



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

**2019
INTERIM
REPORT**



为健康 为快乐

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Corporate Information

EXECUTIVE DIRECTORS

Ms. Ren Wen (also known as Ms. Ren Guozun) (*Chairlady and President*)

Mr. Sheng Jie (*Vice Chairman*)

Mr. Song Hongfei

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

JOINT COMPANY SECRETARIES

Ms. Hao Bin

Ms. Chan Sau Ling

AUTHORISED REPRESENTATIVES

Ms. Hao Bin

Ms. Chan Sau Ling

COMPANY'S REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

COMPANY'S HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

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Chaoyang District

Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITOR

RSM Hong Kong

Certified Public Accountants

29th Floor, Lee Garden Two

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Causeway Bay

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HONG KONG LEGAL ADVISERS

King & Wood Mallesons

13th Floor, Gloucester Tower

The Landmark

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Central

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

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P.O. Box 2681

Grand Cayman, KY1-1111

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HONG KONG SHARE REGISTRAR

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WEBSITE

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* for identification purpose only

Chairlady's Statement

Dear Shareholders,

Firstly, I would like to express my gratitude to the investors and friends who have long cared for and supported the development of Wisdom Sports Group (the “**Company**” or “**Wisdom**”). Not long ago, Wisdom embraced the sixth anniversary of its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In the past six years, it is because of your companionship, Wisdom has firmly aimed at its goal and solidly moved forward, thereby successfully completing its transformation from time to time and becoming an important force to promote the development of China's sports industry.

Since the beginning of 2019, China's economic environment has undergone profound changes. Particularly, the complicated situation both in China and abroad that has seldom been faced in recent years, the increased economic downturn pressure, the increasingly challenging market environment and the continuously emerging of the inherent disadvantages of the industry, have materially impacted the entire sports industry in China, which lead Wisdom to also experience huge challenges as a result of the aforesaid multiple pressures. Such effects were also reflected in the performance of Wisdom for the first half of the year. While the decline of the traditional road running business is inevitable, another strategic upgrade of Wisdom is imminent.

However, it is comforting to note that the management of Wisdom has taken precautions beforehand. While having achieved outstanding performance in the road running industry, Wisdom has begun to target market demand and industrial development trends, and is preparing for competition in the sports and health consumption market in line with the three core strategies of “high frequency”, “intelligence” and “living”. After several years of hard work, Wisdom's deployment in product research and development, resource accumulation and model construction has achieved preliminary results. In 2019, the Company and its subsidiaries (collectively, the “**Group**”) will continue to focus on the implementation of the three core strategies, and rely on our own advantages and scale effects to conduct business layout and to build a mass consumption platform in the fields of sports and health.

In respect of the Group's overall management, Wisdom will start with the group management and control to completely realize strategic group management within one year. In terms of business layout, we will target the limited industrial opportunities arising from the economic slowdown cycle – the health and mass consumption sector. Through the business model of mass consumption, we can compensate for the disadvantages of periodicity and singleness of the revenue from the sports events business by leveraging on our base of users accumulated in our sports events operations over the years. We can also rapidly establish and develop our mass consumption commodity brand. Meanwhile, the self-breakthrough of traditional business is another key strategic upgrade for Wisdom. Leveraging on Wisdom's experience in successfully turning road running projects into sports projects opened to the mass population, we will continue to target the mass sports projects sector in order to identify new opportunities and create new product lines.

Chairlady's Statement

We are well prepared for danger during times of peace so that we can forge ahead and respond calmly in the face of adversity. The traits of being tough, breakthrough and innovation have long been rooted in the blood of Wisdom. In 2013, Wisdom's decision to be listed on the Stock Exchange enabled us to achieve a qualitative change in corporate development. In 2015, Wisdom, with great determination, discontinued the media agency business that it has operated for more than ten years, devoted itself to the sports industry and became the undisputed leader of the sports industry in China. The success of our strategic planning and our ability to capture new development opportunities in response to the challenges over the years enabled Wisdom to be more determined and confident to face the strategic upgrade in 2019.

Last but not least, I would like to once again thank all our friends for their care and support for the development of Wisdom. Going forward, we wish to continue to stay with you and work together to write a new glorious chapter for Wisdom.

Yours faithfully,

Ren Wen

Chairlady

Management Discussion and Analysis



GROUP OVERVIEW

As a professional sports events operator in China, the Group has been focusing on organizing marathon road running events for years and had held more than 200 city marathons, accumulating extensive experience in sports events operations. In the first half of 2019, with the slowdown in the economic growth in China and the fierce competition in the evolving and surging marathon market, the Group further refined its overall strategy with the focus on acquiring profitable road running events, as well as deepening the industrial upgrading from sports events operation to the sports and health consumption sector by relying on the data on sports and health obtained over the years. The new round of strategic upgrade will focus on the three core strategies of “high frequency”, “intelligence” and “living”, to build a mass consumption platform in the fields of sports and health, and lead the era of mass consumption in national fitness, so as to provide more diversified and professional sports services to consumers.

In light of the current market situation and according to the future strategic plan of the Group, the Group readjusted its internal management structure during the first half of the year. In response to the short-term business distress caused by the decrease of sporting events, the Group carried out comprehensive personnel optimisation and cost control, and improved its capacities and bode its time alongside streamlining its structure, so as to go forward with its burdens discarded and walk out of the performance turmoil as soon as possible. Meanwhile, the Group increased its investment in the crossing field along the sports industry chain to create an incremental market for sports consumption, laying a good foundation for the subsequent launch of consumption products.

Management Discussion and Analysis

BUSINESS REVIEW

I. Events Operation and Marketing

The Events Operation and Marketing segment is a segment for organising large-scale sports events and other activities. Its revenue is generated mainly from brand advertisers' title sponsorship fees, sponsorship fees and advertising fees obtained through events marketing.

During the first half of the year, the Group continued to expand its events operation business and had independently organised the Rongcheng Marathon* and the Jilin City Marathon*. The Group also jointly organised the Tianjin Marathon* and the Qingdao Marathon* with other operators and has obtained the right to operate the Jinan Marathon* in the next three years through a tendering procedure.

In the course of the events operation, in order to further improve the standard of the events and the Group's service quality, the Group implemented the "event supervision" system for the first time in the 2019 Jilin City Marathon*, under which the Group deployed event supervisors at the marathon expo, the starting and finishing points of the race, the half-marathon finishing point, the finishing point of the mini-special running race and the package distribution area, with a view to resolving all kinds of problems and queries for the runners on site. The system was praised by the runners and also established a good standard model for further improvement of marathon operation in China.

For the marketing segment, the Group acquired new customers from the smart technology sector and environmental protection sector, and established comprehensive strategic cooperation with customers in the netcasting industry.

Among the city marathon events held by the Group in 2018, three events were named model events by the International Association of Athletics Federations. The Shenzhen Marathon* was named an international gold medal event, whereas the Changsha Marathon* and the Nanchang Marathon* were named the international bronze medal events, respectively.



* for identification purpose only

II. Sports Services

The Sports Services segment is a vital component of the Group's strategic positioning and generates revenue from the government and users through the provision of sports service products. Its main feature is the provision of diversified products and services targeting the government procurement market and mass sports consumer market, including areas such as services procured by the government, sports tourism, sports training and individual consumption.

The Group has accumulated a base of runner groups from major cities across the country through its years of operation. As at June 2019, the Group has connected with nearly 3,000 runner groups in 33 provinces and cities nationwide, covering nearly one million runners. The Group actively conducts interactive activities with the runner groups to maintain the activeness of and cohesion among these runner groups. The Group successively organised a series of activities together with the runner groups, such as the "Runner Groups Family Competition"*, "Jilin City Marathon Runner Groups Preheating Run"*, "Runner Groups Style Show"*, "Professional Training Course Experience"* and "Evaluation on Posting of Running Track"*, which had attracted the enthusiastic participation of a vast number of runners.

The Group further enriched its live sports broadcasting service. In addition to the broadcasting of marathon events, the Group also completed more than 50 television and internet broadcasts of other types of events such as basketball, football, volleyball, table tennis and badminton. During the Jilin City Marathon*, the Group broadcasted the marathon on three major television channels in the Jilin Province, namely, Jilin Satellite Television*, Jilin Television Public Channel* and Jilin City Television Public Channel*, and also supported live broadcasts on Toutiao, Xinhua News Agency, iQIYI, Youku, Baidu, China.com.cn, Yibo.com, Huajiao.com, Kuaishou and other online platforms, thereby creating a new model of live broadcast of sports.

During the first half of the year, the Group continued to vigorously develop its sports and tourism business. In particular, the Group established contacts and cooperated with nearly 100 foreign event organizing committees and their travel agencies, and launched more than 50 marathon events and hundreds of sports and tourism products. The Group provided its services to hundreds of people, in particular, the one-stop service for Chinese runners, which includes application for sports events registration, visa, flight ticket, airport pick-up and drop-off, hotel reservation, sightseeing bus tour or self-driving tour, dinner, travel itinerary and so on, to solve the series of problems that Chinese runners may encounter when attending marathons and travelling to overseas destinations. The Group's services for runners included one-to-one individual services, and other forms of services such as the runner groups services and corporate team building. The Group successfully assisted 70 Chinese runners to participate in the 2019 Belgrade Marathon, the overseas event of "One Belt, One Road" marathon series, which created a record for the event, and had great influence and attracted media attention locally.

* for identification purpose only

Management Discussion and Analysis

OUTLOOK OF THE INDUSTRY AND THE GROUP

In the second half of the year, the Group will continue to expand and develop its business in accordance with the established strategic layout and focus on the three core strategies of “high frequency”, “intelligence” and “living”.

The second half of the year is the peak season for major marathon events. The Group will continue to independently operate major city marathon events in the second half of the year, including the Changsha Marathon*, Xiangyang Marathon*, Nanchang Marathon*, Jinan Marathon*, Dongguan Marathon* and events in other provincial capitals and first-tier cities, while the operating right to Shenzhen Mararthon* is in the process of renewal. Targeting the self-operated major marathon events, the Group will assist various runner groups to actively participate in the preheating activities of the events, and carry out “runner groups preheating race”, “runner groups competitions” and other activities, in order to increase the influence and brand value of these events. At the same time, the Group will organise a series of activities such as small to medium-scale road running events, national fitness activities, “reward survey”** and “word-of-mouth selection”** for the runners to accumulate data for the consumer-end development of healthy living and mass consumption.

The Group has expanded its business into the health drinks and sports foods sectors through cooperation in product development and cooperative sales, and has promoted and applied such products in the events organised by the Group. The Group will continue to introduce new products according to the needs of different people in order to develop a health and nutrition product portfolio. By investing in an insurance actuarial service company, the Group will also be able to provide customised and scenario-based insurance products and physical examination products for the sporting community through big data technology, and thereby enabling the provision of a wide range of products and services for the Group to establish a platform for the sports and health mass consumption sector.



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FINANCIAL REVIEW

In the current period, the Group had three business divisions which represented three reportable operating segments, namely: (a) the Events Operation and Marketing segment: providing mainly marketing services in conjunction with sports-related competitions. Its revenue mainly includes corporate sponsorship income; (b) the Sports Services segment: providing services to mainly government, marathon participants and media companies in conjunction with sports-related competitions. Types of revenue include events organisation income, events video production income, technical support income and individual consumption income; and (c) the Advertising Program and Branding segment: providing services of advertising. Its revenue includes advertising income.

Revenue

The Group's revenue decreased by approximately 70.7% to RMB43.5 million for the six months ended 30 June 2019 from RMB148.7 million for the six months ended 30 June 2018. Details based on reportable segments are as follows:

- Revenue from the Events Operation and Marketing segment decreased by approximately 86.7% to RMB8.3 million for the six months ended 30 June 2019 from RMB62.5 million for the six months ended 30 June 2018. The decrease was mainly due to the decrease in the number of marathon events operated;
- Revenue of the Sports Services segment decreased by approximately 39.0% to RMB35.2 million for the six months ended 30 June 2019 from RMB57.7 million for the six months ended 30 June 2018. The decrease was mainly due to the decrease in the number of marathon events operated; and
- Revenue from the Advertising Program and Branding segment was RMB Nil for the six months ended 30 June 2019, and RMB28.5 million for the six months ended 30 June 2018. The change mainly resulted from the use of the film and television resources accumulated over previous years by the Group to generate revenue in the prior period.

Cost of Services

The Group's cost of services decreased by approximately 23.3% to RMB70.6 million for the six months ended 30 June 2019 from RMB92.1 million for the six months ended 30 June 2018. Details of such decrease are as follows:

- Cost of the Events Operation and Marketing segment increased by approximately 3.0% to RMB33.8 million for the six months ended 30 June 2019 from RMB32.8 million for the six months ended 30 June 2018. The increase was mainly due to the upgrade of events operation quality and standard;
- Cost of the Sports Services segment increased by approximately 23.1% to RMB36.8 million for the six months ended 30 June 2019 from RMB29.9 million for the six months ended 30 June 2018. The increase was mainly due to the increase in cost arising from the amortisation of an operating right to a "Running in China"* marathon event under intangible assets of Beijing Shangde Da'ai Sports Co., Ltd.* (北京上德大愛體育有限公司) ("**SDDA**"), a subsidiary of the Company; and
- Cost of the Advertising Program and Branding segment was RMB Nil for the six months ended 30 June 2019, and RMB29.4 million for the six months ended 30 June 2018. The change mainly resulted from the costs of the use of the film and television resources accumulated over previous years by the Group to generate revenue in the prior period.

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Management Discussion and Analysis

Gross Loss and Gross Loss Margin

As a result of the aforementioned factors, the Group recorded a gross loss of RMB27.1 million for the six months ended 30 June 2019 as compared to a gross profit of RMB56.6 million recorded for the six months ended 30 June 2018, representing a change of approximately 147.9% in gross profit. The Group recognised a gross loss margin of approximately 62.3% for the six months ended 30 June 2019 as compared to a gross profit margin of 38.1% for the six months ended 30 June 2018. The change in the gross margin was mainly due to the increase in cost as a result of: (i) the upgrade of events operation quality and standard; and (ii) the amortisation of a “Running in China”^{*} marathon event under intangible assets of SDDA, details of which 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 loss for the Events Operation and Marketing segment of RMB25.5 million for the six months ended 30 June 2019 as compared to a gross profit of RMB29.7 million recorded for the six months ended 30 June 2018, representing a change of approximately 185.9% in gross profit. The Group recognised a gross loss margin of 307.2% for the six months ended 30 June 2019 as compared to a gross profit margin of 47.5% for the six months ended 30 June 2018;
- As a result of the foregoing changes in revenue and cost of services of the Sports Services segment, the Group recorded a gross loss for the Sports Services segment of RMB1.6 million for the six months ended 30 June 2019 as compared to a gross profit of RMB27.8 million recorded for the six months ended 30 June 2018, representing a change of approximately 105.8% in gross profit. The Group recognised a gross loss margin of 4.5% for the six months ended 30 June 2019 as compared to a gross profit margin of 48.2% for the six months ended 30 June 2018; and
- As a result of the foregoing changes in revenue and cost of services of the Advertising Program and Branding segment, the Group did not record a gross loss for the Advertising Program and Branding segment for the six months ended 30 June 2019 as compared to a gross loss of RMB0.9 million recorded for the six months ended 30 June 2018. The gross loss margin changed to 0% for the six months ended 30 June 2019 from 3.2% for the six months ended 30 June 2018.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 123.7% to RMB13.2 million for the six months ended 30 June 2019 from RMB5.9 million for the six months ended 30 June 2018. The increase was mainly due to the increase in promotion and marketing consultancy fee.

General and Administrative Expenses

The Group's general and administrative expenses increased by approximately 72.9% to RMB31.3 million for the six months ended 30 June 2019 from RMB18.1 million for the six months ended 30 June 2018. This increase was mainly due to the expenses from three subsidiaries newly acquired between 30 June 2018 and 23 November 2018.

** for identification purpose only*

Other Income

The Group's other income decreased by approximately 86.5% to RMB9.6 million for the six months ended 30 June 2019 from RMB71.3 million for the six months ended 30 June 2018. The decrease was mainly due to the decrease in the income generated from the principal-guaranteed and low risk financial products purchased from reputable commercial banks and the share compensation received from SDDA in the prior period.

Other Losses

The Group's other losses increased by approximately 7,666.7% to net losses of RMB256.3 million for the six months ended 30 June 2019 from the net losses of RMB3.3 million for the six months ended 30 June 2018. The increase in losses was mainly due to: (i) the impairment of the goodwill under the Events Operation and Marketing cash-generating unit (“CGU”) and the Sports Services CGU, which amounted to RMB156.6 million; and (ii) the write-off of an operating right to a “Running in China”* marathon event with a net carrying amount of RMB84.6 million recognised under intangible assets of SDDA, after coming to a conclusion that the Group will no longer have the right to be the exclusive co-operator of the “Running in China”* marathon events in the future.

Please refer to the Company's announcement dated 2 August 2019 for further details on why the Group will no longer have the right to be the exclusive co-operator of the “Running in China”* marathon events in the future.

Loss before Income Tax

As a result of the foregoing, the Group recorded a loss before income tax of RMB319.7 million for the six months ended 30 June 2019 as compared to a profit before income tax of RMB90.5 million recorded for the six months ended 30 June 2018, representing a change of approximately 453.3% in profit before income tax.

Income Tax Credit

The Group's income tax credit was RMB24.7 million for the six months ended 30 June 2019 while the income tax expense was RMB44.4 million for the six months ended 30 June 2018. The change was mainly due to the reversal of deferred tax liability upon the write-off of “Running in China”* under intangible assets of SDDA.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company amounted to RMB270.7 million for the six months ended 30 June 2019 as compared to the profit attributable to the owners of the Company of RMB46.1 million for the six months ended 30 June 2018, representing a change of approximately 687.2% in the profit attributable to the owners of the Company.

Cash Flow

As at 30 June 2019, the Group's cash and cash equivalents amounted to approximately RMB308.2 million as compared to that of approximately RMB417.4 million as at 31 December 2018.

* for identification purpose only

Management Discussion and Analysis

Working Capital

The Group's net current assets decreased by approximately 19.9% to RMB634.7 million as at 30 June 2019 from RMB791.9 million as at 31 December 2018. The Group maintained a stable net current asset value and working capital 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 additions on the acquisition of property, plant and equipment amounted to RMB0.44 million for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB1.9 million).

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2019, the Group had net current assets of RMB634.7 million (31 December 2018: RMB791.9 million), of which cash and cash equivalents amounted to RMB308.2 million (31 December 2018: RMB417.4 million).

The Group adopts a prudent approach in treasury management, ensuring that the Group maintains strong reserves of cash to finance its daily operations and future developments.

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

The Group has not experienced any material impact or effects on its operations or liquidity as a result of fluctuations in foreign exchange rates for the six months ended 30 June 2019 and the Group has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 (the “**Prospectus**”) was completed on 24 June 2013. The Company was listed on the Main Board of the Stock Exchange 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 over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group and the options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group. As at the date of this interim report, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the six months ended 30 June 2019.

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

Jiangxi Wisdom Sports Culture Co., Ltd.* (江西維世德體育文化有限公司) (“**Jiangxi Wisdom**”), a wholly-owned subsidiary of the Company, entered into a limited partnership agreement with U.S.-China Green Fund Management (Beijing) Co., Ltd.* (中美綠色基金管理(北京)有限公司) on 11 January 2019 to subscribe the investment of RMB50 million in Beijing U.S.-China Green Fund Investment Center (Limited Partnership)* (北京中美綠色投資中心(有限合夥)) (“**U.S.-China Green Fund**”), the investment scope of which includes green energy, energy saving and environmental protection, medical and health care, consumption upgrading, green building and other related industries. Upon completion of the subscription of the investment in U.S.-China Green Fund by Jiangxi Wisdom, Jiangxi Wisdom would become one of the limited partners of U.S.-China Green Fund. This transaction constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). For details, please refer to the announcement of the Company dated 11 January 2019.

Save as disclosed in this interim report, during the six months ended 30 June 2019, the Company had no other significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures. Save as disclosed in the relevant announcements and in this interim report, as at the date of this interim report, the Company has no plans for significant investments or acquisitions of material capital assets in the future.

CHARGE ON ASSETS

As at 30 June 2019, there was no charge on the Group’s assets.

* for identification purpose only

Management Discussion and Analysis

FINANCIAL RATIO

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

Financial ratio	As at 30 June 2019	As at 31 December 2018
Current ratio	1,136.9%	801.3%
Gearing ratio	N/A	N/A

Notes:

1. Current ratio represents a ratio of current assets to current liabilities.
2. Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The gearing ratio is not applicable to the Group as it had no bank borrowings as at 30 June 2019 and 31 December 2018.

HUMAN RESOURCES

The total number of employees of the Group was 100 as at 30 June 2019. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the six months ended 30 June 2019 amounted to RMB19.4 million.

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

CONNECTED TRANSACTIONS AND STRUCTURED CONTRACTS

As the business operation of Beijing Wisdom Media Holding Co., Ltd. (北京智美傳媒股份有限公司) (“**Beijing Wisdom Media**”) constitutes business activities which are subject to prohibition or restriction on foreign investment under the laws of the People’s Republic of China (the “**PRC**”) (the “**Restricted Business**”), the Company cannot acquire equity interest in Beijing Wisdom Media. As a result, the Group has entered into a series of contracts (the “**Structured Contracts**”) designed to provide Beijing Wisdom Culture Co., Ltd., a wholly-owned subsidiary of the Company whose name was changed to Beijing Wisdom Sports Industry Co., Ltd. (北京智美體育產業有限公司) (“**Beijing Wisdom Sports**”) on 3 March 2017 and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by PRC laws and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on 24 June 2013. Pursuant to the Structured Contracts, all material business activities of Beijing Wisdom Media are instructed and supervised by Beijing Wisdom Sports and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to the Group. The Structured Contracts constitute non-exempted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

OPERATING ENTITIES OF THE GROUP CONTROLLED THROUGH THE STRUCTURED CONTRACTS

During the six months ended 30 June 2019, 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 production, distribution of TV variety shows and feature films, television program planning, design, production, agency and distributing advertisement, and organisation of cultural and artistic communication events in the PRC;
- (ii) Beijing Car Culture Advertising Co., Ltd. (北京智美車文廣告有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising services in the PRC, but was deregistered on 28 August 2019;
- (iii) Beijing Xinchuang Branding Co., Ltd. (北京新創智力品牌管理有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising and related services in the PRC, but was deregistered on 27 February 2019;
- (iv) Beijing Wisdom Films Culture Media Co., Ltd. (北京智美映畫文化傳媒有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising and related services in the PRC, but was deregistered on 18 February 2019;
- (v) Beijing Kuawei Lianzhong Sports Development Co., Ltd. (北京跨維聯眾體育發展有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in operation of sports events, organisation of exhibitions and displays and organisation of functions relating to culture and art, but was deregistered on 12 June 2019;
- (vi) First AI Sports Technology (Shenzhen) Co., Ltd.* (第一智能體育科技(深圳)有限公司) ("**First AI**"), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in the service provision for the live broadcasting of large-scale tournaments and marathon timing; and
- (vii) Beijing Xinglian Lihe Technology Co., Ltd.* (北京興聯力合科技有限公司) ("**Xinglian Lihe**"), a limited liability company incorporated in the PRC and an indirect 51.02% owned subsidiary of Beijing Wisdom Media, principally engaged in the service provision for the live broadcasting and video production of large-scale tournaments.

* for identification purpose only

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the directors of the Company (the “**Directors**” and each a “**Director**”) or chief executives of the Company in the shares of the Company (the “**Shares**”), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Ms. Ren Wen	Founder of discretionary trust ¹ Interest of controlled corporation ²	602,780,000 104,331,000	37.84% 6.55%
Mr. Song Hongfei	Beneficial owner	3,730,540 ³	0.23%
Ms. Hao Bin	Beneficial owner	250,000 ⁴	0.02%

Notes:

- 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 is 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.
- These 104,331,000 Shares were held by Lucky Go Co., Ltd. (81,541,000 Shares) and Top Car Co., Ltd. (22,790,000 Shares) respectively. Ms. Ren Wen held approximately 78.88% and 43.69% equity interests in Lucky Go Co., Ltd. and Top Car Co., Ltd. respectively and she 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.
- Among the 3,730,540 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.
- 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	Class of interest	Approximate percentage of shareholding interest
Ms. Ren Wen	Beijing Wisdom Media ⁵	Ordinary	52.38%
	Beijing Car Culture Advertising Co., Ltd. (北京智美車文廣告有限公司) ⁶	Ordinary	100%
	First AI ⁶	Ordinary	100%
	Xinglian Lihe ⁷	Ordinary	51.02%
Mr. Sheng Jie	Beijing Wisdom Media ⁵	Ordinary	8.46%

Notes:

- Beijing Wisdom Media is an indirect subsidiary of the Company controlled through the Structured Contracts. For details, please refer to the subsection headed "Connected Transactions and Structured Contracts" in the section headed "Management Discussion and Analysis". Accordingly, Beijing Wisdom Media is an associated corporation of the Company within the meaning of Part XV of the SFO.
- A wholly-owned subsidiary of Beijing Wisdom Media and Beijing Car Culture Advertising Co., Ltd. (北京智美車文廣告有限公司) was deregistered on 28 August 2019.
- A 51.02% owned subsidiary of First AI.

Save as disclosed above, as at 30 June 2019, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests

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

So far as is known to the Directors, as at 30 June 2019, 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 Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Long position in the Shares

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Trust Co	Interest of controlled corporation	602,780,000 ¹	37.84%
Credit Suisse Trust Limited	Trustee	602,780,000 ¹	37.84%
Brock Nominees Limited	Nominee	602,780,000 ¹	37.84%
Tenby Nominees Limited	Nominee	602,780,000 ¹	37.84%
Queen Media	Beneficial owner	602,780,000 ¹	37.84%
Lucky Go Co., Ltd. ²	Beneficial owner	81,541,000	5.12%

Notes:

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 is 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.
2. As at 30 June 2019, Ms. Ren Wen was a director of Lucky Go Co., Ltd.

Save as disclosed above, as at 30 June 2019, 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 and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Important Events

SHARE OPTION SCHEME

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

The Directors were authorized to grant options to subscribe for Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following 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 Listing Rules 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 approximately 10.04% of the total number of the issued Shares as at the date of this interim report. As at 30 June 2019, the number of Shares available for issue under the Share Option Scheme (excluding those options granted but not exercised) amounted to 158,820,000 Shares, representing approximately 9.97% of the total number of the issued Shares as at the date of this report (assuming no Shares were issued and/or repurchased after 30 June 2019).

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

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

Important Events

Options granted

Options granted on 23 May 2014

1,210,000 options 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. The options are exercisable from the vesting dates mentioned above to 22 May 2024.

For the six months ended 30 June 2019, no option granted on 23 May 2014 has been exercised, cancelled or lapsed. As at 30 June 2019, 380,000 options remained outstanding and were exercisable by the respective grantees immediately until 22 May 2024 subject to the satisfaction of the individual performance assessment of the grantees for the relevant years.

Options granted on 29 May 2015

2,500,000 options 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. The options are exercisable from the vesting dates mentioned above to 28 May 2025.

For the six months ended 30 June 2019, no option granted on 29 May 2015 has been exercised, cancelled or lapsed. As at 30 June 2019, 800,000 options remained outstanding and were exercisable by the respective grantees immediately until 28 May 2025 subject to the satisfaction of the individual performance assessment of the grantees for the relevant years.

Please refer to the announcements of the Company dated 23 May 2014 and 29 May 2015 for details of the options granted on 23 May 2014 and 29 May 2015, respectively.

Options granted during the six months ended 30 June 2019

No option was granted by the Company during the six months ended 30 June 2019.

Movement during the six months ended 30 June 2019

Particulars of the outstanding options under the Share Option Scheme from 1 January 2019 to 30 June 2019 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 2019	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	Balance as at 30 June 2019	Price per Share	Price per Share
									immediately before the date of grant	Share on exercise date
Mr. Song Hongfei	23 May 2014	HK\$3.92	From the date the exercise conditions are met ¹ to 22 May 2024	215,000	-Nil-	-Nil-	-Nil-	215,000	HK\$4.01	N/A ²
Ms. Hao Bin	29 May 2015	HK\$8.036	From the date the exercise conditions are met ¹ to 28 May 2025	150,000	-Nil-	-Nil-	-Nil-	150,000	HK\$7.95	N/A ²
Employees of the Group	23 May 2014	HK\$3.92	From the date the exercise conditions are met ¹ to 22 May 2024	165,000	-Nil-	-Nil-	-Nil-	165,000	HK\$4.01	N/A ²
Employees of the Group	29 May 2015	HK\$8.036	From the date the exercise conditions are met ¹ to 28 May 2025	650,000	-Nil-	-Nil-	-Nil-	650,000	HK\$7.95	N/A ²
Total				1,180,000	-Nil-	-Nil-	-Nil-	1,180,000		

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 paragraphs headed "Options granted on 23 May 2014" and "Options granted on 29 May 2015" above.
- No share option has been exercised during the six months ended 30 June 2019.

Important Events

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2019.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the six months ended 30 June 2019 and as at the date of this interim report, the Company has maintained sufficient public float as required under the Listing Rules.

INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2019.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Company has applied the principles/code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to Listing Rules.

The Board is of the view that for the six months ended 30 June 2019, the Company has complied with the code provisions set out in the CG Code, save and except for code provision A.2.1. Details are set out below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, is also the president of the Company and mainly responsible for the implementation of the strategic layout of the Group.

The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Group as the Directors and the senior management perform separate duties to assist the chairlady and the president. The Board considers that this structure ensures an effective operation of the Group by exercising consolidated and consistent leadership.

The Company nevertheless understands the importance of compliance with the code provision A.2.1 of the CG Code and will continue to review the structure from time to time and consider separating the roles of chairman/chairlady and president to be held by different individuals as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2019.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2019.

AUDIT COMMITTEE

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

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

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

Corporate Governance and Other Information

The interim results of the Group for the six months ended 30 June 2019 are unaudited and have not been reviewed by the external auditor of the Company. The Audit Committee has reviewed together with the Company's management the accounting principles and practices adopted by the Group and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2019. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Revenue	5	43,527	148,726
Cost of services		(70,595)	(92,136)
Gross (loss)/profit		(27,068)	56,590
Other income	6	9,599	71,325
Other losses	7	(256,253)	(3,347)
Selling and distribution expenses		(13,173)	(5,911)
General and administrative expenses		(31,336)	(18,117)
(Loss)/profit from operations		(318,231)	100,540
Finance costs	8	(29)	–
Share of results of associates		(1,401)	(10,073)
(Loss)/profit before tax		(319,661)	90,467
Income tax credit/(expense)	10	24,719	(44,406)
(Loss)/profit for the period	11	(294,942)	46,061
Attributable to:			
Owners of the Company		(270,703)	46,061
Non-controlling interests		(24,239)	–
		(294,942)	46,061

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Other comprehensive income			
<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		10,845	(9,932)
Other comprehensive income for the period, net of tax		10,845	(9,932)
Total comprehensive income for the period		(284,097)	36,129
Attributable to:			
Owners of the Company		(259,858)	36,129
Non-controlling interests		(24,239)	–
		(284,097)	36,129
(Losses)/earnings per share attributable to owners of the Company			
Basic and diluted	13	RMB(0.17)	RMB0.03

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 under the modified retrospective approach with no restatement on the comparative information in the condensed consolidated statement of profit or loss and other comprehensive income. Details of changes in accounting policies are disclosed in note 3 to this interim financial information.

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Note	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	23,579	25,695
Right-of-use assets	15	16,456	–
Investment properties		16,322	16,952
Goodwill	16	34,961	191,584
Intangible assets	17	1,206	98,532
Financial assets at fair value through other comprehensive income	18	91,285	29,510
Investments in associates	19	15,245	19,820
Deferred tax assets		6,171	5,116
Other non-current assets		55,270	15,365
Total non-current assets		260,495	402,574
Current assets			
Inventories		3,177	4,124
Financial assets at fair value through profit or loss	20	48,646	60,344
Trade receivables	21	48,274	147,781
Other receivables	22	228,701	223,715
Prepayments and other current assets	23	58,833	51,526
Cash and cash equivalents	24	308,248	417,355
Total current assets		695,879	904,845
TOTAL ASSETS		956,374	1,307,419

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	Note	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	25	2,454	2,454
Reserves		872,118	1,131,928
		874,572	1,134,382
Non-controlling interests		12,345	36,584
TOTAL EQUITY		886,917	1,170,966
LIABILITIES			
Non-current liabilities			
Lease liabilities		8,248	–
Deferred tax liability		–	23,535
		8,248	23,535
Current liabilities			
Trade payables	26	25,326	67,454
Other payables and accrued expenses		6,995	15,939
Contract liabilities		493	2,650
Lease liabilities		7,906	–
Income tax payables		20,489	26,875
Total current liabilities		61,209	112,918
TOTAL LIABILITIES		69,457	136,453
TOTAL EQUITY AND LIABILITIES		956,374	1,307,419
NET CURRENT ASSETS		634,670	791,927

Note: The Group has initially applied HKFRS 16 at 1 January 2019 under the modified retrospective approach with no restatement on the comparative information in the condensed consolidated statement of financial position. Details of changes in accounting policies are disclosed in note 3 to this interim financial information.

Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2019

	Attributable to owners of the Company									
	Share capital RMB'000 (note 25)	Share premium RMB'000	Share-based payments reserve RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018	2,454	251,769	5,487	85,326	81,902	(1,414)	790,117	1,215,641	-	1,215,641
Total comprehensive income for the period	-	-	-	-	-	(9,932)	46,061	36,129	-	36,129
Acquisition of a subsidiary through step acquisition of an associate (note 27)	-	-	-	-	-	-	-	-	24,385	24,385
Payment of 2017 final dividend	-	(98,762)	-	-	-	-	-	(98,762)	-	(98,762)
Share-based payments	-	-	145	-	-	-	-	145	-	145
Changes in equity for the period	-	(98,762)	145	-	-	(9,932)	46,061	(62,488)	24,385	(38,103)
At 30 June 2018	2,454	153,007	5,632	85,326	81,902	(11,346)	836,178	1,153,153	24,385	1,177,538
At 1 January 2019	2,454	153,007	5,694	89,526	81,902	(30,490)	832,289	1,134,382	36,584	1,170,966
Total comprehensive income for the period	-	-	-	-	-	10,845	(270,703)	(259,858)	(24,239)	(284,097)
Reversal of statutory reserve appropriation upon deregistration of subsidiaries	-	-	-	(685)	-	-	685	-	-	-
Share-based payments	-	-	48	-	-	-	-	48	-	48
Lapse of share options	-	-	(3,262)	-	-	-	3,262	-	-	-
Changes in equity for the period	-	-	(3,214)	(685)	-	10,845	(266,756)	(259,810)	(24,239)	(284,049)
At 30 June 2019	2,454	153,007	2,480	88,841	81,902	(19,645)	565,533	874,572	12,345	886,917

Note: The Group has initially applied HKFRS 16 at 1 January 2019 under the modified retrospective approach with no restatement on the comparative information in the condensed consolidated statement of changes in equity. Details of changes in accounting policies are disclosed in note 3 to this interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations		(30,518)	107,812
Income tax paid		(6,256)	(53,423)
Net cash (used in)/generated from operating activities		(36,774)	54,389
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary through step acquisition of an associate	27	–	3,353
(Increase)/decrease in amounts due from related companies		(2,000)	3,525
Interest income from treasury products		4,910	4,747
Interest income from loans to companies		1,201	1,201
Interest income from fund investment in a partnership		2,000	2,000
Interest income from short-term bank deposits		345	3,845
Instalment proceeds from disposal of a subsidiary in 2017		–	40,600
Purchases of property, plant and equipment		(441)	(1,941)
Purchases of treasury products		(740,500)	(642,000)
Proceeds from disposal of property, plant and equipment		17	654
Partial receipt of investment cost from an associate under registered share capital reduction	19(b)	1,000	–
Proceeds from disposal of treasury products		740,500	697,000
Prepayment for fund investment in a partnership		–	(50,500)
Prepayment for property, plant and equipment		(40,885)	(13,650)
Payments for unlisted equity securities under financial assets at fair value through other comprehensive income		(50,930)	–
Loans to companies		–	(41,730)
Repayments received for loans to companies		17,000	–
Net cash (used in)/generated from investing activities		(67,783)	7,104
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of 2017 final dividend		–	(98,762)
Payment of lease liabilities		(4,408)	–
Net cash used in financing activities		(4,408)	(98,762)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Effect of foreign exchange rate changes		(142)	(63)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	24	417,355	324,434
CASH AND CASH EQUIVALENTS AT 30 JUNE	24	308,248	287,102

Notes to the Interim Financial Information

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 and President 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 Building 5, Jingxin Building* (京信大廈), No. A2, Dong San Huan Bei Lu, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”). The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events operation and marketing services, sports services, and advertising program and branding services in the PRC.

2. BASIS OF PREPARATION

This interim financial information is unaudited and has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was authorised for issue on 30 August 2019.

This interim financial information should be read in conjunction with the 2018 annual financial statements, which were prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) (including all HKFRSs, HKASs and Interpretations). The accounting policies (including the critical judgements made by the Directors in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2018 except as stated in note 3 to this interim financial information below.

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

The HKICPA has issued HKFRS 16 *Leases* and a number of amendments to HKFRSs that are first effective from 1 January 2019.

Except for HKFRS 16 being initially adopted by the Group from 1 January 2019, other developments effective from 1 January 2019 do not have a material effect on this interim financial information. The Group has not early adopted any new standard or interpretation that is not effective for the current interim period.

* for identification purpose only

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

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an arrangement contains a lease*, HK(SIC)-Int 15 *Operating leases – incentives* and HKSIC-Int 27 *Evaluating the substance of transactions involving the legal form of a lease*. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Lessor accounting under HKFRS 16 is substantially unchanged under HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

The Group has applied HKFRS 16 using the modified retrospective approach to operating lease commitment that existed at 1 January 2019 in accordance with the transition requirements. Comparative information has not been restated and continues to be reported under HKAS 17. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC)-Int 4. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for leases with remaining lease terms of less than 12 months from 31 December 2018. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

HKFRS 16 Leases (Continued)

(b) As a lessee (Continued)

The recognised right-of-use assets relate to the following types of assets:

	1 January 2019 RMB'000
Total right-of-use assets – office premises	20,183

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments payable across the lease period, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified property leases as operating leases under HKAS 17.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and discounted using the lessee's incremental borrowing rate at the date of initial application.

Notes to the Interim Financial Information

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

HKFRS 16 Leases (Continued)

(b) As a lessee (Continued)

Transition (Continued)

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) As a lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor. However, the Group has applied HKFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

(d) Impacts of financial statements

Impact on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition as at 1 January 2019 is summarised below.

	At 31 December 2018 RMB'000	Impact on initial application of HKFRS 16 RMB'000	At 1 January 2019 RMB'000
Non-current assets			
Right-of-use assets	–	20,183	20,183
Current assets			
Prepayments and other current assets	51,526	(90)	51,436
Non-current liabilities			
Lease liabilities	–	(11,948)	(11,948)
Current liabilities			
Lease liabilities	–	(8,145)	(8,145)

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

HKFRS 16 Leases (Continued)

(d) Impacts of financial statements (Continued)

Impact on transition (Continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate with the weighted-average rate of 6.37% at 1 January 2019.

	1 January 2019 RMB'000
Operating lease commitment as at 31 December 2018 under HKAS 17	23,680
Less: Recognition exemption for leases with remaining lease terms of less than 12 months from 31 December 2018	(112)
Less: Exclusion of value-added taxes for properties located in the PRC	(2,100)
Adjusted operating lease commitment as at 31 December 2018 under HKAS 17	21,468
Less: Prepayment in relations to a lease to be recognised as right-of-use assets as at 31 December 2018 under HKFRS 16	(90)
Less: Total future interest expenses under HKFRS 16	(1,285)
Lease liabilities recognised as at 1 January 2019 under HKFRS 16	20,093
Representing:	
Non-current lease liabilities	11,948
Current lease liabilities	8,145
	20,093

Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases under HKAS 17, the Group recognised right-of-use assets of RMB16,456,000 and lease liabilities of RMB16,154,000 as at 30 June 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease charges. During the six months ended 30 June 2019, the Group recognised depreciation charges of RMB4,167,000 and finance costs of RMB29,000 from these leases.

Notes to the Interim Financial Information

4. FAIR VALUE MEASUREMENTS

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

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

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

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

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

During the six months ended 30 June 2019 and 2018, 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, for the current period the fair value disclosure of lease liabilities is also not required.

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements as at 30 June 2019			30 June 2019
	Level 1	Level 2	Level 3	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity security (<i>note 18</i>)	–	7,043	–	7,043
– Unlisted equity securities (<i>note 18</i>)	–	–	84,242	84,242
Financial assets at fair value through profit or loss				
– Listed equity securities (<i>note 20</i>)	48,646	–	–	48,646
Total	48,646	7,043	84,242	139,931

Description	Fair value measurements as at 31 December 2018			31 December 2018
	Level 1	Level 2	Level 3	Total
	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity security (<i>note 18</i>)	–	9,991	–	9,991
– Unlisted equity securities (<i>note 18</i>)	–	–	19,519	19,519
Financial assets at fair value through profit or loss				
– Listed equity securities (<i>note 20</i>)	60,344	–	–	60,344
Total	60,344	9,991	19,519	89,854

Notes to the Interim Financial Information

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2019:

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

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value	
			30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Financial assets at fair value through other comprehensive income				
– Listed equity security	Market approach	Share transaction	7,043	9,991

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

- Adjusted net asset value provided by the administrator of an unlisted limited partnership.
- Price-to-sales ratio of market comparable companies under market approach of an underlying investment held by an unlisted limited partnership.
- Recent arm's length transactions of an unlisted equity security.

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2019: (Continued)

Level 3 fair value measurements

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 30 June 2019 RMB'000 (unaudited)
Financial assets at fair value through other comprehensive income – unlisted equity security	Adjusted net asset value	N/A	N/A	N/A	63,326
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	4.7	Increase	19,986
Financial assets at fair value through other comprehensive income – unlisted equity security	Recent arm's length transaction	N/A	N/A	N/A	930

Notes to the Interim Financial Information

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2019: (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2018 RMB'000 (audited)
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Price-to-sales ratio of market comparable companies	4.2	Increase	19,519

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Financial assets at fair value through other comprehensive income – unlisted equity securities		
At 1 January 2019/1 January 2018	19,519	39,476
Additions during the period/year	50,930	–
Net unrealised gains/(losses) recognised in other comprehensive income during the period/year	13,793	(19,957)
At 30 June 2019/31 December 2018	84,242	19,519

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

5. REVENUE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Events sponsorship income	8,295	62,541
Sports services income	35,232	57,646
Advertising income	–	28,539
	43,527	148,726

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
– At a point in time	43,527	120,187
– Over time	–	28,539
	43,527	148,726

Revenue recognised at a point in time for the six months ended 30 June 2019 and 2018 comprises income generated from sports-related competitions by the provision of events operation and marketing services, and sport services when the competitions are held, while revenue recognised over time for the six months ended 30 June 2018 comprises income from the provision of advertising services through arranging broadcast of the customers' advertisement in selected media suppliers' television programs over the contract term.

Notes to the Interim Financial Information

6. OTHER INCOME

	Six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Interest income from treasury products <i>(note (a))</i>	4,910	6,055
Interest income from loans to companies	2,035	1,786
Interest income from fund investment in a partnership	2,000	2,000
Interest income from short-term bank deposits	345	3,164
Government grants <i>(note (b))</i>	–	1,823
Rental income	307	209
Share compensation from investment in an associate <i>(note 27)</i>	–	56,288
Others	2	–
	9,599	71,325

Notes:

- (a) The Group invested in unlisted treasury products issued by commercial banks in the PRC. The principals of these investments are guaranteed by the corresponding commercial banks. The investments are denominated in RMB and with maturity periods within three months. The rates of return range from 2.7% to 6.1% per annum.
- (b) The Group benefited from government grants in the form of tax refund from governmental bodies of Fuzhou, Jiangxi Province for the six months ended 30 June 2018 as a result of their contribution for developing the cultural and media industry in the city.

7. OTHER LOSSES

	Six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Allowance for impairment of trade receivables	(4,218)	(144)
Reversal of allowance for impairment of other receivables	3,563	33
Exchange gains/(losses)	77	(63)
Fair value loss on financial assets at fair value through profit or loss	(11,917)	–
Loss on disposal of financial assets at fair value through profit or loss	(2,719)	–
Impairment of intangible assets (note 17)	(826)	–
Impairment of investment in an associate (note 19(c))	(174)	–
Impairment of goodwill (note 16)	(156,623)	–
Loss on disposals of property, plant and equipment	(24)	(98)
Remeasurement of pre-existing interest in an associate for step acquisition (note 27)	–	(3,072)
Write-off of an operating right under intangible assets (note 17)	(84,552)	–
Others	1,160	(3)
	(256,253)	(3,347)

8. FINANCE COSTS

	Six months ended 30 June 2019 RMB'000 (unaudited)
Interest expenses on lease liabilities	29

9. SEGMENT INFORMATION

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

The Group has three reportable operating segments, which are: (a) Events Operation and Marketing; (b) Sports Services; and (c) Advertising Program and Branding.

Notes to the Interim Financial Information

9. SEGMENT INFORMATION (Continued)

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

Events Operation and Marketing	Providing mainly marketing services in conjunction with sports-related competitions. Type of revenue includes 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 events organisation income, events video production income, technical support income and individual consumption income.
Advertising Program and Branding	Provision of advertising services. Type of revenue includes advertising income.

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

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

No geographical segment information is presented as all the sales and operating (losses)/profits 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.

9. SEGMENT INFORMATION (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2019 and 2018 is as follows:

Six months ended 30 June 2019

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Advertising Program and Branding RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	8,295	35,232	–	43,527
Cost of services	(33,801)	(36,794)	–	(70,595)
Segment results	(25,506)	(1,562)	–	(27,068)
Other income				9,599
Other losses				(256,253)
Selling and distribution expenses				(13,173)
General and administrative expenses				(31,336)
Finance costs				(29)
Share of results of associates				(1,401)
Income tax credit				24,719
Loss for the period				(294,942)

Notes to the Interim Financial Information

9. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2018

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Advertising Program and Branding RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	62,541	57,646	28,539	148,726
Cost of services	(32,837)	(29,926)	(29,373)	(92,136)
Segment results	29,704	27,720	(834)	56,590
Other income				71,325
Other losses				(3,347)
Selling and distribution expenses				(5,911)
General and administrative expenses				(18,117)
Share of results of associates				(10,073)
Income tax expense				(44,406)
Profit for the period				46,061

10. INCOME TAX CREDIT/(EXPENSE)

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

	Six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Current tax	130	(44,442)
Deferred tax	24,589	36
	24,719	(44,406)

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2019 and 2018.

10. INCOME TAX CREDIT/(EXPENSE) (Continued)

PRC Corporate Income Tax has been provided at a rate of 25% (2018: 25%). According to the PRC law, a subsidiary of the Company in the PRC enjoys beneficial Corporate Income Tax rate.

Pursuant to the PRC law on Corporate 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.

11. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Amortisation of intangible assets	12,431	2,976
Cost of inventories utilised	1,077	–
Depreciation of investment properties	630	629
Depreciation of property, plant and equipment	2,515	1,698
Depreciation of right-of-use assets	4,167	–
Fair value loss on financial assets at fair value through profit or loss (<i>note 7</i>)	11,917	–
Loss on disposals of financial assets at fair value through profit or loss (<i>note 7</i>)	2,719	–
Impairment of intangible assets (<i>note 17</i>)	826	–
Write-off of an operating right under intangible assets (<i>note 17</i>)	84,552	–
Impairment of goodwill (<i>note 16</i>)	156,623	–
Impairment of investment in an associate (<i>note 19(c)</i>)	174	–
Loss on disposals of property, plant and equipment (<i>note 7</i>)	24	98
Remeasurement of pre-existing interest in an associate for step acquisition (<i>note 27</i>)	–	3,072
Share compensation from investment in an associate (<i>note 27</i>)	–	(56,288)
Staff costs		
– Salaries, bonuses and allowances	16,811	9,197
– Retirement benefit scheme contributions	2,508	1,425
– Share-based payments	48	145
Auditor's remuneration	–	900
Allowance for impairment of trade receivables	4,218	144
Reversal of allowance for impairment of other receivables	(3,563)	(33)

Notes to the Interim Financial Information

12. DIVIDENDS

On 28 March 2018, the Board proposed a payment of final dividend of RMB0.062 per share, amounting to a total dividend of approximately RMB98,762,000, for the year ended 31 December 2017 to the shareholders whose names appeared on the register of members of the Company on 6 June 2018. Such resolution was then approved by the shareholders of the Company at the annual general meeting held on 29 May 2018 and the dividend was paid on 15 June 2018.

No dividend was proposed, declared or paid in respect of the six months ended 30 June 2019 and 2018.

13. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic and diluted (losses)/earnings per share attributable to owners of the Company is based on the following:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Losses)/earnings attributable to owners of the Company		
(Losses)/earnings for the purpose of calculating basic and diluted (losses)/earnings per share	(270,703)	46,061

	Six months ended 30 June	
	2019	2018
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (losses)/earnings per share	1,592,942	1,592,942

The computation of diluted (losses)/earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2019 and 2018.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment with a total cost of RMB441,000, and disposed of items of property, plant and equipment with a net carrying amount of RMB41,000 respectively.

15. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2019, the Group entered into a new lease agreement for 3 years with a right-of-use asset value of RMB440,000. The balance as at 30 June 2019 relates to office premises.

16. GOODWILL

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Cost		
At 1 January 2019/1 January 2018	191,689	105
Arising on acquisition of a subsidiary (<i>note 28</i>)	–	139,845
Arising on acquisition of a subsidiary through step acquisition of an associate (<i>note 27</i>)	–	51,739
Derecognition upon deregistration of a subsidiary	(105)	–
At 30 June 2019/31 December 2018	191,584	191,689
Accumulated impairment losses		
At 1 January 2019/1 January 2018	105	–
Impairment loss recognised during the period/year	156,623	105
Derecognition upon deregistration of a subsidiary	(105)	–
At 30 June 2019/31 December 2018	156,623	105
Carrying amount		
At 30 June 2019/31 December 2018	34,961	191,584

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (“CGUs”) that are expected to benefit from that business combination. The net carrying amount of goodwill is allocated as follows:

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Events Operation and Marketing (<i>note (a)</i>)	–	51,739
Sports Services (<i>note (b)</i>)	34,961	139,845
	34,961	191,584

Notes to the Interim Financial Information

16. GOODWILL (Continued)

(a) Events Operation and Marketing

The recoverable amount of the Events Operation and Marketing CGU is determined based on value in use calculation, which uses a discounted cash flow forecast based on financial budget approved by the Group's management covering a 5-year period. Cash flow beyond the 5-year period is extrapolated using an estimated weighted average growth rate of 3.0% for this CGU which is consistent with the forecast included in the industry report. The growth rate used does not exceed the long-term average growth rate for the business in which this CGU operates. The cash flow is discounted using a discount rate of 25.0%. The discount rate used is pre-tax and reflects specific risks relating to this CGU. As a result of write-off of an operating right to a "Running in China" marathon event under intangible assets, the Group's management assessed such change in assumption to elicit a lower recoverable amount than the carrying amount of this CGU. Detail of the write-off is disclosed in note 17 to the interim financial information. A full impairment of RMB51,739,000 was recognised on goodwill.

(b) Sports Services

The recoverable amount of the Sports Services CGU is determined based on value in use calculation, which uses a discounted cash flow forecast based on financial budget approved by the Group's management covering a 5-year period. Cash flow beyond the 5-year period is extrapolated using an estimated weighted average growth rate of 3.0% for this CGU which is consistent with the forecast included in the industry report. The growth rate used does not exceed the long-term average growth rate for the business in which this CGU operates. The cash flow is discounted using a discount rate of 18.0%. The discount rate used is pre-tax and reflects specific risks relating to this CGU. Severely affected by the write-off of an operating right to a "Running in China" marathon event under intangible assets, the Group's management assessed such change in assumption to elicit a lower recoverable amount than the carrying amount of this CGU. Detail of the write-off is disclosed in note 17 to the interim financial information. An impairment of RMB104,884,000 was then recognised on goodwill.

17. INTANGIBLE ASSETS

During the six months ended 30 June 2019, the Group decided to write off an operating right to a "Running in China" marathon event with a net carrying amount of RMB84,552,000 after coming to a conclusion that the Group will no longer have the right to be the exclusive co-operator of the "Running in China" marathon events in the future. Please refer to the Company's announcement dated 2 August 2019 for further details on why the Group will no longer have the right to be the exclusive co-operator of the "Running in China" marathon events in the future.

Furthermore, a full impairment of certain trademarks and copyrights of RMB826,000 was recognised during the six months ended 30 June 2019 as the Group's management assessed no recoverable amount to be generated under inactive uses by the Group.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Listed equity security	7,043	9,991
Unlisted equity securities	84,242	19,519
	91,285	29,510

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

19. INVESTMENTS IN ASSOCIATES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Unlisted investments:		
Share of net assets	12,419	16,820
Goodwill	2,826	3,000
	15,245	19,820

Notes:

- (a) The capital injection agreement between Wisdom Events Operation and Management (Zhejiang) Co., Ltd., whose name was changed to Wisdom Sports Entertainment (Zhejiang) Co., Ltd. on 12 August 2019 ("ZMWH"), a wholly-owned subsidiary of the Company, and Beijing Shangde Da'ai Sports Co., Ltd. ("SDDA") ("Agreement A") specifies that ZMWH has a right to request cash or share compensation from the original shareholders of SDDA if SDDA's audited net profit target of 2017 and audited retained profits target of 2018 are not met.

Other than the right to request cash or share compensation, ZMWH has an option to request the original shareholders of SDDA to repurchase the shares if SDDA's audited net profit target of 2017 and audited retained profits target of 2018 are not met, which constitutes an embedded put option in Agreement A.

On 30 June 2018, the original shareholders of SDDA entered into an agreement ("Agreement B") with ZMWH to offer a share compensation based on the Agreement A as an early settlement. Under the Agreement B, 36.6% equity interest was transferred to ZMWH from the original shareholders. On the same date, ZMWH owns 69.1% equity interest in SDDA. The revised Articles of Association of SDDA also grants the right to the Company to appoint two thirds of the members in SDDA's board of directors. Hence, SDDA is then the Company's subsidiary with the control to direct the activities of SDDA. Note 27 to the interim financial information sets out the details of this acquisition. The transaction was completed on the same date and the Agreement A was hence early terminated under the exercise of the right above.

Notes to the Interim Financial Information

19. INVESTMENTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (b) Upon a resolution passed in the shareholders' meeting of SEG ZM Sports Culture Development Co., Ltd. ("SEG ZM") on the registered share capital reduction of SEG ZM from RMB50,000,000 to RMB20,000,000, the Group would be returned for RMB3,000,000 of its investment cost based on its 10% of ownership interest in SEG ZM. During the six months ended 30 June 2019, RMB1,000,000 was received and RMB2,000,000 is receivables from SEG ZM.
- (c) The recoverable amounts of investments in associates have been determined based on fair value less costs of disposal by using discounted cash flow method. In particular of investment in Vning Sports Culture Industry (Beijing) Co., Ltd. ("Vning"), a discount rate of 30.0% was used. As a result, according to the impairment test result used by the Group, the recoverable amount of this investment is lower than its carrying amount due to poorer operating results, and an impairment of RMB174,000 was recognised in profit or loss for the six months ended 30 June 2019.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Listed equity securities – Hong Kong (note)	48,646	60,344

Note: The Group entered into an asset management agreement for a discretionary account with an investment manager in which the Group deposited a fund for the investment manager to invest in listed equity securities and other financial instruments. As at 30 June 2019 and 31 December 2018, the balances consist of listed equity securities in Hong Kong deposited with the investment manager.

21. TRADE RECEIVABLES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Trade receivables	84,968	180,757
Allowance for impairment of trade receivables	(36,694)	(32,976)
	48,274	147,781

21. TRADE RECEIVABLES (Continued)

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

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Within 1 month	8,780	63,704
1 to 3 months	3,351	26,761
4 to 6 months	630	42,210
7 to 12 months	29,391	9,142
1 to 2 years	5,434	5,349
Over 2 years	688	615
	48,274	147,781

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

22. OTHER RECEIVABLES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Government grants receivables	–	720
Cash held at security trading accounts	12,797	886
Deposits with media companies and event organisation companies	16,250	16,870
Advance to employees	9,518	3,979
Lease and other deposits	2,314	2,358
Amount due from 北體智美場館運營(深圳)有限公司 (“TYCG”)	30,738	30,518
Amounts due from related companies	7,512	5,512
Fund investment in a partnership	52,000	52,000
Loans to companies	94,360	110,597
Others	4,419	5,045
Allowance for impairment of other receivables	(1,207)	(4,770)
	228,701	223,715

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

Notes to the Interim Financial Information

23. PREPAYMENT AND OTHER CURRENT ASSETS

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Prepayment for media resources	7,021	676
Prepayment for sport competition and event organisation expenses	22,596	30,897
Prepaid property management fees	848	1,006
Value-added and other taxes' credits	25,940	15,674
Others	2,428	3,273
	58,833	51,526

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

24. CASH AND CASH EQUIVALENTS

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Cash on hand	91	90
Bank balances	308,157	417,265
Cash and cash equivalents	308,248	417,355

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.

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.

25.SHARE CAPITAL

	At 1 January 2018 (audited), 30 June 2018 (unaudited), 1 January 2019 (audited) and 30 June 2019 (unaudited)		
	Number of shares '000	US\$'000	RMB'000
Authorised:			
Ordinary shares of US\$0.00025 each	4,000,000	1,000	–
Issued and fully paid:			
Ordinary shares of US\$0.00025 each	1,592,942	398	2,454

26.TRADE PAYABLES

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Trade payables	25,326	67,454

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. An aging analysis of trade payables based on the invoice dates is as follows:

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Within 1 month	9,346	28,381
1 to 3 months	7,182	23,560
4 to 6 months	489	1,217
7 to 12 months	2,274	7,464
Over 12 months	6,035	6,832
	25,326	67,454

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

27. ACQUISITION OF A SUBSIDIARY THROUGH STEP ACQUISITION OF AN ASSOCIATE

On 30 June 2018, the Group obtained 36.6% of the equity interest of SDDA under a share compensation, amounting to RMB56,288,000 (see note 19 to the interim financial information). On the same date, SDDA is a subsidiary of the Group upon the holding of a total of 69.1% equity interest. SDDA is engaged in the service provision for the organisation of marathon events and holding of operating right of a marathon event. The acquisition is part of the Group's strategy to expand its marathon events business.

The Group accordingly remeasured the fair value of its pre-existing interest of 32.5% in SDDA at 30 June 2018 and recognised the resulting loss of RMB3,072,000 on the remeasurement of the Group's pre-existing interest in SDDA to 30 June 2018's fair value.

Details of the carrying value and fair value of the Group's pre-existing interest in SDDA at 30 June 2018 are summarised as follows:

	RMB'000
Carrying value of pre-existing interest in SDDA	53,054
Less: Fair value of pre-existing interest in SDDA	(49,982)
Loss on remeasurement (<i>note 7</i>)	3,072

27.ACQUISITION OF A SUBSIDIARY THROUGH STEP ACQUISITION OF AN ASSOCIATE (Continued)

The fair value of the identifiable assets and liabilities of SDDA at the date of acquisition is as follows:

	RMB'000
Net assets acquired:	
Property, plant and equipment	478
Intangible assets	104,600
Trade receivables	400
Prepayments, deposits and other receivables	18,586
Value-added and other taxes' credits	125
Cash and cash equivalents	3,353
Trade and other payables	(22,476)
Deferred tax liability	(26,150)
Total identifiable net assets at fair value	78,916
Non-controlling interest	(24,385)
	54,531
Fair value of share compensation of 36.6% equity interest from investment in an associate (<i>note 6</i>)	(56,288)
Fair value of pre-existing interest	(49,982)
Goodwill	(51,739)
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	3,353

No consideration was transferred by the Group to obtain the control of SDDA.

The goodwill arising on the acquisition of SDDA is attributable to the anticipated profitability from holding marathon events in the new cities and the anticipated future operating synergies from the combination. The gross contractual amounts of trade receivables, and prepayments, deposits and other receivables were RMB400,000 and RMB18,586,000 respectively, of which RMB Nil is expected to be uncollectible.

SDDA contributed revenue of RMB Nil and loss of RMB59,827,000 in the period between 1 July 2018 and 31 December 2018. If the acquisition had been completed on 1 January 2018, total Group revenue for the year ended 31 December 2018 would have been RMB461,485,000 and profit for the year ended 31 December 2018 would have been RMB37,272,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2018, nor is intended to be a projection of future results.

Notes to the Interim Financial Information

28.ACQUISITION OF A SUBSIDIARY

On 23 November 2018, the Group obtained the entire equity interest of First AI Sports Technology (Shenzhen) Co., Ltd. (“**First AI**”) (which holds 51.02% of the equity interest in Beijing Xinglian Lihe Technology Co., Ltd. (“**Xinglian Lihe**”), its non-wholly-owned subsidiary). First AI is engaged in the service provision for the live broadcasting of large-scale tournaments and marathon timing, while Xinglian Lihe is engaged in the service provision for the live broadcasting and video production of large-scale tournaments. Before the acquisition of both First AI and Xinglian Lihe, they were parts of the service providers to the Group in providing live broadcasting, marathon timing and video production for the marathon events organised by the Group in the PRC. The acquisition is part of the Group’s strategy to strengthen and enhance the Group’s capability in the field of marathon events’ live broadcasting, marathon timing and video production, while to enhance the commercial loop of events operation and marketing, and sports services for marathon events and sporting technology through establishing a database information system for runners. Details of the acquisition are set out in the Company’s announcements dated 23 November 2018 and 13 December 2018 respectively.

The fair value of the identifiable consolidated assets and liabilities of First AI and Xinglian Lihe at the date of acquisition are as follows:

	RMB’000
Net consolidated assets acquired:	
Property, plant and equipment	7,221
Intangible assets	545
Inventories	282
Trade receivables	34,073
Prepayments, deposits and other receivables	51,650
Cash and cash equivalents	2,799
Trade and other payables, and contract liabilities	(49,838)
Total identifiable consolidated net assets at fair value	46,732
Non-controlling interests	(6,577)
Total consideration	40,155 (180,000)
Goodwill	(139,845)
Total consideration:	
Satisfied by cash	171,398
Consideration payable	8,602
	180,000
Net cash outflow arising on acquisition:	
Cash consideration paid	171,398
Cash and cash equivalents acquired	(2,799)
	168,599

28. ACQUISITION OF A SUBSIDIARY (Continued)

The goodwill arising on the acquisition of First AI (consolidating Xinglian Lihe) is attributable to the anticipated future operating synergies from the combination. The gross contractual amounts of trade receivables, and prepayments, deposits and other receivables were RMB34,073,000 and RMB51,650,000 respectively, of which RMB Nil is expected to be uncollectible.

First AI (consolidating Xinglian Lihe) contributed consolidated revenue of RMB2,241,000 and consolidated loss of RMB12,017,000 in the period between 24 November 2018 and 31 December 2018. If the acquisition had been completed on 1 January 2018, total Group revenue for the year ended 31 December 2018 would have been RMB489,622,000 and profit for the year ended 31 December 2018 would have been RMB67,312,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2018, nor is intended to be a projection of future results.

29. CONTINGENT LIABILITY

As at 30 June 2019, the Group has a contingent liability of RMB35,000 relating to a litigation matter undergoing in the PRC about a labour dispute (31 December 2018: RMB1,900,000 about litigation and arbitration matters of service requisitions and labour disputes). The Directors are of the opinion that the ultimate liability, if any, would not be material to the Group's financial position given that claims are contested with uncertain final outcome of proceedings.

30. COMMITMENTS

(a) Strategic cooperation agreement with a sports-related organisation commitment

As at 31 December 2018, the Group has a strategic cooperation with Asia Athletics Association with an exclusive right granted to the Group for organising a marathon event organised and operated by the above organisation in 2019. During the six months ended 30 June 2019, the Group made the payment to Asia Athletics Association for a marathon event to be held in the second half of 2019.

According to the strategic cooperation agreement, the future committed payments as at 31 December 2018 is as follows:

	31 December 2018 RMB'000 (audited)
Within one year	1,953

Notes to the Interim Financial Information

30. COMMITMENTS (Continued)

- (b) Capital commitments contracted for but not provided for at the end of the reporting period:

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Property, plant and equipment	9,680	27,565
Capital contribution to a financial asset at fair value through other comprehensive income	–	45,000
	9,680	72,565

31. RELATED PARTY TRANSACTIONS

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

- (i) *Related party transactions*

	Six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Purchase – Events operation fee expense – SDDA (note (b))	–	13,849
Acquisition of a right-of-use asset – Shenzhen Wisdom Sports Technology Limited ("SZWS") (note (a))	440	–
Return of investment cost from an associate – SEG ZM (note 19(b))	3,000	–

31. RELATED PARTY TRANSACTIONS (Continued)

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

(ii) Related party balances

	30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Other receivables from SZWS <i>(note (a))</i>	2,977	2,977
Advance to SZWS <i>(note (a))</i>	1,073	1,073
Other receivable from 深圳翱行投资有限公司 (“SZRX”) <i>(note (c))</i>	1,462	1,462
Other receivable from SEG ZM <i>(note 19(b))</i>	2,000	–
Lease liability to SZWS <i>(note (a))</i>	(372)	–

Notes:

(a) Ms. Ren Wen indirectly holds the controlling shareholding interest in SZWS. Other receivables arise from the receipt by SZWS on behalf of the Group, and advance relates to routine business activities as at 30 June 2019 and 31 December 2018.

Lease liability relates to a right-of-use asset obtained through a lease from SZWS during the six months ended 30 June 2019.

(b) In 2017, ZMWH entered into an agreement with SDDA, to obtain the operating right of a marathon event, Running in China and paid the events operation fee for assisting with the organisation of marathon events.

SDDA ceased to be an associate of the Group since 30 June 2018 upon the completion of acquisition of a subsidiary through step acquisition of SDDA (see note 27 to the interim financial information).

(c) Ms. Ren Wen indirectly holds the controlling shareholding interest in SZRX. The balances as at 30 June 2019 and 31 December 2018 represent the rental income receivables regarding the property leased in 2016 and other receipt by SZRX on behalf of the Group.

Notes to the Interim Financial Information

31. RELATED PARTY TRANSACTIONS (Continued)

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

	Six months ended 30 June	
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Directors' fees	369	302
Salaries and allowances	1,918	3,185
Share-based payments	9	31
Retirement benefit scheme contributions	158	154
	2,454	3,672

32. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 under the modified retrospective approach with no restatement on the comparative information. Details of changes in accounting policies are disclosed in note 3 to this interim financial information.

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