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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)

2024 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 2024 (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 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4	169,653	62,388
Cost of sales and costs of construction services		(139,604)	(49,271)
Gross profit		30,049	13,117
Other income and gains and losses	4	15,859	13,068
Selling and distribution expenses		(14,541)	(10,628)
Administrative expenses		(52,134)	(46,017)
Impairment of financial and contract assets, net	5	(9,995)	(17,353)
Other expenses and losses		(3,633)	(11,366)
Finance costs	6	(1,668)	(1,729)
Share of loss of a joint venture		(60)	–
Loss before tax	5	(36,123)	(60,908)
Income tax credit/(expense)	7	828	(4,194)
Loss for the year		(35,295)	(65,102)

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		366	(6,782)
Reclassification adjustments for items included in profit or loss:			
Gain on disposal		(233)	(61)
Impairment		194	9,317
		<u>327</u>	<u>2,474</u>
Reclassification of foreign currency translation reserve upon deregistrations and disposals foreign operations		2	450
Exchange differences on translation of foreign operations		(2,504)	(4,115)
		<u>(2,175)</u>	<u>(1,191)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(2,175)	(1,191)
		<u>(2,175)</u>	<u>(1,191)</u>
Other comprehensive loss for the year, net of tax		(2,175)	(1,191)
		<u>(2,175)</u>	<u>(1,191)</u>
Total comprehensive loss for the year		(37,470)	(66,293)
		<u>(37,470)</u>	<u>(66,293)</u>
Loss attributable to:			
Owners of the Company		(22,847)	(49,023)
Non-controlling interests		(12,448)	(16,079)
		<u>(35,295)</u>	<u>(65,102)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(23,821)	(48,577)
Non-controlling interests		(13,649)	(17,716)
		<u>(37,470)</u>	<u>(66,293)</u>
		<u>(37,470)</u>	<u>(66,293)</u>
Loss per share attributable to owners of the Company	8		
Basic and diluted		HK1.6 cents	HK3.4 cents
		<u>HK1.6 cents</u>	<u>HK3.4 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		61,213	65,712
Investment properties		14,909	16,427
Right-of-use assets		19,858	22,141
Other intangible assets		270	169
Interest in a joint venture		2,257	–
Prepayments, other receivables and other assets		360	375
Contract assets	9	1,660	823
Debt investments at fair value through other comprehensive income		–	1,055
Financial assets at fair value through profit or loss		1,083	880
Deferred tax assets		8,264	7,676
		<hr/>	<hr/>
Total non-current assets		109,874	115,258
Current assets			
Inventories		56,834	21,440
Contract assets	9	57,244	28,881
Trade and bills receivables	10	30,841	16,662
Prepayments, other receivables and other assets		33,794	31,084
Debt investments at fair value through other comprehensive income		9,522	6,670
Financial assets at fair value through profit or loss		7,602	1,664
Restricted bank deposits		40,528	26,523
Cash and bank balances		75,450	87,023
		<hr/>	<hr/>
Total current assets		311,815	219,947

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current liabilities			
Trade and bills payables	11	126,306	44,324
Other payables and accruals		86,183	66,838
Provisions		2,028	1,100
Interest-bearing bank and other borrowings		48,056	24,133
Lease liabilities		888	5,113
Tax payable		29	17
		<hr/>	<hr/>
Total current liabilities		263,490	141,525
		<hr/>	<hr/>
Net current assets		48,325	78,422
		<hr/>	<hr/>
Total assets less current liabilities		158,199	193,680
		<hr/>	<hr/>
Non-current liabilities			
Interest-bearing bank and other borrowings		2,160	–
Lease liabilities		4,035	3,990
Deferred tax liabilities		160	376
		<hr/>	<hr/>
Total non-current liabilities		6,355	4,366
		<hr/>	<hr/>
Net assets		151,844	189,314
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Equity attributable to owners of the Company			
Share capital	12	7,040	7,040
Reserves		104,245	127,935
		<hr/>	<hr/>
		111,285	134,975
Non-controlling interests		40,559	54,339
		<hr/>	<hr/>
Total equity		151,844	189,314
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong has been changed to Unit 703, 7/F, Pearl Oriental House, 60 Stanley Street, Central, Hong Kong effective from 1 May 2024.

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 People’s 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. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which includes 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. In addition, the consolidated financial statements include applicable disclosure require by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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.

2.2 Application of amendments to HKFRSs

In the preparation of the consolidated financial statements for the year ended 31 December 2024, 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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 New and amendments to HKFRSs in issue but not yet effective

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 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for HKFRS 18 mentioned below, the above amendments to HKFRS Accounting standards do not expect to have a material impact on the consolidated financial statements of the Group. The Group will adopt the new and amendments to HKFRS Accounting Standards when they become effective.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the income statement; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the primary financial statements and the notes. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted, and will be applied retrospectively. The application of the new standard is expected to affect the presentation of the income statement and disclosures in the future financial statements. The Group is still currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the executive directors for the purposes of allocating resources and assessing performance.

During the years ended 31 December 2024 and 2023, 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 2024 and 2023.

Geographical information

(a) Revenue from external customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mainland China	132,688	62,388
Indonesia	36,965	–
	<u>169,653</u>	<u>62,388</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Provision of air dome construction services		
Customer A	21,126	–*
Customer B	–*	8,034
Customer C	–*	7,428
Customer D	–*	6,558
	<u> </u>	<u> </u>

* Revenue from these customers did not contribute over 10% or more of the Group's revenue for the corresponding years.

4. REVENUE, OTHER INCOME AND GAINS AND LOSSES

An analysis of revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers	<u>169,653</u>	<u>62,388</u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Types of goods or services		
Provision of air dome construction services	169,205	60,836
Rendering of operation and management services and other sports related services	229	522
Sale of goods	219	1,030
	<u>169,653</u>	<u>62,388</u>
Total revenue from contracts with customers	<u>169,653</u>	<u>62,388</u>
Timing of revenue recognition		
Services/goods transferred at a point in time	68,607	33,274
Services transferred over time	101,046	29,114
	<u>169,653</u>	<u>62,388</u>
Total revenue from contracts with customers	<u>169,653</u>	<u>62,388</u>

During the year, the Group recognised revenue of HK\$17,549,000 (2023: HK\$7,137,000) 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.

(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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	77,042	2,428
	<u>77,042</u>	<u>2,428</u>

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

Other income and gains and losses

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Bank interest income	1,094	1,475
Other interest income	3,132	2,215
Investment income and return from:		
– Financial assets at FVPL	447	583
– Debt investments at FVOCI	1,525	1,534
Government subsidies (<i>note</i>)	7	87
Gross rental income from investment properties under operating leases	2,837	2,296
Rental concessions	–	16
Others	983	386
	<u>10,025</u>	<u>8,592</u>
Gains and losses		
Gain/(loss) on foreign exchange differences, net	250	(325)
Fair value gain on financial assets at FVPL	1,904	548
(Loss)/gain on disposals of:		
– Financial assets at FVPL	58	(795)
– Debt investments at FVOCI	563	61
– Property, plant and equipment	(6)	–
(Loss)/gain on deregistrations of:		
– Subsidiaries	(2)	5,051
– An associate	–	(488)
Gain on early termination of lease	3,087	–
Others	(20)	424
	<u>5,834</u>	<u>4,476</u>
	<u><u>15,859</u></u>	<u><u>13,068</u></u>

Note: The amount 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):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of construction contracts	139,411	48,086
Cost of services provided	26	12
Cost of sales	167	1,173
Depreciation and amortisation of:		
– Property, plant and equipment	5,554	7,240
– Investment properties	1,218	1,079
– Right-of-use assets	1,872	3,350
– Other intangible assets	41	40
Research and development costs	12,571	6,723
Lease payments not included in the measurement of lease liabilities	164	–
Auditor's remuneration	1,500	1,400
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
– Wages and salaries	24,728	19,865
– Pension scheme contributions	2,489	2,123
	27,217	21,988
Impairment of below non-financial assets:		
– Property, plant and equipment*	–	147
– Right-of-use assets*	–	2,768
– Inventories*	3,621	8,361
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	1,704	1,116
Impairment of below financial and contract assets:		
– Other receivables, net	–	978
– Contract assets, net	7,049	1,153
– Trade receivables, net	2,752	5,905
– Debt investments at FVOCI, net	194	9,317
	9,995	17,353

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank and other borrowings	1,065	733
Interest on lease liabilities	603	996
Total interest expenses on financial liabilities not through profit or loss	1,668	1,729

7. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 (2023: HK\$2,000,000) of assessable profits of the Company are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

The Group's operations in Mainland China are subject to the PRC corporate income tax ("CIT"). The standard PRC CIT rate is 25% (2023: 25%).

Two (2023: two) PRC subsidiaries, MetaSpace and Yuedun Zhizao were accredited as High and New Technology Enterprise ("HNTE") and entitled to a preferential tax rate of 15% (2023: 15%) for the years ended 31 December 2024 and 2023. The HNTE certificate needs to be renewed every three years so as to enable to enjoy the preferential tax rate.

Certain PRC subsidiaries were qualified as Small-scaled Minimal Profit Enterprise, and accordingly their CIT are calculated on a deemed profit margin. 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 CIT tax rate of 20% for both years.

Certain PRC subsidiaries are entitled to claim an additional 100% (2023: 100%) tax deductibility on 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	26	2
Over-provision in prior year	(2)	–
Current – Mainland China		
Charge for the year	110	42
Over-provision in prior years	(36)	(80)
Deferred	(926)	4,230
Total tax (credit)/expense for the year	<u>(828)</u>	<u>4,194</u>

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share during the years is based on the loss attributable to owners of the Company, and the weighted average number of ordinary shares in issue.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to owners of the Company for the purpose of basic loss per share	<u>22,847</u>	<u>49,023</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue for the purpose of basic loss per share	<u>1,408,019,000</u>	<u>1,408,019,000</u>

Diluted loss per share for both years were the same as the basic loss per share as there was no potentially dilutive ordinary shares outstanding during the years.

9. CONTRACT ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets	91,125	54,993
Allowance for credit losses	<u>(32,221)</u>	<u>(25,289)</u>
	<u>58,904</u>	<u>29,704</u>
Analysed into:		
Current portion	57,244	28,881
Non-current portion	<u>1,660</u>	<u>823</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 as the receipt of consideration is conditional on successful completion of the construction. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	89,465	54,169
After one year	<u>1,660</u>	<u>824</u>
Total contract assets	<u>91,125</u>	<u>54,993</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of year	25,289	39,548
Impairment (<i>note 5</i>)	7,049	1,153
Written off	–	(13,723)
Exchange realignment	(117)	(1,689)
	<u>32,221</u>	<u>25,289</u>

10. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	68,825	53,080
Allowance for credit losses	(42,915)	(41,363)
	<u>25,910</u>	<u>11,717</u>
Net trade receivables – current	25,910	11,717
Bills receivables at FVOCI – current	4,931	4,945
	<u>30,841</u>	<u>16,662</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 2024, 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 RMB20,009,000 (equivalent to HK\$21,818,000) (2023: RMB280,000 (equivalent to HK\$308,000)). The Derecognised Bills had a maturity of five to seven months (2023: five to seven 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 years ended 31 December 2024 and 2023, 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	22,299	8,010
1 to 2 years	2,555	2,840
2 to 3 years	1,056	867
	<u>25,910</u>	<u>11,717</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of year	41,363	41,590
Impairment (<i>note 5</i>)	2,752	5,905
Written off	(317)	(5,360)
Exchange realignment	(883)	(772)
	<u>42,915</u>	<u>41,363</u>

11. TRADE AND BILLS PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	88,475	33,019
Bills payables	37,831	11,305
	<u>126,306</u>	<u>44,324</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	44,036	8,272
1 to 2 months	16,259	5,361
2 to 3 months	23,149	2,082
Over 3 months	42,862	28,609
	<u>126,306</u>	<u>44,324</u>

The trade payables are non-interest bearing and normally settled on terms of 30 to 90 days upon receipts of suppliers invoices.

12. SHARE CAPITAL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Authorised: 4,000,000,000 (2023: 4,000,000,000) ordinary shares of HK\$0.005 each	<u><u>20,000</u></u>	<u><u>20,000</u></u>
Issued and fully paid: 1,408,019,000 (2023: 1,408,019,000) ordinary shares of HK\$0.005 each	<u><u>7,040</u></u>	<u><u>7,040</u></u>

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 audited consolidated financial statements of the Company and its subsidiaries (collectively referred as the “**Group**”) for the year ended 31 December 2024 (“**Current Year**”).

BUSINESS REVIEW AND OUTLOOK

During the Current Year, the Group recorded revenue of HK\$169.7 million as compared with HK\$62.4 million for the year ended 31 December 2023 (“**Corresponding Year**”), gross profit of HK\$30.0 million as compared with HK\$13.1 million in Corresponding Year and net loss of HK\$35.3 million as compared with HK\$65.1 million in Corresponding Year.

Sports and Entertainment Business

The Group is principally engaged in the Sports and Entertainment Business. MetaSpace (Beijing) Air Dome Corp.* (“**MetaSpace**”), a non-wholly owned subsidiary of the Company, is a leading integrated service provider in the PRC focusing on construction, operation and management of air-dome facilities. These air domes can be widely applied in five major scopes: (i) sports, (ii) commercial and cultural tourism, (iii) industrial and environmental protection, (iv) agricultural warehousing, and (v) highland oxygen enrichment.

The Group has set up a world-leading dome manufacturing centre in Huzhou, Zhejiang Province, with an annual processing capacity of over 5 million square metres. The production team formulates customised manufacturing processes according to customers’ demands and individual circumstances, factoring in sophisticated control throughout the entire production in order to create an efficient and safe environment for delivering domes with high stability and superb quality while enabling swift installation without hampering the standard. On one hand, through competitive negotiations and tenders, MetaSpace actively utilises its own technical advantages and professional competences to provide customers with comprehensive solutions. While establishing nationwide sales channels and diversifying its success cases, the company manages to increase market share, and convinces customers to recognise and accept its products and services. On the other hand, MetaSpace pursues market expansion through various professional exhibitions such as sports expos and logistics expos, establishes the MetaSpace brand within the industry, and enhances the market awareness of the dome structure technology. Besides promoting MetaSpace’s technical advantages through professional exhibitions, forums, and other forms, the company enters into collaboration with various partners on promoting the application of the dome structure technology in target industries. Meanwhile, MetaSpace will actively seek opportunities for its business expansion to other Asian countries.

* For identification purpose only

In response to the five major areas mentioned above, in 2024 the PRC government introduced a series of policies for the industry, which are highlighted below:

- (i) Sports – In February 2024, the General Administration of Sport of China issued the “Key Points of Mass Sports Work in 2024”, which aims to solve the problem of “where for fitness”, and to improve the accessibility and degree of balance of public services. In November 2024, the State Council issued the “Guidelines to Promote Development of Ice, Snow Economy through the High-Quality Development of Ice and Snow Sports”, proposing that by 2027, ice and snow sports venues and facilities will be more complete and winter sports will be more popular, and by 2030, the role of the ice and snow economy in expanding employment and promoting high-quality development will become more prominent, and ice and snow consumption will become an important growth point for expanding domestic demand.

At present, air dome structures have been widely used in badminton, table tennis, basketball, tennis, swimming, ice and snow facilities. The air dome structure can make full use of the scattered land in towns and villages, replenishing the shortage of public fitness facilities in towns and villages. This could also supplement the national fitness strategy in depth, and boost people’s consumption in the field of sports.

- (ii) Commercial and Cultural Tourism – In February 2024, the Ministry of Culture and Tourism and other departments fixed the first batch of pilot projects for the cultivation of smart and immersive touristic experience. This pilot work is conducive to guiding the innovative development of immersive touristic experience as well as unveiling new hotspots with enriched content. Air domes are well suited to the needs of immersive venues. The large span of net space makes it no longer difficult to create a visual beauty full of aesthetics and light sensitivity, allowing visitors to have a more all-rounded and technologically advanced amusement experience.
- (iii) Industrial and Environmental Protection – In March 2024, the Ministry of Industry and Information Technology and other departments issued the first “Guiding Opinions on Accelerating the Promotion of Greening of the Manufacturing Sector” to guide the overall leap in green development in the coming decade. In May 2024, the State Council issued the “Action Programme on Energy Conservation and Carbon Reduction for 2024–2025”, which requires improving the regulation of the total amount and intensity of energy consumption, focusing on controlling the consumption of fossil energy, strengthening the management of carbon emission intensity, doing a good job of energy conservation and carbon reduction, and giving full play to the economic, social and ecological benefits of energy conservation and carbon reduction to lay a solid foundation for the realisation of the goal of carbon peak and carbon neutrality. The strong self-adaptive ability of the air domes enables it to easily cope with complex terrain without the need for a large amount of earthwork, reducing construction costs and the carbon footprint of the construction process. The characteristics of air domes such as low cost, high sealing, large span and high altitude perfectly solve the problem of a confined

dump (such as coal mine material), on the one hand, avoiding the spread of pollutants at source, and on the other hand, avoiding the waste of resources brought about by open stacking.

- (iv) **Agricultural Warehousing** – In January 2024, the State Council issued the “Opinions on Learning and Applying the Experience of the “Thousand Villages Demonstration and Ten Thousand Villages Improvement” Project to Powerfully and Effectively Promote the Comprehensive Revitalisation of Rural Areas”, with a view to ensuring national food security, strictly implementing the protection system for important agricultural products and arable land, and strengthening the construction of agricultural infrastructures and enhancing the ability to adjust and regulate food and important agricultural products. Air domes in the field of agriculture is widely used, both as a smart planting base for agricultural products, and as a storage for food preservation, and a transit station for the transport of fresh and live agricultural products. MetaSpace had constructed air-dome facilities for mushrooms and grain products; these energy-saving and efficient domes could help revitalisation of the countryside, assisting farmers to get rid of poverty.
- (v) **Highland Oxygen Enrichment** – “The Work Report of the People’s Government of the Tibet Autonomous Region for the Year 2024” proposes support for grassroots heating operation, high-altitude oxygen supply, optimisation of the dietary structure of the masses, and forest insurance pilots. Air dome is good in heat preservation, and its high tightness minimises air loss and maximises oxygen utilisation. By supplying oxygen in a large-space by means of diffusion, the inner altitude equivalence in air-dome could be reduced, and when supplemented by systems in controlling temperature and humidity, a non-destructive work can be achieved on the highland.

During the Current Year, MetaSpace recorded a great increase in revenue as the construction and delivery of projects were gradually resuming to a standard level post pandemic-period. With its technical competence advanced, the functionality of air-dome was improving and its diversified application substantially matched the changing market needs. Consequently MetaSpace had secured new contracts amounting to approximately RMB206 million. With substantial new contracts in the pipeline, the management is cautiously optimistic about the performance in coming years.

Money Lending Business

The Group runs the Money Lending Business and provides lending to third party customers through an indirectly wholly owned subsidiary. During the Current Year, the Group’s lending business contributed interest income of HK\$3.1 million (Corresponding Year: HK\$2.2 million). As at 31 December 2024, there were four (2023: four) active loan accounts, gross loan balances of which were HK\$27.0 million (2023: HK\$26.0 million). The tenors of the loans were 12 months (2023: ranged from 12 to 24 months). The weighted average interest rate of the outstanding loans as of 31 December 2024 was 10.9% (2023: 12.0%).

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

Other Businesses

On top of the businesses above-mentioned, the management always strive to look for potential ventures in the market, with a hope to maximise shareholders' interest while optimising the Group's resources. One of the ventures the Group had undertaken was a business engaged in manufacturing and sale of white pigment powder (“**WPP Business**”) in 2022. Yet since establishment and up to the Current Year, its performance had not been as flourishing as expected. Besides, the Group has been exploring and attempting potential projects but as of 31 December 2024 the scale and profitability of those were relatively insignificant and uncertain.

FINANCIAL REVIEW

Revenue and Gross Profit

In Current Year, the Group's revenue, predominately contributed from the Sports and Entertainment Business, was HK\$169.7 million, strongly improved from that of HK\$62.4 million in the Corresponding Year. Gross margin was 17.7%, dropped from 21.0% of last year.

Other Income and Gains or Losses

In Current Year, the Group had other income of HK\$10.0 million (Corresponding Year: HK\$8.6 million). Other income mainly included interest income, investment income and rental income.

Meanwhile, the Group recorded other gains of HK\$5.8 million (Corresponding Year: HK\$4.5 million). Other gains or losses represented incidental gains or losses arising upon derecognition of assets (including financial assets, investments in subsidiaries or associate, property, plant and equipment) as well as fair value changes in financial assets at fair value through profit or loss.

Selling and Distribution Expenses

Selling and distribution expenses were largely the employee benefit expenses incurred by marketing department, and the miscellaneous expenditures involved in exhibitions or public events for the Sports and Entertainment Business.

Administrative Expenses

Administrative expenses in the Current Year mainly composed of employee benefit expenses of HK\$18.3 million, research and development cost of HK\$12.6 million, as well as depreciation and amortisation charge of HK\$5.9 million.

The increase in administrative expenses was driven by the larger research and development cost incurred.

Impairment of Financial and Contract Assets

Impairment losses on financial and contract assets represented the net changes in the provision for expected credit loss made for debt investments, trade receivables and contract assets.

Other Expenses and Losses

Other expenses and losses of Current Year were mainly impairment losses on inventories in the ordinary course of business, while that of Corresponding Year were mainly impairment losses recognised on the WPP Business, whereas the assets, categorised by property, plant and equipment, right-of-use assets and inventories, were written down to the estimated recoverable amounts.

Finance Costs

Finance costs were HK\$1.7 million in Current Year (Corresponding Year: HK\$1.7 million), being interest on borrowings and interest on lease liabilities.

Net Loss after Taxation

The Group recorded a net loss of HK\$35.3 million in the Current Year, which was HK\$29.8 million reduced from last year. The reduction in the extent of loss in Current Year was driven by the business growth in the Sports and Entertainment Business as well as the smaller impairment losses provided.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 December 2024, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

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. 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.

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.

In Current Year, investment income from bonds was HK\$1.5 million (Corresponding Year: HK\$1.5 million). Besides, a fair-value gain of HK\$0.4 million (Corresponding Year: fair-value loss of HK\$6.8 million) was recognised in the equity, while an impairment loss of HK\$0.2 million (Corresponding Year: HK\$9.3 million) was recognised in the profit or loss.

		As at 31 December 2024		
Stock code	Bond issuer	Face value of bonds held <i>USD'000</i>	Market value <i>HK\$'000</i>	Percentage of market value to the Group's total assets
3333	China Evergrande Group (a) 8.25%, due 2022 (b) 7.5%, due 2023	500 500		
		1,000	133	0.03%
618	Nuoxi Capital Limited, a wholly-owned subsidiary of Peking University Founder Group Co., Ltd. (5.35%, due 2023)	375	209	0.05%
2777	Easy Tactic Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (6.5% in cash/7.5% with payment-in-kind, due 2025)	453	133	0.03%
1107	Modern Land (China) Co., Ltd. (a) 7% in cash/9% with payment-in-kind, due 2024 (b) 9% in cash/11% with payment-in-kind, due 2027	403 228		
		631	17	0.00%
3383	Agile Group Holdings Ltd. (8.375%, perpetual)	500	156	0.04%
1777	Fantasia Holdings Group Co., Ltd. (11.75%, due 2022)	340	66	0.02%
1638	Kaisa Group Holdings Ltd. (11.25%, due 2022)	348	159	0.04%
1668	China South City Holdings Ltd. (a) 9%, due 2024 (b) 9%, due 2024 (c) 9%, due 2024	408 413 415		
		1,236	2,650	0.63%

		As at 31 December 2024		
Stock code	Bond issuer	Face value of bonds held <i>USD'000</i>	Market value <i>HK\$'000</i>	Percentage of market value to the Group's total assets
600606	Greenland Global Investment Ltd., a wholly-owned subsidiary of Greenland Holdings Corp. Ltd. (5.9%, due 2029)	190	279	0.07%
17	New World Development Co. Ltd. (5.25%, perpetual)	800	2,736	0.65%
N/A	Qinghai Provincial Investment Group Co., Ltd. (6.4%, due 2021)	371	29	0.01%
N/A	Tianjin State-owned Capital Investment and Management Co., Ltd. (0.15%, due 2026)	504	2,955	0.70%
		6,748	9,522	2.26%
		6,748	9,522	2.26%

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss held by the Group included both listed equity investment and unlisted equity investment.

The listed equity investments represented securities listed in Hong Kong Stock Exchange and Shenzhen Stock Exchange, while the unlisted equity investment represented an equity interest in a private company engaged in the pharmaceutical industry in the PRC.

During the Current Year, investment income from financial assets at FVPL recognised in profit or loss amounted to HK\$0.4 million (Corresponding Year: HK\$0.6 million).

Liquidity, Financial Resources and Capital Structure

As at 31 December 2024, the Group is in a net cash position of HK\$25.3 million (2023: HK\$62.9 million), with cash and bank balances of HK\$75.5 million (2023: HK\$87.0 million) and interest-bearing bank and other borrowings of HK\$50.2 million (2023: HK\$24.1 million).

The Group's net cash outflow from operating activities for the Current Year amounted to HK\$27.8 million (Corresponding Year: HK\$3.4 million).

The following table sets forth certain of the key financial ratios:

	31 December 2024	31 December 2023
Liquidity ratios		
Current ratio ⁽¹⁾	1.18	1.55
Quick ratio ⁽²⁾	0.97	1.40
Capital adequacy ratios		
Gearing ratio ⁽³⁾	0.33	0.13
Debt to total assets ratio ⁽⁴⁾	0.12	0.07

Notes:

- (1) Current assets divided by current liabilities
- (2) Current assets less inventories divided by current liabilities
- (3) Interest-bearing bank and other borrowings divided by total equity
- (4) Interest-bearing bank and other borrowings divided by total assets

Capital Expenditure

The Group's capital expenditure was HK\$2.6 million (Corresponding Year: HK\$1.1 million), representing additions to property, plant and equipment of the Group.

Capital Commitments

As at 31 December 2024, the Group did not have significant capital commitments (2023: nil).

Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liability (2023: nil).

Charges on Assets

As at 31 December 2024, except for the charge over the buildings and right-of-use assets with the carrying value of HK\$47.8 million and HK\$18.8 million respectively for securing the Group's interest-bearing bank borrowings (2023: the charge over the buildings and right-of-use assets with the carrying value of HK\$50.5 million and HK\$19.7 million respectively), the Group did not have any charges on assets.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere on this 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 the 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 each trade debt 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. With sufficient excess of current assets over current liabilities, it can finance its operations from existing shareholders' funds 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, primarily with respect to Renminbi and United States dollar. Foreign exchange risk arises from future commercial transactions, as well as 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 2024, the Group had 128 (2023: 127) 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 determined 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

The Company had complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024 and up to the date of this announcement, except the following deviation:

Code provision C.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 year ended 31 December 2024, Mr. Liu Xue Heng has been 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 2024 have been reviewed and approved by the audit committee.

SCOPE OF WORK OF MOORE 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 2024 on this announcement have been agreed by the auditors of the Company, Moore 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares, including sale of treasury shares (the "**Treasury Shares**") within the meaning under the Listing Rules. As at 31 December 2024, the Company did not hold any Treasury Shares.

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 2024 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 optimising 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, 25 March 2025

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 Directors are Mr. Hu Yebi and Ms. Hu Yi Na; 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.