



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

**2022
ANNUAL
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 THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants
10/F
8 Observatory Road
Tsim Sha Tsui
Kowloon
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,

In late 2022, I believe we were all in the process of herd immunity. The past three-year pandemic has exerted unprecedented pressure and impact on all industries in the People's Republic of China (the "PRC" or "China"), especially the sports industry. In order to ensure the physical health of the general public and reduce crowd gathering and the spread of the pandemic, large-scale sports events were struggling to survive in extremely harsh conditions, and event operators were moving forward arduously. Fortunately, the spring of 2023 arrived as usual, and the pandemic subsided and everything recovered. As people's work and life have returned to normal before the pandemic, the event operators have also tried their best to rebound from the bottom.

Despite the raging pandemic in 2022, Wisdom Sports Group (the "**Company**") and its subsidiaries (collectively, the "**Group**") still strove to provide more opportunities for sports enthusiasts to participate in events, including online marathon events, brisk walking activities, basketball matches, square dancing and other forms of competition. Meanwhile, the Group continued to make active negotiations with marathon organizers on the feasibility of operating offline events during the contract period and the methods and measures for pandemic prevention and control. Although it was a pity that offline marathon events had to be cancelled or postponed to 2023, as an event operator, the Group has always been enthusiastic to actively promote the development of the industry.

In the spring of 2023, the pandemic has subsided, every walk of life has entered a new stage of all-round development, and the marathon courses were full of long-lost laughter. The Group has also quickly commenced regular events operation, and actively carried out negotiations with local governments on event development, in order to obtain more event resources and provide more joyful event platforms for runners. At the same time, the Group will continue to explore more diversified business patterns in sports and sports-related fields, and endeavour to develop products and services that are more closely related to the daily life of consumers, so as to diversify its own business and improve its ability to resist risks.

After the pandemic, the sports industry will gradually enter a period of rapid development, and with the continuous attention to physical health in the post-pandemic era, the sports industry is bound to usher in a new stage of booming development. I would like to take this opportunity to thank the shareholders for their long-term attention and support to the Group, and let's join hands to enter a new era of the sports industry!

Yours sincerely,

Ren Wen

Chairlady

Management Discussion and Analysis

GROUP OVERVIEW

2022 is the third year of the novel coronavirus (the “COVID-19”) pandemic raging in China, and the constant mutations of the virus have also brought unprecedented pressures to the pandemic prevention and control. From the lockdown of Shanghai metropolis to the peak of infection nationwide after the policy adjustment at the end of the year, herd immunity was finally achieved, thereby overcoming the pandemic and gradually returning to normal life and work.

The raging pandemic has brought offline events and large-scale activities to complete stagnancy, and impacted almost the entire industry to varying degrees, including sports, entertainment, catering and other fields. In the first half of the year of 2022, the Group successfully organized and completed the online events of the Shenzhen Marathon* (深圳馬拉松), and launched the exhibition and broadcast event of “My Circle of Friends in Shenzhen Marathon” in connection with the events, which gained unanimous recognition from the organizers, sponsors and runners. In July 2022, after the preparation in the first half of the year, the Group successfully held the “National Fitness Games & Brisk Walking Activity in Tumushuke Corps of the 3rd Division” under the guidance of scientific pandemic prevention, and through the integration of “sports + culture + tourism”, the Group successively held the Winter Olympics Science Exhibition, Square Dance Competition, Imposing Gongs and Drums Competition, Fun Games, Men’s Basketball League, Chinese Basketball Association Friendly Match between Xinjiang Guanghui and Guangdong Hongyuan, etc., which tested the ability of event operators under scientific pandemic prevention, and promoted the construction of healthy China. In addition, the Group actively prepared for the Jinan Marathon* (濟南馬拉松) and the Lu’an Marathon* (六安馬拉松) which were originally scheduled to be held in October 2022, and the Nanchang Marathon* (南昌馬拉松) which was originally scheduled to be held in November 2022 but were all postponed to 2023 due to the pressure of pandemic prevention and control.

OUTLOOK OF THE INDUSTRY AND THE GROUP

In the Spring Festival of 2023, after the two-month period of establishing the universal immunity barrier, the originally expected second wave of infection peak brought about by the great migration during the Spring Festival did not occur, which was a sign of joy for people all over the country who generally hoped that the pandemic was over, that the virus had disappeared, and that normal working and living conditions would return after three years of the pandemic.

After the Spring Festival, China has entered a new situation of resuming work and production, and all walks of life were restarted and showed a rapid recovery. The sports industry has also gradually begun to recover, but the recovery cycle may be slightly longer than other industries because the general public still needs to go through a physical recovery period after being infected with the virus, and cannot quickly devote themselves to sports in a short period of time, but the overall trend of rejuvenation is unstoppable, and a bright future is coming.

The Group has also quickly resumed normal business operations after the Spring Festival by proactively making preparations for the events during the contract period, and actively communicating and liaising with local governments and event organizers to arrange and plan the event resources of 2023. After the end of the pandemic, people have more urgent needs and expectations for physical health, and hope to strengthen their physical and mental health through exercise. While continuing to expand the operation of events, the Group is also developing sports life service products that are more demanded by the general public in the post-pandemic era to satisfy the pursuit of sports, health, leisure and active life of the general public.

* for identification purpose only

We believe that the pandemic has passed, and the sports industry has entered into a stage of booming and rapid development. At this critical time, after a period of remaining low profile, the Group will make all-out efforts to lead the whole industry to quickly get out of the severe winter of the pandemic, and create a healthier and happier life for the people!

FINANCIAL REVIEW

During the year ended 31 December 2022 (the “**Reporting Period**”), the Group had two business divisions which represented two reportable operating segments, namely:

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

Revenue

The Group’s revenue decreased by approximately 59.0% to RMB5.0 million for the year ended 31 December 2022 from RMB12.2 million for the year ended 31 December 2021. The decrease was mainly due to the fact that the COVID-19 pandemic has severely impacted the entire sports industry, resulting in an almost complete standstill of offline events and large-scale activities. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment decreased by 56.0% to RMB4.0 million for the year ended 31 December 2022 from RMB9.1 million for the year ended 31 December 2021; and
- Revenue of the Sports Services segment decreased by approximately 67.7% to RMB1.0 million for the year ended 31 December 2022 from RMB3.1 million for the year ended 31 December 2021.

Cost of Services

The Group’s cost of services decreased by approximately 87.9% to RMB1.5 million for the year ended 31 December 2022 from RMB12.4 million for the year ended 31 December 2021. The decrease was mainly due to the fact that the COVID-19 pandemic has severely impacted the entire sports industry, resulting in an almost complete standstill of offline events and large-scale activities. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment decreased by 89.3% to RMB1.3 million for the year ended 31 December 2022 from RMB12.2 million for the year ended 31 December 2021; and
- Cost of the Sports Services segment amounted to RMB0.2 million for the year ended 31 December 2022 which is the same as that for the year ended 31 December 2021.

Management Discussion and Analysis

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

As a result of the aforementioned factors, the Group recorded a gross profit of RMB3.5 million for the year ended 31 December 2022 as compared to a gross loss of RMB0.2 million recorded for the year ended 31 December 2021. The Group recognised a gross profit margin of 70.0% for the year ended 31 December 2022 as compared to a gross loss margin of 1.6% for the year ended 31 December 2021. 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 Group recorded a gross profit for the Events Operation and Marketing segment of RMB2.7 million for the year ended 31 December 2022 as compared to a gross loss of RMB3.1 million recorded for the year ended 31 December 2021. The Group recognised a gross profit margin of 67.5% for the year ended 31 December 2022 as compared to a gross loss margin of 34.1% for the year ended 31 December 2021; and
- As a result of the foregoing changes in revenue and cost of services of the Sports Services segment, the gross profit of the Group decreased by approximately 72.4% to RMB0.8 million for the year ended 31 December 2022 from RMB2.9 million for the year ended 31 December 2021, and the gross profit margin decreased to approximately 80.0% for the year ended 31 December 2022 from 93.6% for the year ended 31 December 2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 37.0% to RMB3.7 million for the year ended 31 December 2022 from RMB2.7 million for the year ended 31 December 2021. The increase was mainly due to market research expenses incurred in expanding the business.

General and Administrative Expenses

The Group's general and administrative expenses decreased by approximately 13.4% to RMB26.4 million for the year ended 31 December 2022 from RMB30.5 million for the year ended 31 December 2021. This decrease was mainly due to the enhancement of daily expenses management.

Other Income

The Group's other income decreased by approximately 53.6% to RMB9.0 million for the year ended 31 December 2022 from RMB19.4 million for the year ended 31 December 2021. The decrease was mainly due to the decrease in the interest income generated from fund investments in a partnership.

Other Gain or Loss

The Group's other gain or loss decreased by approximately 44.4% to net loss of RMB16.8 million for the year ended 31 December 2022 from the net loss of RMB30.2 million for the year ended 31 December 2021. The decrease was mainly due to the decrease in allowance for impairment of other receivables.

Loss before Income Tax

As a result of the foregoing, the Group's loss before income tax increased by 52.0% to RMB67.5 million for the year ended 31 December 2022 from RMB44.4 million for the year ended 31 December 2021.

Income Tax Expense

The Group's income tax expense increased by 128.6% to RMB8.0 million for the year ended 31 December 2022 from RMB3.5 million for the year ended 31 December 2021. The increase was due to the increase in the withholding and payment of corporate income tax on the dividend paid by the subsidiaries in China to the parent company in Hong Kong.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company increased by approximately 58.0% to RMB75.5 million for the year ended 31 December 2022 from RMB47.8 million for the year ended 31 December 2021.

Cash Flow

As at 31 December 2022, the Group's cash and cash equivalents amounted to approximately RMB172.4 million as compared to that of approximately RMB127.4 million as at 31 December 2021. The cash and cash equivalents are denominated in Hong Kong dollars, United States dollars and British pound sterling but presented in the functional currency of RMB by the Group.

Working Capital

The Group's net current assets decreased by approximately 13.5% to RMB253.8 million as at 31 December 2022 from RMB293.5 million as at 31 December 2021. The current asset value of the Group decreased, while the working capital was maintained at a relatively high level that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total expenditure on the acquisition of property, plant and equipment amounted to RMB Nil for the year ended 31 December 2022 (year ended 31 December 2021: RMB1.2 million).

Foreign Exchange

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

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. 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 overallotment 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 annual 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 annual report, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the year ended 31 December 2022.

Treasury Policies

The Company continues to adopt a prudent financial management approach towards its treasury policy. The Board will closely monitor the liquidity position to ensure that the liquidity structure of the Company's assets, liabilities and other commitments to meet the funding requirements from time to time.

Management Discussion and Analysis

CHARGE ON ASSETS

As at 31 December 2022, there was no charge on the Group's assets (2021: Nil).

CONTINGENT LIABILITIES

As at 31 December 2022, the Company had no material contingent liabilities (2021: Nil).

CONTINGENCIES

External Guarantees

The Group confirmed that, for the year ended 31 December 2022, the Group had not provided any external guarantees.

ASSETS WITH RESTRICTED OWNERSHIP

The Group confirmed that, for the year ended 31 December 2022, the Group had no assets with restricted ownership.

ADVANCE TO ENTITY PROVIDED BY THE COMPANY

As at 31 December 2022, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

PLEDGING OF SHARES BY CONTROLLING SHAREHOLDERS

As at 31 December 2022, the controlling shareholders had not pledged all or part of their interests in the shares of the Company to secure the Company's debts or to secure guarantees or other support of their obligations.

BREACH OF LOAN AGREEMENT

As at 31 December 2022, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE

During the year ended 31 December 2022, the Company had not entered into any loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder and breach of such an obligation will cause a default in respect of loans that are significant to the Company's operations.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY

During the year ended 31 December 2022, the Company had not provided any financial assistance and guarantees to affiliated companies of the Company which is subject to disclosure requirements under Rule 13.22 of the Listing Rules.

FINANCIAL RATIO

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

Financial Ratios	As at 31 December	
	2022	2021
Current ratio	761.1%	661.6%
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 31 December 2021 and 31 December 2022.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE

Acquisition of property in the United Kingdom

On 8 April 2022, Wisdom London Limited (“**Wisdom London**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Taylor Wimpey UK Limited (“**Taylor Wimpey**”), pursuant to which Wisdom London agreed to acquire and Taylor Wimpey agreed to sell the leasehold property at Plot 22 Postmark Phase 3 Calthorpe Street, Rear of Mount Pleasant Sorting office Farringdon Road EC1, London, the United Kingdom (the “**Leasehold Property**”) at a consideration of GBP1,311,000.00 (equivalent to approximately HK\$13,581,960.00) (exclusive of value added tax). The Leasehold Property will be used for residential land use and will be developed as one of the apartments of the Postmark housing development project in Farringdon, the United Kingdom. Taylor Wimpey will arrange the development and construction of the Leasehold Property, which is expected to be completed before 31 December 2023. The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Company is of the opinion that the acquisition of the Leasehold Property was a good investment opportunity to enter the property market in the United Kingdom and offered the Group an appealing property investment opportunity for capital appreciation and stable rental income in the future. The transaction constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 8 April 2022. There is no change in the expected completion date of the development and construction of the Leasehold Property as disclosed previously which is 31 December 2023. Given that the development and construction of the Leasehold Property are expected to be completed before 31 December 2023, the Company will comply with the disclosure requirement under paragraphs 23 and 32(4A) of Appendix 16 of the Listing Rules as and when appropriate.

Save as disclosed in this annual report, the Company had no other significant investment, acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2022 and, as at the date of this annual report, has no specific plans for significant investment or acquisition of material capital assets in the future.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Investment in the Trust Schemes

On 23 February 2023, Wisdom Sports Entertainment (Zhejiang) Co., Ltd.* (智美體育文化(浙江)有限公司) (“**Zhejiang Wisdom Sports**”), a wholly-owned subsidiary of the Company, entered into the trust scheme agreement with Minmetals International Trust Co., Ltd.* (五礦國際信託有限公司) (“**Minmetals International Trust**”), pursuant to which Zhejiang Wisdom Sports agreed to invest in the Minmetals Trust – Jinxiu Zengli No.5 Trust Scheme* (五礦信託 — 錦繡增利5期集合資金信託計劃) (the “**Minmetals Trust Scheme**”) established by Minmetals International Trust for a total of RMB10.0 million. The Minmetals Trust Scheme will invest in bonds in the PRC, which include government bonds, urban investment bonds, bonds listed on stock exchanges and bonds issued by banks. The Minmetals Trust Scheme does not guarantee to capital protection and minimum return. The expected annualised rate of return is 4.0%.

On the same date, Beijing Wisdom Media Holding Co., Ltd.* (北京智美傳媒股份有限公司) (“**Beijing Wisdom Media**”), a wholly-owned subsidiary of the Company, entered into the trust scheme agreement with China Fortune International Trust Co., Ltd.* (華鑫國際信託有限公司) (“**China Fortune International Trust**”), pursuant to which Beijing Wisdom Media agreed to invest in the China Fortune International Trust – Xinyijia No. 303 Trust Scheme Fourth Unit Trust* (華鑫信託 • 信益嘉303號集合資金信託計劃第四信託單元) (the “**China Fortune Trust Scheme**”) established by China Fortune International Trust for a total of RMB10.0 million. The China Fortune Trust Scheme will invest in senior and secondary class asset-backed securities with a focus on high-quality asset securitization entities. The China Fortune Trust Scheme does not guarantee to capital protection and minimum return. The expected annualised rate of return is 4.3%.

The Board is of the opinion that the Minmetals Trust Scheme and China Fortune Trust Scheme are ideal short-term investment opportunities for the Group as they allow the Company to utilize its Renminbi surplus cash reserves more efficiently. Each of the Minmetals Trust Scheme and China Fortune Trust Scheme constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 23 February 2023.

Disposal of Properties

On 11 April 2023, Beijing Wisdom Media (as the vendor), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Beijing Enze Hengyuan Technology Co., Ltd.* (北京恩澤恒遠科技有限公司), Beijing Enze Shengqiang Technology Co., Ltd.* (北京恩澤盛強科技有限公司), Beijing Enze Xingtu Technology Co., Ltd.* (北京恩澤星圖科技有限公司), Beijing Enze Jiaye Technology Co., Ltd.* (北京恩澤嘉業科技有限公司), Beijing Enze Guangyu Technology Co., Ltd.* (北京恩澤廣宇科技有限公司), Beijing Enze Xingchen Technology Co., Ltd.* (北京恩澤星辰科技有限公司), Beijing Enze Qihang Technology Co., Ltd.* (北京恩澤起航科技有限公司) and Beijing Enze Haohan Technology Co., Ltd.* (北京恩澤浩瀚科技有限公司) (together as the purchasers), pursuant to which the purchasers agreed to purchase units 701, 702, 703, 705, 706, 709, 710, 711 of Block 1, 7/F, 16 Xinyuan Lane, Chaoyang District, Beijing, the PRC with an aggregate gross floor area of 1,060.93 sqm. which are for residential use (the “**Properties**”) from Beijing Wisdom Media at a consideration of approximately RMB32.89 million (the “**Disposals**”).

The Board is of the opinion that the Disposals represent an opportunity for the Group to realise the value of the Properties under the current situation so as to generate additional working capital to the Group. The Disposals constituted a major transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 11 April 2023.

Save as disclosed in this annual report, there is no occurrence of events that had a significant impact on the Group’s operation, financial and trading prospects since the end of the Reporting Period and up to the date of this annual report which the Board is aware of.

* for identification purpose only

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to the shareholders of the Company;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

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 Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of 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 year ended 31 December 2022, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

During the year ended 31 December 2022, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. 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 year ended 31 December 2022.

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 year ended 31 December 2022.

Corporate Governance Report

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Board comprises the following Directors:

Executive Directors

Ms. Ren Wen (*Chairlady of the Board and of the Nomination Committee*)

Mr. Sheng Jie (*Vice chairman of the Board*)

Mr. Song Hongfei (*President of the Company (the "President") and Member of the Remuneration Committee*)

Ms. Hao Bin

Independent Non-executive Directors

Mr. Chen Zhijian (*Chairman of the Audit Committee and member of the Remuneration Committee*)

Mr. Ip Kwok On Sammy (*Member of the Audit Committee and the Nomination Committee*)

Mr. Jin Guoqiang (*Chairman of the Remuneration Committee, member of the Audit Committee and the Nomination Committee*)

Throughout the year ended 31 December 2022, the Board held four meetings. The attendance records of the Board meetings are set out under "Attendance Records of Directors and Committee Members" in this Corporate Governance Report.

The biographical information of the Directors are set out in the section headed "Directors, Senior Management and Employees" on pages 77 to 79 of this annual report. None of the members of the Board is related to one another.

Independent Non-executive Directors

During the year ended 31 December 2022, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

According to the code provision B.2.3 of the CG Code, if an independent non-executive Director has served more than nine years, any further appointment of such independent non-executive Director should be subject to a separate resolution to be approved by the shareholders. Mr. Ip Kwok On Sammy has served as an independent non-executive Director for more than nine years and the Company has passed a resolution on 28 June 2022 to re-appoint Mr. Ip as an independent non-executive Director. The Board has assessed the independence of Mr. Ip, by reference to the independence guidelines as set out in Rule 3.13 of the Listing Rules and has also received a confirmation from Mr. Ip in respect of his independence. Mr. Ip has not engaged in any executive management of the Group. Taking into consideration of his independent scope of work in the past years, the Directors consider Mr. Ip to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Mr. Ip has confirmed that he will continue to devote sufficient time for the discharge of his functions and responsibilities as an independent non-executive Director. With his background and extensive experience in general corporate administration and management, Mr. Ip is fully aware of the responsibilities and expected time involvements in the Company. Based on the foregoing, the Board believes that Mr. Ip's position outside the Company will not affect him in maintaining his current role in, and his functions and responsibilities for, the Company. The Board also believes that Mr. Ip's continued tenure will bring considerable stability to the Board and is satisfied that Mr. Ip is independent and possesses the qualifications, skills and experience that can bring further contributions to the Board and its diversity.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the factors set out in Rule 3.13 of the Listing Rules. To the best knowledge of each of the Directors after making specific enquiry with each of the independent non-executive Directors, each of the independent non-executive Directors has no cross-directorships or significant links with any of the other Directors. The Company is of the view that all independent non-executive Directors are independent.

Directors' Re-election

Code provision B.2.2 of the CG Code stipulates that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In accordance with the Company's Articles of Association, all Directors are subject to retirement by rotation and re-election at an annual general meeting at least once every three years.

For details of the service contracts and appointment contracts of the Directors, please refer to the subsection headed "Directors' Service Contracts" in the Directors' Report of this annual report.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

Corporate Governance Report

The Board reserves for its decision of all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management committee (經營管理委員會).

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2022, the Directors have participated in continuous professional development by attending seminars, in-house briefings or reading materials on the following topics to develop and refresh their knowledge and skills:

Directors	Topics of training covered
<i>Executive Directors</i>	
Ms. Ren Wen	C, R, F, I
Mr. Sheng Jie	C, R, I
Mr. Song Hongfei	C, R, I
Ms. Hao Bin	C, R, F, I
<i>Independent Non-executive Directors</i>	
Mr. Chen Zhijian	F, R
Mr. Ip Kwok On Sammy	F, R
Mr. Jin Guoqiang	F, R

Keys:

- C: Corporate governance
- R: Regulatory updates
- F: Finance and accounting
- I: Industry updates

In addition, relevant reading materials including directors' manual, legal and regulatory update and seminar handouts have been provided to the Directors for their reference and studying.

Remuneration of Directors and Senior Management

The remuneration of Directors and the members of the senior management for the year ended 31 December 2022 is set out below:

Remuneration band	Number of persons
Nil to HKD2,000,000	6
HKD4,000,001 to HKD5,000,000	1

Particulars regarding the remuneration of the Directors, senior management and the five highest paid individuals as required to be disclosed pursuant to the Listing Rules are set out in Notes 16(a) and 15(a) to the consolidated financial statements of this annual report.

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”), for overseeing particular aspects of the Company’s affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are published on the Company’s website and the Stock Exchange’s website and are available to shareholders of the Company upon request.

Audit Committee

The Company established the Audit Committee on 14 June 2013 with its terms of reference amended on 31 March 2016 and 20 December 2018 in light of amendments to the Listing Rules.

The Audit Committee currently comprises three members, namely Mr. Chen Zhijian (chairman), Mr. Jin Guoqiang and Mr. Ip Kwok On Sammy, all of whom are independent non-executive Directors (including one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company’s existing external auditor.

The primary duties of the Audit Committee are to assist the Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, to oversee the audit process and the engagement of the external auditor, to review arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control and risk management or other matters of the Company and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee held two meetings during the year ended 31 December 2022, to review annual financial results and report in respect of the year ended 31 December 2021 and interim financial results and report in respect of the six months ended 30 June 2022 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, internal audit function, scope of work and appointment of external auditor, connected transactions and arrangements for employees to raise concerns about possible improprieties. The external auditor was invited to attend the meetings. The attendance records of the Audit Committee are set out under “Attendance Records of Directors and Committee Members”.

Corporate Governance Report

During the year ended 31 December 2022, the Audit Committee also met the external auditor twice. The Audit Committee also met the external auditor and the internal control department once without the presence of the executive Directors.

Remuneration Committee

The Company established the Remuneration Committee on 14 June 2013 with written terms of reference amended on 30 December 2022 in light of amendments to the Listing Rules. The establishment of the Remuneration Committee is in compliance with code provision E.1.2 of the CG Code.

The Remuneration Committee currently comprises three members, namely Mr. Jin Guoqiang (chairman), Mr. Chen Zhijian, both an independent non-executive Director, and Mr. Song Hongfei, who is an executive Director.

The primary duties of the Remuneration Committee include assessing performance of executive Directors and approving the terms of the respective service contracts, reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules and establishing formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held two meetings during the year ended 31 December 2022 to perform its primary duties mentioned above, to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee are set out under "Attendance Records of Directors and Committee Members".

Nomination Committee

The Company established the Nomination Committee on 14 June 2013 with written terms of reference in compliance with code provision B.3.1 of the CG Code.

The Nomination Committee comprises three members, namely Ms. Ren Wen (chairlady), an executive Director, Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang, independent non-executive Directors.

The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, the Board Diversity Policy and Director Nomination Policy of the Company, assessing the independence of independent non-executive Directors and making recommendation to the Board on matters relating to the appointment of Directors.

The Nomination Committee held two meetings during the year ended 31 December 2022 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors, to consider and recommend to the Board on the Directors standing for re-election at the annual general meeting and to make recommendation, if applicable, to the Board on the Board Diversity Policy and the Director Nomination Policy of the Company. The Nomination Committee also considered that an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of the Nomination Committee are set out under "Attendance Records of Directors and Committee Members".

Director Nomination Policy

The Company has adopted the Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level. The Nomination Committee would normally identify candidates for directorships from various channels, including but not limited to internal promotion, re-designation, referral by members of the management and external recruitment agents.

Upon receipt of the proposal on appointment of new Director and the biographical information of the candidate(s), the Nomination Committee would evaluate the candidate(s), taking into consideration of the factors as set out in the Director Nomination Policy, including but not limited to the following:

- Characters and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity aspects under the Board Diversity Policy;
- Independence requirements under the Listing Rules; and
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Board Diversity Policy

The Company firmly believes that the increasing diversity at the Board level is one of the essential elements in supporting the attainment of its strategic objectives and its sustainable development. Therefore, the Company has adopted a Board Diversity Policy on 28 March 2014 which has been revised on 20 December 2018 in light of the amendments to the Listing Rules which came into effect on 1 January 2019.

In this regard, the Company is committed to (i) attracting and retaining candidate(s) for the Board with a combination of competencies from the widest pool of available talent; (ii) maintaining a Board with diversity perspectives; (iii) assessing regularly the diversity profile of the Board; (iv) ensuring a diverse range of candidates can be considered for Board positions; and (v) ensuring that changes to the Board's composition can be managed without undue disruption.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth. The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy.

Corporate Governance Report

In assessing the Board composition and nominating Directors, the Nomination Committee would take into account various aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would also discuss and agree on measurable objectives for achieving diversity in the Board, where necessary, and recommend them to the Board for adoption.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

Category	Unit: % (person)	
	Female	Male
Board	28.6% (2)	71.4% (5)
Senior Management	50% (2)	50% (2)
Other employees	20.0% (2)	80.0% (8)

The Board had targeted to achieve and had achieved at least two female Directors, two female senior management and 10.0% of female employees of the Group and considers that the above current gender diversity is satisfactory.

The Nomination Committee will continue to identify suitable female candidate(s) to develop a pipeline of potential successors for appointment to the Board on merit against objective criteria in order to maintain gender diversity in the Board.

At present, the Nomination Committee considered that the Board and the overall gender ratio of the workforce of the Company is sufficiently diverse, and the Board has not adopted any measurable objective.

Board Independence Evaluation

The Company has established its Board Independence Evaluation Mechanism on 30 August 2022 which sets out the processes and procedures to ensure a strong independent element on the Board as well as allows the Board effectively exercises independent judgment to better safeguard shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. A board independence evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2022, all Directors has completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. A board independence evaluation report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2022, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance records of each Director at Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2022 are set out in the table below:

Name of Director	Attendance/Number of Meetings				
	Board	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting
Ren Wen	4/4	2/2	N/A	N/A	1/1
Sheng Jie	4/4	N/A	N/A	N/A	1/1
Song Hongfei	4/4	N/A	2/2	N/A	1/1
Hao Bin	4/4	N/A	N/A	N/A	1/1
Chen Zhijian	4/4	N/A	2/2	2/2	1/1
Ip Kwok On Sammy	4/4	2/2	N/A	2/2	1/1
Jin Guoqiang	4/4	2/2	2/2	2/2	1/1

Apart from regular Board meetings, the chairlady of the Board also held one meeting with the independent non-executive Directors without the presence of the other Directors during the year ended 31 December 2022.

RISK MANAGEMENT AND INTERNAL CONTROLS

1. Responsibility

The Board acknowledges that it is its responsibility to evaluate and determine the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

2. Control Structure of Risk Management and Internal Control

The Board is responsible for evaluating and determining annual significant risks and overseeing the effectiveness of the risk management, ensuring maintenance of appropriate and effective risk management and internal control systems, and making conclusions about effectiveness of risk management and internal control systems after considering the work and review result of the Audit Committee annually.

Corporate Governance Report

The Audit Committee is responsible for assisting the Board to evaluate and oversee the extent of the risks the Group takes, the design and implementation of risk management and internal control systems; and reporting to the Board after properly reviewing the effectiveness of annual risk management and internal control systems of the Group. The Company reviews its risk management and internal control systems once annually to review the performance of the systems during the financial year.

The management is entrusted by the Board with duties to properly design, implement and monitor the risk management and internal control systems, and provide a confirmation to the Board on the effectiveness of these systems.

The internal control department of the Company is delegated with the internal audit responsibility. It is assigned with the task to organize and coordinate the risk identification and evaluation procedure and prepare risk evaluation report. The notice of risk identification is submitted and the action plans to regulate such risk is reported to the Audit Committee.

The internal control department of the Company is responsible for assisting the Audit Committee to review the effectiveness of risk management and internal control systems of the Group and taking the advantages of internal audit procedure to evaluate the adequacy and effectiveness of the systems independently.

The operating and functional departments of the Company are assigned with the task to identify, evaluate, and respond to risks associated with any activity, function or process within its scope of responsibility and authority and executing risk management procedure and internal control measures.

3. Risk Management

3.1 Risk Management Objective

The corporate risk management is to achieve the following objectives through building rational organization system and management mode, identifying significant risks that the Company faces, responding and monitoring significant risks.

- Identify, evaluate, analyse, respond to and monitor all existing and future significant risks (including environmental, social and governance risks), and maintain the risks within the acceptable levels of risk that the management can take;
- Build sustainable and effective monitoring and reporting mechanism for all significant risks (including environmental, social and governance risks);
- Provide rational assurance for the Company to follow requirements of relative laws and regulations of external supervision agencies, and for all departments to follow the Company's relative internal rules and regulations; and
- Provide rational assurance for execution of major measures aiming to achieve corporate objective.

3.2 Main Process of Risk Management

The risk management mainly includes risk identification, risk evaluation, risk management measures and risk control and report.

Risk identification: all operating and functional departments should identify potential internal and external risks during their operation at least annually. Effects on the goals and significant issues or risk events in corporate operation in previous years are mainly referred when identifying risk. The risks that have been identified shall be summarized to finally form a risk pool according to risk category.

Risk evaluation: all operating and functional departments shall evaluate the possibility of occurrence and influence degree of risks according to risks evaluation criteria. Risks shall be identified and ranked through the bottom-up and top-down process of risk identification and assessment, and then reported to the appropriate management, the Audit Committee and the Board. The final significant risks list is determined after full communication and discussion.

Risk management measures: departments with risk responsibilities shall properly employ risk avoidance, reduction, sharing, taking or other methods to formulate risk response scheme for significant risks by considering risk tolerance of the Group, which prompts the Group to allocate resources rationally to cope with the risks or perfect countermeasures, so that the overall level of risk of the Group can be reduced to acceptable extent.

Risk control and report: the early-warning index of risks, internal audit, regular risk summary report and other forms are comprehensively used to monitor, and report risks in the Group.

3.3 Significant Risks

The Group has conducted the process of risk identification and assessment according to the corporate risk management framework in 2022. Such significant risks of the Group and their nature and extent of change, their respective key strategies/control measures are set out below:

Risk Category	Risk Description	Risk Control Measures	Risk Change Trend
Operation risk	<p>Changes in the market landscape</p> <p>In the wake of the COVID-19 pandemic, large-scale events, especially marathons events, are facing the expiration of many contracts and the need for the government to re-bid. Some events will be taken back by the government. The events that continue to bid for market-based operation also face direct competition from more events operators.</p>	<p>The Company has maintained good communication with the sports event organizing committee and the local government with long-term cooperation, laying a good foundation for the recovery of the event after the pandemic. At the same time, we continue to pay attention to the bidding process of other events, and rely on the Company's expertise and resources in this field to bid for more event operation rights.</p>	Increase

Corporate Governance Report

Risk Category	Risk Description	Risk Control Measures	Risk Change Trend
Operation risk	<p>It takes cycles for profitability to recover</p> <p>The revenue sources of marathon events mainly comes from three aspects: government subsidies, individual consumption and corporate sponsorship. In view of the impact of the pandemic on the whole industry, the analysis of revenue sources shows that the government financial subsidies and corporate sponsorship fees will show different degrees of reduction.</p>	<p>The Company will actively explore various types of sponsors according to the cycle of the event. Since corporate sponsorship fees are still the main source of revenue for the event, the current sponsor enterprises are also affected by the pandemic and their business conditions have changed, so the Company continues to increase the communication with diversified sponsors and lower the threshold of sponsorship fees, in order to obtain sponsorship fees that can cover the event costs, and hope to obtain more profit space.</p>	Increase
Operation risk	<p>New business development</p> <p>New business development requires preliminary research, tentative entry into new business fields, and matching the needs of corresponding professionals; although sufficient research will be conducted in the early stage, unavoidable entry into new fields requires appropriate timing and corresponding costs. Business cultivation also requires a time cycle, which may have an impact on the Company's financial position in the short term.</p>	<p>The Company is cautious in the process of selecting new business directions, tries to avoid large-scale initial investment, tries to make steady progress on the basis of sufficient market research, tries to reduce the capital cost of initial investment as much as possible, which will be increased steadily.</p>	Equal

4. Internal Control

4.1 Objectives of Internal Control

The Board confirms its responsibility of overseeing the effectiveness of the Company's internal control system, while robust and effective internal control is achieved through a management structure with specific authorization and responsibility of internal control, which aims to:

- Properly ensure the legal compliance of business operation and management, assets security, and truthfulness and integrity of financial reports and related information;
- Improve operation efficiency and effectiveness; and
- Facilitate the enterprise to achieve development strategies.

4.2 Internal Control Framework

Based on the Committee of Sponsoring Organizations of the Treadway Commission Integrated Framework, the Group designed its internal control system by combining the business management characteristics of the Group, and specially sets up the internal control department which is responsible for the work of internal control. For the year ended 31 December 2022, the Group has carried out risk-oriented internal control evaluation on financial reporting process, fund management process, business and revenue process, cost and payment process, and asset management process, and followed up the correction of detected problems on a regular basis. The management and the Audit Committee have reviewed the internal control evaluation report and have evaluated the effectiveness of the Group's risk management and internal control systems. The review covered all material controls, including financial, operational and compliance controls.

As of 31 December 2022, the Board believes that the Group has implemented closed-loop management mechanism of internal control from planning, reviewing, reporting to follow-up. The systems of risk management and internal control were effective and adequate, and relevant procedures for financial reporting and Listing Rules compliance is effective. There were no findings of significant matters that might affect the Group's financial, operation and compliance controls as well as risk management.

In the course of the review, the Board ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

4.3 Inside Information

The Group acknowledges and strictly abides by the requirements of currently effective laws, regulations and guidelines in dealing with relevant affairs, including the responsibility concerning inside information disclosure in the Securities and Futures Ordinance (the "SFO"), the Listing Rules, and the Guidelines on Disclosure of Inside Information promulgated by the Securities and Futures Commission. The Group has established the procedures and internal controls for the handling and dissemination of inside information, and has passed on the implementation of continuous disclosure policy to all relevant personnel and provided relevant training.

The Board considers that the Company's procedures and internal controls for the handling and dissemination of inside information are effective.

4.4 Whistleblowing Policy

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

4.5 Anti-corruption Policy

The Company has in place the Anti-corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company and stakeholders to report any suspected corruption and bribery.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 80 to 84 of this annual report.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditor.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, Elite Partners CPA Limited, in respect of audit related services and non-audit related services for the year ended 31 December 2022 is set out below:

Service Category	Fees Paid/ Payable RMB'000
Audit related services	1,000
Non-audit related services	
— Assisting the Group in compliance disclosure of the interim financial information for the six months ended/as at 30 June 2022	450
	1,450

COMPANY SECRETARY

Ms. Hao Bin ("**Ms. Hao**"), assistant president of the Company and the general manager of the internal control department of the Company, was appointed as a joint company secretary of the Company with effect from 7 November 2016 and acted the sole company secretary of the Company with effect from 30 December 2019. Ms. Hao reports to the chairlady of the Company.

In compliance with Rule 3.29 of the Listing Rules, Ms. Hao received more than 15 hours of trainings during the year ended 31 December 2022.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening and Putting Forward Proposals at Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may convene a physical extraordinary general meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders of the Company should follow the requirements and procedure as set out above for putting forward proposals at extraordinary general meetings of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders of the Company may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders of the Company may send their enquiries or requests as mentioned above to the following:

Address: 7/F, Block 1, No.16, Xinyuanli, Chaoyang District, Beijing, the PRC
(Attention: The Investor Relations Department)
Fax: +8610-84865300
Email: ir@wisdomsports.com.cn

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide his/her (their) full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders of the Company may call the Company at (+86)10-84865360 for any assistance.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has in place a Shareholders Communication Policy. The policy aims to (i) allow shareholders and investors to obtain comprehensive, equal and easily comprehensible information of the Company; (ii) allow shareholders to exercise their rights under informed situations; and (iii) enhance communication between shareholders, investors and the Company.

Information is communicated to the shareholders and investors mainly through the Company's interim reports, annual reports, annual general meetings and other general meetings that may be convened, as well as by making available the disclosures submitted to the Stock Exchange for publication and corporate communications and other corporate publications on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.wisdomsports.com.cn.

Corporate Governance Report

The Company has established the following channels for maintaining an on-going dialogue with its shareholders and investors to communicate their views on various matters affecting the Company, as well as to solicit and understand the views of shareholders and investors:

1. Methods for shareholders to send enquiries to the Company and the Company's share registrar regarding the Company and their shareholdings respectively
2. Corporate communication (e.g. annual report, interim report, circular, proxy form, etc.)
 - interim and annual results are announced as early as possible to keep shareholders informed of the Group's performances and operations
3. Corporate website
 - updated key information of the Group is available on the Company's website to enable shareholders and investors to have timely access to the information about the Group
4. Shareholders' general meetings
 - a forum for shareholders to raise comments and exchange views with the Board
 - the Directors, senior management and external auditor of the Company are available at the general meetings of the Company to address shareholders' queries
5. Regular events for shareholders and investors
 - the Company organizes/participates in briefings, roadshows, media interviews and promotion activities to enhance communication with the shareholders and investors

The Company recognizes the importance of shareholders' privacy and will not disclose shareholders' information without their consent, unless required by law to do so.

The Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy and the results were satisfactory.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The chairlady of the Board and the Nomination Committee as well as chairmen of the Remuneration Committee and Audit Committee (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries. The 2023 Annual General Meeting of the Company ("**AGM**") will be held on Wednesday, 28 June 2023 and the notice of AGM will be sent to shareholders of the Company at least 20 clear business days before the AGM.

DIVIDEND POLICY

The Company has adopted a policy on declaration and payment of dividends (the "**Dividend Policy**") in accordance with code provision F.1.1 of the CG Code. Pursuant to the Dividend Policy, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. In addition, the Board will also take into account the financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interest of its shareholders, restrictions on payment of dividends and any other factors that the Board may consider relevant when considering the declaration and payment of dividends.

The Company may declare and pay dividends by way of cash or scrip or such other means that the Board considers appropriate.

The Company currently does not have any pre-determined dividend payout ratio.

ARTICLES OF ASSOCIATION

On 28 June 2022, the Company has passed a special resolution to approve and adopt the amended and restated Articles of Association of the Company. The amendments to the Articles of Association are made to allow general meetings of the Company to be held as hybrid or electronic meetings in addition to physical meetings, whereby shareholders may attend general meetings through electronic means other than physical attendance in person. The amendments to the Articles of Association are also made to reflect certain updates in relation to the applicable laws of the Cayman Islands and the Listing Rules. For details of the amendments to the Articles of Association, please refer to the circular of the Company dated 27 April 2022. An up-to-date version of the Company's Articles of Association is available on the Company's website and the Stock Exchange's website.

Environmental, Social and Governance Report

OVERVIEW

About the Group

Wisdom Sports Group (the “**Group**”, “**we**” or “**us**”) is the first comprehensive sports industry group listed on the Hong Kong market in China. With the operation experience and advantages in the road running industry, it has formed event operation and sports under the guidance of “Sports+” strategy. The whole industry chain operation mode of marketing, event broadcast and venue operation has initially completed the industrial upgrading from the event operation to healthy consumption, providing high-quality sports products and services for Chinese sports enthusiasts. As of 2018, Wisdom Sports has successfully operated more than 200 large-scale urban marathons, becoming the largest industrial operator in China and the world.

Scope and Reporting Period

This is the seventh Environmental, Social and Governance report (“**Report**”) by the Group, highlighting its Environmental, Social and Governance (“**ESG**”) performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited (“**HKEx**”).

The Group mainly involves businesses in events operation and marketing, as well as sports services. This Report covers the Group’s overall performance in business operations in Beijing Office, which contributed for 100% of the Group’s total annual revenue from 1 January 2022 to 31 December 2022 (the “**Reporting Period**”), unless otherwise stated.

Under the pandemic situation, the Group was unable to hold large-scale marathons and other sports events this year due to social distancing measures in China. Therefore, compared to data of the previous year, the nature of the disclosed data does not vary with a large extent, which included relevant data from daily consumption of office operations.

The Group’s Mission and Strategies

The Group has been targeting at providing more environmentally friendly and diverse products and services to all sports lovers and striving to expand the mass consumption market in sports and wellness. We strive to develop various kinds of products and market research. The Group’s business was affected by the COVID-19 pandemic and not able to operate at its fullest extent during the Reporting Period. It also affected our development and promotion in the consumption market segment. However, the Group has remained true in our original aspiration. We keep putting our effort on trying in the areas of sports insurance, sports drinks, etc. and we aim to develop the diversification of our business, aiming to power the long-term and sustainable development of the Group through the integration of “Industry + Finance + Sustainability”. The Group believes that the sales market of the sports industry will spring back after the COVID-19 pandemic.

Reporting Basis and Principles

The Report is prepared in accordance with the ESG Reporting Guide (the “**ESG Guide**”) as set out in Appendix 27 to the Listing Rules and based on the four reporting principles – materiality, quantitative, balance and consistency:

- “Materiality” Principle:
The Group determines material ESG issues by stakeholder engagement and materiality assessment. Details are explained in the section headed “Materiality Assessment”.
- “Quantitative” Principle:
Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- “Balance” Principle:
The Report identifies the achievements and challenges faced by the Group.
- “Consistency” Principle:
The Report is the seventh ESG Report of the Group. The Report will use consistent methodologies for meaningful comparisons in the following years unless improvements in methodology are identified.

The Report has complied with all “comply or explain” provisions and reported on selected recommended disclosures outlined in the ESG Reporting Guide.

The information contained herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group’s internal management systems. A complete content index is appended to the last section hereof for quick reference.

Review and Approval

The board (the “**Board**”) of directors of the Company (the “**Directors**”) acknowledges its responsibility for ensuring the integrity of the ESG Report and to the best of their knowledge, this Report addresses all relevant material issues and fairly presents the ESG performance of the Group. The Board confirms that it has reviewed and approved the Report on 30 March 2023.

Stakeholders’ Feedback

The Group welcomes stakeholders’ feedback on its ESG approach and performance. Please give your suggestions or share your views with us by phone at (+86) 10-84865360 or email at ir@wisdomsports.com.cn.

Environmental, Social and Governance Report

Board Statement

Dear Stakeholders,

The Group endeavours to put sustainable development of our business as the top priority of our long-term development goals, and incorporate climate-related issues and environmental, social and governance elements into our long-term business strategic planning. As the most important leading role of the Group, the Board has the sole responsibility to oversee, directly manage and monitor the Group's environmental, social and governance issues and progress.

The Board of the Group has overseen different departments on their enhancement of mutual co-operation, to ensure that performance on sustainability development is consistent and stakeholders' expectations can be met. We work together to realise our sustainability development goals as a team.

We have set clear short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction progress according to governmental requirements of different countries and regions. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into our strategic planning, business model and other decision-making processes. The Board of Directors regularly monitors and reviews the effectiveness of management, including reviewing the Group's ESG performance and adjusting corresponding action plans. Effective implementation of ESG related policies relies on the collaboration of different departments.

The Group strives to ensure the establishment of appropriate and effective risk management and internal control systems to supervise the identification and assessment of ESG and climate-related risks and opportunities, and to respond to the challenges and impacts of different times.

We strive to create a better environment. Looking ahead, the Board of Directors will continue to review and monitor the environmental, social and corporate governance performance of the Group.

Yours faithfully,

For and on behalf of the Board

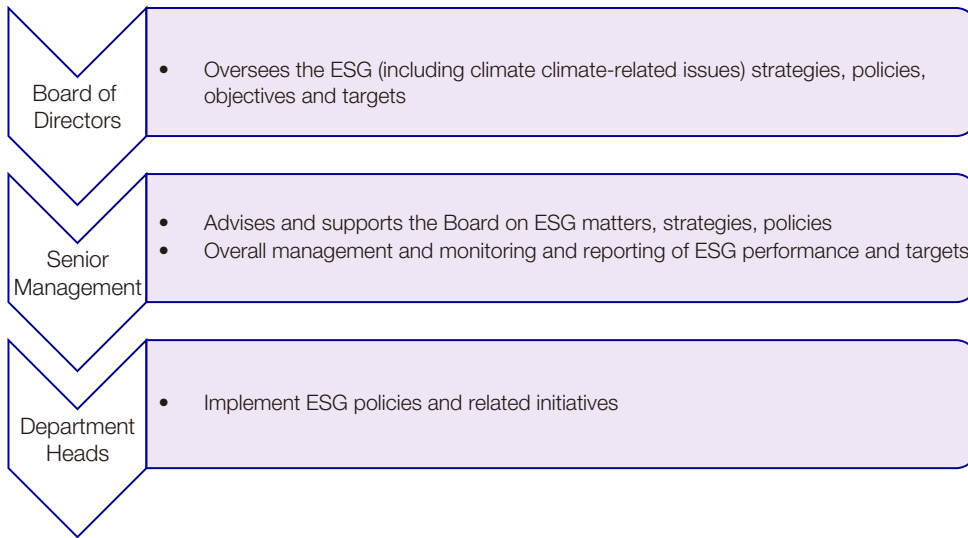
Ms. Ren Wen

Chairlady and Executive Director of Wisdom Sports Group

30 March 2023

Governance Structure

The Board supports the Group’s commitment to fulfilling its environmental and social responsibility and has overall responsibility for the Group’s ESG strategy and reporting.



The Board regularly reviews the Group’s ESG performance and examines and approves the Group’s annual ESG Report.

Environmental, Social and Governance Report

Stakeholder Engagement

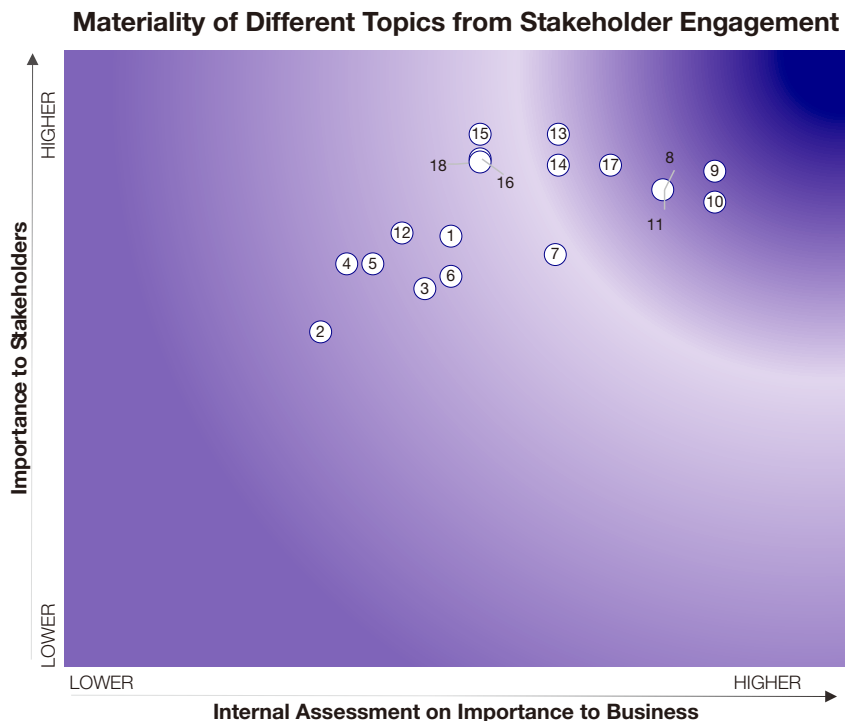
The Group values input and feedback of its stakeholders as they bring potential impacts to the Group's business. Internal and external stakeholders have been involved in regular engagement activities to share views regarding the Group's operations and performances. The Group has specifically engaged the Board members, senior management, frontline staff, governmental organisations, suppliers, business partners and event participants to gain further insights on ESG material aspects and challenges during the Reporting Period.

The Group communicates with different stakeholders through various channels, as shown below.

Stakeholder	Communication Channel
Government and regulatory agency	<ul style="list-style-type: none">• Annual reports, interim reports, ESG reports and other public information• Supervision and inspection
Shareholder and investor	<ul style="list-style-type: none">• Annual general meetings and other general meetings of shareholders• Company website• Press releases/announcements• Annual reports, interim reports, ESG reports and other public information
Employee	<ul style="list-style-type: none">• Training• Meetings• Performance evaluation• Survey• Staff engagement and voluntary activities• Internal portal
Customer	<ul style="list-style-type: none">• Fax, email and telephone• Meetings
Supplier/Subcontractor/ Business Partner	<ul style="list-style-type: none">• Meetings• Site visit• Survey• Training
Community and NGOs	<ul style="list-style-type: none">• CSR programmes and voluntary activities• Sponsorship and donation• ESG Reports
Media	<ul style="list-style-type: none">• Enquiry mailbox

Materiality Assessment

To identify the most significant aspects, the Group collects views and discusses ESG issues with its internal and external stakeholders through thematic meetings, surveys, and regular dialogue. During the Reporting Period, the Group has specifically engaged board members, senior management, frontline staff, suppliers, and clients to gain further insights on ESG material aspects and challenges. The Materiality Matrix below shows the result of our materiality assessment process:



Environmental

- 1 Energy
- 2 Water
- 3 Air Emission
- 4 Waste and Effluent
- 5 Other Raw Materials Consumption
- 6 Environmental Protection Measures
- 7 Climate Change

Social

- 8 Employment
- 9 Occupational Health and Safety
- 10 Development and Training
- 11 Labour Standards
- 12 Supplier Management
- 13 Intellectual Property
- 14 Data Protection
- 15 Customer Service
- 16 Product/Service Quality
- 17 Anti-corruption
- 18 Community Investment

Environmental, Social and Governance Report

The Group and its stakeholders identified the following top material aspects:

- Occupational Health and Safety
- Development and Training
- Employment
- Labour Standards
- Anti-corruption

All topics that were deemed simultaneously important to the stakeholders and the Group's business development were social topics. Details of management approaches to the above material topics are provided in the relevant sections in this report. The Group will continue to improve its ESG management and performance by proactively communicating with its stakeholders and constantly enhancing its internal policies.

The Group will consider the formation of ESG Working group or committee to prepare for future business development and challenges as and when necessary.

A. ENVIRONMENTAL

The Group supports carbon reduction and is dedicated to achieving sustainable operations in order to secure a sustainable future. In comparison to the 2019 baseline, the Group have established emission reduction targets, and is committed to meet the following targets:

- Reduction of air emission by 1% by 2025, 2% by 2027 and 3% by 2030;
- Reduction of energy consumption in MWh by 1% by 2025, 2% by 2027 and 3% by 2030;
- Reduce water consumption in approximate tonne by 1% by 2025, 3% by 2027 and 5% by 2030; and
- Reduce waste disposal by 1% by 2025, 3% by 2027 and 5% by 2030.

A1. Emissions

The Group did not involve emissions related to manufacturing or production due to the nature of the business. During the Reporting Period, the Group's business operations in Hong Kong and the People's Republic of China ("PRC") are office-based, with significant emissions primarily related to petrol used for company-owned vehicles, electricity consumption for daily office operations, and business air travel. For marathon events to be held when the pandemic's social distancing principle is relaxed or no longer applicable, the Group will keep track of the use of electricity, water, and packaging materials, and strictly adhere to the government's environmental impact assessment of individual events. In the coming years, the Group will investigate the best ways to streamline systems and processes for effective waste data collection. The Group strictly adheres to the Environmental Protection Law of the PRC (中華人民共和國環境保護法), as well as the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法). These laws aim to protect the environment and human health by preventing and controlling environmental pollution by solid waste and other public hazards, as well as holding businesses accountable for their environmental impacts and liable for any damages. The Group actively protects natural resources and ensures its operations do not pose significant threats on the environment. Domestic waste and recyclables from office operation are collected daily by cleaning personnel and handled by property management. Domestic and commercial waste generated from the marathon events will be collected and sorted by volunteers and municipal sanitation works.

For the use of vehicles and air conditioners, the Group strictly complies with relevant laws and regulations such as Air Pollution Prevention and Control Law of the PRC (中華人民共和國大氣污染防治法), as well as opinions on ecological and environmental protection from the People's Government of Beijing Municipality. Required standard concerning protection of the atmospheric environment and natural environment, and control of atmospheric pollution are enforced by related laws, particularly in Beijing in which pollution-prevention plans and ecological preservation in key areas and key river valleys are implemented by the Municipal Government. The Group has maintained strict management and monitoring over vehicle-related emissions generated from daily office work and event operations. In particular for rental vehicles in marathon events, the Group has set up rules and guidelines on record keeping on fuel usage, mileage and maintenance works for vehicles, and compliance with traffic-related laws and regulations.

During the Reporting Period, the Group did not note any cases of material non-compliance relating to air pollutant and greenhouse gas emissions, effluent discharge into water bodies or land, or the generation of hazardous and non-hazardous waste as required by the applicable laws and regulations.

Environmental, Social and Governance Report

A1.1 Air Emissions

During the Reporting Period, the Group's operation did not consume any gaseous fuel thus there was no related direct emission of nitrogen oxides ("NOx"), sulphur oxides ("SOx") and respiratory suspended particles ("PM"). Petrol was consumed for Group-owned vehicles, which contributed to the emissions as follows.

Air Emissions ¹	Unit	2022	2021	2020
Sulphur oxides ("SOx")	kg	0.10	0.66	0.18
Nitrogen oxides ("NOx")	kg	4.59	1.69	0.53
Respiratory suspended particles ("PM")	kg	0.34	0.23	0.06

The Group will continue to monitor closely on the usage of the Group's motor vehicle and refine the data collection system in the future.

A1.2 Greenhouse Gas ("GHG") Emissions²

Scope of GHG Emissions	Unit	2022	2021	2020
Scope 1 Direct Emission				
Combustion of Fuel in Mobile Sources	tonnes of equivalent CO ₂	17.88	19.35	5.18
Scope 2 Indirect Emission				
Purchased Electricity	tonnes of equivalent CO ₂	7.39 ³	7.96 ⁴	8.85 ⁵
Scope 3 Other Indirect Emission				
Paper Waste Disposal	tonnes of equivalent CO ₂	0.13	0.44	0.71
Business Air Travel	tonnes of equivalent CO ₂	9.66	28.08	12.69
Total	tonnes of equivalent CO ₂	35.06	55.83	27.43
Intensity⁶				
	tonnes of equivalent CO ₂ per employee	2.34	3.49	1.02

¹ The calculation of the air pollutant emissions was made reference to "Technical Guidelines for the Preparation of Air Pollutants Emission Inventory for Road Vehicles" (《道路機動車大氣污染物排放清單編制技術指南》). The calculation of NOx and PM emissions involved data of distance travelled by vehicle, which were estimated by referencing to the data of fuel consumed and fuel consumption of vehicles per 100km.

² Emission factors were made by reference to Appendix 27 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

³ Emission factor of 0.5810 kgCO₂/kWh for purchased electricity was used for calculating Scope 2 emission in 2022 with reference to the Greenhouse Gas Emission Accounting Method and Reporting Guidelines for Enterprises Power Generation Facilities (2022 edition).

⁴ Combined margin emission factor of 0.968 kg-CO₂/kWh was used for purchased electricity in the Beijing office in 2021.

⁵ Combined margin emission factors of 0.968 kg-CO₂/kWh and 0.8367 kg-CO₂/kWh were used for purchased electricity in the Beijing office and Shenzhen office in 2020.

⁶ Calculated based of 15 employees as of 31 December 2022, 16 employees in 2021, and 27 employees in 2020.

During the Reporting Period, the major source of GHG emission was the combustion of fuel in mobile sources, which accounted for 51% of total GHG emissions. There is a 66% reduction of the GHG emissions from business air travel due to the limitation on organizing marathon and large-scale sports events. The Group will continue to monitor closely on the emission of greenhouse gas and focus on controlling the source of greenhouse gas emission including assessments on the necessity of business travel.

A1.3. Hazardous Waste

The Group's operations did not generate a significant volume of hazardous waste and thus no such data is included in this Report. The Beijing office only generated a small amount of hazardous waste such as toner cartridges. They were collected by a certified cleaning service provider or contractor for further handling.

A1.4. Non-hazardous Waste

The operation of Beijing office disposed of a total of 0.026 tonnes of wastepaper in the Reporting Period. Domestic waste from office was generated and handled by municipal authorities. Under the pandemic of COVID-19, the Group were only able to organize a virtual marathon and a small-scale brisk walking event this year. As such, general waste produced during the Reporting Period, other than wastepaper, was considered immaterial to the business and the data is not included in this Report.

	Unit	2022	2021	2020
Wastepaper	tonnes	0.026	0.09	0.15

A1.5. Measures to Mitigate Emissions

The Group continues to adopt below initiatives to reduce emissions:

For business travel of within 1,300 km, the Group encouraged employees to take trains instead of planes.

Encourage daily commute to shift from private cars to public transit such as bus, metro and sharing bikes; and

Maintain stringent management over the use of taxis for local business travel and encourage the usage of teleconferencing systems for meetings and conferences to limit the frequency of business travelling.

A1.6. Waste Reduction and Initiatives

The Group has adopted OA (Office Automation) system to promote paperless office, at the same time encouraging employees to print double-sided, reuse and recycle paper as much as possible.

During marathon events, disposable paper cups are inevitable along the course. To minimize disruption to the environment and community in the surrounding area, the Group will enlist volunteers to carry out clean-ups during the activities.

Furthermore, from 2015, the Group has been the pioneer of the "No garbage left after the marathon" campaign, in which incentives will be given to the general public to pick up trash for themselves and others following the event.

Environmental, Social and Governance Report

In addition, the Group maximizes material reuse in operations and has partnered with qualified collectors to handle both recyclable and non-recyclable trash. Each component of the company is responsible for waste management and recycling. Contractors, for example, are responsible for collecting and disposing of their building supplies and construction debris. The Group will manage mobile toilets correctly throughout the marathon events and will return them to suppliers after use for further handling. For waste collection and litter prevention, trash collection locations with municipal garbage containers were set up on the running track. In the future, more new technology, environmentally friendly materials, eco-products and alternative energy will be implemented to prevent, reduce and/or control the generation of waste, hence to further reduce the environmental impacts from the marathon events. For example, in the previous years, electric cars have been used as sponsor vehicles in several marathon events, lowering both emissions and event costs. The Group is endeavoured to improve data tracking and collection for non-hazardous waste created by marathon events.

A2. Use of Resources

The Group has implemented corporate resource management to encourage the conservation and efficient use of resources and further reduce the overall greenhouse gas emissions. Various management measures and procedures have been developed for office (in terms of waste management, use of equipment and vehicles, and business air travel) and event operations (in terms of resource management and use of vehicles and fuels). Effective management enables the Group to provide participants with environmentally friendly products and services while achieving a comprehensive and sustainable development of the Group.

A2.1. Energy Consumption

	Unit	2022	2021	2020
Electricity	kWh	12,721	8,222	9,171
Petrol	kWh	59,570	85,256	23,143
Total energy consumption	kWh	72,291	93,478	32,314
Overall Energy Intensity (marathon events⁷)	kWh per event	N/A	N/A	N/A
Electricity intensity (offices⁸)	kWh per sq.m	19.03	8.7	6.8
Electricity intensity⁷ (marathon event)	kWh per event	N/A	N/A	N/A

Compared to 2021, there was a 55% increase in electricity consumption. As the pandemic situation improved, employees are encouraged to return to office and this accounted for the increase in office electricity usage. The electricity consumption intensity of office was up by 118.7% in 2022 compared to 2021 due to the decrease of office size during the Reporting Period. The Group did not organise large-scale sport events that consume significant amount of energy during the Reporting Period.

⁷ No offline marathon events were held during 2022, 2021 and 2020. As such, energy consumption per marathon events and the intensity is unavailable.

⁸ The overall size of office is 668.45 m² in 2022, 944.42 m² in 2021 and 1,339.09 m² in 2020.

A2.2. Water Consumption

The Group's business operation does not consume a significant amount of water or therefore generate large volumes of wastewater. As water consumption for Beijing office was included in the property management fee from 2020, relevant data is not available. Due to the pandemic situation, the Group did not organise large-scale sport events that consume significant amount of freshwater during the Reporting Period.

A2.3. Energy Use Efficiency Initiatives

The Group has management regulations on the use of lighting. All office equipment, power sources and air conditioners must be switched off before getting off work and holidays. Signs related to energy saving are provided in common areas to promote energy-saving habits. Initiatives that the Group has set out and implemented successfully during the Reporting Period included the reinforced education on raising awareness of energy conservation at both office and marathon operations and the inclusion of agenda items of resource management (such as electricity consumption) in regular meetings.

A2.4. Water Use Efficiency Initiatives

The Group promotes water conservation by using water-efficient equipment and raises awareness by displaying signs related to water-saving practices in public areas. For marathon events, designated personnel will be assigned as coordinator to inspect water use after each shift to reduce unnecessary water consumption. Due to our business nature and government policy, there was no issue in sourcing water that is fit for purpose.

A2.5. Packaging Materials

The Group's business did not involve any use of packaging materials, hence no data nor information is being presented in this report.

A3. The Environment and Natural Resources

The Group has adopted various measures to reduce the impacts on the environment and natural resources arising from event planning and operations.

Planning of Marathon Projects

In respect of developing new projects, the Group negotiates with the relevant government authorities to select appropriate routes for marathons, thereby minimising the impact of projects on the environment; and

The Group integrates messages and educational materials related to environmental protection during promotion activities to raise the overall awareness of potential participants.

Operation of Marathon Projects

The Group organises environmental training for volunteers helping the marathon events;

The Group provides sufficient auxiliary facilities (e.g. mobile toilets) to avoid the occurrence of "urinating and defecating along the running track and on the surrounding"; and

The Group cleans the areas involved promptly after the marathon races to restore them to original condition.

Environmental, Social and Governance Report

A3.1. Significant Impacts of Activities on the Environment

The Group's business activities do not generate material impacts on the environment and natural resources, other than minor impacts due to electricity consumption from the office operation in Beijing and frequent business air travel in different cities in the PRC throughout the year. The Group will continue to review current practice and policies and look for alternative solutions to further cut down their relative emissions.

When social distancing principle under the pandemic is relaxed or no longer applicable, we shall continue managing and operating more marathon events to promote the concept of green, healthy and low-carbon lifestyle, and will continue putting efforts on optimal utilisation of resources and environmentally friendly materials, as well as efficient use of water and electricity during event operation, thereby contributing to reducing greenhouse gas emissions and minimising the Group's impact on global warming.

A4. Climate Change

Climate change is one of the biggest global challenges faced by the society nowadays, and we must act now for our climate and our communities. In recent years, extreme weather, such as strong winds and heavy rainfall, as well as tides and floods, have become the focus of news. Logistics and supply chains are particularly vulnerable. Heavy rainfall, rising tides, and floods can cause impact and cancellation of our events and cause serious damage to assets such as buildings, warehouses, and goods in storage, resulting in financial losses. Although such incidents are beyond everyone's control, the Group believes that all stakeholders should work together to address climate change, which will also be regarded as one of the most significant risks to the world in the next five years.

The COVID-19 pandemic has presented many new challenges this year, but it has not changed our commitment to climate action. The pace of change has expedited around the world, underscoring the importance for us to accelerate its transition to a low-carbon economy.

The Group has further enhanced its disclosure in this year. The Group business units have strengthened analyses on the risk and opportunities from climate change specific to their markets.

The Group understand that climate change may have significant impacts on our operations and essentially plans to respond to local government initiatives and follow local governments' emission reduction requirements. We aim to reduce emissions by around 3% by 2030 and ensure the Group's greenhouse gas emissions will comply with the local requirements on or before 2030. Our target is to achieve carbon neutrality by 2050 in Hong Kong region and by 2060 in PRC. We are committed to continuously improving our energy efficiency, applying professional knowledge to improve on-site efficiency and maintain efficient management support, in order to safeguard the Group's reputation.

Over the years, we have been grasping different opportunities to expand our business, accelerate the transformation and make the Group smarter, more environmentally friendly, and safer for employees and users (such as automation, and utilising digital platforms for online conference to reduce carbon footprint in transportation during the pandemic, utilising electric vehicles instead of fossil fuel vehicles). These measures have made our facilities becoming more sustainable and fulfil our commitment to resource management and environmental protection.

Action on climate change

Action on climate change is embedded in the Group's business strategy and reflected in the governance and management processes of the Company. The index table below outlines where to find the core elements of how the Group responds to HKEx recommendations on ESG (including climate-related issues).

Core element	The Group response
Governance	<ul style="list-style-type: none"> • Consider setting up ESG Working Group and regular meeting • Integrate ESG topics (including climate-related issues) in corporate decision making
Strategy	<ul style="list-style-type: none"> • Understanding climate risks and identify risk and opportunities in low-carbon transition
Risk Management	<ul style="list-style-type: none"> • The Board of Directors to discuss about ESG risks • Preparing for the transition to a low-carbon economy • Preparing and setup measures to physical climate risks
Metrics and Targets	<ul style="list-style-type: none"> • Investing in transition enablers • Creating value in the low-carbon transition

Environmental, Social and Governance Report

The Group has identified a series of climate-related risks and opportunities relevant to our assets and services which are significant to us. These transition and physical risks are discussed in the sections below.

	Risks	Opportunities
Short term (0 – 1 year)	<ul style="list-style-type: none"> Physical risks from extreme weather events. Securing the skills and capability required to implement climate strategy. 	<ul style="list-style-type: none"> Sourcing new environmentally friendly products and establish supply chains for customers, making contribution to decarbonisation. Technologies to enhance the performance of operation and energy efficiency.
Medium term (5 years)	<ul style="list-style-type: none"> Transition risks – Implementation of low-carbon policies for the operation. Transition risks – Supply and demand for certain commodities, products and services may change as climate related risks and opportunities are increasingly taken into account. 	<ul style="list-style-type: none"> Transitioning to low carbon economy market to meet government decarbonisation targets. Opportunities arising from transition enablers.
Medium to long term (5+ years)	<ul style="list-style-type: none"> Transition risks – Potential new regulation and policies. Transition risks – Development and use of emerging technologies may increase the operational costs, and reduce the Groups' competitiveness. Transition risks – The Group reputation may be impacted due to changing customer or community perceptions of said the Group's contribution to or detraction from the transition to a lower-carbon economy. 	<ul style="list-style-type: none"> Transitioning to low carbon economy market to meet government decarbonisation targets. Opportunities arising from transition enablers. To work as a pioneer in the industry and build up the relevant reputations. Developing advanced technology to align with the market needs in low carbon economy.

Physical climate risks have the potential to damage the integrity of the Group's assets or interrupt our events organisation, service delivery and customers directly. The Group has already set up a number of measures in place to enhance the reliance of its operations.

Transition Risks have the potential to increase the operational cost and legal risk due to change of policy, technology development, relevant risk affected to supply and demand, and reputation due to public perceptions. The Group has already identified the relevant risks and continue to monitor the market and policy updates. The Group has also planned to invest according to the market needs and take this as an opportunity for long term development, such as using more electric vehicles on our operations and events. Besides, we will encourage our staff to use teleconferencing system for meeting and we have planned to upgrade the system in future.

Over the years, a series of measures have been adopted to put in place along the Group's value chain helping the Company to be prepared for climate events. These measures are deployed for different geographies, taking into account the asset types, locations and relevancy. They are summarised in the table below:

Relevant part of the value chain	Relevant measures
Supply chain	Diversify materials supplies from multiple suppliers, sources and countries.
Operation	<p>Monitor and inspect assets regularly</p> <ul style="list-style-type: none"> – Maintenance of a Contingency Plan for all facilities <p>To address extreme heat and increased temperature:</p> <ul style="list-style-type: none"> – Maintain cooling equipment in good conditions to improve efficiency in long term <p>To address the risk of water shortage and drought:</p> <ul style="list-style-type: none"> – To maintain water tank(s) in facilities and events if possible – Purchase drinking water with sufficient storage for operation and events
Services	<ul style="list-style-type: none"> – Establish a typhoon and extreme weather response protocol and coordinating system, sports events will be cancelled or postponed in case of adverse weather conditions and provide supplies for sports events participants to fulfil their needs when there is heat stress or cold weather, we ensure smooth execution of contingency plans by implementing measures as stated above – Utilise the emergency restoration system, enabling rapid construction of temporary masts that can shorten the restoration of power supply – Enhance the communication capacity of customer services, in particular post-incident customer communication

Environmental, Social and Governance Report

Investing transition enablers

Investment in a broad range of transition enablers is required to transform the business to low-carbon economy. The Group will invest more resources to purchase Electric vehicles (EV) to replace the old fossil fuels vehicles in future and encourage our suppliers and contractors to use EVs in our events in future. The Group is also willing to develop advanced technology related to sports events, so that we can deliver high standard sports events to the society.

Our Path to 2050

The Group are prepared to address the threats climate change poses both to our business and to the communities that we serve. We are determined to deliver on our purpose to provide safe, reliable, and affordable services for customers, and we are fully aware that our environmental responsibility has never been greater. Every one of us need to play our part and together we can speed up the pace of low carbon transition and create a low-carbon world for our future.

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

The Group's current corporate management related to human resources covers detailed measures on recruitment and dismissal, compensation, remuneration, performance assessment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other employees' benefits and welfare. We have defined the above in detail in our Employee Handbook. The Group did not note any cases of material non-compliance concerning employment during the Reporting Period and strictly complies with national and local laws and regulations, including but not limited to the followings:

- Labour Law of the PRC (中華人民共和國勞動法);
- Labour Contract Law of the PRC (中華人民共和國勞動合同法);
- Social Insurance Law of the PRC (中華人民共和國社會保險法);
- The Trade Union Law of the PRC (中華人民共和國工會法); and
- Employment Ordinance of Hong Kong.

The above laws were written to protect employee's legitimate rights and to ensure that they are treated fairly and enjoy the social insurance benefits, to maintain a stable employment relationship between employees and the Group through the requirements of the labour contract, as well as to safeguard the rights and obligations of trade unions. The Group uses Labour Law as guidance and reference for continuously improving Employee Handbook and standardising terms and rules to provide the best protection for both business and employees. The Group also strictly follows the Labour Contract Law while developing the employment contract with the employee and provides detailed explanations on the terms and clauses. New recruits are also required to attend training to ensure the understanding of the contract agreement. Moreover, the Group provides five types of insurance and one type of fund as well as Mandatory Provident Fund for all employees in the PRC and Hong Kong respectively to ensure that they enjoy social insurance benefits. Furthermore, under the Trade Union Law of the PRC, the Group has established independent trade unions, female workers' committee and study groups to support and care for employees who have difficulties or special needs.

Total Employees and Daily Management

Our Employment Profile during the Reporting Period is shown as follows:

Workforce		
As of 31 December 2022⁹		2022
By Gender		
Male		11
Female		4
By Age Group		
Below 30		0
30 – 50		9
Over 50		6
By Employment Type		
Permanent		14
Contract		1
By Geographical Region		
Hong Kong		1
Mainland China		14
Total		15

⁹ It includes the employees of the Group only. Workers of the subcontractors are not included.

Environmental, Social and Governance Report

Our Employees turnover rate during the Reporting Period is shown as follows:

Turnover Rate ¹⁰	2022
By Gender	
Male	27.27%
Female	25.00%
By Age Group	
Below 30	0.00%
30 – 50	22.22%
Over 50	33.33%
By Geographical Region	
Hong Kong	0.00%
Mainland China	28.57%
Overall	26.67%

The Group had a total number of 15 employees as of 31 December 2022, in which 14 employees were full-time employees.

The Group is also committed to providing a comfortable working environment as well as diversified and enriched cultural and leisure activities for its staff. The Group continues encouraging employees to decorate their workstations according to their personal preference to create a relaxing and pleasant working environment. Team-bonding and festive activities such as cultural integration, birthday parties, traditional food cooking classes, sports competitions, and film screening were held regularly. During the Reporting Period, our employee activities held were limited under the impact of the COVID-19 pandemic and we have organised annual meal gathering for our employees to show our gratitude towards their effort throughout the year.

Remuneration, compensation and other welfare and benefits

The Group provided its employees with competitive remuneration and made contributions to a series of basic social insurance, including endowment insurance, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance. It also provided other employee benefits such as medical check, and contributed to their housing provident fund. The Group care for the health of our employees and we do not encourage them to work overtime, however if work overtime is required, employees are entitled to compensation leave according to the Group's relevant arrangements.

¹⁰ Turnover rate = Total number of departures during the Reporting Period/Total number of staffs at the end of the Reporting Period. The Group had a total of 15 employee turnover during the Reporting Period.

Performance Assessment and Promotion

The Group conducted performance assessments regularly for employees with fairness and promoted employees with outstanding performance, providing equal and strategic career paths to employees for their development and stronger management capability. Apart from the results of the employees' performance assessments; promotions may also occur subject to changes of the operating environment and adjustment of the Group's structure.

Dismissal

The Group has its policies stated that all full-time employees have to prepare written notice in advance to the Group 30 days before his/her resignation date. For employees under probation, three days in advance notice to the Group is required for termination of the employment contract. The Group would ensure that the employees have returned all properties which belong to the Group and all work-related information remains in the Group. Any losses incurred that harmed the Group's interest due to incompliance with the resignation procedures for resignation caused by the employees, the employees would be liable for the compensation of the Group's loss. Employees who committed serious misconduct, the Group has the right to terminate the labour relationship with them.

Working Hours and Rest Periods

The Group observed the provisions of the Labour Law of the PRC (中華人民共和國勞動法) and ensured that the working hours of employees were limited to eight hours per day or 40 hours per week. The working hours of some employees were calculated in terms of the year, which would not exceed the statutory working hours. Besides, the Group provided full protection for paid leave entitlement, including annual leave, to its employees. To care for the needs of our employees, the Group, on the other hand, also provided paid sick leave for employees who passed the probation period, work injury sick leave, maternity leave, marriage leave and bereavement leave.

Equality, Diversity and Anti-discrimination

As one of the largest industrial operation in China sports industry, "fair and respect" is our core value. By upholding the principles of equality, diversity, and anti-discrimination, the Group has exercised complete respect to the legitimate rights and interests of all employees to eliminate matters related to gender discrimination, racism, and religious discrimination. We are "zero tolerance" to any kind of discrimination in our Group.

Environmental, Social and Governance Report

B2. Occupational Health and Safety

Due to the nature of the business, the Group does not involve working in a manufacturing or production environment. The Group strictly observed the laws and regulations concerning health and safety such as the Law of the PRC on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法) and the Production Safety Law of the PRC (中華人民共和國安全生產法) and, along with the expectations and requirements by the suppliers, athletes and customers for a healthy and safe working environment. Being in the sports industry and under the Law of the PRC on the Prevention and Control of Occupational Diseases, the Group's business has minimal exposure to occupational diseases and hazards. Nevertheless, all employees are required to provide medical records dated within the past six months upon recruitment and will be provided with an annual health check.

To ensure the hygiene of our working environment, the Group has stipulated in the Employee Handbook that employees have to pay extra care to their personal conduct, behaviours such as spitting or leaving cigarette butts behind are subject to punishment of general misconduct.

Being in the event industry, employees are required to carry out frequent business trips to ensure smooth and effective commencement of event operation. Therefore, the Group provides employees specific training on health and safety risks which may arise from business trips or at work, to equip them with knowledge and skills. We arrange staff from the medical and health department to support our events and to provide emergency medical treatment if necessary.

Despite the fact that our working environment is relatively safe, the Group has arranged fire drills regularly to facilitate the awareness of occupational safety in our working environment.

There were no work-related fatalities or injury cases during the Reporting Period. No non-compliance with relevant laws and regulations that had a significant impact on the Group relating to the provision of a safe working environment and protecting employees from occupational hazards had been identified during the Reporting Period.

B3. Development and Training

The Group attaches great importance to the nurturing of talent and enhancement of knowledge to satisfy the development needs of staff from various positions and have stipulated in the Employee Handbook regarding development and training management. At the same time, to meet the market demand and business growth, the Group recognises the significance of providing comprehensive training and development opportunities to build an outstanding sports event operation and management team. Specific training in the areas of international and local market trends, industrial standards, organisation management and business strategy were provided with a total of 9 participants (2021: 9 participants). Due to the continuation of the COVID-19 pandemic, the Group had limited business operations took place during the Reporting Period which also led to the decline of training hours provided in 2022.

	Unit	2022 ^{11, 12}	2021	2020
Percentage of Employees Trained by Gender				
By Gender				
Male	%	45	55	63
Female	%	100	60	88
By Employment Category				
Senior Management	%	100	80	100
Middle Management	%	100	20	80
Frontline and Other Employees	%	25	80	59
Average Training Hours Completed per Employee				
By Gender				
Male	hours	2.7	10	11
Female	hours	9	15	13
By Employment Category				
Senior Management	hours	11.6	13	16
Middle Management	hours	2	5	8
Frontline and Other Employees	hours	0.5	19	12

¹¹ Percentage of employees trained = Number of employees trained during the Reporting Period/Total number of employees as at the end of the Reporting Period. The Group had a total of 9 employees who received training during the Reporting Period.

¹² Average training hours completed per employee = Total number of training hours during the Reporting Period/Total number of employees as at the end of the Reporting Period. The Group had a total of 66 training hours achieved during the Reporting Period.

Environmental, Social and Governance Report

Training Methods

- The Group organises Staff Training Session from time to time to ensure that the professional knowledge of its staff can keep pace with industry development;
- The Group supports and encourages management staff with potential to participate in EMBA and other courses organised by institutions of higher learning;
- The Group hire experts in the industry or senior lecturers in the related field to give lessons to employees;
- The Group arranges e-training courses to facilitate the training of off-headquarters employees and to maintain provision of training support under the COVID-19 pandemic; and
- Role-playing and job rotation elements are added in training sessions for employees to improve their skills and responsibilities in simulated working conditions and scenarios.

B4. Labour Standards

Our employment practices and labour standards were stipulated in our Employee Handbook. The Group strictly complies with the Labour Law of the PRC (中華人民共和國勞動法), the Labour Contract Law of the PRC (中華人民共和國勞動合同法) and the Provisions on the Prohibition of Using Child Labour (禁止使用童工規定) and other laws and regulations concerning labour standards of the PRC, and there was no child labour nor forced labour working in the Group during the Reporting Period. There was no material impact to the Group's business as recruited candidates were always 20 years old or older (we ensure that by requiring our candidates to submit their identification documents for our verification purposes), with a college degree or above and with full capability on carrying out civil duties. The Group made sustained efforts to safeguard the legitimate rights of its staff and continue to review the employment practice regularly to avoid child and forced labour. The Group upholds fair and legal relationship with its employees and strictly follows the agreement written on the labour contract. A labour union has been established to guarantee the independent operation of the union under the Trade Union Law of the PRC (中華人民共和國工會法) and other relevant requirements. In case if any child or forced labour cases are discovered, the Group will respond immediately by ceasing the employment of the labour with stringent follow up actions taken, disciplinary actions will be taken, and responsible employees might be dismissed if the cases are serious.

2. Operating Practices

B5. Supply Chain Management

Operation process optimisation and the result of sports event operation are always the concerted efforts of various suppliers and partners. Accordingly, the Group pays great attention to its supply chain management. It has formulated regulations for supplier management to strictly control the admission of suppliers and exercise dynamic management over the selected suppliers. Management measures such as Bidding Management System and Procedure, Review Regulations on Project Bidding Documents, and Procurement Management System and Procedure are established to ensure a stable and efficient supply chain.

Environmental and Social Control on Suppliers

The Group enforces control and closely follows the environmental and social performance of suppliers, particularly for environmentally friendly products and equipment, and safe working condition for food and beverage productions. Purchasing department considers the overall product quality, performance, reputation, price and eco-friendliness, etc. of suppliers and grant selection priority to those with lower environmental impacts. Moreover, the Group promotes its corporate policies and management to suppliers and contractors and encourage their commitment to environmental protection and social responsibility upon engagement.

Admission of Suppliers

The Group conducts the following practices to choose our suppliers:

- Conducts comprehensive assessments on the qualification of its suppliers and contractors to ensure the fairness and transparency of the screening process;
- Carefully selects the media to cooperate with and reinforced its strong alliance with China Central Television and local satellite television stations; and
- Classifies its sponsors into different categories and formulated different admission standards accordingly. Priorities will be given to domestically and internationally leading brand sponsors except for small events. Besides, all advertisements of the sponsors are subject to review by the Sports Event Organising Committee and local sports bureau for event operation to ensure that there are no false claims or exaggerated promotions.

Management of Suppliers

The Group conducts the following practices to manage our suppliers:

- Exercises dynamic management over selected suppliers and partners. Qualification of suppliers and partners are examined regularly to assure the quality, timeliness and reasonable cost of products and services procured.
- In case of breach of supplier management regulations, the Group shall either issue warning to the supplier or disqualify the supplier. In case of misconduct such as environmental pollution or breach of labour standards of suppliers or partners, the Group shall also disqualify the supplier or terminate the partnership.
- As at the end of the Reporting Period, the Group had a total of 40 suppliers from the PRC. All our suppliers were managed and monitored under the supplier chain management practices as mentioned in this section.

Environmental, Social and Governance Report

B6. Events/Services Responsibility

During the Reporting Period, the Group did not note any cases of material non-compliance regarding health and safety, advertising, labelling and privacy matters relating to products and services provided as required by related laws and regulations.

The Group strictly complies and actively responds with the Sports Law of the PRC (中華人民共和國體育法). This law ensures the reliability of funding sources, deters the use of banned drugs in sports activities and safeguards the professionalism and fairness of sports events, as well as promoting sports culture and national fitness, and the inclusion of Chinese talents. The Group has always been organising marathons intending to develop and promote nationwide sports. Every individual including families, elderlies, people with disabilities, and groups like local enterprises, trade unions and social groups, as well as international athletes, are encouraged to participate. The Group also puts efforts in developing advanced technology related to sports events and maintains high standards of marathons by inviting athletes and referees with technical levels corresponding to the levels of marathons. Volunteers and supporting units shall be recognised with certifications. Arbitration committee is being set up for every event to handle any disputes in the competitions.

The Group also follows the principle, “Prevention first, Education oriented” of the Anti-doping regulations, by carrying out education works related to anti-doping through official websites and online platforms as well as offline lectures. The Group also invites professionals from national anti-doping testing centre to conduct testing on top runners from marathon events.

Adhering to the brand philosophy of “Wisdom in the mind and fitness in the body”, the Group strives to provide professional and safe sports services for hundreds of millions of participants and promote green Gross Domestic Product growth through its marathon event operation.

Professional Sports Services

The Group has adopted various management systems and quality assurance process related to bidding tenders, event registration, event work process, event contract and finance and rental vehicles to ensure that consistent and professional sports services and events are provided. To ensure a smooth bidding work, the Group has standardised the preparation works for various types of services and relevant documentation for more efficient and better monitoring of bidding progress. For event registration, the Group has developed consistent methods on the registration-related procedure, official website, data management, event short message service (SMS) planning, consulting works and result announcements. The Group has a standardised system on managing the contract’s execution, strengthening its cost management and preventing loss of assets. The Group has also set up standard procedure on financial issues involving receipt, budget, financial approval and service agreement arising from business operations. Lastly, for better management of rental vehicles in marathon events, the Group has set up rules and guidelines on driver qualification, record keeping on fuel usage, mileage and maintenance works for vehicles, insurance, and compliance with traffic-related laws and regulations.

The Group has also set up an organising committee and customer service hotline and emails as proper channels to collect and handle customers’ and participants’ feedback. There were no complaints received related to products and service provided during the Reporting Period. Due to the nature of the business of the Group, disclosure on the percentage of total products subject to recalls for safety and health reasons under KPI B6.2 and the recall procedures under KPI B6.4 of Appendix 27 of the Listing Rules is not applicable.

Safe Sports Service

As a long-distance running sport, marathons may cause physical issues and injuries to some of the participants due to the strong intensity of exercise. To ensure the safety of participants, the Group optimises its application management and sports events management system continuously so that the participants are offered with safe and reliable sports products. During the Reporting Period, the Group has experienced no incident of fatality or serious injury of participants as a result of its marathon events.

Application

- The Group has formulated stringent application requirements based on the conditions of the marathon events: Applicants for marathon events may be required to provide certified medical examination reports dated within one year or post-marathon reports, etc.;
- The Group puts great effort into protecting the privacy of its customers. Information of participant will be managed collectively by the back office of the Group to ensure information security; and
- The Group maintains insurance for participants with insurance coverage of 100%.

Competition

The Group cooperates with the relevant departments and authorities in places where it operates to select the appropriate time and routes for competition.

- The Group ensures that medical plans, security measures and emergency plan are in place before each marathon;
- The Group provides detailed competition guide on the official competition website, including information such as roadmap, location of supply points, washrooms and medical stations, weather forecast, etc.;
- The Group invites physicians to participate in the marathon, and provides Automated External Defibrillator along the track and near the finish line to prevent accidents and ensure timely and effective rescue measures; and
- The Group sets up appropriate track and grandstand. Special attention is paid to the zoning at the finish line to make sure that there is a safe distance between participants and spectators.

Intellectual Property

To maximise the protection of the Group's interest, great attentions are paid for applying and protecting intellectual property rights, such as trademark, patents, copyrights, domain names, etc. During the cooperation with individual units or partners, detailed provisions shall be made clear on the intellectual property right's ownership, the scope of use, development result, etc., as well as proper handling of relevant legal documents and the non-disclosure agreement ("NDA") in the employment contract. To implement the objectives stated above, the Group has established "Intellectual Property Rights Protection Notice" as guidelines for employees and relevant parties to follow and comply. Any breach or non-compliance of the NDA may lead to termination of labour relationship, offenders may be prosecuted by relevant local authorities and the Group reserves the right to claim for any losses caused lawfully.

Environmental, Social and Governance Report

Customer Data Protection and Privacy

For customer, staff, event participants and other stakeholders' data and information, the Group has rules on protecting customers' privacy and data protection stipulated in our Employee Handbook. No material non-compliance with laws and regulations concerning customer data protection and privacy was recorded during the Reporting Period.

B7. Anti-corruption

The Group strictly abides by the Criminal Law of the PRC (中華人民共和國刑法), the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法), the Interim Provisions of the State Administration for Industry and Commerce on Prohibition of Commercial Bribery (國家工商行政管理局關於禁止商業賄賂行為的暫行規定) and other laws and regulations concerning anti-corruption in Hong Kong and the PRC. The Group does not engage in unfair competition with its business and protects the quality of event service. It also strictly maintains social and economic orders and has no tolerance for misconduct, malpractice, and infringement on personal and democratic rights. The Group also determines to maintain a healthy market competition without jeopardising the legitimate rights and interests of other operators and consumers.

Moreover, to prevent corporate crimes related to accepting bribes from non-state workers, embezzlement, misappropriating funds or infringement of intellectual property, the Group has established various measures, such as Procedure for Employees on Reporting Potential Misconduct, Anti-fraud Reporting System and Management System for Intellectual Property Protection, to prevent such behaviours and protect the Group's legal rights.

To create a fair, transparent, legal and compliant business environment, the Group also established a series of systems related to procurement, marketing and management to prevent illegal activities such as commercial bribery, malpractice, misappropriation of public funds, extortion, money laundering, etc. Business partners with the Group must sign an agreement on the prohibition of commercial bribery upon engagement when necessary.

The Group highly values business integrity and adhere to high ethical standards. Employees at different levels are responsible for co-creating a clean business environment. The Group provides online anti-corruption materials for its employees to increase their knowledge and understanding on relevant anti-corruption laws and regulations, code of conduct, and their roles and responsibilities. The Group is considering developing a robust anti-corruption training system in the future and thus the data on the anti-corruption training hours or employee's participation statistics is not available during the Reporting Period.

The Group has effectively managed its corruption-sensitive segments and prevented the risk of non-compliance by formulating and implementing its anti-corruption policies. During the Reporting Period, the Group was not involved in any litigation or corresponding penalties due to embezzlement, corruption and bribery.

Anti-corruption Policies

- The Group has formulated anti-corruption policies and established a reasonable internal control system to set out the management measures for corruption-sensitive segments and forbid its staff from obtaining benefits through illegal means; and
- The Group has included anti-commercial bribery and anti-corruption clauses in its contracts to ensure a transparent procurement process.

Anti-corruption Measures

The Group has established an anti-corruption organisation led by the internal control department of the company.

- The person-in-charge of each of the departments is responsible for the implementation of anti-corruption measures within the department;
- The Group has established a rewarding anonymous reporting channel for any corruption to encourage whistle-blowing with strong protection for information about the whistle-blower; and
- The Group has organised anti-corruption publicity and education for its staff from time to time. During the Reporting Period, work from home arrangements have been applied to directors and employees to mitigate the risks of spreading the COVID-19 virus, they are required to self-study the anti-corruption related training materials.

Anti-corruption Handling

The Group conducted investigations into staff involved in corruption, which might be submitted to the law enforcement authorities depending on the seriousness of the case. We also complied with all applicable laws on prohibiting corruption and bribery of the PRC. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

3. Community***B8. Community Investment***

The Group is committed to creating friendship, care and respect among our community. With continuous efforts over the years, the Group has continued to develop and establish more competitions with local relevance and higher standards, through which it has uniquely fulfilled its corporate social responsibilities and contributed to the promotion of nationwide fitness. The Group has established “Policies on Community Investment and Charity Management” stating out the approval procedures and responsibilities of each party for employees to follow and comply.

Due to the social distancing measures under the pandemic, the Group was unable to organize any community activities during the Reporting Year. The Group will resume the social welfare activities when the situation improves.

Promotion of Nationwide Fitness

- The Group developed and operated diversified and multi-level marathon events;
- The Group made voluntary promotion to the participants and audience of competitions through online promotion, and distribution of promotional materials at the event to enhance public awareness of nationwide fitness; and
- The Group reserved enrolment quota for the disabled in its marathon events to promote nationwide fitness among disadvantaged groups.

Directors' Report

The Directors are pleased to submit their annual report together with the audited financial statements for the year ended 31 December 2022.

GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 21 March 2012 and the shares of the Company (the “Shares”) have been listed on the Main Board of the Stock Exchange since 11 July 2013 (the “Listing Date”).

BUSINESS REVIEW

Principal Activities

The Group is a prominent sports culture group in the PRC engaged in the provision of events operation and marketing services, and sports services, in the PRC with a special emphasis on the development and extension of the sports industry chain. The principal activities and other particulars of the Company's major subsidiaries are set out in Note 23 to the consolidated financial statements of this annual report.

For the detailed review of the Company's business, indication of further development in the Company's business and the Company's environmental policies and performance, please refer to the subsections headed “Group Overview” and “Outlook of the Industry and the Group” under the Management Discussion and Analysis section, and the section on Environmental, Social and Governance Report of this annual report, respectively.

Principal Risks and Uncertainties

During the year ended 31 December 2022, the Group's operations were mainly subject to the following risks and uncertainties and these risks and uncertainties are continuing. If any of the circumstances or events described below actually arises or occurs, the business, results of operations, financial condition and prospects of the Group would likely suffer.

- Occurrence of major public health and safety emergencies, such as the novel coronavirus pneumonia outbreak negatively affects the Group. In order to avoid the spread of virus caused by crowded gathering, large-scale sports events will be cancelled or postponed for a long time, which will have negative impacts on the Company's business development and profitability.
- In the course of marathon events, the participants may encounter unexpected situation, such as sudden death. In addition, since marathon events in large cities attract a large number of participants (20,000-30,000 persons), such large-scale people gathering may contain public safety risk, such as crowded stampede, terrorist attacks, etc. These above situations will affect normal operation of the events and bring adverse impacts to the Company.
- Marathon market is becoming increasingly popular, industry competitors are constantly emerging, and the competition is getting keener. As economic growth of the PRC slowed down, the main revenue of marathon events comes from the sponsorship amount of sponsors. The poor economic situation will lead to the cancellation or reduction of the budget of sponsors, which will have negative impacts on the Company's profits.

- During the implementation of events, the Company needs to keep in touch with local governments, sports bureaus, television stations, suppliers, and sponsors frequently. In the communication process, unexpected temporary adjustment cases may happen, or the change of people in charge from the other sides may happen and cause obstructed communication. These situations may affect normal operation of events, increase the difficulty of implementation and bring risks to normal business operation of the Company.
- The success of the event organisation, management and promotion business depends on the Group's ability to renew the agreements for the existing sports competitions and events organised and to introduce new sports competitions or events. The Groups is currently licensed by sports organisations or their authorised agents to organise certain sports competitions for a limited period of time. Therefore, the Group is subject to changes of strategies by those sports organisations, as well as other uncertainties that could result in its failure to renew the existing cooperation agreements with those sports organisations on commercially feasible terms, which in turn may have an adverse effect on the Group's ability to maintain the increase in its revenues and its profitability.
- The Group is exposed to concentration risk of heavy reliance on top five customers and the top five suppliers as a result of the outbreak of the COVID-19 pandemic. A significant portion of the Group's revenue was derived from a small number of customers during the Reporting Period, details of which are set out in the paragraph headed "Major Customers and Major Suppliers". The Group may continue to have a concentration of customers and suppliers in the future. There is no assurance that the financial position of the Group's major customers and major suppliers will remain healthy in the future. Any deterioration in the businesses of the Group's major customers and major suppliers could lead to delay and/or default in their payments to the Group or affect the revenue of the Group.

Financial Summary

A summary of the audited results and of the assets and liabilities of the Group for the last five financial years is set out on page 162 of this annual report. For further analysis using financial key performance indicators, please refer to the subsection headed "Financial Review" under the Management Discussion and Analysis section of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the Management Discussion and Analysis section, there is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since 31 December 2022 up to the date of this annual report.

Compliance with the Relevant Laws and Regulations that have a Significant Impact on the Company (including Environmental Policies and Performance)

The Company complied with the relevant laws and regulations including environmental policies and performance that have a significant impact on the Company in the PRC during the year ended 31 December 2022.

Relationships with Employees, Customers, Suppliers and Others

The Group has good relationships with its employees, customers and suppliers since its establishment.

Employees

Ongoing professional development is important to the employees given the competitive business environment in which the Group operates. To ensure employees can continue to cultivate skills and knowledge for the fulfillment of their duties and responsibilities, the Group has provided various training programs to its staff. Further information about training attended by the Group's employees and their remuneration package during the year ended 31 December 2022 is set out in the subsection headed "Employees" under the Directors, Senior Management and Employees section of this annual report.

Directors' Report

Major Customers and Suppliers

The Group kept excellent relationships with customers and suppliers and had developed a diversified customer and supplier base during the year ended 31 December 2022.

Due to the fact that the sports events could not be organised as scheduled during the year as a result of the outbreak of the COVID-19 pandemic, customers and suppliers that have previously cooperated with the Group for a long time before the COVID-19 outbreak have basically suspended their cooperation this year. As such, the Group has recorded a heavy reliance on the major customers and major suppliers during the year ended 31 December 2022. With the recovery of the sports industry in the PRC, the Group expects that the reliance on the major customers and major suppliers will gradually reduce to a normal level in the future. However, the actual recovery rate of the business of the Group may be affected by the uncertainty in the macroeconomic environment. Nonetheless, during the Reporting Period, the Group has been maintaining close contact with customers and suppliers and will continue to cooperate with them after the events resume.

The Group's five largest customers are engaged in business ranging from the sports culture industry to the multimedia industry. Among them, the Group has been in cooperative relationship with one of the major customers in the multimedia industry for 5 years. During the year ended 31 December 2022, the Group's five largest customers accounted for approximately 100% of the Group's total revenue from rendering of services and the Group's largest customer for the year accounted for approximately 80.7% of the Group's revenue from rendering of services. The Group has maintained a stable relationship with the largest customer since 2021.

The Group's five largest suppliers are engaged in business ranging from the multimedia industry to the sports culture industry. Among them, the Group has recently explored and started cooperation with two of the major suppliers since 2021. During the year ended 31 December 2022, the Group's five largest suppliers accounted for approximately 81.3% of the Group's total purchases, while the largest supplier for the year accounted for approximately 37.0% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective close associates or any of the shareholders of the Company who owns more than 5% of the number of the issued shares of the Company has any interest in any of the Group's five largest customers or suppliers.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil). The Company did not declare payment of an interim dividend for the six months ended 30 June 2022.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2022 are set out in Note 33 to the consolidated financial statements of this annual report.

RESERVES

Details of the movement in the reserves of the Company during the year ended 31 December 2022 are set out in Note 35 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to approximately RMB153,822,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or applicable laws of the Cayman Islands where the Company was incorporated.

CHARITABLE DONATIONS

During the year ended 31 December 2022, the Company did not make any charitable donations.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the year ended 31 December 2022 are set out in Note 20 to the consolidated financial statements of this annual report.

BANK BORROWINGS AND INTEREST

There was no bank borrowing of the Company as at 31 December 2022.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2022.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in this annual report, the Company has not entered into any equity-linked agreements during the year ended 31 December 2022.

EXCHANGE RATE

For the year ended 31 December 2022, the Group faced no major difficulties or impacts regarding its operations or capital flow due to the fluctuation of foreign exchange rate.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective offices or trusts.

There is appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company.

DIRECTORS

As at the date of this Directors' Report, the information of the Directors is illustrated below:

Name	Title in the Company	Date of appointment
Ms. Ren Wen	Chairlady and executive Director	21 March 2012 ¹
Mr. Sheng Jie	Vice chairman and executive Director	2 January 2019 ²
Mr. Song Hongfei	Executive Director and President	26 August 2016 ²
Ms. Hao Bin	Executive Director	1 June 2017 ¹
Mr. Chen Zhijian	Independent non-executive Director	15 February 2018 ³
Mr. Ip Kwok On Sammy	Independent non-executive Director	14 June 2013 ¹
Mr. Jin Guoqiang	Independent non-executive Director	14 June 2013 ²

Notes:

1. Retired and re-elected at the AGM on 27 April 2022.
2. Retired and re-elected at the AGM on 28 June 2021.
3. Retied and re-elected at the AGM on 30 June 2020.

Directors' Report

In accordance with Article 84 of the Company's Articles of Association, Mr. Chen Zhijian, Mr. Sheng Jie and Mr. Song Hongfei shall retire from the office as Directors by rotation at the forthcoming AGM, and being eligible, Mr. Chen and Mr. Sheng will offer themselves for re-election at the AGM. Mr. Song will not offer himself for re-election at the AGM due to his other business commitments and accordingly will retire as executive Director upon conclusion of the AGM. Mr. Song has confirmed that he has no disagreement with the Board and there are no other matters relating to his retirement that need to be brought to the attention of the shareholders or the Stock Exchange. Dr. Shen Wei will be proposed to be appointed as an executive Director by the Board at the AGM. Details of the Directors to be elected/re-elected at the AGM are set out in the circular to shareholders.

None of the Directors who is proposed for re-election at the AGM has any service contract that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Independence Confirmation of the Independent Non-executive Directors

The Company has received the annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and as at the date of this annual report still considers them to be independent.

Biographies

The biographical details of Directors and senior management of the Company are set out in the section headed "Directors, Senior Management and Employees" of this annual report.

Directors' Remuneration

Details of the Directors' remuneration are set out in Note 16(a) to the consolidated financial statements of this annual report. The Directors' remuneration is determined with reference to their respective duties and responsibilities within the Company.

Directors' Service Contracts

Executive Directors

Each of the existing executive Directors has entered into a service contract with the Company. Ms. Ren Wen has entered into a service contract with the Company for the period commencing from 20 March 2018 to the date of the 2021 AGM and was further renewed for a period commencing from 20 March 2021 to the date of the 2024 AGM; Mr. Sheng Jie, who was appointed with effect from 2 January 2019, has entered into a service contract with the Company for a term of three years commencing from 2 January 2019 and was further renewed for a period of three years commencing from 2 January 2022 to 1 January 2025; Mr. Song Hongfei has entered into a service contract with the Company for the period commencing from 30 May 2018 to the date of the 2021 AGM and was further renewed for a period commencing from 29 May 2021 to the date of the 2024 AGM; and Ms. Hao Bin has entered into a service contract with the Company for a period commencing from 1 June 2020 to 31 May 2023.

The remuneration of the executive Directors are as follows:

- (i) Ms. Ren Wen's emolument was adjusted to RMB15,000 plus HK\$101,000 per month since 1 December 2021;
- (ii) Mr. Sheng Jie's emolument was adjusted to RMB15,000 plus HK\$10,000 per month since 1 December 2021;
- (iii) Mr. Song Hongfei's emolument was adjusted to RMB15,000 plus HK\$10,000 per month since 1 December 2021; and
- (iv) Ms. Hao Bin's emolument and was adjusted to RMB15,000 plus HK\$10,000 per month since 1 December 2021.

Independent Non-executive Directors

Each of the existing independent non-executive Directors has entered into an appointment contract with the Company. Each of Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang has entered into an appointment contract with the Company for a term of three years commencing from 14 June 2019; whilst Mr. Chen Zhijian has entered into an appointment contract with the Company for a term of three years commencing from 15 February 2018 and was renewed for a period commencing from 15 February 2021 to 14 February 2024.

Each of the independent non-executive Directors is entitled to subsidies. Their subsidies are currently as follows:

- (i) Mr. Chen Zhijian's subsidy was adjusted to HK\$10,000 per month since 1 May 2021;
- (ii) Mr. Ip Kwok On Sammy's subsidy was adjusted to HK\$10,000 per month since 1 May 2021; and
- (iii) Mr. Jin Guoqiang's subsidy was adjusted to HK\$10,000 per month since 1 May 2021.

Directors' Rights to Purchase Shares or Debentures of the Company

Save for the share options held by the Directors, at no time during the year ended 31 December 2022 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Interest in Transactions, Arrangements or Contracts of Significance

Save as disclosed in the subsection headed "Connected Transactions and Structured Contracts" below and Note 39 to the consolidated financial statements of this annual report, no transactions, arrangements or contracts of significance to which the Company, or any of its subsidiaries, was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, existed during the year ended 31 December 2022.

Directors' Interest in Competing Business

None of the Directors or any of their respective associates had any interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group during the year ended 31 December 2022.

Change in Directors' Information

There is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2022 Interim Report.

Directors' Report

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 31 December 2022, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of 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, 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 ¹	602,780,000 (L)	37.84%
	Interest of controlled corporation ²	87,761,000 (L)	5.51%
Mr. Song Hongfei	Beneficial owner ³	4,715,000 (L)	0.30%
Ms. Hao Bin	Beneficial owner ⁴	250,000 (L)	0.02%

Remarks: The letter "L" denotes the person's long position in the Shares.

Note:

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 87,761,000 Shares, 64,971,000 Shares were held by Lucky Go Co., Ltd. and 22,790,000 Shares were held by Top Car Co., Ltd. Ms. Ren Wen held 100% 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 the associated corporations

Name of Director	Name of associated corporation	Approximate percentage of shareholding interest
Ms. Ren Wen	Beijing Wisdom Media Holding Co., Ltd. ¹ (北京智美傳媒股份有限公司) (“ Beijing Wisdom Media ”)	91.54%
	First AI Sports Technology (Shenzhen) Co., Ltd.* ² (第一智能體育科技(深圳)有限公司) (“ First AI Sports ”)	100%
Mr. Sheng Jie	Beijing Wisdom Media ¹	8.46%

Notes:

1. Beijing Wisdom Media is an indirect subsidiary of the Company controlled through structured contracts. For details, please refer to the subsection headed “Connected Transactions and Structured Contracts” in this Directors' Report. 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 31 December 2022, 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 would have to be 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 which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

* for identification purpose only

Directors' Report

Substantial Shareholders' and Other Persons' Interests or Short Positions in the Shares, Underlying Shares and Debentures of the Company

So far as is known to the Directors, as at 31 December 2022, 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:

Long position in the Shares

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

Remarks: The letter "L" denotes the person's long position in the Shares.

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 31 December 2022, the Company had not been notified by any persons (other than Directors or chief executives 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.

SHARE OPTION SCHEME

Background

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 pursuant to the Share Option Scheme to the substantial shareholders, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), 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 remaining life of the Share Option Scheme is approximately one month.

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 any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following 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 issued Shares as at the date of this annual report (assuming no Shares were issued and/or repurchased after 30 March 2023, being the latest practicable date for ascertaining certain information in this annual report (the "**Latest Practicable Date**"). As at the date of this annual report, the number of Shares available for issue under the Share Option Scheme (excluding those share options granted but not exercised) amounted to 156,290,000 Shares, representing approximately 9.81% 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 (i.e. vesting period) prescribed under the terms of the Share Option Scheme 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.

With effect from 1 January 2023, Chapter 17 of the Listing Rules has been amended. As provided under the transitional arrangements under the amended Chapter 17 of the Listing Rules, the Company would continue to make grants to participants eligible under the existing Share Option Scheme until refreshment or expiry of the existing scheme mandate, upon which the Company will be required to amend the terms of the scheme to comply with the amended Chapter 17 of the Listing Rules and seek shareholders' approval for a new scheme mandate.

As at 31 December 2022 and up to the date of this annual report, the Company has not adopted any share schemes (as defined under Chapter 17 of the Listing Rules) other than the Share Option Scheme.

Directors' Report

Share options granted

Share 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 has become 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 year ended 31 December 2022, no option granted on 23 May 2014 has been exercised, cancelled, forfeited or lapsed. As at 31 December 2022, options to subscribe for a total of 215,000 Shares remained outstanding and were exercisable by the respective grantees immediately until 22 May 2024.

Share 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 has become exercisable on each of 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 grantees for the relevant years. For details, please refer to the announcement of the Company dated 29 May 2015.

For the year ended 31 December 2022, no option granted on 29 May 2015 has been exercised, cancelled, forfeited or lapsed. As at 31 December 2022, options to subscribe for a total of 150,000 Shares remained outstanding and were exercisable by the respective grantees immediately until 28 May 2025.

Options granted during the year ended 31 December 2022

No option was granted by the Company during the year ended 31 December 2022.

Value of options granted

The estimated fair value of the options granted on 23 May 2014 and 29 May 2015 using the Black-Scholes pricing model were set out in Note 38 to the consolidated financial statements in this annual report.

Movement during the year under review

As at 1 January 2022 and 31 December 2022, given that no option was granted during the Reporting Period, the number of options available for grant under the scheme mandate of the Share Option Scheme was 156,290,000 and 156,290,000.

Particulars of the outstanding options under the Share Option Scheme at the beginning and at the end of the year ended 31 December 2022 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 2022	Granted during the period	Exercised during the period	Cancelled/Forfeited/Lapsed during the period	Balance as at 31 December 2022	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
Total				365,000	-Nil-	-Nil-	-Nil-	365,000		

Notes:

- Such share 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 – Share options granted" above.
- No share option had been exercised during the year ended 31 December 2022.

PURCHASE, SALE 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 during the year ended 31 December 2022.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the year ended 31 December 2022 and as at the Latest Practicable Date, the Company has maintained sufficient public float as required under the Listing Rules.

NON-COMPETITION UNDERTAKINGS AND CONTRACTS OF SIGNIFICANCE

As disclosed in the Prospectus, Ms. Ren Wen and Queen Media, the controlling shareholders of the Company, have undertaken to avoid being engaged in or taking part in the business which may compete with the principal business of the Company.

The Company's independent non-executive Directors have reviewed the compliance of the controlling shareholders with the deed of non-competition dated 24 June 2013 and are of the view that each of Ms. Ren Wen and Queen Media has complied with the above undertakings during the year ended 31 December 2022.

Save for the structured contracts described in the subsection headed "Connected Transactions and Structured Contracts" below, there were no contracts of significance between the Company, or any of its subsidiaries, and the controlling shareholders or any of their subsidiaries during the year ended 31 December 2022. There were also no contracts of significance for the provision of services to the Company, or any of its subsidiaries, by the controlling shareholders or any of their subsidiaries.

CONNECTED TRANSACTIONS AND STRUCTURED CONTRACTS

Background

As the business operation of Beijing Wisdom Media constitutes business activities which are subject to prohibition or restriction on foreign investment under the PRC laws (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 ("**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 law 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 which 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-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Operating entities of the Group controlled through the Structured Contracts

During the year ended 31 December 2022, 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 in the PRC; and
- (ii) First AI Sports, 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.

Registered owners of Beijing Wisdom Media

As at 31 December 2022, the registered shareholders of Beijing Wisdom Media are as follows:

Name of shareholder	Number of shares held	Shareholding percentage
Ren Wen (任文)	54,924,000	91.54%
Sheng Jie (盛杰)	5,076,000	8.46%
Total	60,000,000	100%

Major terms of the Structured Contracts

The Structured Contracts currently in force comprise five agreements namely: (i) the exclusive consulting and service agreement; (ii) the exclusive business operating agreement; (iii) the share pledge agreement; (iv) the exclusive option agreement; and (v) the powers of attorney, which were entered into between/among Beijing Wisdom Sports, Beijing Wisdom Media and/or the existing shareholders of Beijing Wisdom Media. Details of the respective salient terms of the five agreements are as follows:

- ***Exclusive consulting and service agreement***

Beijing Wisdom Sports and Beijing Wisdom Media entered into an exclusive consulting and service agreement dated 24 June 2013, pursuant to which Beijing Wisdom Sports shall, on an exclusive basis, provide Beijing Wisdom Media with consulting and other related services. Pursuant to the agreement, Beijing Wisdom Sports shall, amongst other things, (i) form strategically co-operative relationship and share the clients' data with Beijing Wisdom Media and promote its business; (ii) provide marketing services and advisory services in respect of the television program production business and pro-actively seek opportunities for Beijing Wisdom Media in respect of the advertising business and sports-related business and submit joint bids with Beijing Wisdom Media for the provision of media services; (iii) provide staff training; (iv) provide the development and transfer of technology and advisory services in respect of the technology; (v) provide public relations services; (vi) provide market research, analysis and advisory services in respect of the PRC and overseas marketing communications industry; and (vii) provide mid-short term marketing development and marketing planning service.

The service fee to which Beijing Wisdom Sports is entitled to receive under the agreement shall represent the total revenue of Beijing Wisdom Media, after deducting all operational costs and relevant applicable taxes.

The agreement has become effective on 24 June 2013 and shall continue to be in full force and effect until and unless it is terminated by Beijing Wisdom Sports by giving Beijing Wisdom Media a 30 days' prior written notice of termination. Beijing Wisdom Media shall have no right to terminate the agreement.

- ***Irrevocable power of attorney***

All of the shareholders of Beijing Wisdom Media executed an irrevocable power of attorney dated 24 June 2013, which enables the Company and the directors of the Company and their successors to exercise all the powers of the shareholders (including their successors and transferees) of Beijing Wisdom Media. Pursuant to the irrevocable power of attorney, the Company and the directors of the Company and their successors shall exercise rights of all of the shareholders of Beijing Wisdom Media including but not limited to right to propose a general meeting, rights of voting, sale or transfer of all or part of their interests in Beijing Wisdom Media, signing minutes and filing documents with relevant companies registry.

Directors' Report

The Company has the power to designate the person as nominated by the executive directors of the Company or the board of directors of the Company to exercise the rights to the Company under the irrevocable power of attorney.

The irrevocable power of attorney has become effective on 24 June 2013 and shall continue to be in full force and effect until the termination of the exclusive business operating agreement.

- ***Exclusive business operating agreement***

Beijing Wisdom Sports, Beijing Wisdom Media and all of its shareholders (including their successors and transferees) entered into an exclusive business operating agreement dated 24 June 2013, pursuant to which Beijing Wisdom Media agreed, and all of the aforesaid shareholders agreed to cause Beijing Wisdom Media and its subsidiaries, not to enter into any transaction which might substantially affect Beijing Wisdom Media's assets, business, employees, rights, obligations or operations unless prior written approval of Beijing Wisdom Sports or its designated wholly-owned subsidiary of the Company have been obtained. Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media agreed to, amongst other things, appoint candidate(s) nominated by Beijing Wisdom Sports as director(s) of Beijing Wisdom Media and transfer the bonus, distributable dividend, any other income or interest receivable by them at nil consideration to Beijing Wisdom Sports.

The agreement has become effective on 24 June 2013 and shall continue to be in full force and effect until and unless it is terminated by Beijing Wisdom Sports by giving all shareholders of Beijing Wisdom Media a 30 days' prior written notice of termination. Beijing Wisdom Media shall have no right to terminate the agreement.

- ***Exclusive option agreement***

Beijing Wisdom Sports, Beijing Wisdom Media and all of its shareholders (including their successors and transferees) entered into an exclusive option agreement dated 24 June 2013, pursuant to which all of the shareholders of Beijing Wisdom Media agreed to grant an irrevocable option to Beijing Wisdom Sports for it or its designated wholly-owned subsidiary of the Company to acquire all or any of their equity interests in Beijing Wisdom Media in compliance with the terms of the agreement.

Pursuant to the agreement, Beijing Wisdom Media has undertaken to perform certain acts or refrain from performing certain other acts in relation to its business operation, carrying out of corporate actions and entry into transactions, unless it has obtained prior approval from Beijing Wisdom Sports or its designated wholly-owned subsidiary of the Company.

Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media have also undertaken to, amongst other things, maintain all of their rights of equity interests in Beijing Wisdom Media and to sign such documents and take such actions as necessary or appropriate to preserve such rights.

The agreement has become effective on 24 June 2013 and shall continue to be in full force and effect until and unless it is terminated by Beijing Wisdom Sports by giving Beijing Wisdom Media and all of its shareholders a 30 days' prior written notice of termination. Neither of Beijing Wisdom Media nor any of its shareholders shall have any right to terminate the agreement.

- **Share pledge agreement**

Beijing Wisdom Sports and all of the shareholders (including their successors and transferees) of Beijing Wisdom Media entered into a share pledge agreement dated 24 June 2013, pursuant to which all of the shareholders of Beijing Wisdom Media agreed to pledge their equity interests in Beijing Wisdom Media to Beijing Wisdom Sports to secure the performance of all of the obligations of Beijing Wisdom Media and/or all of its shareholders under the aforesaid exclusive business operating agreement and exclusive consulting and service agreement.

Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media have undertaken to Beijing Wisdom Sports, amongst other things, not to transfer the equity interests in Beijing Wisdom Media (save and except the transfer of shares to Beijing Wisdom Sports or its designated wholly-owned subsidiary of the Company), not to create or allow any guarantee or pledge to be created thereon that may affect the rights and interest of Beijing Wisdom Sports and to comply with all applicable PRC laws and regulations in relation to the share pledge.

Under the agreement, if the shareholders of Beijing Wisdom Media have defaulted on the terms of the agreement, Beijing Wisdom Sports may exercise its rights to acquire the equity interests in Beijing Wisdom Media in accordance with the terms of the agreement, unless all of the shareholders of Beijing Wisdom Media have cured such default or have taken remedial actions as necessary.

The agreement shall be in full force and effect until and unless it is terminated by Beijing Wisdom Sports by giving all of the shareholders of Beijing Wisdom Media a 30 days' prior written notice of termination. None of the shareholders of Beijing Wisdom Media shall have any right to terminate the agreement.

Reasons for using the Structured Contracts and the significance to the Group

The business operations of Beijing Wisdom Media involve the production of television programs and it currently holds a television program production licence. Such business is subject to foreign investment restrictions under the applicable PRC laws. As such, the Group cannot acquire the equity interest in Beijing Wisdom Media. Having regard to such foreign investment restrictions, the Structured Contracts were designed to provide Beijing Wisdom Sports and, thus the Group, with effective control over the financial and operational policies of Beijing Wisdom Media and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interest in Beijing Wisdom Media.

Revenue and assets subject to the Structured Contracts

The revenue, net profit and total assets subject to the Structured Contracts are set out as follows:

	Year ended/As at 31 December			
	2022	% of total of	2021	% of total of
	(RMB'000)	the Group	(RMB'000)	the Group
Revenue subject to the Structured Contracts	0	0%	8	0.1%
Net profit/(loss) subject to the Structured Contracts	(1,289)	1.7%	1,851	-3.9%
Total assets subject to the Structured Contracts	333,942	66.9%	343,197	58.5%

As a net loss subject to the Structured Contracts of approximately RMB1,289,000 was recognised for the year ended 31 December 2022, the service fee which Beijing Wisdom Sports is entitled to receive for the year ended 31 December 2022 was RMB nil.

Directors' Report

Risks associated with the Structured Contracts

The risks associated with the Structured Contracts were set out on pages 34 to 38 of the Prospectus and are highlighted as follows:

- if the PRC government finds that the agreements that establish the structure for operating the services of the Group in the PRC do not comply with PRC governmental restrictions on foreign investment in television program production, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe penalties or be forced to relinquish its interests in those operations;
- the Group relies on contractual arrangements with Beijing Wisdom Media and its subsidiaries for its operations in the PRC, which may not be as effective in providing operational control as direct ownership;
- any failure by Beijing Wisdom Media and its subsidiaries or their respective shareholders to perform their obligations under their contractual arrangements with the Group would have a material adverse effect on the business and financial condition of the Group;
- contractual arrangements that subsidiaries of the Group have entered into with Beijing Wisdom Media may be subject to scrutiny by the PRC tax authorities and a finding that the Group or Beijing Wisdom Media and its subsidiaries owe additional taxes could substantially reduce the combined net income of the Group and the value of the investment by the Company's shareholders;
- the shareholders, directors and executive officers of Beijing Wisdom Media and its subsidiaries may have potential conflicts of interest with the Company, which may materially and adversely affect the business of the Group;
- the Group may rely on dividends and other distributions on equity paid by the Group's PRC subsidiaries to fund any cash and financing requirements the Group may have. Any limitation on the ability of the PRC subsidiaries to pay dividends to the Group could have a material adverse effect on the Group's ability to conduct its business; and
- PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent the Group from using the proceeds of the global offering of the Company to make loans to the PRC subsidiaries and Beijing Wisdom Media and its subsidiaries or to make additional capital contributions to the PRC subsidiaries of the Group, which may materially and adversely affect the liquidity of the Group and the ability of the Group to fund and expand its business.

In light of the above risks associated with the Structured Contracts, the Group has adopted a set of procedures, systems and internal control measures to ensure the sound and effective operation of the Group and the implementation of the Structured Contracts. Such procedures, systems and internal control measures include (i) regular discussions (on a no less frequent than a quarterly basis) of matters relating to compliance and regulatory enquiries from governmental authorities, if any, by the board of directors of the Company at regular and extraordinary board meetings; (ii) regular report (on a no less frequent than a monthly basis) by relevant business units and operation divisions of the Group to the senior management of the Company in relation to the compliance and performance conditions under the Structured Contracts and other related matters; (iii) regular report by the senior management of the Company to the Board on any non-compliance issues; (iv) retaining legal adviser and/or other professional to assist the Group to deal with specific issues arising from the Structured Contracts, if so required; and (v) regular review on an annual basis by the independent non-executive directors of the Company on the compliance of the Structured Contracts and confirmation of the same being disclosed in the annual reports of the Company.

In addition, to address the risk of potential conflicts of interest of certain shareholders, directors and executive officers of Beijing Wisdom Media and its subsidiaries who are also directors of the Company, it has been provided for under the exclusive business operating agreement that all of the shareholders of Beijing Wisdom Media had agreed to give priority to, and not to cause any damage to, the interests of Beijing Wisdom Sports and the Company if there are any potential conflicts of interest amongst Beijing Wisdom Sports, the Company, Beijing Wisdom Media and its shareholders. Ms. Ren Wen, being the chairlady of the Company, has been appointed as the chairlady of the board of directors of Beijing Wisdom Media and has taken up the leading role in the governance of implementation of the financial and operating policies in respect of Beijing Wisdom Media in order to ensure that Beijing Wisdom Media will be managed and operated according to the Group's policies and the terms of the Structured Contracts.

Change of circumstances

There had been no material change in the arrangements under the Structured Contracts and/or the circumstances under which they were adopted. As of the date of this report, the foreign investment restrictions which gave rise to the arrangements under the Structured Contracts are still in existence.

Opinion of the Directors

The Directors (including the independent non-executive Directors) consider that the Structured Contracts and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are on normal commercial terms after arm's length negotiation, and consider that the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders as a whole.

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.

The independent non-executive Directors have reviewed the above connected transactions and confirmed that these continuing connected transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Company than those available to or provided from (as appropriate) independent third parties; and
- (3) in accordance with relevant agreements governing them that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Directors' Report

The independent non-executive Directors also confirmed that since the Listing Date and up to 31 December 2022:

- (1) the continuing connected transactions under the Structured Contracts have been entered into in accordance with the relevant provisions of the Structured Contracts, so that the revenue generated by Beijing Wisdom Media has been mainly retained by the Group;
- (2) no dividends or other distributions have been made by Beijing Wisdom Media to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and
- (3) no new contract was entered into to renew or reproduce the framework of the Structured Contracts.

Opinion of the Auditor of the Company

Elite Partners CPA Limited, the Company's auditor, was engaged to report on the Group's continuing connected transactions during the year ended 31 December 2022 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The auditor has reported to the Board and confirmed that for the year ended 31 December 2022, nothing has come to their attention that causes them to believe that the continuing connected transactions set out above: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; and (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

The Company has complied with the disclosure requirements, if any, under Chapter 14A of the Listing Rules in respect of the above connected transactions.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions of the Group undertaken in the normal course of business are provided under Note 39 to the consolidated financial statements of this annual report, and none of which constitutes a disclosable connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 11 to 27 of this annual report.

ENVIRONMENTAL POLICIES AND SUSTAINABLE DEVELOPMENT

The environmental policies of the Group and its performance for the year ended 31 December 2022 are set out in the Environmental, Social and Governance Report on pages 28 to 55 of this annual report.

AUDITOR

Elite Partners CPA Limited has been appointed as the auditor of the Company with effect from 30 November 2021 subsequent to the resignation of RSM Hong Kong. For further details regarding the change of auditor, please refer to the Company's announcement dated 30 November 2021. The consolidated financial statements of the Company for the year ended 31 December 2022 had been audited by Elite Partners CPA Limited.

Elite Partners CPA Limited shall retire at the forthcoming AGM and a resolution for the re-appointment of Elite Partners CPA Limited as auditor of the Company will be proposed at the AGM.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and with terms of reference in compliance with the code provisions of the CG Code for the purpose of reviewing the financial information, providing supervision on the financial reporting system, the risk management and internal control systems (including the Anti-corruption Policy and Whistleblowing Policy of the Company) as well as the effectiveness of the internal audit function of the Group.

As at the date of this annual report, 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 Audit Committee communicated with the external auditor of the Company to discuss the review process and accounting issues of the Company. The Audit Committee, together with the management of the Company, has reviewed the audited consolidated financial results of the Group for the year ended 31 December 2022 and considers that the results are in compliance with generally accepted accounting principles as well as the applicable laws and regulations.

TAX RELIEF AND PROFESSIONAL TAX ADVICE RECOMMENDED

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities. If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

Directors' Report

CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company is expected to be held on Wednesday, 28 June 2023. In order to determine the shareholders who will be qualified for attending and voting at the AGM, the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023, both days inclusive. To be eligible to attend and vote at the AGM, all completed transfer document(s) together with the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 21 June 2023 for registration.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Ren Wen', written in a cursive style.

Ren Wen

Chairlady and Executive Director

Hong Kong, 30 March 2023

Directors, Senior Management and Employees

BIOGRAPHIES

Biographies of each member of the Board and senior management are set out below:

Executive Directors

Ms. Ren Wen (任文女士), also known as Ms. Ren Guozun (任國尊女士), aged 47, is the founder of the Group and is the chairlady of the Board. She founded Beijing Wisdom Media in 2007, and led the Company to its listing on the Main Board of the Stock Exchange in July 2013. Ms. Ren was appointed as the deputy chairlady of Chinese Sports Culture Promotion Federation (中國體育文化促進會) in 2014. Ms. Ren obtained a diploma in journalism from the Beijing Broadcasting Institute (北京廣播學院) (currently known as the Communication University of China (中國傳媒大學)) in January 2000. Ms. Ren is a director of Queen Media Co., Ltd., which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Sheng Jie (盛杰先生), aged 47, is one of the co-founders of the Group. He was previously appointed as an executive Director on 21 March 2012 and has also acted as the Company's joint company secretary and a member of the Remuneration Committee of the Board. He had resigned from his directorship in the Company on 26 August 2016 and left the Group in order to serve as the vice chairman of Shenzhen Zhimei Investment Co., Ltd. (深圳智美投資有限公司), a company held by the controlling shareholder of the Company. In July 2018, he re-joined the Group as a vice president of the Group and was subsequently appointed as an executive Director on 2 January 2019 and an authorised representative of the Company on 30 December 2019. Mr. Sheng has over 20 years of experience in the marketing communications industry, sports communications industry as well as the corporate finance and capital markets sector. Mr. Sheng obtained a bachelor's degree in English language from Shandong University in July 1998, a diploma in business management from the University of International Business and Economics in July 2009 and a master's degree in Business Administration from Peking University on 3 January 2020.

Mr. Song Hongfei (宋鴻飛先生), aged 52, has rich experience in the management of sports competitions. Mr. Song joined the Group in August 2012, served as a vice president and was subsequently appointed as an executive Director on 26 August 2016. Mr. Song was re-designated from vice president to President on 3 September 2020. Mr. Song participated in and led nearly a hundred sports competitions of the Group, including National Basketball League (全國男子籃球聯賽), China Classic Car Rally (老式汽車中國拉力賽), FIM FreeStyle Motocross World Championship (國際摩聯花式極限世錦賽), China Dragon Boat Race (中華龍舟賽), Dragon Boat World Cup (龍舟世界杯), Hot Air Balloon Championship (中國熱氣球公開賽), Guangzhou Marathon (廣州馬拉松), Hangzhou Marathon (杭州馬拉松), Kunming Marathon (昆明馬拉松), Changsha Marathon (長沙馬拉松), Shenyang Marathon (瀋陽馬拉松) and Season Run (四季跑). Prior to joining the Group, Mr. Song served as a deputy general manager in a subsidiary of China Sports Industry Group Co., Ltd. (中體產業集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600158) from February 2000 to July 2012 and participated in the organization of a number of international multi-sport events, including Beijing Olympic Games, East Asian Games, Guangzhou Asian Games and Universiade Shenzhen. Mr. Song obtained a bachelor's degree in physical education from Beijing Sport University in July 1996.

Directors, Senior Management and Employees

Ms. Hao Bin (郝彬女士), aged 42, joined the Group in December 2010 and served as the deputy general manager of the Company. Ms. Hao was subsequently appointed as a joint company secretary of the Company on 7 November 2016 and has been qualified to act as the company secretary of the Company since 6 November 2019. Ms. Hao has been acting as the sole company secretary of the Company since 30 December 2019. Ms. Hao was appointed as an executive Director and an authorised representative of the Company on 1 June 2017. Ms. Hao has also been the general manager of the internal control department of the Company and assistant president of the Company since 6 August 2018 and 28 January 2019, respectively. Before this, Ms. Hao engaged in works related to securities laws in a law firm in China and has extensive experience in legal compliance of listed companies. Ms. Hao obtained a bachelor's degree in law from Peking University in 2006, and a master's degree in civil and commercial law from China University of Political Science and Law in 2010. Ms. Hao also holds the PRC Certificate of Professional Lawyer (中國境內律師職業資格證書) and the PRC Certificate of Board Secretary of Listed Companies (中國境內上市公司董秘證書).

Independent Non-executive Directors

Mr. Chen Zhijian (陳志堅先生), aged 47, was appointed as an independent non-executive Director on 15 February 2018. Mr. Chen has been a partner of Shanghai Certified Public Accountants (上會會計師事務所) since 2015. Mr. Chen was a partner of Zhongzhun Certified Public Accountants (中准會計師事務所) from 2014 to 2015, a senior partner of Shenzhen Bangde Certified Public Accountants (深圳邦德會計師事務所) from 2008 to 2014, and the internal control head of the financial department of Foryou Corporation of Huizhou (惠州市華陽集團) from 2003 to 2007. Mr. Chen has around 20 years of experience in audit, accounting and financial management. Mr. Chen graduated from Henan College of Finance and Taxation (河南財政稅務學校) in 2000, majoring in financial accounting.

Mr. Ip Kwok On Sammy (葉國安先生), aged 60, was appointed as an independent non-executive Director on 14 June 2013. Mr. Ip is the administrative director of Global Link Medical Group Inc, chief executive officer of Global Link Distribution, Inc. and chairman of Shaanxi Baixi Fukang Supply Chain Management Group Co., Ltd. (陝西柏希阜康供應鏈管理集團有限公司). Mr. Ip is also the honored chairman of Hong Kong Small and Medium Enterprises Alliance Association, a member of the Chinese People's Political Consultative Conference of Xi'an, Shaanxi Province, PRC and a standing director of the board of the Chengdu Overseas Friendship Association in PRC. Mr. Ip obtained his MBA from University of Wales, Newport in 2004.

Mr. Jin Guoqiang (金國強先生), aged 77, was appointed an independent non-executive Director on 14 June 2013. Mr. Jin has been an independent non-executive director of Beijing Wisdom Media since April 2011. Mr. Jin has been the executive vice president and secretary general of the Television Branch of the China Advertising Association (中國廣告協會電視分會) since 2001. Before that, Mr. Jin served as the vice president of the Shaanxi Television Channel (陝西電視臺) from 1992 to June 2001. Mr. Jin was appointed as an advisor to the Cross Media Institute (泛媒體分賬研究院) in 2011. Mr. Jin has also been an executive officer of the Association of China Commercial Enterprise Management (中國商業企業管理協會市場行銷分會) and a member of its expert committee since December 2009. Mr. Jin was a member of the adjudication panel of the 2010 China Advertising Great-Wall Awards for Advertisers (2010年廣告主長城獎), and a member of the expert's commission of the 17th China International Advertising Festival (中國國際廣告節) in 2010. In October 2018, Mr. Jin was approved to resign as the executive vice president and secretary general of the Television Branch of the China Advertising Association, and has acted as the leader of the expert's group of the Radio and Television Industry Development Committee under the China Federation of Radio and Television Associations (中國廣播電視社會組織聯合會廣播電視產業發展委員會) since then.

Senior Management

Ms. Ren Wen (任文女士), our chairlady and executive Director. For Ms. Ren's biography, please refer to the subsection headed "Executive Directors" above.

Mr. Sheng Jie (盛杰先生), our vice chairman, vice president and executive Director. For Mr. Sheng's biography, please refer to the subsection headed "Executive Directors" above.

Mr. Song Hongfei (宋鴻飛先生), our President and executive Director. For Mr. Song's biography, please refer to the subsection headed "Executive Directors" above.

Ms. Hao Bin (郝彬女士), our executive Director, company secretary, general manager of the internal control department and assistant president of the Company. For Ms. Hao's biography, please refer to the subsection headed "Executive Directors" above.

Company Secretary

Ms. Hao Bin (郝彬女士), our executive Director, general manager of the internal control department and assistant president of the Company. For Ms. Hao's biography, please refer to the subsection headed "Executive Directors" above.

EMPLOYEES

As at 31 December 2022, the Group had 15 employees in total (31 December 2021: 16).

The Group implements a 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 year ended 31 December 2022 amounted to RMB8.9 million (for the year ended 31 December 2021: RMB4.8 million). Remuneration and bonus for employees are based on their qualification, experience, job nature, performance and market condition.

The remuneration package of the employees includes salary, bonus and other cash benefits and benefits-in-kind. As required by PRC regulations, the Company participates in various employee benefits plans that are organized by local governments, including housing, pension, medical and unemployment benefit plans, and makes contributions to the employee benefits plans at specified percentages of the salaries, bonuses and certain allowances of the employees.

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, trainings of professional knowledge in connection with finance, internal control and evaluation of the value of each position, etc. as well as different special trainings. The Group also selects potential management staff to receive advance trainings in domestic leading business schools regularly, aiming at enhancing their all-round capability.

Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the Share Option Scheme. As at 31 December 2022, the Company has granted certain share options under the Share Option Scheme. For further details, please refer to the subsection headed "Share Option Scheme" in the Directors' Report of this annual report.

Independent Auditor's Report



TO THE SHAREHOLDERS OF WISDOM SPORTS GROUP
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wisdom Sports Group (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 85 to 161, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment of other receivables</p> <p>We identified the impairment of other receivables as a key audit matter due to the significant management estimation and judgement required in determining the expected credit losses.</p> <p>The Company's disclosures about other receivables are included in notes 5(b)(i), 6(c), 30 to the consolidated financial statements.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> – Obtaining an understanding of and process of estimating the ECL allowance for the other receivables by the management of the Group; – Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs to assess their accuracy, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses; and – Checking the mathematical accuracy of management's calculation of ECL allowance.

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment of interest in an associate</p> <p>At 31 December 2022, the Group hold 34% equity interest in Yuan Tong Global Financial Group Limited ("YTG") and recognised an impairment loss of interest in YTG for the year of approximately RMB28,560,000.</p> <p>The recoverable amount of the Group's 34% equity interest in YTG is the higher of value-in-use and fair value less costs of disposal. At 31 December 2022, impairment assessment on the carrying amount of the Group's 34% equity interest in YTG was performed by management by reference to the valuation of YTG, as an identified cash-generating unit.</p> <p>The impairment assessment on the carrying value of the Group's equity interest in YTG at the reporting period end involves significant judgements made by management of the Group and estimation uncertainty.</p> <p>The Company's disclosures about investments in associates are included in note 25 to the consolidated financial statements.</p>	<p>Our procedures included:</p> <p>Performing a review on the financial statements of YTG for the two years ended 31 December 2022 and 2021;</p> <p>Evaluating the appropriateness for the valuation methodologies used at reporting period end;</p> <p>Checking the projection of cash flows of YTG in the valuation model to the detailed forecasts prepared by management of YTG and evaluating the reasonableness of key assumptions underlying the cash flow projection;</p> <p>Assessing the reasonableness of the discount rate and long-term growth rate in the valuation models not exceeding the industry average long-term growth rate; and</p> <p>Challenging the key assumptions in the valuation model.</p>

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Wai Nam, William with Practising Certificate Number P05957.

Elite Partners CPA Limited
Certified Public Accountants
10/F., 8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong
30 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Revenue	8	4,976	12,172
Cost of services		(1,476)	(12,384)
Gross profit/(loss)		3,500	(212)
Other income	9	8,996	19,416
Other gain or loss	10	(16,836)	(30,221)
Impairment losses on investment in associates		(31,486)	–
Selling and distribution expenses		(3,663)	(2,667)
General and administrative expenses		(26,407)	(30,513)
Loss from operations		(65,896)	(44,197)
Finance costs	11	–	(7)
Share of results of associates		(1,607)	(172)
Loss before tax		(67,503)	(44,376)
Income tax expense	13	(8,004)	(3,503)
Loss for the year	14	(75,507)	(47,879)
Attributable to:			
Owners of the Company		(75,479)	(47,849)
Non-controlling interests		(28)	(30)
		(75,507)	(47,879)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Other comprehensive income/(expense)			
<i>Items 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)		493	17,317
Gains on property revaluation		1,883	5,084
Exchange differences on translation from functional currency to presentation currency		(433)	–
Other comprehensive income for the year, net of tax		1,943	22,401
Total comprehensive expense for the year		(73,564)	(25,478)
Attributable to:			
Owners of the Company		(73,536)	(25,448)
Non-controlling interests		(28)	(30)
		(73,564)	(25,478)
Loss per share attributable to owners of the Company	19		
Basic and diluted		RMB(0.05)	RMB(0.03)

Consolidated Statement of Financial Position

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	20	34,389	48,609
Investment properties	21	11,140	8,810
Intangible assets	22	1,668	2,401
Financial assets at fair value through other comprehensive income	24	62,349	61,856
Other receivables	30	62,063	60,000
Investments in associates	25	5,876	39,464
Deferred tax assets	36	6,720	6,720
Other non-current assets	26	22,794	13,000
Total non-current assets		206,999	240,860
Current assets			
Inventories	27	2,147	2,184
Financial assets at fair value through profit or loss	28	13,108	59,356
Trade receivables	29	5,321	1,700
Other receivables	30	75,654	111,233
Prepayments and other current assets	31	23,489	43,819
Cash and cash equivalents	32	172,437	127,443
Total current assets		292,156	345,735
TOTAL ASSETS		499,155	586,595
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	33	2,454	2,454
Reserves	35	458,997	532,533
		461,451	534,987
Non-controlling interests		(680)	(652)
TOTAL EQUITY		460,771	534,335

Consolidated Statement of Financial Position

At 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
LIABILITIES			
Current liabilities			
Trade payables	37	4,784	4,888
Other payables and accrued expenses		11,160	20,265
Contract liabilities		2,127	2,127
Income tax payables		20,313	24,980
Total current liabilities		38,384	52,260
TOTAL LIABILITIES		38,384	52,260
TOTAL EQUITY AND LIABILITIES		499,155	586,595
NET CURRENT ASSETS		253,772	293,475

Approved by the Board of Directors on 30 March 2023 and are signed on its behalf by:

Song Hongfei
Director

Sheng Jie
Director

Consolidated Statement of Changes In Equity

For the year ended 31 December 2022

	Attributable to owners of the Company											Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Investment properties reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
	(note 33)	(note 35 (b)(i))	(note 35 (b)(ii))	(note 35 (b)(iii))	(note 35 (b)(iv))	(note 35 (b)(v))	(note 36 (b)(vi))	(note 35 (b)(vii))			(note 23)	
At 1 January 2021	2,454	54,245	911	148,241	81,902	-	(7,336)	-	280,018	560,435	(622)	559,813
Loss for the year	-	-	-	-	-	-	-	-	(47,849)	(47,849)	(30)	(47,879)
Other comprehensive expense for the year	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	-	-	-	-	-	-	17,317	-	-	17,317	-	17,317
Gains on property revaluation	-	-	-	-	-	-	-	5,084	-	5,084	-	5,084
Total comprehensive expense for the year	-	-	-	-	-	-	17,317	5,084	(47,849)	(25,448)	(30)	(25,478)
Reversal of statutory reserve appropriation upon deregistration of subsidiaries	-	-	-	(10,000)	-	-	-	-	10,000	-	-	-
Lapse of share options	-	-	(237)	-	-	-	-	-	237	-	-	-
At 31 December 2021	2,454	54,245	674	138,241	81,902	-	9,981	5,084	242,406	534,987	(652)	534,335
At 1 January 2022	2,454	54,245	674	138,241	81,902	-	9,981	5,084	242,406	534,987	(652)	534,335
Loss for the year	-	-	-	-	-	-	-	-	(75,479)	(75,479)	(28)	(75,507)
Other comprehensive expense for the year	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	-	-	-	-	-	-	493	-	-	493	-	493
Gain on property revaluation	-	-	-	-	-	-	-	1,883	-	1,883	-	1,883
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	(433)	-	-	-	(433)	-	(433)
Total comprehensive expense for the year	-	-	-	-	-	(433)	493	1,883	(75,479)	(73,536)	(28)	(73,564)
Reversal of statutory reserve appropriation upon deregistration of subsidiaries	-	-	-	(1,500)	-	-	-	-	1,500	-	-	-
At 31 December 2022	2,454	54,245	674	136,741	81,902	(433)	10,474	6,967	168,427	461,451	(680)	460,771

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(67,503)	(44,376)
Adjustments for:		
Amortisation of intangible assets	733	824
Depreciation of property, plant and equipment	12,853	13,010
Depreciation of right-of-use assets	–	147
Finance costs	–	7
Gain on disposals of property, plant and equipment	–	(9)
Reversal of impairment of trade receivables	–	(9,145)
Allowance for impairment of other receivables	9,293	31,959
Fair value changes on investment properties	930	–
Fair value changes on financial assets at fair value through profit or loss	7,358	3,221
Interest income from treasury products	(3,817)	(1,183)
Interest income from loans to companies	(2,721)	(2,875)
Interest income from fund investments in a partnership	–	(10,566)
Interest income from short-term bank deposits	(1,415)	(11)
Gain from waiver of other payable	–	(1,472)
Loss/(gain) on deregistration of subsidiaries	103	(107)
Dividend income from a financial asset at fair value through other comprehensive income	–	(2,488)
Share of results of associates	1,607	172
Impairment losses investment in associates	31,486	–
Exchange (gains)/losses	(858)	3,922
Operating loss before working capital changes	(11,951)	(18,970)

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Decrease in inventories	37	21
(Increase)/decrease in trade receivables	(3,621)	8,997
Decrease in other receivables	30,610	11,749
Decrease/(Increase) in amount due from a controlling shareholder	2,013	(817)
Decrease in amount due from a director	85	34
Decrease in prepayments and other current assets	20,330	23,362
Decrease in financial assets at fair value through profit or loss	11,167	–
Decrease in trade payables	(104)	(10,533)
(Decrease)/increase in other payables and accrued expenses	(15,972)	11,138
Increase in contract liabilities	–	1,217
Cash generated from operations	32,594	26,198
Income tax (paid)/refund	(8,004)	750
Net cash generated from operating activities	24,590	26,948

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of a subsidiary	-	300
Interest income from treasury products	3,817	1,183
Interest income from loans to companies	2,721	500
Interest income from fund investments in a partnership	-	2,488
Interest income from short-term bank deposits	179	11
(Increase)/decrease in security trading account's balances	(2,765)	12,403
Purchases of property, plant and equipment	(10)	(1,150)
Purchase of treasury products	(192,758)	(544,650)
Purchase of unlisted equity securities	(1,073)	-
Partial receipt of investment cost of an unlisted equity security under financial assets at fair value through other comprehensive income	-	361
Proceeds from disposal of treasury products	222,008	508,729
Proceed from disposal of property, plant and equipment	-	293
Earnest money paid for a potential equity investment	(5,000)	-
Deposit paid for investment properties	(4,181)	-
Prepayment for investment in film production	(3,000)	-
Loans to companies	-	(24,390)
Repayments received for loans to companies	-	34,926
Payment for acquisition of an associate	-	(23,952)
Net cash generated from/(used in) investing activities	19,938	(32,948)

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	-	(331)
Net cash used in financing activities	-	(331)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	44,528	(6,331)
Effect of foreign exchange rate changes	466	(3,922)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	127,443	137,696
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	172,437	127,443

Notes to the Consolidated Financial Statements

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 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.

The Company is an investment holding company. The principal activities of its major subsidiaries are set out in note 23 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and amendments to HKFRSs that are first effective or available for early adoption for the current year of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior years reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

(a) Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Amendments to HKFRSs that are mandatorily effective for the current year (continued)

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

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including in October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ No mandatory effective date determined yet but available for adoption.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities, including structured entities, over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary; and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation (continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates (continued)

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate; and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's presentation and functional currency. The Directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors.

(ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

If a property becomes an investment property because its use has changed as evidenced by end of owner occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant property revaluation reserve will be transferred directly to retained profits.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	4.45% – 5%
Leasehold improvements	Over the relevant lease terms
Furniture, fixtures and equipment	20% – 33.3%
Motor vehicles	20% – 25%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment properties

Investment properties are buildings which are owned to earn rental income and/or for capital appreciation. Investment properties are measured initially at its cost including all direct costs attributable to the properties. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Rental income from investment properties are accounted for as other income to the consolidated financial statements.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *The Group as a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 *Financial instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(ii) *The Group as a lessor*

When the Group acts as a lessor, a lease is classified as an operating lease if it does not transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets represent the software and others which are stated in the consolidated statement of financial position, being amortised on a straight-line basis over their estimated useful lives of 5 to 10 years from the date they are available for use.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any impairment losses.

Both the estimated useful life and method of amortisation are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Costs necessary to make the sale include incremental costs directly attributable to the sale and nonincremental costs which the Group must incur to make the sale.

Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such case, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and derecognition of financial instruments (continued)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- fair value through other comprehensive income – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- fair value through profit or loss, if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Equity investments

An investment in equity securities is classified as fair value through profit or loss unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at fair value through profit or loss or fair value through other comprehensive income, are recognised in profit or loss as other income.

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits with banks, and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) *Events Operation and Marketing*

Revenue from Events Operation and Marketing is mainly derived from marketing services in conjunction with sports-related competitions, including mainly corporate sponsorship income. The Group recognised revenue upon the completion of the events with all services provided.

For barter transactions in which physical goods are received in exchange for the advertising services provided in the events, the Group recognises revenue at fair value of goods received.

(ii) *Sports Services*

Revenue from Sports Services is mainly derived from providing services to government, marathon runners and media companies in conjunction with sports-related competitions, including mainly live broadcasting and program production income, individual consumption income, and rental income from equipment. Except for rental income from equipment under operating leases to be recognised over the periods of sports-related competitions, the Group recognised all other income upon the completion of the events with all services provided.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Group issues equity-settled share-based payments to certain Directors and employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group firstly determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of property, plant and equipment and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs.

In addition, the Group assesses whether there is an indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Group recognises allowances for impairment for ECL on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables assessed individually. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk for balances categorised under "Stage 2" since initial recognition. However, if the credit risk on other receivables has not increased significantly since initial recognition, the Group categorises these balances under "Stage 1" and measures the allowance for impairment for other receivables at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instruments. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default;
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; or
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired and categorised under “Stage 3” when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred and the Group recognises lifetime ECL accordingly. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulties of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty’s financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment loss or reversal of an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Notes to the Consolidated Financial Statements

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive (expense)/income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive (expense)/income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity

Notes to the Consolidated Financial Statements

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(a) Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(i) *Structured contracts*

On 24 June 2013, Beijing Wisdom Sports Industry Co., Ltd. ("**Beijing Wisdom Sports**"), a wholly-owned subsidiary of the Company, entered into a series of contractual arrangements with Beijing Wisdom Media Holding Co., Ltd. ("**Beijing Wisdom Media**") and its direct shareholders, comprising the exclusive consulting and service agreement, irrevocable power of attorney, exclusive business operating agreement, exclusive option agreement and share pledge agreement (collectively the "**Structured Contracts**").

The arrangements of the Structured Contracts enable Beijing Wisdom Sports to exercise effective control over Beijing Wisdom Media and obtain substantially all residual economic benefits of Beijing Wisdom Media and its subsidiaries.

Beijing Wisdom Media effectively became an indirect subsidiary of the Company and the Group consolidated the financial results of Beijing Wisdom Media and its subsidiaries.

Management has consulted with its PRC legal counsel in assessing Beijing Wisdom Sports' ability to control Beijing Wisdom Media under PRC laws and regulations. Any changes in PRC laws, rules and regulations that affect Beijing Wisdom Sports's ability to control Beijing Wisdom Media might preclude the Group from consolidating Beijing Wisdom Media and its subsidiaries in the future.

(ii) *Business model assessment*

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

(a) Critical judgements in applying accounting policies (continued)

(iii) *Assessment of significant increase in credit risk and credit impairment of financial assets*

As mentioned in note 4 to the consolidated financial statements, ECL is measured as an allowance for impairment equal to 12-month ECL for Stage 1 financial assets, or lifetime ECL for Stage 2 or Stage 3 financial assets. A financial asset is moved to Stage 2 when its credit risk has increased significantly since initial recognition but is not assessed to be credit-impaired. A financial asset is then moved to Stage 3 when it is credit-impaired. In assessing whether the credit risk of a financial asset has significantly increased or whether a financial asset is credit-impaired, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of trade receivables, and other receivables

The management estimates the amount of impairment loss for ECL on trade receivable, and other receivables based on the credit risk of trade receivable, and other receivables. The amount of the impairment loss of trade receivables, and other receivable based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

Details of the impairment of trade receivables and other receivables are disclosed in Note 6(c), 29 and 30.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk mainly relating to listed equity securities of financial assets at fair value through profit or loss, and cash held at security trading accounts denominated in Hong Kong dollars, and cash and cash equivalents denominated in Hong Kong dollars, United States dollars and British pound sterling but presented in the functional currency of RMB by the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (continued)

(a) Foreign currency risk (continued)

The table below summaries the changes in the Group's consolidated loss after tax and total equity in response to reasonably possible changes in the foreign exchange rate of Hong Kong dollars, United States dollars and British pound sterling referred from the trend in foreign exchange rate of Hong Kong dollars, United States dollars and British pound sterling in the corresponding reporting period, to which the Group has significant exposure to the foreign currency risk at the end of the reporting period, with all other variables constant.

	Hypothetical movement in foreign exchange rate	Positive/(negative) effect on consolidated loss after tax and total equity RMB'000
31 December 2022		
– Hong Kong dollars	5%	649
– United States dollars	5%	2,389
– British pound sterling	5%	4,803
31 December 2021		
– Hong Kong dollars	5%	1,113
– United States dollars	5%	1,251
– British pound sterling	5%	2,545

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in listed equity securities of financial assets at fair value through profit or loss. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

For sensitivity analysis, if equity prices had been 10% higher/lower (2021: 10%), loss after tax and total comprehensive income for the year ended 31 December 2022 would decrease/increase by RMB640,900 (2021: loss after tax and total comprehensive income for the year ended 31 December 2021 would decrease/increase by RMB2,393,000).

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating and investing activities (primarily trade receivables and other receivables) and from its financing activities, including deposits with banks. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 180 days from the date of billing. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures allowance for impairment of trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the allowance for impairment of trade receivables based on historical credit loss experience is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022:

	2022		Allowance for impairment of trade receivables RMB'000
	Expected loss rate %	Gross carrying amount RMB'000	
Within 1 month	0%	3,461	–
1 to 3 months	–	–	–
4 to 6 months	–	–	–
7 to 12 months	0%	371	–
1 to 2 years	–	–	–
Over 2 years	89%	14,119	12,630
		17,951	12,630

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2021:

	2021		Allowance for impairment of trade receivables RMB'000
	Expected loss rate %	Gross carrying amount RMB'000	
Within 1 month	–	–	–
1 to 3 months	0%	1,084	–
4 to 6 months	0%	475	–
7 to 12 months	0%	141	–
1 to 2 years	100%	5,014	5,014
Over 2 years	100%	9,461	9,461
		16,175	14,475

Expected loss rates are based on actual loss experience over the last 2 half-year periods. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the allowance for impairment of trade receivables during the years are as follows:

	2022 RMB'000	2021 RMB'000
At 1 January	14,475	23,620
Reversal of impairment loss recognised, net	–	(9,145)
Write-off for the year	(1,845)	–
At 31 December	12,630	14,475

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Other receivables

The allowance for impairment of other receivables was provided using the “three-stage” approach by referring to changes in credit quality since the initial recognition of other receivables as mentioned in note 4 to the consolidated financial statements.

Movements in the allowance for impairment of other receivables during the year are as follows:

	2022			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
At 1 January	2,824	22,732	47,738	73,294
Impairment loss recognised, net	3,275	1,549	4,469	9,293
Transfer to stage 2	–	729	(729)	–
Transfer to stage 3	(2,650)	(93)	2,743	–
Write-off for the year	–	–	(46,413)	(46,413)
At 31 December	3,449	24,917	7,808	36,174

	2021			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
At 1 January	1,685	1,667	37,983	41,335
Impairment loss recognised	1,139	21,065	9,755	31,959
At 31 December	2,824	22,732	47,738	73,294

Significant amount of the allowance for impairment of other receivables balance categorised under “Stage 3” are disclosed in note 30(a) to the consolidated financial statements. The allowance for impairment of other receivable balances categorised under “Stage 2” is due to actual or expected significant deterioration in the operating results of debtors during the year ended 31 December 2022. Except for these, the remaining other receivables balances are considered to have low credit risk, and the allowance for impairment recognised during the years was therefore limited to 12-month expected losses. The Group’s management considers these balances to be of low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

Notes to the Consolidated Financial Statements

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Contractual undiscounted cash flows			Carrying amount RMB'000
	Within 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Total RMB'000	
At 31 December 2022				
Trade payables	4,784	–	4,784	4,784
Other payables	11,160	–	11,160	11,160
	15,944	–	15,944	15,944
At 31 December 2021				
Trade payables	4,888	–	4,888	4,888
Other payables	20,265	–	20,265	20,265
	25,153	–	25,153	25,153

(e) Categories of financial instruments at 31 December

	2022 RMB'000	2021 RMB'000
Financial assets:		
Financial assets at fair value through other comprehensive income	62,349	61,856
Financial assets at fair value through profit or loss	13,108	59,356
Financial assets measured at amortised cost	315,475	300,376
Financial liabilities:		
Financial liabilities measured at amortised cost	15,944	25,153

6. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair values

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

7. FAIR VALUE MEASUREMENTS

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.

During the years ended 31 December 2022 and 2021, there was no transfer between Level 2 and Level 3. 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.

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7. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements as at 31 December 2022			31 December 2022
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities (note 24)	–	–	62,349	62,349
Financial assets at fair value through profit or loss				
– Listed equity securities (note 28)	6,409	–	–	6,409
– Unlisted equity securities (note 28)	–	–	1,571	1,571
– Treasury products (note 28)	–	–	5,128	5,128
Total	6,409	–	69,048	75,457

Description	Fair value measurements as at 31 December 2021			31 December 2021
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities (note 24)	–	–	61,856	61,856
Financial assets at fair value through profit or loss				
– Listed equity securities (note 28)	23,930	–	–	23,930
– Treasury products (note 28)	–	–	35,426	35,426
Total	23,930	–	97,282	121,212

7. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2022 and 2021:

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 3 fair value measurements

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2022 RMB'000
Financial assets at fair value through profit and loss – treasury product	Adjusted net asset value	N/A	N/A	N/A	5,128
Financial assets at fair value through profit and loss – unlisted equity security	Adjusted net asset value	N/A	N/A	N/A	1,571
Financial assets at fair value through other comprehensive income – unlisted equity security	Adjusted net asset value	N/A	N/A	N/A	62,134
Financial assets at fair value through other comprehensive income – unlisted equity security	Recent transaction price	N/A	N/A	N/A	215

Notes to the Consolidated Financial Statements

7. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2022 and 2021: (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 2021 RMB'000
Financial assets at fair value through profit and loss – treasury product	Adjusted net asset value	N/A	N/A	N/A	35,426
Financial assets at fair value through other comprehensive income – unlisted equity security	Adjusted net asset value	N/A	N/A	N/A	61,758
Financial assets at fair value through other comprehensive income – unlisted equity security	Recent transaction price	N/A	N/A	N/A	98

7. FAIR VALUE MEASUREMENTS (continued)

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

	2022 RMB'000	2021 RMB'000
Financial assets at fair value through profit or loss – treasury products		
At 1 January	35,426	–
Addition	16,000	35,426
Disposal during the year	(46,298)	–
At 31 December	5,128	35,426
Financial assets at fair value through profit or loss – unlisted equity securities		
At 1 January	–	–
Addition	1,073	–
Fair value changes recognised in profit or loss	498	–
At 31 December	1,571	–
Financial assets at fair value through other comprehensive income – unlisted equity securities		
At 1 January	61,856	63,061
Fair value changes recognised in other comprehensive income for the year	493	1,786
Partial receipt of investment cost from a financial asset at fair value through other comprehensive income	–	(361)
Disposal during the year	–	(2,630)
At 31 December	62,349	61,856

Notes to the Consolidated Financial Statements

8. REVENUE

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

	2022 RMB'000	2021 RMB'000
Events operation and marketing income	4,017	9,143
Sports services income	959	3,029
	4,976	12,172

	2022 RMB'000	2021 RMB'000
Timing of revenue recognition		
– At a point in time	4,503	11,727
– Over time	473	445
	4,976	12,172

Except for rental income from equipment under operating leases within sports services having revenue recognised over time covering the periods of sports-related competitions, revenue recognised at a point in time 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.

9. OTHER INCOME

	2022 RMB'000	2021 RMB'000
Interest income from treasury products (<i>note (a)</i>)	3,817	1,183
Interest income from loans to companies	2,721	2,875
Interest income from fund investment in a partnership	–	13,054
Interest income from short-term bank deposits	1,415	11
Rental income from investment properties	419	605
Gain from waiver of other payable	–	1,472
Others	624	216
	8,996	19,416

Notes:

(a) The Group invested in treasury products issued by financial institutions in the PRC. The investments are denominated in RMB.

10. OTHER GAIN OR LOSS

	2022 RMB'000	2021 RMB'000
Reversal of impairment of trade receivables (<i>note 6(c)</i>)	–	9,145
Allowance for impairment of other receivables (<i>note 6(c)</i>)	(9,293)	(31,959)
Exchange gain/(loss)	858	(3,922)
Fair value changes on financial assets at fair value through profit or loss	(7,358)	(3,221)
Gain on disposals of property, plant and equipment	–	9
Fair value changes on investment properties	(930)	–
Loss/(gain) on deregistration of subsidiaries	(103)	107
Others	(10)	(380)
	(16,836)	(30,221)

Notes to the Consolidated Financial Statements

11. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest expenses on lease liabilities	-	7

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

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.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

Segment results are measured as gross profit/(loss) of each segment without allocation of selling and distribution expenses, general and administrative expenses, finance costs, other income, other gain or loss, share of results of associates, impairment loss on interest in an associate and income tax expense. 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.

12. SEGMENT INFORMATION (continued)

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.

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2022 and 2021 is as follows:

Year ended 31 December 2022

	Events Operation and Marketing RMB'000	Sports Services RMB'000	Total RMB'000
Revenue	4,017	959	4,976
Cost of services	(1,276)	(200)	(1,476)
Segment results	2,741	759	3,500
Other income			8,996
Other gain or loss			(16,836)
Selling and distribution expenses			(3,663)
General and administrative expenses			(26,407)
Share of results of associates			(1,607)
Impairment losses on investment in associates			(31,486)
Income tax expense			(8,004)
Loss for the year			(75,507)

Notes to the Consolidated Financial Statements

12. SEGMENT INFORMATION (continued)

Year ended 31 December 2021

	Events Operation and Marketing RMB'000	Sports Services RMB'000	Total RMB'000
Revenue	9,143	3,029	12,172
Cost of services	(12,156)	(228)	(12,384)
Segment results	(3,013)	2,801	(212)
Other income			19,416
Other gain or loss			(30,221)
Selling and distribution expenses			(2,667)
General and administrative expenses			(30,513)
Finance costs			(7)
Share of results of associates			(172)
Income tax expense			(3,503)
Loss for the year			(47,879)

Revenue from major customer:

Revenue from customer contributing over 10% of the total revenue of the Group is as follows:

	2022 RMB'000	2021 RMB'000
Customer A	4,017	N/A
Customer B	N/A	8,302

13. INCOME TAX EXPENSE

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

	2022 RMB'000	2021 RMB'000
Current tax		
Provision for the year – the PRC	(8,000)	(3,503)
Under-provision in prior years	(4)	–
	(8,004)	(3,503)

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the years ended 31 December 2022 and 2021.

PRC Corporate Income Tax has been provided at a rate of 25% (2021: 25%).

Pursuant to the PRC law on Enterprise Income Tax, 10% withholding income tax will be levied on foreign investors for dividend distribution from foreign invested enterprises' profit earned after 1 January 2008. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applied.

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.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the respective applicable tax rates is as follows:

	2022 HK\$	2021 HK\$
Loss before tax	(67,503)	(44,376)
Tax at the respective applicable tax rates	22,713	13,294
Tax effect of share of results of associates	(365)	(97)
Tax effect of income that is not taxable	3,002	3,468
Tax effect of expenses that is not deductible	(16,628)	(7,881)
Net tax effect of temporary differences not recognised	(2,323)	8,856
Tax effect of tax losses not recognised	(6,399)	(17,643)
Withholding tax	(8,000)	(3,500)
Under-provision in prior years	(4)	–
Income tax expense	(8,004)	(3,503)

Notes to the Consolidated Financial Statements

14. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2022 RMB'000	2021 RMB'000
Amortisation of intangible assets (<i>note 22</i>)	733	824
Cost of inventories utilised	37	–
Depreciation of property, plant and equipment (<i>note 20</i>)	12,853	13,010
Depreciation of right-of-use assets	–	147
Donation	–	53
Staff costs (<i>note 15</i>)		
– Salaries and allowances	8,614	4,350
– Retirement benefit scheme contributions	272	417
Auditor's remuneration	1,000	1,100

15. EMPLOYEE BENEFITS EXPENSE

	2022 RMB'000	2021 RMB'000
Employee benefits expense:		
Salaries and allowances	8,614	4,350
Retirement benefit scheme contributions	272	417
	8,886	4,767

15.EMPLOYEE BENEFITS EXPENSE (continued)**(a) Five highest paid individuals**

The five highest paid individuals in the Group during the year included three Directors (2021: four) whose Directors' emoluments are reflected in the analysis presented in note 16(a). The emoluments of the remaining two individual (2021: one) are set out below:

	2022 RMB'000	2021 RMB'000
Salaries and allowances	1,200	521
Retirement benefit scheme contributions	25	15
	1,225	536

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
HK\$0 to HK\$1,000,000	2	1
	2	1

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2022 (2021: Nil). None of the five highest paid individuals have waived or agreed to waive any emoluments during the year ended 31 December 2022 (2021: Nil).

Notes to the Consolidated Financial Statements

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of every Director are set out below:

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity-settled share option expenses RMB'000	Total RMB'000
Executive Directors						
Ms. Ren Wen	103	3,835	-	38	-	3,976
Mr. Sheng Jie	103	777	-	27	-	907
Mr. Song Hongfei	103	179	-	27	-	309
Ms. Hao Bin	103	289	-	25	-	417
Independent Non-executive Directors						
Mr. Ip Kwok On Sammy	103	-	-	-	-	103
Mr. Jin Guoqiang	103	-	-	-	-	103
Mr. Chen Zhijian	103	-	-	-	-	103
Total for the year ended 31 December 2022	721	5,080	-	117	-	5,918

16. BENEFITS AND INTERESTS OF DIRECTORS (continued)**(a) Directors' emoluments (continued)**

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity-settled share option expenses RMB'000	Total RMB'000
Executive Directors						
Ms. Ren Wen	83	468	–	27	–	578
Mr. Sheng Jie	83	393	–	27	–	503
Mr. Song Hongfei	83	234	–	27	–	344
Ms. Hao Bin	83	393	–	20	–	496
Independent Non-executive Directors						
Mr. Ip Kwok On Sammy	83	–	–	–	–	83
Mr. Jin Guoqiang	83	–	–	–	–	83
Mr. Chen Zhijian	83	–	–	–	–	83
Total for the year ended 31 December 2021						
	581	1,488	–	101	–	2,170

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16. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

No emoluments were paid by the Group to the directors of the Company or as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2022 (2021: Nil). No directors have waived or agreed to waive any emoluments during the year ended 31 December 2022 (2021: Nil).

The executive directors' emoluments shown above are mainly for their services in connection with the management of the affairs of the Company and the Group. Emoluments of the independent non-executive directors shown above were mainly for their services as the directors of the Company.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company, any of its fellow subsidiaries, its holding companies or its subsidiaries was a party and in which the Directors of the Company or the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. RETIREMENT BENEFIT SCHEMES CONTRIBUTIONS

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,500 per employee and vest fully with employees when contributed into the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees' relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately. During the years ended 31 December 2022 and 2021, no forfeited contributions were utilised by the Group to reduce its contributions.

The employees employed by the Group's subsidiaries in the PRC are members of state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme operated by the government of the PRC is to make the specified contributions under the schemes.

18. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the years ended 31 December 2022 and 2021.

19. LOSS PER SHARE

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

	2022 RMB'000	2021 RMB'000
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share	(75,479)	(47,849)

	2022 '000	2021 '000
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 years ended 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements

20. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, Fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2021	28,283	2,117	60,603	5,484	96,487
Additions for the year	–	–	–	1,150	1,150
Disposals for the year	–	–	(2,113)	(822)	(2,935)
Transfer to Investment properties (note 21)	(7,410)	–	–	–	(7,410)
At 31 December 2021 and 1 January 2022	20,873	2,117	58,490	5,812	87,292
Additions for the year	–	–	10	–	10
Transfer to Investment properties (note 21)	(3,053)	–	–	–	(3,053)
At 31 December 2022	17,820	2,117	58,500	5,812	84,249
Accumulated depreciation					
At 1 January 2021	13,851	2,117	10,968	5,072	32,008
Charge for the year	985	–	11,886	139	13,010
Disposals for the year	–	–	(1,870)	(781)	(2,651)
Transfer to investment properties (note 21)	(3,684)	–	–	–	(3,684)
At 31 December 2021 and 1 January 2022	11,152	2,117	20,984	4,430	38,683
Charge for the year	839	–	11,795	219	12,853
Transfer to investment properties (note 21)	(1,676)	–	–	–	(1,676)
At 31 December 2022	10,315	2,117	32,779	4,649	49,860
Carrying amount					
At 31 December 2022	7,505	–	25,721	1,163	34,389
At 31 December 2021	9,721	–	37,506	1,382	48,609

Impairment assessment

The Group estimates the recoverable amounts of the property, plant and equipment based on higher of fair value less costs of disposal and value in use. The carrying amount of the relevant assets does not exceed the recoverable amount based on fair value less costs of disposal and therefore no impairment has been recognised.

21. INVESTMENT PROPERTIES

	2022 RMB'000	2021 RMB'000
At 1 January	8,810	–
Transfer from property, plant and equipment (<i>note 20</i>)	3,260	3,726
Change in fair values of investment properties	(930)	5,084
At 31 December	11,140	8,810

During the year end 31 December 2022, property, plant and equipment of RMB1,377,000 was transferred to investment properties due to change of the uses from owner-occupation to earning rentals. The fair value of the properties at the date of transfer was RMB3,260,000. Gains on property revaluation of RMB1,883,000 was recognised in other comprehensive income.

The Group is not exposed to foreign currency risk as a reason of the lease arrangements, as all leases are denominated in RMB. The lease contracts do not contain lessee's option to purchase the properties at the end of the lease term.

Fair Value Measurement of Investment Properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

Notes to the Consolidated Financial Statements

21. INVESTMENT PROPERTIES (continued)

Fair Value Measurement of Investment Properties (continued)

(i) Fair value hierarchy (continued)

- Level 3 valuations: fair value measured using significant unobservable inputs.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2022				
Fair value on a recurring basis				
Investment properties:				
– Located in the PRC	–	–	11,140	11,140

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2021				
Fair value on a recurring basis				
Investment properties:				
– Located in the PRC	–	–	8,810	8,810

There were no transfers between Level 1 and Level 2 or transfers out of Level 3 in the current year.

The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the date of the events or change in circumstance that caused the transfer.

The fair value of the Group's investment properties as at 31 December 2022 has been arrived at on the basis of a valuation carried out by Avista Business Consulting (Beijing) Co., Ltd., an independent qualified profession valuers not connected to the Group.

At the end of each reporting period, the management will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) holds discussion with the valuers.

In estimation their fair value of the investment properties, the highest and best use of the investment properties is their current use.

21. INVESTMENT PROPERTIES (continued)**Fair Value Measurement of Investment Properties (continued)***(ii) Information about Level 3 fair value measurements*

	Fair value as at 31 December 2022 RMB'000	Fair value as at 31 December 2021 RMB'000	Valuation techniques	Significant unobservable inputs	Range	Relationship of significant unobservable inputs to fair value
Investment properties located in the PRC	11,140	8,810	Market comparable approach	Market rent per square meter, 2022: RMB28,400 taking into account the recent transaction prices for similar properties adjusted for nature and location	(2021: RMB 32,000)	The increase in market rent would result in increase in fair value.

Notes to the Consolidated Financial Statements

22. INTANGIBLE ASSETS

	Software RMB'000
Cost	
At 1 January 2021, At 31 December 2021, 1 January 2022 and 31 December 2022	6,955
Accumulated amortisation and impairment losses	
At 1 January 2021	3,730
Amortisation for the year	824
At 31 December 2021 and 1 January 2022	4,554
Amortisation for the year	733
At 31 December 2022	5,287
Carrying amount	
At 31 December 2022	1,668
At 31 December 2021	2,401

The remaining amortisation periods of software are nil to 4 years (2021: nil to 5 years).

23. INVESTMENTS IN SUBSIDIARIES

Particulars of the Group's major subsidiaries at 31 December 2022 and 2021 are set out as follows:

Name	Place and date of incorporation or registration/ Type of legal entity	Paid up/issued/ registered capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities/Place of operation
			2022	2021	
Directly held by the Company					
Torch Media Co., Ltd.	BVI/2 April 2012/Limited liability company	Ordinary shares US\$1	100%	100%	Investment holding/BVI
Indirectly held by the Company					
Beijing Shangde Da'ai Sports Co., Ltd. ("SDDA") (note (b))	PRC/20 May 2016/Limited liability company	RMB500,000	69.1%	69.1%	Service provision for the organisation of marathon events/PRC
Beijing Wisdom Media Holding Co., Ltd. (notes (a) and (b))	PRC/26 December 2006/ Limited liability company	RMB60,000,000	100%	100%	Investment holding/PRC
Beijing Wisdom Sports Culture Co., Ltd. (note (b))	PRC/4 December 2015/Limited liability company	RMB1,000,000	100%	100%	Corporate services/PRC
Beijing Wisdom Sports Industry Co., Ltd. (note (b))	PRC/6 July 2012/Limited liability company	US\$500,000	100%	100%	Investment holding/PRC
Jiangxi Wisdom Sports Culture Co., Ltd. (note (b))	PRC/24 March 2014/Limited liability company	RMB3,000,000	100%	100%	Event organisation and related services/PRC
Wisdom Sports Entertainment (Zhejiang) Co., Ltd (formerly known as "Wisdom Events Operation and Management (Zhejiang) Co., Ltd.") ("ZMWH") (note (b))	PRC/10 December 2013/ Limited liability company	RMB290,000,000	100%	100%	Event organisation and related services/PRC
Subsidiaries of Beijing Wisdom Media					
First AI Sports Technology (Shenzhen) Co., Ltd. ("First AI") (notes (a) and (b))	PRC/6 May 2016/Limited liability company	RMB10,000,000	100%	100%	Live broadcasting and marathon timing services/PRC

Notes:

- (a) These companies are under the Structured Contracts. Details are set out in note 5(a)(i) to the consolidated financial statements.
- (b) The English names of these companies represented the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Notes to the Consolidated Financial Statements

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 RMB'000	2021 RMB'000
Unlisted equity securities	62,349	61,856

During the year ended 2022 and 2021, the Group had 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 principal investments of RMB50,000,000. The Group is one of the limited partners of U.S.-China Green Fund which is mainly invest 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 31 December 2022, the fair value of this financial asset is RMB62,134,000 (2021: RMB61,758,000) accounting for 12.4% (2021: 10.5%) of the Group’s total assets. Unrealised gain of RMB376,000 (2021: unrealised gain of RMB1,786,000) arising from the remeasurement of this financial asset was recognised in the fair value reserve (non-recycling) in other comprehensive income. The Group maintains to hold this financial asset for strategic purposes since initial recognition to generate long-term capital growth.

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

25. INVESTMENTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Unlisted investments:		
Cost of investments in associates	45,740	46,831
Accumulated impairment losses	(39,864)	(7,367)
	5,876	39,464

25. INVESTMENTS IN ASSOCIATES (continued)

Details of the Group's associates at 31 December 2022 and 2021 are as follows:

Name	Place of incorporation/ registration	Particular of issued share capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			2022	2021	
Beijing Guotaiyinke Technology Co., Ltd. ("GTYK")	PRC	RMB6,312,500	20%	20%	Technology development
Vning Sports Culture Industry (Beijing) Co., Ltd. ("Vning")	PRC	RMB6,027,727	15% (note (a))	15% (note (a))	Organisation of sports-related courses
SEG ZM Sports Culture Development Co., Ltd. ("SEG ZM")	PRC	RMB20,000,000	10% (note (b))	10% (note (b))	Events organisation
Yuan Tong Global Financial Group Limited ("YTG")	Hong Kong	HKD100	34% (note (c))	34% (note (c))	Financial services

For investment in YTG, the recoverable amount for the investment has been determined based on value in use by using discounted cash flow method. A discount rate of 16.0% (2021: 14.9%) 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, and an impairment of RMB28,560,000 was recognised in profit or loss for the year ended 31 December 2022 (2021: no impairment was recognised in profit or loss for the year ended 31 December 2021 since the recoverable amount of this investment is higher than its carrying amount).

For investment in GTYK, the recoverable amount of this investment has been determined based on value in use by using discounted cash flow method. A discount rate of 13.2% (2021: 12.8%) 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, and an impairment of RMB953,000 was recognised in profit or loss for the year ended 31 December 2022 (2021: no impairment was recognised in profit or loss for the year ended 31 December 2021 since the recoverable amount of this investment is higher than its carrying amount).

For investment in Vning, the recoverable amount of this investment has been determined based on fair value less costs of disposal by using discounted cash flow method. A discount rate of 28.9% (2021: 27.7%) 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, and an impairment of RMB1,973,000 was recognised in profit or loss for the year ended 31 December 2022 (2021: no impairment was recognised in profit or loss for the year ended 31 December 2021 since the recoverable amount of this investment is higher than its carrying amount).

Notes to the Consolidated Financial Statements

25. INVESTMENTS IN ASSOCIATES (continued)

Notes:

- (a) The Articles of Association of Vning specifies that at least a half of the shareholding is required to approve for decision on directing the relevant activities of Vning. As the Group holds a 15% equity interest in Vning, and has appointed one out of seven directors, the Group has significant influence, but not control over the financial and operating policy decisions of Vning. Hence the Group's interest in Vning is accounted for as an investment in an associate.
- (b) Upon a resolution passed in the shareholders' meeting of 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 31 December 2022 and 2021, RMB1,000,000 are receivables from SEG ZM.
- As the Group holds 10% equity interest in SEG ZM, and has appointed one out of five directors, the Group has significant influence, but no control over the financial and operating policy decisions of SEG ZM. Hence the Group's interest in SEG ZM is accounted for as an investment in an associate.
- (c) During the year ended 31 December 2021, the Group acquired 34% equity interests in YTG at a consideration of HK\$37,060,000 (equivalent to approximately RMB31,322,000) ("Acquisition"). On 26 March 2021, the Board of Directors announced 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). Upon the completion, YTG is accounted for as an investment in an associate.

The following table shows information on the principal associate that are material to the Group. These associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate.

	YTG	
	2022	2021
Place of incorporation/Place of operation	PRC/PRC	PRC/PRC
Principal activities	Financial Services	Financial Services
% of ownership interest/voting power/profit sharing held by the Group	34%/34%	34%/34%
	RMB'000	RMB'000
At 31 December:		
Non-current assets	102	780
Current assets	4,902	13,823
Current liabilities	(32,865)	(40,040)
Net liabilities	(27,861)	(25,437)
Year ended 31 December:		
Revenue	22	15,668
Loss	(1,255)	(3,425)
Total comprehensive expense	(1,255)	(3,425)

25. INVESTMENTS IN ASSOCIATES (continued)

	2022 RMB'000	2021 RMB'000
Net liabilities of the associate	(27,861)	(25,437)
Proportion of the Group's ownership interest in the associate	34%	34%
Allocation of the share of post-acquisition losses in excess of cost of investment in the associate	(9,473)	(8,649)
Goodwill	38,131	38,131
Impairment losses	(28,560)	–
Exchange differences	(98)	–
Carrying amount of the Group's interest in the associate	–	29,482

26. OTHER NON-CURRENT ASSETS

	2022 RMB'000	2021 RMB'000
Earnest money paid for potential equity investment (<i>note a</i>)	18,000	13,000
Deposit paid for investment properties (<i>note b</i>)	4,181	–
Prepayment for investment in film production (<i>note c</i>)	3,000	–
Allowance for impairment	(2,387)	–
	22,794	13,000

Notes:

- (a) Due to the interruption of the outbreak of COVID-19, certain investment criteria of an potential equity investment amounting to RMB13,000,000 has yet to be fulfilled during the year ended 31 December 2022 and 2021 and up to the date of this report. The potential equity investment of RMB13,000,000 was terminated and transferred to other receivable during the year. RMB5,000,000 was paid for another potential equity investment during the year.
- (b) This is for the acquisition of investment properties during the year ended 31 December 2022 will be utilised upon completion.
- (c) During the year ended 31 December 2022, the Group entered an investment agreement for a film production with an independent third party. Pursuant to the investment agreement, the Group would invest RMB6,000,000 in return of 12.5% of profit sharing of the film. As at 31 December 2022, RMB3,000,000 of the investment cost was paid as the prepayment and the film production has not yet commenced. In the opinion of directors, the file production are expected to be completed by end of 2023.

27. INVENTORIES

	2022 RMB'000	2021 RMB'000
Finished goods	2,147	2,184

Notes to the Consolidated Financial Statements

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Listed equity securities		
– Hong Kong	2,252	7,745
– the PRC	4,157	16,185
	6,409	23,930
Unlisted equity securities	1,571	–
Treasury products	5,128	35,426
	13,108	59,356

29. TRADE RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	17,951	16,175
Allowance for impairment of trade receivables	(12,630)	(14,475)
	5,321	1,700

The Group generally allows an average credit period of 180 days (2021: 180 days) for its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

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

	2022 RMB'000	2021 RMB'000
Within 1 month	3,461	–
1 to 3 months	–	1,084
4 to 6 months	–	475
7 to 12 months	371	141
Over 1 year	1,489	–
	5,321	1,700

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

30. OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Cash held at security trading accounts	4,517	1,752
Deposits with media companies and event organisation companies	318	10,331
Advance to employees	300	241
Amount due from a controlling shareholder	2,812	2,625
Amount due from a director	–	85
Deposits	35	35
Amount due from 北體智美場館運營(深圳)有限公司 (“TYCG”) (note (a))	–	37,983
Amounts due from related companies	1,214	5,258
Redemption receivables from fund investments (note (d))	43,850	50,065
Fund investment in a partnership (note (b))	38,563	43,063
Loans to companies (note (c))	78,276	87,290
Others	1,619	5,799
Allowance for impairment of other receivables	(33,787)	(73,294)
	137,717	171,233
Non-current portion	(62,063)	(60,000)
Total current portion	75,654	111,233
Non-current portion		
Loans to companies (note (c))	62,063	60,000
Total non-current portion	62,063	60,000

Notes:

- (a) The balances as at 31 December 2021 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 31 December 2021 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.

Notes to the Consolidated Financial Statements

30. OTHER RECEIVABLES (continued)

Notes: (continued)

(a) (continued)

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 been completed as at 31 December 2022. In the opinion of directors, the balance was fully written off during the year ended 31 December 2022.

(b) On 1 July 2018, the Group entered into a Limited Partnership Agreement with 深圳市車城五號投資企業(有限合夥) ("SZCC"), whereas the Group invested RMB50,000,000 into SZCC as a limited partner. The Group has no influence on the financial and operating decisions of SZCC. The investment is denominated in RMB. The investment had an annualised rate of return of 8% receivable every six months, and a right granted to the Group for exercising the redemption of equitable investment every six months, which was then revised during the year ended 31 December 2020 for an annualised rate of return of 4.75% receivable annually, and a right granted to the Group for exercising the redemption of equitable investment annually. The investment is held for the collection of contractual cash flows which represents solely payments of principal and interest, and the related interest income is calculated using the effective interest method. Hence, the Directors considered the investment has fixed maturity and interest. Accordingly, the investment is accounted for as other receivables and subsequently measured at amortised cost.

(c) As at 31 December 2022, the balance represents loans to independent third parties and the business partners of the Group. The loan periods ranging from 2 months to 3 years with fixed interest rates ranging from 3.00% to 4.75% (2021: 1.00% to 4.75%) per annum. The loan balance of RMB69,496,000 (2021:RMB65,775,000) are pledged with properties located in the PRC.

(d) As at 31 December 2022, the balance represents the outstanding balance of redemption receivables from fund investments.

During the year ended 31 December 2021, the Group disposed of a listed equity security and an unlisted equity security, with investment costs of RMB21,000,000 and RMB13,742,000, at considerations of RMB29,400,000 and RMB20,665,000 respectively as a result of activation of redemption clauses with predetermined redemption prices specified in the share transfer agreements.

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

31. PREPAYMENT AND OTHER CURRENT ASSETS

	2022 RMB'000	2021 RMB'000
Prepayment for sport competition and event organisation expenses	13,783	23,930
Value-added and other taxes' credits	9,207	19,665
Others	499	224
	23,489	43,819

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

32. CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Cash on hand	36	35
Bank balances	172,401	127,408
	172,437	127,443

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, British pound sterling 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.

Notes to the Consolidated Financial Statements

33. SHARE CAPITAL

	Number of shares '000	2022 and 2021	
		US\$'000	RMB'000
Authorised:			
Ordinary shares of US\$0.00025 each			
At 1 January and 31 December	4,000,000	1,000	–
Issued and fully paid:			
Ordinary shares of US\$0.00025 each			
At 1 January and 31 December	1,592,942	398	2,454

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Adjusted capital comprises all components of equity (i.e. share capital, retained profits and other reserves) except for non-controlling interests.

There was no debt at 31 December 2022 and 2021 and calculation of debt-to-adjusted capital ratio at 31 December 2022 and 2021 is not meaningful.

The externally imposed capital requirement for the Group is to have a public float of at least 25% of the shares in order to maintain its listing on the Stock Exchange.

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2022 RMB'000	2021 RMB'000
Non-current assets		
Investments in subsidiaries	119,730	125,099
Investments in associate	–	40,486
	119,730	165,585
Current assets		
Financial assets at fair value through profit or loss	2,252	7,745
Other receivables	35,167	1,165
Cash and cash equivalents	36,005	14,719
	73,424	23,629
TOTAL ASSETS	193,154	189,214
Capital and reserves		
Share capital	2,454	2,454
Reserves	154,496	151,611
TOTAL EQUITY	156,950	154,065
Current liabilities		
Other payables and accrued expenses	36,204	35,149
TOTAL EQUITY AND LIABILITIES	193,154	189,214

Approved by the Board of Directors on 30 March 2023 and are signed on its behalf by:

Song Hongfei
Director

Sheng Jie
Director

Notes to the Consolidated Financial Statements

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Share premium RMB'000	Share-based payments reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021	54,245	911	103,663	158,819
Loss and total comprehensive expense for the year	–	–	(7,208)	(7,208)
Lapse of share options	–	(237)	237	–
At 31 December 2021	54,245	674	96,692	151,611
At 1 January 2022	54,245	674	96,692	151,611
Profit and total comprehensive income for the year	–	–	2,885	2,885
At 31 December 2022	54,245	674	99,577	154,496

35. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account is available for distribution to shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company is in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

(ii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to Directors and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4 to the consolidated financial statements.

35. RESERVES (continued)

(b) Nature and purpose of reserves (continued)

(iii) Statutory reserve

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to shareholders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate 10% of statutory profits after income tax to statutory reserves, upon distribution of its post-tax profits of the current year.

A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserves shall only be used to make up losses of the company, to expand the company's operations or to increase the capital of the company. In addition, a company may make contribution to the discretionary reserve using its post-tax profits in addition to the 10% statutory reserves requirement, as mentioned above, by passing a resolution of the Board of Directors. The Group did not make any appropriation to the discretionary reserve.

(iv) Other reserve

Other reserve comprises the paid-up capital and reserve of Beijing Wisdom Media, a Group's existing subsidiary which is held by Beijing Wisdom Sports under the structured contract entered into on 24 June 2013 to obtain the effective control and substantial residual economic benefits of Beijing Wisdom Media and its subsidiaries.

Under the structured contract signed between the Group, and Beijing Wisdom Media and its direct shareholders, such arrangement was made as part of the reorganisation for initial public offering in 2013 in order to consolidate Beijing Wisdom Media into the Group.

(v) Fair value reserve (non-recycling)

Fair value reserve (non-recycling) comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4 to the consolidated financial statements.

(vi) Exchange reserve

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. RMB) that are recognised directly in other comprehensive income and accumulated in the Exchange reserve. Such exchange differences accumulated in the Exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

(vi) Investment properties reserve

The property revaluation reserve represents cumulative gains and losses arising from revaluation of the corresponding properties that have been recognised in other comprehensive income. Such items will not be reclassified to profit or loss in subsequent periods.

Notes to the Consolidated Financial Statements

36. DEFERRED TAX

The followings are the deferred tax assets recognised by the Group:

Deferred tax assets	Allowance for impairment of trade receivables RMB'000
At 1 January 2021	(6,720)
Credited to profit or loss for the year (note 13)	–
At 31 December 2021 and 1 January 2022	(6,720)
Charged to profit or loss for the year (note 13)	–
At 31 December 2022	(6,720)

At the end of the reporting period, the Group has not recognised deferred tax assets in respect of unused tax losses of RMB244,115,000 (31 December 2021: RMB214,888,212) due to the unpredictability of future profit streams. Tax losses of RMB158,272,000 (2021: RMB139,724,000) are all arisen in the PRC and will be expired within five years for offsetting against future taxable profits. Other losses may be carried forward indefinitely.

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries of RMB419,851,000 as at 31 December 2022 (2021: RMB422,353,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

37. TRADE PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables	4,784	4,888

37. TRADE PAYABLES (continued)

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:

	2022 RMB'000	2021 RMB'000
Within 1 month	-	-
1 to 3 months	-	207
4 to 6 months	-	71
7 to 12 months	-	-
Over 1 year	4,784	4,610
	4,784	4,888

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

38. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 14 June 2013 for the primary purpose of providing incentives and rewards to people and the parties working for the interest of the Group. The Share Option Scheme will remain valid for a period of ten years commencing on 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. Under the Share Option Scheme, the Directors may grant options to eligible participants including the Directors, employees of the Company or any of its subsidiaries and consultants or advisers of the Company or any of its subsidiaries to subscribe for shares in the Company in accordance with the Share Option Scheme. An offer for the grant of options must be accepted within seven days from the date of offer and a consideration of HK\$1.00 is payable by each of the participants on acceptance of the grant of options.

As at 31 December 2022, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 365,000 (2021: 365,000), representing approximately 0.0% (2021: approximately 0.0%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders.

Notes to the Consolidated Financial Statements

38. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not more than ten years after the date on which an offer of the grant of an option is accepted. The subscription price of a share is determined by the Directors, and will not be less than the higher of (a) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a trading day; (b) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of offer; and (c) the nominal value of a share.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Details of the specific categories of options are as follows:

	Date of grant	Number of shares	Vesting period	Exercise period	Exercise price
Option 1	23.05.2014	302,500	23.05.2014-22.05.2015	23.05.2015-22.05.2024	HK\$3.92
		302,500	23.05.2014-22.05.2016	23.05.2016-22.05.2024	HK\$3.92
		302,500	23.05.2014-22.05.2017	23.05.2017-22.05.2024	HK\$3.92
		302,500	23.05.2014-22.05.2018	23.05.2018-22.05.2024	HK\$3.92
Option 2	29.05.2015	625,000	29.05.2015-28.05.2016	29.05.2016-28.05.2025	HK\$8.04
		625,000	29.05.2015-28.05.2017	29.05.2017-28.05.2025	HK\$8.04
		625,000	29.05.2015-28.05.2018	29.05.2018-28.05.2025	HK\$8.04
		625,000	29.05.2015-28.05.2019	29.05.2019-28.05.2025	HK\$8.04

38. SHARE-BASED PAYMENTS (continued)**Equity-settled share option scheme (continued)**

The movements of the share options granted of the Group during the year ended 31 December 2022 are as follows:

Option type	Outstanding	Reclassification	Granted	Exercised	Forfeited	Expired	Outstanding
	at 1 January 2022		during the year	during the year	during the year	during the year	at 31 December 2022
Executive Director: Song Hongfei	215,000	-	-	-	-	-	215,000
Option 1	215,000	-	-	-	-	-	215,000
Executive Director: Hao Bin	150,000	-	-	-	-	-	150,000
Option 2	150,000	-	-	-	-	-	150,000
	365,000	-	-	-	-	-	365,000
Exercisable at the end of the year							365,000
Weighted average exercise price	HK\$6.70	-	-	-	-	-	HK\$6.70

Notes to the Consolidated Financial Statements

38. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

The movements of the share options granted of the Group during the year ended 31 December 2021 are as follows:

Option type	Outstanding at 1 January 2021	Reclassification	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2021
Executive Director: Song Hongfei	215,000	-	-	-	-	-	215,000
Option 1	215,000	-	-	-	-	-	215,000
Executive Director: Hao Bin	150,000	-	-	-	-	-	150,000
Employees	100,000	-	-	-	(100,000)	-	-
Option 2	250,000	-	-	-	(100,000)	-	150,000
	465,000	-	-	-	(100,000)	-	365,000
Exercisable at the end of the year							365,000
Weighted average exercise price	HK\$6.14	-	-	-	HK\$8.04	-	HK\$6.70

During the years ended 31 December 2022 and 2021, no options were granted.

The estimated fair value of the options 1 and 2 granted on 23 May 2014 and 29 May 2015 was HK\$1.75 and HK\$3.08 per option.

The Group recognised the total expense of RMB Nil for the year ended 31 December 2022 (2021: RMB Nil) in relation to share options granted by the Company.

39. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the emoluments of Directors and other members of key management during the year were as follows:

	2022 RMB'000	2021 RMB'000
Directors' fees	721	581
Salaries and allowances	5,889	1,720
Retirement benefit scheme contributions	127	106
	6,737	2,407

40. EVENT AFTER THE REPORTING PERIOD

On 23 February 2023, the Group entered into an agreement with Minmetals International Trust to invest the Minmetals Trust Scheme for a total of RMB10.0 million. For the details, please refer to the announcements of the Company dated 23 February 2023.

On 23 February 2023, the Group entered into an agreement with China Fortune International Trust to invest the China Fortune Trust Scheme for a total of RMB10.0 million. For the details, please refer to the announcements of the Company dated 23 February 2023.

Save for the above, there are no other significant events after the reporting period that are required to be reported.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements is set out below:

Comparison of Key Financial Figures	For the year ended 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	4,976	12,172	8,942	158,967	455,363
Cost	(1,476)	(12,384)	(9,323)	(186,728)	(329,539)
Gross Profit	3,500	(212)	(381)	(27,761)	125,824
Profit before income tax	(67,503)	(44,376)	(40,929)	(499,885)	119,365
Profit attributable to the owners of the Company	(75,479)	(47,849)	(43,985)	(455,122)	46,372
Total assets	499,155	586,595	607,901	692,631	1,307,419
Total liabilities	38,384	52,260	48,088	93,239	136,453