7 million) while an fair value loss on the bonds before income tax was HK\$9.1 million (Corresponding Year: HK\$16.7 million) recognised to other comprehensive income in which HK\$6.4 million (Corresponding Year: HK\$16.4 million) was then reversed and recognised as impairment loss to profit or loss statement in Current Year.

Impairment loss on the bonds was reincurring in Current Year primarily because the bond markets in Hong Kong and the PRC continued to be sluggish since the fallout of the tightened regulatory policies in prior years. They have adversely impacted the Chinese real estate developer's ability to finance. Coupled with the havoc of strict prevention and control measures wreaked by the Pandemic in Current year, the developers' operations were greatly disrupted. The events still loom over the money markets and continues to suppress the investment sentiments and bond pricing.

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. The Group's strategy is to hold these corporate bonds for long term purpose to earn an attractive yield.

Nevertheless, the Group does not preclude the possibility of disposing some corporate bonds before maturity if such disposal will be in the best interest of the Company in light of various factors such as the prospect of bond issuers and their industries, any favorable perks to early redeem and immediate liquidity needs for operations or better investments.

Name of bond issuer	Name of bond	Investment cost	Fair Value as of 31 December 2022	Percentage to the Group's total assets	Change in fair value recognised for year ended 31 December 2022 USD
Qinghai Provincial Investment Group Co., Ltd.	QINGHAI INVEST GROUP 6.4% 10/7/2021	513	100	0.20%	(75)
Modern Land (China) Co., Ltd.	MODERN LAND CHINA CO LTD 12.85% 25/10/2021	500	29	0.06%	(63)
Guangzhou R&F Properties Co., Ltd.	EASY TACTIC LTD 6.5% 11/7/2025	392	99	0.20%	(135)
China Evergrande Group	CHINA EVERGRANDE GROUP 8.25% 23/3/2022	512	35	0.07%	(42)
Kaisa Group Holdings Ltd.	KAISA GROUP HOLDINGS LTD 11.25% 9/4/2022	367	45	0.09%	(53)
Fantasia Holdings Group Ltd.	FANTASIA HOLDINGS GROUP 11.75% 17/4/2022	334	25	0.05%	(55)
Nuoxi Capital Ltd.	NUOXI CAPITAL LTD 5.35% 24/1/2023	497	91	0.18%	11
China Evergrande Group	CHINA EVERGRANDE GROUP 7.5% 28/6/2023	492	35	0.07%	(25)
Tianjin State-Owned Capital Investment & Management Co Ltd	TIANJIN INVST MANAGEMENT 0.15% 17/12/2026	504	111	0.22%	(388)
Agile Group Holdings Ltd.	AGILE GROUP HOLDINGS LTD FIX-TO VARIABLE (PERP) 8.375%	500	125	0.25%	(101)
China South City Holdings Ltd.	CHINA SOUTH CITY HOLDING 9% 20/7/2024	408	326	0.66%	(82)
China South City Holdings Ltd.	CHINA SOUTH CITY HOLDING 10.875% 26/6/2024	424	329	0.66%	(95)
China South City Holdings Ltd.	CHINA SOUTH CITY HOLDING 11.5% 12/4/2024	436	336	0.65%	(100)

Name of bond issuer	Name of bond	Investment cost	Fair Value as of 31 December 2022	Percentage to the Group's total assets	Change in fair value recognised for year ended 31 December 2022 USD
Greenland Global Investment Ltd.	GREENLAND GLB INVST 5.9% 12/2/2023	70	75	0.15%	5
Total			1,761		(1,198)
Equivalent to HK\$'000			13,733		(9,347)

Financial Assets at Fair Value through Profit or Loss

At 31 December 2022, it mainly represented the stock with a carrying amount of HK\$2.5 million (as at 31 December 2021: wealth management products and listed stocks with a carrying amount of HK\$68.2 million) listed in stock exchanges in Hong Kong and the PRC and an unlisted equity investment of HK\$0.5 million (as at 31 December 2021: HK\$2.4 million). The decrease was mainly due to redemption of wealth management products upon maturity before year end.

In Current Year, the Group recorded an investment income and return from listed equity investments and wealth management products at FVPL of HK\$1.8 million (Corresponding Year: HK\$1.9 million) while a fair value loss on the unlisted equity investment at FVPL of HK\$1.8 million (Corresponding Year: HK\$21.7 million).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2022, the balance of cash and bank balances was approximately HK\$105.3 million (as at 31 December 2021: approximately HK\$79.7 million).

The Group's net cash outflow from operating activities for the Current Year amounted to approximately HK\$(69.1) million (Corresponding Year: inflow of approximately HK\$21.7 million).

As at 31 December 2022, the Group had interest-bearing borrowings of approximately HK\$26.7 million (at 31 December 2021: HK\$39.3 million). The gearing ratio (which is calculated by dividing total borrowings by total assets) was 6.9% (at 31 December 2021: 7.1%). During the years ended 31 December 2022 and 2021, the Group did not hedge its exposure to interest rate risk.

As at 31 December 2022, the Group had current assets of approximately HK\$237.3 million (as at 31 December 2021: approximately HK\$349.8 million) and current liabilities of approximately HK\$122.2 million (as at 31 December 2021: approximately HK\$173.4 million). The current ratio (which is calculated by dividing current assets by current liabilities) was 1.94 (as at 31 December 2021: 2.02).

Capital Expenditure

The Group's capital expenditure was approximately HK\$2.0 million (Corresponding Year: approximately HK\$19.3 million), representing additions to property, plant and equipment of the Group.

Capital Commitments

As at 31 December 2022, the Group did not have significant capital commitments (as at 31 December 2021: approximately HK\$8.4 million).

Contingent Liabilities

As at 31 December 2022, the Group did not have any significant contingent liability (as at 31 December 2021: nil).

Charges on assets

As at 31 December 2022, except for the charge over the buildings and right-of-use assets with the carrying value of HK\$56.5 million and HK\$20.5 million respectively for securing the Group's interest-bearing bank borrowings (at 31 December 2021: the charge over the buildings and right-of-use assets with the carrying value of HK\$66.9 million and HK\$24.1 million respectively), the Group did not have any charges on assets.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere on the announcement, the Group did not have any significant events after the reporting period.

POSSIBLE RISK EXPOSURE

Credit Risk

The Group has no significant concentrations of credit risk with exposure spread over a large number of counterparties and customers. The carrying amounts of bank balances, trade receivables, contract assets, debt investments at fair value through other comprehensive income and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. The Group will adhere to a robust credit approval procedure when granting credits to new customers of Sports and Entertainment Business. The Group also regularly reviews and monitors the level of exposure and credibility of counterparties to ensure that prompt follow-up actions are taken to recover overdue debts. In addition, at the end of each reporting year, the recoverability of debts is evaluated so as to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors are of the view that the Group's credit risk is properly addressed.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Liquidity Risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds, borrowings mostly from banks and internally generated cash flows.

For the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate to finance the Group's operations and mitigate the effect of fluctuations in cash flows. The Group monitors current and expected liquidity requirements on a regular basis.

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. The Group's exposure to foreign exchange risks also related to bank balances denominated in and debt investments denominated in United States Dollars (USD) in Hong Kong. Given the fact that the Hong Kong Dollar is pegged to the USD under the Linked Exchange Rate System, the fluctuation of the exchange rate of this pair is not significant. The Group mainly operates in the PRC with most of the transactions settled in RMB and certain transactions with other Asian countries denominated in USD. The Group may enter foreign currency forward contracts which are aligned with the terms of receivables to mitigate the exposure. Overall, management considers that the Group's businesses are not exposed to significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 141 (as at 31 December 2021: 132) full-time employees in Hong Kong and the PRC. The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees.

The emolument of each of the Directors and the employees of the Group is on the basis of their merit, qualification, competence and experience in the industry, the profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance. In addition, the Company has adopted a share option scheme as incentives to directors and eligible persons.

DIVIDEND

The Board does not recommend the payment of any final dividend to shareholders for Current Year. 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2022, the Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules in force during the year and up to the date of this announcement, except for the following deviation:

Code Provision C.2.1 (Previously A.2.1)

According to the code provision C.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 Current Year, 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.

AUDIT COMMITTEE REVIEW

The Company has an audit committee which was established in accordance with the requirements of the CG code, for the purposes of reviewing and providing supervision over the financial reporting process, risk management and internal controls of the Group. The audit committee comprises 3 independent non-executive directors of the Company. The audit committee has adopted terms of reference which are in line with the CG Code. The Group's consolidated financial statements for the year ended 31 December 2022 have been reviewed and approved by the audit committee.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Company's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 on this announcement have been agreed by the auditors of the Company, Moore Stephens CPA Limited, to the amounts set out in the Company's audited consolidated financial statements for the year. The work performed by the auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditors on this preliminary announcement.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL 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 2022 annual 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 and optimizing the Group's business operations and structures in face of challenges.

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

Hong Kong, 23 March 2023

As at the date of this announcement, the executive Directors are Mr. Liu Xue Heng, Mr. Lam Ka Tak and Mr. Hou Gongda; 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.