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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)

PROFIT WARNING

This announcement is made by Beijing Sports and Entertainment Industry Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that based on a preliminary assessment by the Company’s management on the unaudited consolidated management accounts of the Company for the year ended 31 December 2022 (the “**Current Year**”) and assessment of the latest information currently available by the Board, it is expected that the Group will record a greater net loss approximately in the range of HK\$82 million to HK\$100 million and a net loss attributable to the owners of the Company approximately in the range of HK\$63 million to HK\$77 million for the Current Year as compared to the net loss of approximately HK\$41.6 million and the net loss attributable to the owners of the Company of HK\$38.8 million for the year ended 31 December 2021 (the “**Corresponding Year**”).

The primary reasons for the increase in loss were mainly due to the following changes:

- (i) a significant decrease in revenue from the sports and entertainment segment by approximately HK\$150 million or 70% 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 the Current Year. This is in contrast to a much more stable and favorable market and operating situation throughout the Corresponding Year, resulting in a reduction of the gross profit by more than HK\$40 million;

- (ii) the recognition of a non-cash impairment loss on goodwill of approximately HK\$29 million, relating to the sports and entertainment segment in the Current Year, whereas no such item was recognized in the Corresponding Year;
- (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.

Despite the expected expansion in net loss for the Current Year, the Board is of the view that the overall operations and financial position of the Group remains stable and sound.

The Company is still in the process of finalising the Group's annual results for the Current Year. The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group, with reference to the information currently available to the Board which may be subject to amendments or adjustments, and have not been reviewed or confirmed by the Company's auditors or the audit committee of the Company. The actual financial results of the Group for the Current Year may be different from what is disclosed herein.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 13 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.