



WISDOM

**WISDOM
SPORTS GROUP
智美體育集團**

Stock Code:1661

(Incorporated in the Cayman Islands with limited liability)

智其身心
享其体魄

**2021
INTERIM
REPORT**



为健康 为快乐

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Corporate Information

EXECUTIVE DIRECTORS

Ms. Ren Wen (also known as Ms. Ren Guozun)
(*Chairlady*)
Mr. Sheng Jie (*Vice Chairman*)
Mr. Song Hongfei (*President*)
Ms. Hao Bin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Zhijian
Mr. Ip Kwok On Sammy
Mr. Jin Guoqiang

AUDIT COMMITTEE

Mr. Chen Zhijian (*Chairman*)
Mr. Jin Guoqiang
Mr. Ip Kwok On Sammy

REMUNERATION COMMITTEE

Mr. Jin Guoqiang (*Chairman*)
Mr. Chen Zhijian
Mr. Song Hongfei

NOMINATION COMMITTEE

Ms. Ren Wen (*Chairlady*)
Mr. Ip Kwok On Sammy
Mr. Jin Guoqiang

COMPANY SECRETARY

Ms. Hao Bin

AUTHORISED REPRESENTATIVES

Ms. Hao Bin
Mr. Sheng Jie

COMPANY'S REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

COMPANY'S HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

7/F, Block 1
No. 16, Xinyuanli
Chaoyang District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
Public Interest Entity Auditor registered in accordance
with the Financial Reporting Council Ordinance
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

HONG KONG LEGAL ADVISER

King & Wood Mallesons
13th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

WEBSITE

www.wisdomsports.com.cn

Chairlady's Statement

Dear Shareholders:

2021 is still an extremely tough year for Wisdom Sports Group (the “**Company**”) and its subsidiaries (collectively the “**Group**”) in which the novel coronavirus pandemic in China has been efficiently contained through effective prevention and control measures and large-scale vaccination, which made China the best country in pandemic prevention and control around the world. The development of the pandemic has directly affected the business development of the Group as a sports events operator. However, with the alleviation of the pandemic in the first half of the year, the Group has been actively preparing for the organisation of relevant events and bidding for new events, and successfully obtained the right to operate the Tumushuke Marathon* (圖木舒克馬拉松) during the first half of the year.

The tragic safety incident that happened during the cross-country running event held in Gansu Province, China in May 2021 undoubtedly added to the misfortunes of the road running industry and event operators who have been struggling. Events which should have been held in the first half of the year were postponed, and various event operators further strengthened safety measures and programs in all respects at the level of event execution to prevent the recurrence of tragedies. The sporadic outbreak of the pandemic in China also brings greater challenges to various local governments and event operators, which means that effective measures for pandemic prevention and control are also required to smoothly hold a high-quality event because it is essential to present a safe and healthy game to sports enthusiasts. Up to now, the holding time of each event is still being scheduled according to the development of the pandemic. Although there is still uncertainty at present, we hope to get opportunities and time to hold events in the second half of the year.

Due to the continued postponement of various large-scale marathon events, the Group is also actively communicating with local governments to obtain more opportunities for cooperation and provide governments with other types of targeted event services according to local needs, and further diversifying the types and service contents of the Group's event operations to enhance the stickiness with various partners.

At the same time, the Group also continues to research and discuss the business and investment opportunities in new fields and new projects, and conducts market research for the transformation of the Group's operations. The Group hopes to capture the development opportunities in other business areas, so as to diversify the business patterns of the Group and avoid the risks from its current operations.

As China further introduces policies for the promotion of sports industry, I believe that the players in the sports industry will continue to be optimistic about the potential opportunities for the future development of the industry. We also hope that under the normalisation of the pandemic, we can continue to provide more types of products and services for sports enthusiasts to satisfy their demand for sports and health.

I hereby would like to express my sincere appreciation to the shareholders for their continuous support and attention to the Group, and wish you all good health. Let's look forward to a promising future for the industry.

Yours faithfully,
Ren Wen
Chairlady

* for identification purpose only

Management Discussion and Analysis

GROUP OVERVIEW

After going through a tough year in 2020, the entire sports industry is looking forward to the return to normal operation of marathon and other large-scale sports events, which is conditional upon the effective prevention and control of the novel coronavirus (“**COVID-19**”) pandemic. As a leading sports events operator in China, the Group has also commenced various preparations for the holding of sports events, and hopes to accomplish some achievements in 2021.

As China had been impacted by sporadic cases of COVID-19 at the beginning of the year, the organising committees of various events had to postpone the holding of sports events again to avoid the risk of spreading the pandemic caused by highly crowded gathering during the events. Thus, except for several events held in April 2021 by making use of every bit of time, the overall external environment still impacted the holding of large-scale marathon events. Especially after the severe incident that happened during the cross-country race held in Gansu Province, China in May 2021, sports events in various regions were halted one after another, which had a profound alerting effect on China’s marathon industry. The organising committees of various events are required to improve their internal skills to further enhance the supporting services in various aspects such as event safety guarantee in a bid to meet the safety guarantee requirements after the events resume, and provide better sports experience for runners.

Faced with the still severe external conditions during the first half of the year, on the one hand, the Group reinforced the preparatory work for existing events to be held, and on the other hand, it kept communicating with local governments to explore new resources for events. In May 2021, the Group successfully won the bid for the right to operate the Tumushuke Marathon* (圖木舒克馬拉松) in Xinjiang, strengthened cooperation with local sports authorities during the preparation of the event, held basketball games, and subsequently won the bid for the right to operate the brisk walking activity of the 2021 Corps Public Fitness Games in Tumushuke City. The Tumushuke Marathon* (圖木舒克馬拉松) is also scheduled to be held in the second half of the year as the first highest-level road race in Xinjiang certified by the Chinese Athletics Association. In addition, the Group is scheduled to operate several large-scale marathon events in Nanchang, Shenzhen, Jinan and Lu’an in the second half of the year, which allows the Group to always maintain its stable first position as a marathon operator in China.

OUTLOOK OF THE INDUSTRY AND THE GROUP

Up to now, the domestic pandemic situation has rebounded on a small scale due to constant overseas imported cases and local sporadic cases. Due to the requirements of pandemic prevention and control, the time for holding large-scale events in the second half of the year is also uncertain. We hope that the pandemic can be effectively contained or even cease entirely through national vaccination and various prevention and control measures. However, at present, it seems that the external conditions may not be able to fully recover to the situation before the pandemic in the short term under which large-scale events could be held. To hold events successfully, event operators are required to submit complete proposals in the aspects of safety, medical care, hygiene, etc. so as to avoid the spread of the pandemic and the occurrence of accidents involving major safety related liability when holding events, so that the marathon ecology in China can bottom out and realise healthy development.

* for identification purpose only

In the circumstances where no events can be successfully held, the Group, as an events operator, is constantly enhancing our internal skills and optimising various proposals for the organisation and operation of events; and is also seeking more development opportunities in the fields of sports, sports extension and even mass consumption and mass health. At present, the Group has reached comprehensive cooperation with local governments for sports and cultural activities in the southern Xinjiang region, by which the Group can conduct long-term operations through mass sports activities (such as city games, and basketball and football league matches), youth sports training and selection (youth training bases, establishment of traditional sports schools and training camps) and the operation of sports and cultural venues, aiming to capture better development opportunities and prospects in such fields. During the first half of the year, the Group also conducted in-depth market surveys in relevant fields and carried out in-depth research and negotiations on relevant projects with an aim to obtain more space for development therefrom.

Since more than 2.0 billion doses of vaccines have already been administered in China, we believe that the pandemic will be gradually contained through vaccination and effective prevention and control, and the sports industry, as an indispensable way of life and entertainment for the general public, will gradually return to normal operation and flourish again.

FINANCIAL REVIEW

During the reporting period, the Group had two business divisions which represented two reportable operating segments, namely:

- (a) the Events Operation and Marketing segment, which provides marketing services in conjunction with sports-related competitions. Its revenue includes corporate sponsorship income; and
- (b) the Sports Services segment, which mainly provides services to media companies and marathon runners in conjunction with sports-related competitions and other events. Types of revenue include mainly rental income from equipment, individual consumption income, and live broadcasting and program production income.

Revenue

The Group's revenue increased by approximately 20.0% to RMB1.2 million for the six months ended 30 June 2021 from RMB1.0 million for the six months ended 30 June 2020. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment increased to RMB0.8 million for the six months ended 30 June 2021 from RMB Nil for the six months ended 30 June 2020. The increase was due to the corporate sponsorship income of an online marathon held in the first half of 2021; and
- Revenue of the Sports Services segment decreased by approximately 60.0% to RMB0.4 million for the six months ended 30 June 2021 from RMB1.0 million for the six months ended 30 June 2020. The decrease was mainly due to the disposal of a subsidiary in the second half of 2020, which resulted in a decrease in live broadcasting and program production income.

Management Discussion and Analysis

Cost of Services

The Group's cost of services decreased by approximately 77.4% to RMB1.2 million for the six months ended 30 June 2021 from RMB5.3 million for the six months ended 30 June 2020. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment amounted to RMB Nil for the six months ended 30 June 2021, which is the same as that for the six months ended 30 June 2020; and
- Cost of the Sports Services segment decreased by approximately 77.4% to RMB1.2 million for the six months ended 30 June 2021 from RMB5.3 million for the six months ended 30 June 2020. The decrease was mainly due to the disposal of a subsidiary in the second half of 2020, which resulted in a decrease in live broadcasting and program production cost.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

As a result of the aforementioned factors, the Group recorded a gross profit of RMB Nil for the six months ended 30 June 2021 as compared to a gross loss of RMB4.3 million recorded for the six months ended 30 June 2020, representing an increase of approximately 100.0% in gross profit. The Group recognised a gross profit margin of 0.0% for the six months ended 30 June 2021 as compared to a gross loss margin of 430.0% for the six months ended 30 June 2020. Details based on reportable segments are as follows:

- As a result of the foregoing changes in revenue and cost of services of the Events Operation and Marketing segment, the gross profit for the Events Operation and Marketing segment increased to RMB0.8 million for the six months ended 30 June 2021 from a gross profit of RMB Nil for the six months ended 30 June 2020. The gross profit margin increased to 100.0% for the six months ended 30 June 2021 from a gross profit margin of 0.0% for the six months ended 30 June 2020; and
- As a result of the foregoing changes in revenue and cost of service of Sports Services segment, the gross loss for the Sports Services segment decreased by approximately 81.4% to RMB0.8 million for the six months ended 30 June 2021 from a gross loss of RMB4.3 million for the six months ended 30 June 2020. The gross loss margin decreased to 200.0% for the six months ended 30 June 2021 from a gross loss margin of 430.0% for the six months ended 30 June 2020.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 54.5% to RMB1.7 million for the six months ended 30 June 2021 from RMB1.1 million for the six months ended 30 June 2020. The increase was mainly due to the increase in labour cost without waiver in social insurance, and increase in traveling expenses after COVID-19.

General and Administrative Expenses

The Group's general and administrative expenses decreased by 12.5% to RMB15.4 million for the six months ended 30 June 2021 from RMB17.6 million for the six months ended 30 June 2020. This decrease was mainly due to the disposal of a subsidiary in the second half of 2020, which resulted in reduced expenses.

Other Income

The Group's other income increased by approximately 20.9% to RMB8.1 million for the six months ended 30 June 2021 from RMB6.7 million for the six months ended 30 June 2020. The increase was mainly due to the increase in the dividend income from a financial asset at fair value through other comprehensive income.

Other Losses

The Group's other losses increased by approximately 57.6% to RMB15.6 million for the six months ended 30 June 2021 from RMB9.9 million for the six months ended 30 June 2020. The increase was mainly due to the increase in fair value loss on listed equity securities under financial assets at fair value through profit or loss.

Loss before Tax

As a result of the foregoing, the Group's loss before tax decreased by approximately 10.0% to RMB24.2 million for the six months ended 30 June 2021 from a loss before tax of RMB26.9 million for the six months ended 30 June 2020.

Income Tax Credit

The Group's income tax credit decreased by approximately 25.6% to RMB2.9 million for the six months ended 30 June 2021 from RMB3.9 million for the six months ended 30 June 2020. The decrease was mainly due to the decrease in allowance for impairment of trade receivables as at 30 June 2021.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company decreased by approximately 2.3% to RMB21.3 million for the six months ended 30 June 2021 from RMB21.8 million for the six months ended 30 June 2020.

Cash Flow

As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately RMB136.8 million compared with that of RMB137.7 million as at 31 December 2020.

Working Capital

The Group's net current assets decreased by approximately 7.2% to RMB296.8 million as at 30 June 2021 from RMB319.8 million as at 31 December 2020. The Group maintained a stable net current asset value and a relatively high level of working capital that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total spending on the acquisition of property, plant and equipment amounted to RMB Nil for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB58.4 million).

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2021, the Group had net current assets of RMB296.8 million (31 December 2020: RMB319.8 million), of which cash and cash equivalents amounted to RMB136.8 million (31 December 2020: RMB137.7 million).

The Group adopts a prudent approach in treasury management, ensuring that the Group maintains strong reserves of cash to finance its daily operations and future developments. In addition to the Group's payment arrangements with the clients set forth in the relevant agreements, the Group conducts a periodic review of their payment progress in the Group's internal control system and assesses the Group's credit policy for them. After taking into account of a series of factors, including transaction volume, length of business relationship, prior dealing history with the Group, creditworthiness, the industry practice, the macroeconomic and market competition environment, the Group's financial position and working capital needs and the Group's marketing and sales strategy, the Group may further extend credit periods ranging from three to six months for some of the clients in practice. Such extension of credit periods is granted on a case-by-case basis and not set forth in the payment terms in the Group's agreements with relevant clients. The Group will continue to monitor the payment progress of these clients and take appropriate measures as to the collection of trade receivables based on the Group's assessment and ongoing communications with the clients.

The Group has not experienced any material impact or effects on its operations or liquidity as a result of fluctuations in foreign exchange rates for the six months ended 30 June 2021 and the Group has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 (the "**Prospectus**") was completed on 24 June 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 July 2013 (the "**Listing Date**"). On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group. As at the date of this interim report, no option has been exercised. The options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group. As at the date of this interim report, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the six months ended 30 June 2021.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR SIGNIFICANT INVESTMENTS OR ACQUISITIONS OF MATERIAL CAPITAL ASSETS IN THE FUTURE

Acquisition of interest in Yuan Tong Global Financial Group Limited (the “Target Company”)

The Company entered into a sale and purchase agreement (the “**Agreement**”) with LPD Investments Limited (the “**Vendor**”), an independent third party, on 12 May 2020 in relation to the acquisition of 49% of the issued share capital (the “**Acquisition**”) of the Target Company for a consideration of HK\$53,410,000. Pursuant to the terms of the Agreement, the Company shall pay the Vendor 15% of the consideration, being HK\$8,011,500, as refundable down payment. The Target Company is a company incorporated in Hong Kong with limited liability and, through its subsidiaries, is engaged in, among others, the provision of (i) securities brokerage; (ii) wealth and asset management; and (iii) corporate financial services such as underwriting and placing of initial public offerings shares. In view of the optimistic prospect of the financial services industry in Hong Kong, the Board is of the opinion that the Acquisition will enable the Group to capitalise on the active financial market in Hong Kong and would broaden its sources of income. This transaction constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). For details, please refer to the announcement of the Company dated 12 May 2020.

On 26 February 2021, the Company entered into a supplemental agreement to the Agreement with the Vendor, pursuant to which the parties have agreed to make certain amendments to the terms of the Agreement including, among other things, to extend the long stop date from 28 February 2021 to 31 March 2021. Please refer to the Company’s announcement dated 26 February 2021 for further details.

The Acquisition was completed on 26 March 2021. Please refer to the Company’s announcement dated 26 March 2021 for further details.

Re-Investment in the Chang’an Trust – Wenjian Zengli No.1 Trust Scheme* (長安信託 • 穩健增利1號集合資金信託計劃)

On 7 April 2020, Beijing Wisdom Sports Industry Co., Ltd.* (北京智美體育產業有限公司) (“**Beijing Wisdom Sports**”), a wholly-owned subsidiary of the Company, entered into a trust scheme agreement (the “**Chang’an Trust Scheme Agreement**”) with Chang’an International Trust Co., Ltd. (“**Chang’an Trust**”), pursuant to which Beijing Wisdom Sports agreed to invest in the Chang’an Trust – Wenjian Zengli No.1 Trust Scheme* (長安信託 • 穩健增利1號集合資金信託計劃) (the “**Chang’an Trust Scheme**”) established by Chang’an Trust for RMB40.0 million (the “**Chang’an Investment**”). The Chang’an Trust Scheme will invest in, among others, various monetary instruments, bonds, bond funds, and other fixed income products and other short-term financial instruments with low risk and high liquidity.

As the Chang’an Investment had matured, Beijing Wisdom Sports had made subsequent re-investments in the Chang’an Trust Scheme (the “**Chang’an Re-investments**”). The Chang’an Trust Scheme does not guarantee to capital protection and minimum return. The expected annualised rate of return also differs based on each investment.

* for identification purpose only

Management Discussion and Analysis

On 12 April 2021, the Group further re-invested in the Chang'an Trust Scheme with RMB50.0 million.

For details, please refer to the announcements of the Company dated 7 April 2020, 15 July 2020, 21 October 2020 and 12 April 2021, respectively.

Save as disclosed in this interim report, during the six months ended 30 June 2021, the Company had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures. Save as disclosed in the relevant announcements and in this interim report, as at the date of this interim report, the Company has no plans for significant investments or acquisitions of material capital assets in the future.

CHARGE ON ASSETS

As at 30 June 2021, there was no charge on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2021, the Company had no material contingent liabilities.

FINANCIAL RATIO

The table below sets forth selected financial ratios of the Group:

Financial ratio	As at 30 June 2021	As at 31 December 2020
Current ratio	775.3%	765.1%
Gearing ratio	N/A	N/A

Notes:

1. Current ratio represents a ratio of current assets to current liabilities.
2. Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The gearing ratio is not applicable to the Group as it had no bank borrowings as at 30 June 2021 and 31 December 2020.

* for identification purpose only

HUMAN RESOURCES

The total number of employees of the Group was 25 as at 30 June 2021. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the six months ended 30 June 2021 amounted to RMB3.1 million.

In accordance with the corporate development strategies along with the practical business needs, the Group has provided various training programs to its staff according to their positions via a number of channels, including induction courses for new staff, training of professional knowledge in connection with finance, internal control and evaluation of the value of each position, etc. as well as different special trainings.

CONNECTED TRANSACTIONS AND STRUCTURED CONTRACTS

As the business operation of Beijing Wisdom Media Holding Co., Ltd. (北京智美傳媒股份有限公司) (“**Beijing Wisdom Media**”) constitutes business activities which are subject to prohibition or restriction on foreign investment under the laws of the People’s Republic of China (the “**PRC**”) (the “**Restricted Business**”), the Company cannot acquire equity interest in Beijing Wisdom Media. As a result, the Group has entered into a series of contracts (the “**Structured Contracts**”) designed to provide Beijing Wisdom Sports and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by the PRC laws and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on 24 June 2013. Pursuant to the Structured Contracts, all material business activities of Beijing Wisdom Media are instructed and supervised by Beijing Wisdom Sports and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to the Group. The Structured Contracts constitute non-exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.42(3) of the then effective Chapter 14A of the Listing Rules (now Rule 14A.105 of the Listing Rules), the Company has applied to the Stock Exchange, and the Stock Exchange has granted a waiver from strict compliance with: (i) announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Structured Contracts; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to Beijing Wisdom Sports under the Structured Contracts; and (iii) the requirement of limiting the term of the Structured Contracts to three years or less.

Operating Entities of the Group Controlled through the Structured Contracts

During the six months ended 30 June 2021, the following are operating entities of the Group controlled through the Structured Contracts:

- (i) Beijing Wisdom Media, a limited liability company incorporated in the PRC and principally engaged in investment holding; and
- (ii) First AI Sports Technology (Shenzhen) Co., Ltd.* (第一智能體育科技(深圳)有限公司) (“**First AI**”), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in the service provision for the live broadcasting of large-scale tournaments and marathon timing.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions of the Directors or chief executives of the Company in the shares of the Company (the “**Shares**”), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Ms. Ren Wen	Founder of discretionary trust (<i>Note 1</i>)	602,780,000	37.84%
	Interest of controlled corporation (<i>Note 2</i>)	98,751,000	6.20%
Mr. Song Hongfei	Beneficial owner (<i>Note 3</i>)	4,715,000	0.30%
Ms. Hao Bin	Beneficial owner (<i>Note 4</i>)	250,000	0.02%

Notes:

1. These 602,780,000 Shares were held by Queen Media Co., Ltd. (“**Queen Media**”). The entire issued share capital of Queen Media was owned by Sky Limited (“**Trust Co**”), whose entire issued share capital was the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which was a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust included Ms. Ren Wen and her family members. Accordingly, Ms. Ren Wen was deemed or taken to be interested in all the Shares held by Queen Media for the purpose of the SFO.
2. Out of the 98,751,000 Shares, 75,961,000 Shares were held by Lucky Go Co., Ltd. and 22,790,000 Shares were held by Top Car Co., Ltd. Ms. Ren Wen held approximately 84.88% equity interest in Lucky Go Co., Ltd. and 43.69% equity interest in Top Car Co., Ltd., respectively, and hence was deemed or taken to be interested in all the Shares held by Lucky Go Co., Ltd. and Top Car Co., Ltd. for the purpose of the SFO.
3. Among the 4,715,000 Shares that Mr. Song Hongfei was interested in, 215,000 Shares were share options granted to him on 23 May 2014 under the share option scheme of the Company with an exercise price of HK\$3.92 per Share.
4. Among the 250,000 Shares that Ms. Hao Bin was interested in, 150,000 Shares were share options granted to her on 29 May 2015 under the share option scheme of the Company with an exercise price of HK\$8.036 per Share.

(ii) Long position in the shares of associated corporations

Name of Director	Name of associated corporation	Class of interest	Approximate percentage of shareholding interest
Ms. Ren Wen	Beijing Wisdom Media (<i>Note 1</i>)	Ordinary	52.38%
	First AI (<i>Note 2</i>)	Ordinary	100%
Mr. Sheng Jie	Beijing Wisdom Media (<i>Note 1</i>)	Ordinary	8.46%

Notes:

1. Beijing Wisdom Media is an indirect subsidiary of the Company controlled through the Structured Contracts. For details, please refer to the subsection headed "Connected Transactions and Structured Contracts" in the section headed "Management Discussion and Analysis". Accordingly, Beijing Wisdom Media is an associated corporation of the Company within the meaning of Part XV of the SFO.
2. A wholly-owned subsidiary of Beijing Wisdom Media.

Save as disclosed above, as at 30 June 2021, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2021, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Long position in the Shares

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Trust Co	Interest of controlled corporation	602,780,000 (<i>Note 1</i>)	37.84%
Credit Suisse Trust Limited	Trustee	602,780,000 (<i>Note 1</i>)	37.84%
Brock Nominees Limited	Nominee	602,780,000 (<i>Note 1</i>)	37.84%
Tenby Nominees Limited	Nominee	602,780,000 (<i>Note 1</i>)	37.84%
Queen Media	Beneficial owner	602,780,000 (<i>Note 1</i>)	37.84%

Note:

1. These 602,780,000 Shares were held by Queen Media. The entire issued share capital of Queen Media was owned by Trust Co, whose entire issued share capital was held as to 50% by Brock Nominees Limited and 50% by Tenby Nominees Limited. The entire issued share capital of Trust Co was the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which was a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust included Ms. Ren Wen and her family members.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Important Events

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 14 June 2013 for the purpose of recognizing and acknowledging the contributions the eligible participants had or may have made to the Group, which became effective on the Listing Date. The Board may, at its discretion, grant options (the “**Options**”) pursuant to the Share Option Scheme to the substantial shareholders, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries, employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group.

The Directors were authorized to grant Options and to allot, issue and deal with the Shares pursuant to the exercise of Options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which Options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering (as defined in the Prospectus), being 160,000,000 Shares, unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Articles of Association of the Company, the Listing Rules and/or any other applicable laws and regulations from time to time.

The maximum number of Shares (i.e. 160,000,000 Shares) in respect of which Options may be granted under the Share Option Scheme represents 10.04% of the total number of the issued Shares as at the date of this interim report (assuming no Shares were issued and/or repurchased after 30 August 2021, being the latest practicable date for ascertaining certain information in this interim report (the “**Latest Practicable Date**”). As at the date of this interim report, the number of Shares available for issue under the Share Option Scheme (excluding those Options granted but not exercised) amounted to 159,535,000 Shares, representing approximately 10.02% of the issued Shares.

An offer for the grant of Options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an Option to the Company on acceptance of the offer for the grant of an Option is HK\$1.00. The total number of Shares issued and to be issued upon exercise of Options granted to any participant under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his/her associates abstaining from voting. The Share Option Scheme will remain in force for a period of ten years commencing on the date of adoption, which is 14 June 2013 and shall expire at the close of business on the business date immediately preceding the tenth anniversary thereof unless terminated earlier by shareholders in general meeting.

There is no minimum period for which an Option must be held before it can be exercised, and the period during which an Option may be exercised will be determined by the Board in its absolute discretion. However, no Options shall be exercised 10 years after they have been granted. The subscription price of a Share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average official closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

Important Events

Options granted

Options granted on 23 May 2014

The Options to subscribe for a total of 1,210,000 Shares were granted under the Share Option Scheme on 23 May 2014 to employees of the Group. The exercise price of the Options granted is HK\$3.92 per Share and the closing price of the Shares immediately before the date on which the Options were granted was HK\$4.01. Pursuant to the terms of the grant of such Options, 25% of the Options became exercisable on each of 23 May 2015, 23 May 2016, 23 May 2017 and 23 May 2018, respectively, subject to the satisfaction of the individual performance assessment of the grantees for the relevant years. For details, please refer to the announcement of the Company dated 23 May 2014.

For the six months ended 30 June 2021, no Options granted on 23 May 2014 has been exercised, cancelled, forfeited or lapsed. As at 30 June 2021, Options to subscribe for a total of 215,000 Shares remained outstanding and were exercisable by the respective grantees immediately until 22 May 2024.

Options granted on 29 May 2015

The Options to subscribe for a total of 2,500,000 Shares were granted under the Share Option Scheme on 29 May 2015 to employees of the Group. The exercise price of the Options granted is HK\$8.036 per Share and the closing price of the Shares immediately before the date on which the Options were granted was HK\$7.95. Pursuant to the terms of the grant of such Options, 25% of the Options became exercisable on 29 May 2016, 29 May 2017, 29 May 2018 and 29 May 2019, respectively, subject to the satisfaction of the individual performance assessment of the said grantees for the relevant years. For details, please refer to the announcement of the Company dated 29 May 2015.

For the six months ended 30 June 2021, no Options granted on 29 May 2015 has been exercised, cancelled, forfeited or lapsed. As at 30 June 2021, Options to subscribe for a total of 250,000 Shares remained outstanding and were exercisable by the respective grantees immediately until 28 May 2025.

Options granted during the six months ended 30 June 2021

No Option was granted by the Company during the six months ended 30 June 2021.

Movement during the six months ended 30 June 2021

Particulars of the outstanding Options under the Share Option Scheme from 1 January 2021 to 30 June 2021 and Options granted, exercised, cancelled, forfeited or lapsed during such period are as follows:

Identity/Category of participant	Date of grant	Exercise price per Share	Vesting date and exercise period	Balance as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled/ Forfeited/ Lapsed during the period	Balance as at 30 June 2021	Price per Share immediately before the date of grant	Price per Share on exercise date
Mr. Song Hongfei	23 May 2014	HK\$3.92	From the date the exercise conditions are met ¹ to 22 May 2024	215,000	-Nil-	-Nil-	-Nil-	215,000	HK\$4.01	N/A ²
Ms. Hao Bin	29 May 2015	HK\$8.036	From the date the exercise conditions are met ¹ to 28 May 2025	150,000	-Nil-	-Nil-	-Nil-	150,000	HK\$7.95	N/A ²
Employees of the Group	29 May 2015	HK\$8.036	From the date the exercise conditions are met ¹ to 28 May 2025	100,000	-Nil-	-Nil-	-Nil-	100,000	HK\$7.95	N/A ²
Total				465,000	-Nil-	-Nil-	-Nil-	465,000		

Notes:

- Such Options shall be exercisable subject to the satisfaction of the individual performance assessment of the respective grantees for the relevant years. For details of the vesting schedule, please refer to the subsection headed "Share Option Scheme – Options granted" above.
- No Option had been exercised during the six months ended 30 June 2021.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2021.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the six months ended 30 June 2021 and as at the date of this interim report, the Company has maintained sufficient public float as required under the Listing Rules.

Important Events

INTERIM DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2021.

PROPOSED AND TERMINATION OF PLACING OF NEW SHARES

On 11 February 2021, the Company entered into a placing agreement (the “**Placing Agreement**”) under the General Mandate (as defined in the relevant announcement) with the placing agent (the “**Placing Agent**”), pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best effort basis, up to 318,588,400 new shares (the “**Placing Shares**”) of the Company to not less than six placees at a price of HK\$0.232 per Placing Share (collectively, the “**Placing**”).

On 15 February 2021, the Company entered into a supplemental placing agreement (the “**Supplemental Placing Agreement**”) with the Placing Agent, pursuant to which the Placing Agent and the Company agreed that the placing price should be revised from HK\$0.232 per Placing Share to HK\$0.235 per Placing Share. It was expected that the gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing would be approximately HK\$74.9 million and approximately HK\$72.6 million, respectively, and the Company would apply the net proceeds towards the business development of the Group and general working capital.

On 25 March 2021, the Company and the Placing Agent mutually agreed to terminate the Placing Agreement and the Supplemental Placing Agreement due to market conditions.

Please refer to the announcements of the Company dated 11 February 2021, 15 February 2021 and 25 March 2021 for further details.

EVENTS AFTER THE REPORTING PERIOD

Subscription of Investment Fund

On 5 July 2021, Beijing Wisdom Sports Culture Co., Ltd.* (北京智美體育文化有限公司) (“**Wisdom Sports Culture**”), a wholly-owned subsidiary of the Company, subscribed for a certain portion of the Ningbo Guanshi Shunshi No.6 Private Investment Fund* (寧波觀石順時6號私募證券投資基金) (the “**Investment Fund**”) managed by Ningbo Guanshi Investment Management Company Limited* (寧波觀石投資管理有限公司) (“**Ningbo Guanshi**”) with RMB50.0 million. The Investment Fund mainly invests in various monetary instruments and products. The date of interest commencement was 7 July 2021 with an investment time limit of 5 months and the maturity date of the investment will be on 6 December 2021. The subscription of the Investment Fund constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Please refer to the Company’s announcement dated 5 July 2021 for further details.

* for identification purpose only

On 1 September 2021, Wisdom Sports Culture subscribed for a certain portion of the Ningbo Guanshi Shunshi No. 10 Private Investment Fund* (寧波觀石順時10號私募證券投資基金) (the “**No.10 Investment Fund**”) managed by Ningbo Guanshi with RMB12.5 million. The No. 10 Investment Fund mainly invests in various monetary instruments and products. The date of interest commencement was 3 September 2021 and the maturity date of investment will be on 17 December 2021. As the subscriptions of the Investment Fund and the No.10 Investment Fund were conducted within a 12-month period, these subscriptions were aggregated and constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Please refer to the Company’s announcement dated 1 September 2021 for details.

LITIGATION

In December 2019, several subsidiaries of the Company began to initiate legal proceedings (the “**Legal Proceedings 1**”) against Wisdom Sports Arena Operation (Shenzhen) Co., Ltd. (the “**Arena Company**”) in relation to, among others, (i) return of loan; (ii) return of investment; (iii) return of prepayments; and (iv) return of payment on behalf, amounting to a total claim of approximately RMB38.0 million. Most of the Legal Proceedings 1 formally commenced in February 2020. Please refer to the Company’s announcement dated 11 February 2020 for further details.

As at the date of this interim report, bankruptcy proceedings against the Arena Company (the “**Bankruptcy Proceedings**”) have been initiated by its creditors and the Group, being one of its creditors, has lodged its creditor’s application to claim against the Arena Company for outstanding debts and the Legal Proceedings 1 have been subsequently withdrawn. As at the date of this interim report, the Bankruptcy Proceedings have not been concluded.

In April 2021 and June 2021, a subsidiary of the Company initiated legal proceedings (the “**Legal Proceedings 2**”) against the original shareholders of Beijing Easted Information Technology Co., Ltd.* (北京易訊通信息技術股份有限公司) and Beijing Coolplay Club Technology Co., Ltd.* (北京酷玩部落科技有限公司) respectively, in relation to failure in executing the redemption clause, demanded to pay the redemption as agreed in the contract, amounting to claims of approximately RMB29.4 million and RMB14.3 million respectively. Property preservation applications over properties owned by these original shareholders were also submitted by that subsidiary to safeguard the claims. As at the date of this interim report, the Legal Proceedings 2 have not been concluded.

* for identification purpose only

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company has applied the principles/code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conducts and affairs of the Company.

The Board is of the view that throughout the six months ended 30 June 2021, the Company has complied with the applicable code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2021.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and with terms of reference amended on 31 March 2016 and 20 December 2018 in light of amendments to the Listing Rules.

The Audit Committee is established for the purpose of reviewing the financial information and providing supervision on the financial reporting system, risk management and internal control systems as well as the effectiveness of the internal audit function of the Group.

The Audit Committee comprises three members, namely Mr. Chen Zhijian (Chairman), Mr. Jin Guoqiang, and Mr. Ip Kwok On Sammy, all being independent non-executive Directors.

The interim results of the Group for the six months ended 30 June 2021 are unaudited and have not been reviewed by the external auditor of the Company. The Audit Committee has reviewed together with the Company’s management the accounting principles and practices adopted by the Group and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2021. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	5	1,238	1,042
Cost of services		(1,223)	(5,321)
Gross profit/(loss)		15	(4,279)
Other income	6	8,097	6,651
Other losses	7	(15,550)	(9,939)
Selling and distribution expenses		(1,696)	(1,113)
General and administrative expenses		(15,374)	(17,608)
Loss from operations		(24,508)	(26,288)
Finance cost	8	–	(19)
Share of results of associates		267	(592)
Loss before tax		(24,241)	(26,899)
Income tax credit	10	2,898	3,915
Loss for the period	11	(21,343)	(22,984)
Attributable to:			
Owners of the Company		(21,308)	(21,754)
Non-controlling interests		(35)	(1,230)
		(21,343)	(22,984)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		16,259	7,529
<i>Item that may be reclassified to profit or loss:</i>			
Share of other comprehensive income of an associate		(492)	–
Other comprehensive income for the period, net of tax		15,767	7,529
Total comprehensive income for the period		(5,576)	(15,455)
Attributable to:			
Owners of the Company		(5,541)	(14,225)
Non-controlling interests		(35)	(1,230)
		(5,576)	(15,455)
Loss per share attributable to owners of the Company	13		
Basic and diluted		RMB(0.01)	RMB(0.01)

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Note	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	51,208	64,479
Right-of-use asset		–	147
Investment properties	14	6,626	–
Goodwill		–	–
Intangible assets		2,762	3,225
Financial assets at fair value through other comprehensive income	15	59,688	84,142
Other receivables	20	57,484	50,000
Investments in associates	16	41,993	10,896
Deferred tax assets		9,628	6,720
Other non-current asset	17	28,000	20,370
Total non-current assets		257,389	239,979
Current assets			
Inventories		2,205	2,205
Financial assets at fair value through profit or loss	18	48,213	62,064
Trade receivables	19	342	1,552
Other receivables	20	125,500	132,632
Prepayments and other current assets	21	27,716	31,773
Cash and cash equivalents	22	136,831	137,696
Total current assets		340,807	367,922
TOTAL ASSETS		598,196	607,901

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Note	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	23	2,454	2,454
Reserves		552,440	557,981
		554,894	560,435
Non-controlling interests		(657)	(622)
TOTAL EQUITY		554,237	559,813
LIABILITIES			
Current liabilities			
Trade payables	24	14,793	15,421
Other payables and accrued expenses		8,407	10,706
Contract liabilities		21	910
Lease liability		–	324
Income tax payables		20,738	20,727
Total current liabilities		43,959	48,088
TOTAL LIABILITIES		43,959	48,088
TOTAL EQUITY AND LIABILITIES		598,196	607,901
NET CURRENT ASSETS		296,848	319,834

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company										
	Share capital	Share premium	Share-based payments reserve	Statutory reserve	Foreign currency translation reserve	Other reserve	Fair value reserve (non-recycling)	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 23)										
At 1 January 2020 (audited)	2,454	54,245	911	132,471	-	81,902	(18,754)	339,053	592,282	7,110	599,392
Total comprehensive income for the period	-	-	-	-	-	-	7,529	(21,754)	(14,225)	(1,230)	(15,455)
Realisation of fair value reserve (non-recycling) upon disposal of a financial asset at fair value through other comprehensive income (note 15)	-	-	-	-	-	-	(720)	720	-	-	-
Changes in equity for the period	-	-	-	-	-	-	6,809	(21,034)	(14,225)	(1,230)	(15,455)
At 30 June 2020 (unaudited)	2,454	54,245	911	132,471	-	81,902	(11,945)	318,019	578,057	5,880	583,937
At 1 January 2021 (audited)	2,454	54,245	911	148,241	-	81,902	(7,336)	280,018	560,435	(622)	559,813
Total comprehensive income for the period	-	-	-	-	(492)	-	16,259	(21,308)	(5,541)	(35)	(5,576)
Realisation of fair value reserve (non-recycling) upon disposals of financial assets at fair value through other comprehensive income (note 15)	-	-	-	-	-	-	(13,352)	13,352	-	-	-
Changes in equity for the period	-	-	-	-	(492)	-	2,907	(7,956)	(5,541)	(35)	(5,576)
At 30 June 2021 (unaudited)	2,454	54,245	911	148,241	(492)	81,902	(4,429)	272,062	554,894	(657)	554,237

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations		(8,073)	(30,241)
Income tax paid		-	(184)
Net cash used in operating activities		(8,073)	(30,425)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of an associate		(23,952)	-
Increase in amount due from a related company	20	(9,164)	-
Interest income from treasury products		2,336	2,015
Interest income from loans to companies		1,169	600
Interest income from fund investment in a partnership		500	2,000
Interest income from short-term bank deposits		20	19
Dividend income from an unlisted equity security under financial assets at fair value through other comprehensive income	15	2,488	-
Decrease in security trading account's balances		4,079	5,391
Purchases of property, plant and equipment		-	(26)
Purchases of treasury products		(241,150)	(488,740)
Purchases of unlisted investment funds		(27,000)	-
Partial receipt of investment cost of an unlisted equity security under financial assets at fair value through other comprehensive income	15	361	16,452
Prepayment for strategic cooperation on a snow amusement park project	17(c)	(15,000)	-
Proceed from disposal of a subsidiary in prior year		300	-
Proceeds from disposal of listed equity securities under financial assets at fair value through profit or loss		19,510	-
Proceeds from disposal of property, plant and equipment		71	-
Proceeds from disposal of treasury products		260,150	360,740
Proceed from disposal of an unlisted equity security under financial assets at fair value through other comprehensive income	15	-	3,720
Earnest money paid for a potential equity investment		-	(7,370)
Loan to a company		-	(9,000)
Repayment received for loan to a company		33,400	15
Net cash generated from/(used in) investing activities		8,118	(114,184)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		-	(286)
Net cash used in financing activities		-	(286)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		45	(144,895)
Effect of foreign exchange rate changes		(910)	594
CASH AND CASH EQUIVALENTS AT 1 JANUARY	22	137,696	167,317
CASH AND CASH EQUIVALENTS AT 30 JUNE	22	136,831	23,016

Notes to the Interim Financial Information

For the six months ended 30 June 2021

1. GENERAL INFORMATION

Wisdom Sports Group (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (2012 Revision) of the Cayman Islands on 21 March 2012 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate controlling party is Ms. Ren Wen, who is also the Chairlady of the Board of the Company. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in China is 7/F, Block 1, No. 16, Xinyuanli, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”). The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events operation and marketing services, and sports services in the PRC.

2. BASIS OF PREPARATION

This interim financial information is unaudited and has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. It was authorised for issue on 30 August 2021.

This interim financial information should be read in conjunction with the 2020 annual financial statements, which were prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) (including all HKFRSs, HKASs and Interpretations). The accounting policies (including the critical judgements made by the Directors in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2020.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in this interim financial information are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2020. In the current interim period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective from 1 January 2021 but these developments do not have a material effect on this interim financial information.

A number of new HKFRSs and amendments to HKFRSs is effective from 1 January 2021 and earlier application is permitted. The Group has not early adopted any new HKFRSs or amendments to HKFRSs that are not effective for the current interim period.

Notes to the Interim Financial Information

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, the fair value disclosure of lease liability is also not required.

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements as at 30 June 2021			30 June 2021
	Level 1	Level 2	Level 3	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities (note 15)	–	–	59,688	59,688
Financial assets at fair value through profit or loss				
– Listed equity securities (note 18)	9,077	–	–	9,077
– Treasury products (note 18)	–	12,378	–	12,378
– Unlisted investment funds (note 18)	–	–	26,758	26,758
Total	9,077	12,378	86,446	107,901

Description	Fair value measurements as at 31 December 2020			31 December 2020
	Level 1	Level 2	Level 3	Total
	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity security (note 15)	–	21,081	–	21,081
– Unlisted equity securities (note 15)	–	–	63,061	63,061
Financial assets at fair value through profit or loss				
– Listed equity securities (note 18)	30,543	–	–	30,543
– Treasury products (note 18)	–	31,521	–	31,521
Total	30,543	52,602	63,061	146,206

During the six months ended 30 June 2021, a listed equity security under financial assets at fair value through other comprehensive income of RMB27,917,000 (31 December 2020: RMB21,081,000) was transferred in measurement from Level 2 to Level 3 as a result of activation of redemption clause with pre-determined redemption price specified in the share transfer agreement before the disposal. During the six months ended 30 June 2020, there was no transfer between Level 2 and Level 3.

Notes to the Interim Financial Information

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021 and 31 December 2020:

The Group's Deputy Head of Finance Department is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes and reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Deputy Head of Finance Department and the Board of Directors regularly.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Financial assets at fair value through other comprehensive income – Listed equity security	Market approach	Share transaction	–	21,081
Financial assets at fair value through profit or loss – Treasury products	Income approach – discounted cash flow	Loan prime rate of the People's Bank of China	12,378	31,521

For level 3 fair value measurements, the following valuation techniques were applied:

- Adjusted net asset values provided by the administrators of unlisted limited partnerships or an unlisted company.
- Pre-determined redemption prices specified in the share transfer agreements upon the realisation of events (only applicable during the six months ended 30 June 2021 for disposals of financial assets at fair value through other comprehensive income).
- Price-to-sales ratios of market comparable companies under market approach.
- Quoted bid prices provided by the administrators of unlisted investment funds.

4. FAIR VALUE MEASUREMENTS (Continued)

- (b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021 and 31 December 2020:
(Continued)

Level 3 fair value measurements

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 30 June 2021 RMB'000 (unaudited)
Financial assets at fair value through other comprehensive income – unlisted equity securities	Adjusted net asset values	N/A	N/A	N/A	56,868
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	3.9	Increase	2,561
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	2.5	Increase	259
Financial assets at fair value through profit or loss – unlisted investment funds	Quoted bid prices	N/A	N/A	N/A	26,758

Notes to the Interim Financial Information

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

- (b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021 and 31 December 2020: (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2020 RMB'000 (audited)
Financial assets at fair value through other comprehensive income – unlisted equity securities	Adjusted net asset values	N/A	N/A	N/A	60,333
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	4.7	Increase	2,630
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	2.8	Increase	98

During the six months ended 30 June 2021, an unlisted equity security under financial assets at fair value through other comprehensive income of RMB12,435,000 (31 December 2020: RMB Nil) had a change in the valuation technique used from adjusted net asset value to pre-determined redemption price specified in the share transfer agreement as a result of activation of redemption clause before the disposal.

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Reconciliation of financial assets measured at fair value based on Level 3:

	30 June 2021 RMB'000 (unaudited)
Financial assets at fair value through other comprehensive income – listed equity security	
At 1 January 2021	–
Net unrealised gain recognised in other comprehensive income during the period	6,836
Transfer from Level 2	21,081
Disposal during the period (<i>note 15</i>)	(27,917)
At 30 June 2021	–

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Financial assets at fair value through other comprehensive income – unlisted equity securities		
At 1 January 2021/1 January 2020	63,061	87,158
Net unrealised gains/(losses) recognised in other comprehensive income during the period/year	9,423	(3,925)
Partial receipt of investment cost from a financial asset at fair value through other comprehensive income (<i>note 15</i>)	(361)	(16,452)
Disposal during the period/year (<i>note 15</i>)	(12,435)	(3,720)
At 30 June 2021/31 December 2020	59,688	63,061

Notes to the Interim Financial Information

For the six months ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Reconciliation of financial assets measured at fair value based on Level 3: (Continued)

	30 June 2021 RMB'000 (unaudited)
Financial assets at fair value through profit or loss – unlisted investment funds	
At 1 January 2021	–
Additions for the period	27,000
Net unrealised losses recognised in profit or loss during the period	(242)
At 30 June 2021	26,758

Any gains or losses arising from the remeasurement of the Group's equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained profits.

5. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Events operation and marketing income	835	–
Sports services income	403	1,042
	1,238	1,042

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Timing of revenue recognition		
– At a point in time	982	1,042
– Over time	256	–
	1,238	1,042

5. REVENUE (Continued)

Except for rental income from equipment under operating leases within sports services having revenue recognised over time covering the periods of sports-related competitions and other events, revenue recognised at a point in time for the six months ended 30 June 2021 comprises income generated from sports-related competitions by the provision of events operation and marketing services, and all other sports services when the competitions are held (2020: sports services).

Contract liabilities of RMB839,000 recognised at 1 January 2021 was recognised as revenue for the six months ended 30 June 2021.

6. OTHER INCOME

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest income from treasury products (<i>note (a)</i>)	2,193	3,224
Interest income from loans to companies	1,457	2,048
Interest income from fund investment in a partnership	1,188	1,188
Interest income from short-term bank deposits	20	19
Interest income from consideration receivable upon disposal of a listed equity security under financial assets at fair value through other comprehensive income	552	–
Dividend income from an unlisted equity security under financial assets at fair value through other comprehensive income (<i>note 15</i>)	2,488	–
Government grant (<i>note (b)</i>)	–	152
Rental income	163	–
Others	36	20
	8,097	6,651

Notes:

- (a) The Group invested in treasury products issued by financial institutions in the PRC. The investments are denominated in RMB and with maturity periods within six months. The rates of return range from 2.7% to 8.6% per annum (2020: 2.5% to 8.5% per annum).
- (b) Government grant represents the wage subsidy received under Employment Support Scheme in Hong Kong as a time-limited compensation for expenses incurred without unfulfilled conditions during the economic instability under the novel coronavirus (“COVID-19”) pandemic for the six months ended 30 June 2020.

Notes to the Interim Financial Information

For the six months ended 30 June 2021

7. OTHER LOSSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Allowance for impairment of trade receivables	(595)	(4,974)
Allowance for impairment of other receivables	(12,711)	(8,763)
Exchange (losses)/gains	(1,046)	855
Fair value (loss)/gain on listed equity securities under financial assets at fair value through profit or loss	(3,332)	5,121
Fair value loss on unlisted investment funds under financial assets at fair value through profit or loss	(242)	–
Gain/(loss) on disposals of listed equity securities under financial assets at fair value through profit or loss	1,510	(84)
Loss on disposals of property, plant and equipment	(216)	(85)
Gain/(loss) on disposal of a right-of-use asset	92	(124)
Others	990	(1,885)
	(15,550)	(9,939)

8. FINANCE COST

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expense on lease liability	–	19

9. SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker (“**CODM**”), for the purpose of resources allocation and assessment of segment performance focuses on types of services provided.

The Group has two reportable operating segments, which are: (a) Events Operation and Marketing; and (b) Sports Services.

The Group’s operating and reportable segments are as follows:

Events Operation and Marketing	Providing marketing services in conjunction with sports-related competitions. Type of revenue includes corporate sponsorship income.
Sports Services	Providing services mainly to media companies and marathon runners in conjunction with sports-related competitions and other events. Types of revenue include mainly rental income from equipment, individual consumption income, and live broadcasting and program production income.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment results are measured as gross profit/(loss) of each segment without allocation of selling and distribution expenses, general and administrative expenses, finance cost, other income, other losses, share of results of associates and income tax credit. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

No segment assets or liabilities information or other segment information is provided as the CODM does not review this information for the purpose of resource allocation and assessment of segment performance.

No geographical segment information is presented as all the sales and operating losses of the Group are derived within the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

Notes to the Interim Financial Information

For the six months ended 30 June 2021

9. SEGMENT INFORMATION (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2021 and 2020 is as follows:

Six months ended 30 June 2021

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	835	403	1,238
Cost of services	(35)	(1,188)	(1,223)
Segment results	800	(785)	15
Other income			8,097
Other losses			(15,550)
Selling and distribution expenses			(1,696)
General and administrative expenses			(15,374)
Share of results of associates			267
Income tax credit			2,898
Loss for the period			(21,343)

9. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2020

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	–	1,042	1,042
Cost of services	–	(5,321)	(5,321)
Segment results	–	(4,279)	(4,279)
Other income			6,651
Other losses			(9,939)
Selling and distribution expenses			(1,113)
General and administrative expenses			(17,608)
Finance costs			(19)
Share of results of associates			(592)
Income tax credit			3,915
Loss for the period			(22,984)

10. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as follows:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Current tax	(10)	194
Deferred tax	2,908	3,721
	2,898	3,915

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2021 and 2020.

PRC Corporate Income Tax has been provided at a rate of 25% (2020: 25%).

Tax charged on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Notes to the Interim Financial Information

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11. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortisation of intangible assets	463	497
Depreciation of investment properties	151	–
Depreciation of property, plant and equipment	6,208	5,310
Depreciation of a right-of-use asset	–	345
Donation	–	200
Fair value loss/(gain) on listed equity securities under financial assets at fair value through profit or loss (<i>note 7</i>)	3,332	(5,121)
Fair value loss on unlisted investment funds under financial assets at fair value through profit or loss (<i>note 7</i>)	242	–
(Gain)/loss on disposals of listed equity securities under financial assets at fair value through profit or loss (<i>note 7</i>)	(1,510)	84
Loss on disposals of property, plant and equipment (<i>note 7</i>)	216	85
(Gain)/loss on disposal of a right-of-use asset (<i>note 7</i>)	(92)	124
Staff costs		
– Salaries, bonuses and allowances	2,546	3,991
– Retirement benefits scheme contributions	519	454
Auditor's remuneration		
– Non-audit related services	580	–
Allowance for impairment of trade receivables	595	4,974
Allowance for impairment of other receivables	12,711	8,763

12. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the six months ended 30 June 2021 and 2020.

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share	(21,308)	(21,754)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,592,942	1,592,942

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2021 and 2020.

14. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

During the six months ended 30 June 2021, the Group reclassified several commercial units of property, plant and equipment stated at cost of RMB13,576,000 less accumulated depreciation of RMB6,799,000 to investment properties, applying the same annual depreciation rate of 4.45% on a straight-line basis, upon the end of the owner-occupation by the Group.

Notes to the Interim Financial Information

For the six months ended 30 June 2021

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Listed equity security	–	21,081
Unlisted equity securities	59,688	63,061
	59,688	84,142

During the year ended 31 December 2019, the Group subscribed for 2.19% of the equity interest in Beijing U.S.-China Green Fund Investment Centre (Limited Partnership) (北京中美綠色投資中心(有限合夥)) (“**U.S.-China Green Fund**”) with RMB50,000,000 as one of the limited partners of U.S.-China Green Fund. U.S.-China Green Fund is mainly engaged in the business of investment management and its investment scope includes green energy, energy saving and environmental protection, medical and health care, consumption upgrading, green building and other related industries.

As at 30 June 2021, the fair value of this financial asset is RMB56,866,000 (31 December 2020: RMB59,972,000) accounting for 9.5% (31 December 2020: 9.9%) of the Group’s total assets. Unrealised loss of RMB3,106,000 (2020: RMB1,450,000) arising from the remeasurement of this financial asset was recognised in the fair value reserve (non-recycling) in other comprehensive income, and dividend income of RMB2,488,000 (2020: RMB Nil) from such financial asset was recognised during the six months ended 30 June 2021. The Group maintains to hold this financial asset for strategic purposes since initial recognition to generate long-term capital growth.

In addition, during the six months ended 30 June 2021, the Group disposed of a listed equity security and an unlisted equity security, with investment costs of RMB21,000,000 and RMB6,000,000, at considerations of RMB27,917,000 and RMB12,435,000 respectively as a result of activation of redemption clauses with pre-determined redemption prices specified in the share transfer agreements. The fair value gains of RMB6,917,000 and RMB6,435,000 of the listed equity security and the unlisted equity security respectively accumulated in the fair value reserve (non-recycling) were realised and transferred directly to retained profits upon disposals. Besides, the Group had a partial receipt of investment cost of RMB361,000 from another unlisted equity security.

During the year ended 31 December 2020, the Group disposed of an unlisted equity security, with an investment cost of RMB3,000,000, at a consideration of RMB3,720,000. The fair value gain of RMB720,000 accumulated in the fair value reserve (non-recycling) was realised and transferred directly to retained profits upon disposal. Besides, the Group had a partial receipt of investment cost of RMB16,452,000 from an unlisted equity security.

All of the financial assets at fair value through other comprehensive income are denominated in RMB.

16. INVESTMENTS IN ASSOCIATES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Unlisted investments:		
Share of net assets	33,282	11,496
Goodwill on acquisition	16,078	6,767
	49,360	18,263
Accumulated impairment losses	(7,367)	(7,367)
	41,993	10,896

Notes:

- (a) Upon a resolution passed in the shareholders' meeting of SEG ZM Sports Culture Development Co., Ltd. ("**SEG ZM**") on the registered share capital reduction of SEG ZM from RMB50,000,000 to RMB20,000,000, the Group would be returned for RMB3,000,000 of its investment cost based on its 10% equity interest in SEG ZM. As at 30 June 2021 and 31 December 2020, RMB2,000,000 is receivables from SEG ZM.
- (b) For investment in Beijing Guotaiyinke Technology Co., Ltd. ("**GTYK**"), the recoverable amount of this investment was determined based on value in use by using discounted cash flow method as at 31 December 2020. A discount rate of 19.5% was used. As a result, according to the impairment test result used by the Group, the recoverable amount of this investment is lower than its carrying amount due to lower sales growth forecast, and an impairment of RMB524,000 was recognised in profit or loss for the year ended 31 December 2020.

Notes to the Interim Financial Information

For the six months ended 30 June 2021

16. INVESTMENTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (c) The Board of Directors announced on 25 March 2020 that the Group entered into a non-legally binding memorandum of understanding (the “**MOU**”) with LPD Investments Limited (the “**Vendor**”). Pursuant to the MOU, subject to the terms and condition to be set out in a subsequent legally binding sale and purchase agreement, the Group would acquire and the Vendor would sell the non-majority controlling interest (the “**Acquisition**”) of Yuan Tong Global Financial Group Limited (“**Yuan Tong**”), a company engaging in the provision of securities brokerage, wealth and asset management, and corporate financial services together with its subsidiaries under license granted by the Hong Kong Securities and Futures Commission to, subject to certain conditions, carry on regulated activities in Hong Kong under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). On 12 May 2020, the Board of Directors further announced that pursuant to the negotiations between the Group and the Vendor, and the changes in the transaction structure, the Group entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the Vendor and Mr. Kwok Wai Tak (a guarantor who is the ultimate beneficial owner of the Vendor (the “**Guarantor**”), which superseded the terms as contained in the MOU. The Group conditionally agreed to acquire and the Vendor has conditionally agreed to sell 49% of the issued share capital of Yuan Tong, at a consideration of HK\$53,410,000.

On 26 February 2021, the Board of Directors further announced that the Group entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Sale and Purchase Agreement with the Vendor and the Guarantor, which amended the terms of the Sale and Purchase Agreement and the Group conditionally agreed to acquire and the Vendor has conditionally agreed to sell 34% of the issued share capital of Yuan Yong, at a consideration of HK\$37,060,000 (approximately RMB31,322,000). Details of the Supplemental Agreement were disclosed in the Company’s announcement published on the Stock Exchange on the same date.

The Board of Directors announced on 26 March 2021 about the completion of the Acquisition after the full settlement of the consideration, including the utilisation of the earnest money paid during the year ended 31 December 2020 of HK\$8,011,500 (approximately RMB7,370,000) (note 17(b) to the interim financial information). After the completion, the Company holds 34% of the issued share capital of Yuan Yong which is accounted for as an investment in an associate.

As at 30 June 2021, the fair value of this investment is RMB31,476,000 accounting for 5.3% of the Group’s total assets. Share of result of RMB645,000, and negative share of other comprehensive income of RMB492,000 of this associate was recognised during the six months ended 30 June 2021. The Group maintains to hold this investment for broadening its sources of income since initial recognition to generate long-term capital growth.

17. OTHER NON-CURRENT ASSET

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Earnest money paid for potential equity investment (notes (a) and (b))	13,000	20,370
Prepayment for strategic cooperation on a snow amusement park project (note (c))	15,000	–
	28,000	20,370

Notes:

- (a) Due to the outbreak of COVID-19, a potential equity investment of RMB13,000,000 was temporarily interrupted during the year ended 31 December 2020. A supplemental agreement was signed during the year ended 31 December 2020 to extend the deadline of fulfilling certain investment criteria by the investee to 31 December 2021.
- (b) HK\$8,011,500 (approximately RMB7,370,000) paid for another potential equity investment during the year ended 31 December 2020 was subsequently utilised for settling the consideration of an investment in an associate during the six months ended 30 June 2021. Details are set out in note 16(c) to the interim financial information.
- (c) The balance represents a prepayment for preliminary feasibility study on a snow amusement park project in the PRC to an independent third party under strategic cooperation which is refundable subject to the conclusion and recommendation from the study.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Listed equity securities		
– Hong Kong	–	23,536
– the PRC	9,077	7,007
	9,077	30,543
Treasury products	12,378	31,521
Unlisted investment funds	26,758	–
	48,213	62,064

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19. TRADE RECEIVABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade receivables	24,557	25,172
Allowance for impairment of trade receivables	(24,215)	(23,620)
	342	1,552

The aging analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the invoice dates is as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 1 month	20	274
1 to 3 months	166	3
4 to 6 months	153	5
7 to 12 months	3	–
1 to 2 years	–	1,270
Over 2 years	–	–
	342	1,552

The carrying amounts of the Group's trade receivables are all denominated in RMB.

20. OTHER RECEIVABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Cash held at security trading accounts	10,077	14,156
Deposits with media companies and event organisation companies	11,218	11,221
Advance to employees	395	258
Amount due from a controlling shareholder (note 26(a)(ii))	2,626	1,808
Amount due from a director (note 26(a)(ii))	85	119
Lease and other deposits	–	30
Consideration receivable upon disposal of a subsidiary	–	300
Considerations receivables upon disposals of a listed equity security and an unlisted equity security under financial assets at fair value through other comprehensive income	40,904	–
Amount due from 北體智美場館運營(深圳)有限公司 (“TYCG”) (note (a))	37,983	37,983
Amounts due from related companies (note 26(a)(ii))	11,183	6,050
Fund investment in a partnership	53,063	52,375
Loans to companies	64,695	97,826
Others	4,801	1,841
Allowance for impairment of other receivables	(54,046)	(41,335)
	182,984	182,632
Non-current portion	(57,484)	(50,000)
Total current portion	125,500	132,632
Non-current portion		
Amount due from a related company (note 26(a)(ii)(d))	9,164	–
Loan to a company	50,000	50,000
Allowance for impairment of other receivables	(1,680)	–
Total non-current portion	57,484	50,000

Notes to the Interim Financial Information

For the six months ended 30 June 2021

20. OTHER RECEIVABLES (Continued)

Note:

- (a) The balances as at 30 June 2021 and 31 December 2020 relate originally to a proposed joint investment in TYCG between the Group and Beijing Sports and Entertainment Industry Group Limited, an independent third party, to hold 40% and 50% of the equity interest in TYCG respectively on 5 July 2018. Such proposed investment is now terminated due to sudden significant deterioration in the liquidity of TYCG during the second half of 2019. This balance is therefore categorised under “Stage 3” and a full allowance for impairment was provided as at 30 June 2021 and 31 December 2020 as a result of the significant financial difficulties from the insolvency of TYCG. The Group had commenced legal proceedings on the debt recovery and details of the corresponding legal proceedings were disclosed in the Company’s announcement dated 11 February 2020.

Bankruptcy proceedings against TYCG has been initiated by one of its creditors on 3 June 2020. Hence the Group withdrew the foregoing legal proceedings against TYCG and has lodged its creditor’s application to claim against TYCG for the outstanding debts. A court hearing for the bankruptcy proceedings was held on 7 September 2020 and the bankruptcy proceedings has not been completed as at 30 June 2021.

The carrying amounts of the other receivables are mainly denominated in RMB.

21. PREPAYMENT AND OTHER CURRENT ASSETS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Prepayment for sport competition and event organisation expenses	6,556	6,526
Prepaid property management fees	120	167
Value-added and other taxes’ credits	20,950	24,980
Others	90	100
	27,716	31,773

The carrying amounts of prepayment and other current assets are all denominated in RMB.

22. CASH AND CASH EQUIVALENTS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Cash on hand	35	35
Bank balances	136,796	137,661
Cash and cash equivalents	136,831	137,696

Cash and cash equivalents comprise cash held by the Group and short-term deposits with an original maturity of three months or less. The balances are mainly denominated in RMB, Hong Kong dollars and United States dollars (31 December 2020: RMB and United States dollars).

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

23. SHARE CAPITAL

	At 1 January 2020 (audited), 30 June 2020 (unaudited), 1 January 2021 (audited) and 30 June 2021 (unaudited)		
	Number of shares '000	US\$'000	RMB'000
Authorised:			
Ordinary shares of US\$0.00025 each	4,000,000	1,000	–
Issued and fully paid:			
Ordinary shares of US\$0.00025 each	1,592,942	398	2,454

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For the six months ended 30 June 2021

24. TRADE PAYABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade payables	14,793	15,421

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and generally due upon demand. The aging analysis of trade payables based on the invoice dates is as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 1 month	–	119
1 to 3 months	35	–
Over 12 months	14,758	15,302
	14,793	15,421

The carrying amounts of the Group's trade payables are all denominated in RMB.

25. CONTINGENT LIABILITY

As at 30 June 2021 and 31 December 2020, the Group did not have any material contingent liability.

26. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with its related parties during the period:

(i) *Related party transactions*

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Disposal of property, plant and equipment – Ms. Ren Wen (note (b))	–	1,230

(ii) *Related party balances*

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
	Other receivables from Shenzhen Wisdom Sports Technology Limited (“SZWS”) (note (a))	–
Advance to SZWS (note (a))	–	1,073
Other receivable from SEG ZM (note 16(a))	2,000	2,000
Lease liability to SZWS (note (a))	–	(324)
Amount due from a controlling shareholder (note (b))	2,626	1,808
Amount due from a director (note (c))	85	119
Other receivables from Yuan Tong Global Capital Limited (note (d))	9,183	–

Notes:

(a) Other receivables as at 31 December 2020 was arisen from the receipt by SZWS on behalf of the Group, and advance as at 31 December 2020 related to routine business activities both in prior years.

Lease liability as at 31 December 2020 related to a right-of-use asset obtained through a lease from SZWS in 2019.

These balances are no longer the related party balances as at 30 June 2021 upon the disposal of indirect controlling shareholding interest in SZWS by Ms. Ren Wen, a controlling shareholder of the Company, on 9 March 2021.

(b) The Group sold three motor vehicles with a total of net carrying amount of RMB1,106,000 at a consideration of RMB1,230,000 to Ms. Ren Wen during the six months ended 30 June 2020. The balance represents the consideration receivable, and advance for routine business activities.

(c) The balance represents the advance for routine business activities.

(d) Out of the balance as at 30 June 2021, a prepayment for investments of RMB9,164,000 was paid to Yuan Tong Global Capital Limited, a subsidiary of an associate, which is refundable after 24 months from the end of the reporting period if no appropriate targets for investment are to be identified on behalf of the Group.

Notes to the Interim Financial Information

For the six months ended 30 June 2021

26. RELATED PARTY TRANSACTIONS (Continued)

- (b) The emoluments of Directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Directors' fees	231	287
Salaries and allowances	1,038	604
Retirement benefit scheme contributions	58	43
	1,327	934

27. EVENT AFTER THE REPORTING PERIOD

On 5 July 2021 and 1 September 2021, the Group subscribed to investment funds (the “Funds”) managed by Ningbo Guanshi Investment Management Company Limited with RMB50,000,000 and RMB12,500,000 respectively. The Funds mainly invest in various financial assets. The Funds do not guarantee to capital protection and minimum return, and the expected annualised rates of return are 7.5% and 7.0% respectively. The dates of interest commencement were 7 July 2021 and 3 September 2021, and would be matured on 6 December 2021 and 17 December 2021 respectively. Details of these investments were disclosed in the Company’s announcement published on the Stock Exchange on 5 July 2021 and 1 September 2021 respectively.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period’s presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.