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
美其体魄

2020 ANNUAL REPORT

为健康
为快乐

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Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Hao Bin

AUTHORISED REPRESENTATIVES

Ms. Hao Bin
Mr. Sheng Jie

COMPANY'S REGISTERED OFFICE

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

COMPANY'S HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

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

HONG KONG LEGAL ADVISER

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

WEBSITE

www.wisdomsports.com.cn

Chairlady's Statement

Dear Shareholders,

2020 was the most difficult year for Wisdom Sports Group (the "**Company**") and its subsidiaries (collectively, the "**Group**"). The spread of the novel coronavirus pandemic severely impacted the global sports industry, and many major international and domestic sports events had to be postponed or cancelled. It is estimated that the decline in the global sports economy will range from 50% to 60%, representing an estimated amount of USD60 billion.

As a large-scale event operator in China, the Group made research and judgments at the beginning of the pandemic and determined that the Company's goal for the year was to decisively reduce costs in all aspects and increase the return on investment and wealth management funds, and try our best to reduce losses of the Company in the circumstances that the events could not be held normally, so as to ensure stable and sound cash flows available to be immediately reinvested in the business after the end of the pandemic. Throughout the year, large-scale domestic events were only held in a short time window between November and December, and the relevant local governments decided to postpone the holding of all the events to which the Group had operating rights this year to avoid the risk of spreading the pandemic caused by highly crowded gathering during the events. Meanwhile, we, together with governments, also actively planned and held two online marathon activities to meet the needs and anticipation of runners.

Along with the great success in the pandemic prevention and control in China, as well as the injection of over 100 million doses of vaccines so far, as the spring flowers are blooming, we once again see the active participation of runners. Many large-scale sports events will be launched in April 2021, and the events operation industry will gradually resume operation. Based on the review and judgment on the situation, the Group also convened our team to resume work promptly in an orderly manner and actively devote to normal business operations. The events to which the Group has operating rights will be held in the second half of the year 2021 as stipulated in the contracts. While proactively preparing for the events to be held as scheduled in the contracts, the event staff are also actively communicating with local governments to develop new events. The Group never stops the research and discussion on business development and investment opportunities in the sports industry and cross-industry related fields to avoid the risks of operating marathon events only.

Chairlady's Statement

2021 will also be an extremely hard year for events operators. It will take some time for major event sponsors to resume their marketing communication from the impact of the pandemic. For the Group, the purpose of this year is to organise events as per schedule as set out in the contracts, focus on the development of small and medium-scale events and enterprise customised events, and create an "innovative" events platform with our sincerity for more runners to meet the needs of sports people for various events.

The Group has also developed a strategy for events operation under the regularised pandemic prevention and control with an aim to balance the relationship between crowded gathering and pandemic prevention and control in large-scale events in an active way so as to create safe, healthy and positive events and provide a more secure and comfortable events platform for sports people.

In 2021, we will continue to work hard and wish everyone good health and all the best.

Yours sincerely,
Ren Wen
Chairlady

Management Discussion and Analysis

GROUP OVERVIEW

2020 was a difficult year for athletes because the worldwide spread of the novel coronavirus (the "**COVID-19**") pandemic materially impacted the sports industry. Due to the need to strictly control the spread of the pandemic, the operation of the global sports industry and major international and domestic events were cancelled or postponed. The sports industry therefore became a land of wailing and despairs, and many participants in the sports industry had to wait for the end of the pandemic before sports events would be resumed.

As an operator of many marathon events in the People's Republic of China (the "**PRC**"), the Group was also materially and adversely impacted by the pandemic. As marathons are regarded as highly crowded gathering events, only a few marathon events were allowed to be held throughout 2020. Given the pressure of pandemic prevention and control, governments in many cities decided to postpone the holding of the marathon events to avoid mass people movement and gathering caused by the events, which would increase the risk of spreading the pandemic. The holding of the marathon events to which the Group had operating rights were also postponed at the decision of the governments in the cities where such events should have been held during the period stipulated in the contracts. As such, the Group made efforts to meet the needs of runners by holding online running events including the Nanchang Marathon* (南昌馬拉松) and the Shenzhen Marathon* (深圳馬拉松) to compensate for the disappointment from the postponement of other marathon events.

Taking into account various factors such as the severity and high infectivity of the pandemic, the management of the Group accurately predicted the prolonged outbreak of the pandemic in early 2020, and promptly decided to reduce the operating costs of the Company and prepare for the "cold winter" during the outbreak of the pandemic. Unless necessary, our staff were required to stay home in order to reduce the chances of being contracted with COVID-19 while maintaining the smooth operation of the Company at the lowest costs and expenses to maintain healthy cash flow position and improve its core competitiveness in the industry so that the Company can restart quickly after the pandemic.

Under the current situation, the Group successfully won the bid for the operating rights of the Lu'an Marathon* (六安馬拉松), held the online events in relation to the Nanchang Marathon* (南昌馬拉松) and the Shenzhen Marathon* (深圳馬拉松), and participated in the bidding for the operating rights of the Rongcheng Marathon* (榮成馬拉松) and other projects. The events operated by the Company won many awards from the International Association of Athletics Federations and the Chinese Athletics Association* (中國田徑協會). Among them, the Shenzhen International Marathon* (深圳國際馬拉松) was once again named an international gold label track race, and the Nanchang International Marathon* (南昌國際馬拉松) and the Changsha International Marathon* (長沙國際馬拉松) were named the international silver label track races; while in the selection activities organised by the Chinese Athletics Association* (中國田徑協會), the Company received 11 honours, including six gold medal events, two silver medal events, one bronze medal event and two characteristic events. The Group has always maintained a leading position among the marathon operators in the PRC.

Meanwhile, the Group constantly conducts market research for obtaining new projects, including market opportunities in paddle sports, winter sports, youth training and other fields, and prepares basic research and market analysis for project planning in related fields for 2021.

* for identification purpose only

On this basis, the Group is also purchasing wealth management and financial products to earn capital gains to replenish the operating cash flow of the Company. The Group continues to capture investment opportunities in sports, finance and other related fields, aiming to create a two-wheel driving development model in the "sports + finance" field.

OUTLOOK OF THE INDUSTRY AND THE GROUP

At the beginning of 2021, pandemic prevention and control in the PRC achieved great success, and rapidly made breakthroughs in the research, development and vaccination of vaccines, which brought the pandemic under a preventable and controllable situation. For the sports industry and enterprises in the industry, the most difficult time has passed. Although the Chinese Athletics Association* (中國田徑協會) still does not approve the holding of marathon events before 31 March 2021 in the PRC, people are confident that the sports competitions and market will gradually reopen after March 2021 and it is expected that there will be a rebound from the lowermost.

The Group has also actively made work deployment for this year based on its judgment of the situation. In particular, the Group has arranged staff to resume working in the office in an orderly manner, carried out overall planning and marketing preparations for the events that remain within the contract terms, connected with local governments, actively conducted event development, participated in bidding and tendering, and focused on the exploration of small-scale events, enterprise customised events and other fields on top of the original large-scale urban marathon events to avoid the adverse impact of the pandemic on large-scale crowd gathering events. The Group believes that it will be able to bring more innovative sports events with its sincerity to runners in 2021. Meanwhile, according to the experience of the rapid development of sports performance industry after the severe acute respiratory syndrome (SARS) epidemic in 2003, the Group believes that active participation in the projects within the athletic performance field will effectively improve the profitability of the Group.

Although the pandemic dragged down the development of the sports industry, for sports event operators such as the Group and participants in the sports industry, our passion and obsession for sports have never diminished, and we are still positive and optimistic about the long-term and rapid development of the sports industry in the future. In the PRC, people's enthusiasm for health and sports involvement is increasing day by day, so we will also continue to forge ahead on the path of sports industry development and make our due contributions with an aim to be well received and reputed by consumers.

FINANCIAL REVIEW

During the year ended 31 December 2020 (the "**Reporting Period**"), the Group had two business divisions which represented two reportable operating segments, namely:

(a) the Events Operation and Marketing segment, which mainly provides marketing services in conjunction with sports-related competitions. Its revenue includes mainly corporate sponsorship income; and

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

Revenue

The Group's revenue decreased by approximately 94.4% to RMB8.9 million for the year ended 31 December 2020 from RMB159.0 million for the year ended 31 December 2019, which was mainly due to the fact that the sports events could not be organised as scheduled as a result of the outbreak of the COVID-19 pandemic. Details based on reportable segments are as follows:

* for identification purpose only

- Revenue of the Events Operation and Marketing segment decreased by 99.1% to RMB0.7 million for the year ended 31 December 2020 from RMB74.2 million for the year ended 31 December 2019; and

- Revenue of the Sports Services segment decreased by approximately 90.3% to RMB8.2 million for the year ended 31 December 2020 from RMB84.8 million for the year ended 31 December 2019.

Cost of Services

The Group's cost of services decreased by approximately 95.0% to RMB9.3 million for the year ended 31 December 2020 from RMB186.7 million for the year ended 31 December 2019, which was mainly due to the fact that the sports events could not be organised as scheduled as a result of the outbreak of the COVID-19 pandemic. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment decreased by 100% to RMB Nil for the year ended 31 December 2020 from RMB123.1 million for the year ended 31 December 2019; and

- Cost of the Sports Services segment decreased by approximately 85.4% to RMB9.3 million for the year ended 31 December 2020 from RMB63.6 million for the year ended 31 December 2019.

Gross Loss and Gross Loss Margin

As a result of the aforementioned factors, the gross loss of the Group decreased by approximately 98.6% to RMB0.4 million for the year ended 31 December 2020 from RMB27.7 million for the year ended 31 December 2019, and the gross loss margin decreased to approximately 4.5% for the year ended 31 December 2020 from 17.4% for the year ended 31 December 2019. The changes in both gross loss and gross loss margin were mainly due to the fact that the sports events could not be organised as scheduled as a result of the outbreak of the COVID-19 pandemic. Details based on reportable segments are as follows:

- As a result of the foregoing changes in revenue and cost of services of the Events Operation and Marketing segment, the Group recorded a gross profit for the Events Operation and Marketing segment of RMB0.7 million for the year ended 31 December 2020 as compared to a gross loss of RMB48.9 million recorded for the year ended 31 December 2019, representing an increase of approximately 101.4% in gross profit. The Group recognised a gross profit margin of 100.0% for the year ended 31 December 2020 as compared to a gross loss margin of 65.9% for the year ended 31 December 2019; and

- 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 RMB1.1 million for the year ended 31 December 2020 as compared to a gross profit of RMB21.2 million recorded for the year ended 31 December 2019, representing a decrease of approximately 105.2% in gross profit. The Group recognised a gross loss margin of 13.4% for the year ended 31 December 2020 as compared to a gross profit margin of 25.0% for the year ended 31 December 2019.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 91.6% to RMB1.9 million for the year ended 31 December 2020 from RMB22.5 million for the year ended 31 December 2019. The decrease was mainly attributable to the optimisation of labour cost by the Group and the decrease in promotion and marketing consultancy fees due to the fact that the sports events could not be organised as scheduled as a result of the outbreak of the COVID-19 pandemic.

General and Administrative Expenses

The Group's general and administrative expenses decreased by approximately 33.1% to RMB45.5 million for the year ended 31 December 2020 from RMB68.0 million for the year ended 31 December 2019. This decrease was mainly due to the enhancement of daily expenses management and optimisation of labour cost by the Group.

Other Income

The Group's other income increased by approximately 0.6% to RMB17.8 million for the year ended 31 December 2020 from RMB17.7 million for the year ended 31 December 2019.

Other Losses

The Group's other losses decreased by approximately 97.5% to net losses of RMB10.0 million for the year ended 31 December 2020 from the net losses of RMB397.9 million for the year ended 31 December 2019. The decrease 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 during last year; (ii) the write-off of an exclusive operating right to a "Running in China"* (奔跑中國) 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 during last year; and (iii) the increase in gain on disposals of listed equities of financial assets at fair value through profit or loss for the year ended 31 December 2020.

Loss before Income Tax

As a result of the foregoing, the Group's loss before income tax decreased by 91.8% to RMB40.9 million for the year ended 31 December 2020 from RMB499.9 million for the year ended 31 December 2019.

Income Tax Credit

The Group's income tax expense was RMB5.6 million for the year ended 31 December 2020 while the income tax credit was RMB15.3 million for the year ended 31 December 2019. The change was mainly due to the reversal of deferred tax liability upon the write-off of an exclusive operating right to a "Running in China"* (奔跑中國) marathon event under intangible assets of SDDA during last year.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company decreased by 90.3% to RMB44.0 million for the year ended 31 December 2020 from RMB455.1 million for the year ended 31 December 2019.

Cash Flow

As at 31 December 2020, the Group's cash and cash equivalents amounted to approximately RMB137.7 million as compared to that of approximately RMB167.3 million as at 31 December 2019.

Working Capital

The Group's net current assets increased by approximately 2.5% to RMB319.8 million as at 31 December 2020 from RMB312.1 million as at 31 December 2019. This shows that the Group's net current assets were maintained at a relatively high level that can adequately meet its daily working capital requirements and finance the business development.

* for identification purpose only

Capital Expenditure

The Group's total expenditure on the acquisition of property, plant and equipment amounted to RMB58.5 million for the year ended 31 December 2020 (year ended 31 December 2019: RMB1.5 million).

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 (the "**Prospectus**") was completed on 24 June 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 July 2013. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group. As at the date of this annual report, no option has been exercised. The options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group. As at the date of this annual report, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the year ended 31 December 2020.

CHARGE ON ASSETS

As at 31 December 2020, there was no charge on the Group's assets (2019: Nil).

CONTINGENT LIABILITIES

As at 31 December 2020, the Company had no material contingent liabilities (2019: RMB2.3 million relating to a litigation matter of a breach of contract for the provision of Events Operation and Marketing services).

CONTINGENCIES

External Guarantees

The Group confirmed that, for the year ended 31 December 2020, the Group had not provided any external guarantees.

ASSETS WITH RESTRICTED OWNERSHIP

The Group confirmed that, for the year ended 31 December 2020, the Group had no assets with restricted ownership.

ADVANCE TO ENTITY PROVIDED BY THE COMPANY

During the year ended 31 December 2020, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

PLEDGING OF SHARES BY CONTROLLING SHAREHOLDERS

As at 31 December 2020, the controlling shareholders had not pledged all or part of their interests in the shares of the Company to secure the Company's debts or to secure guarantees or other support of their obligations.

BREACH OF LOAN AGREEMENT

As at 31 December 2020, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY

During the year ended 31 December 2020, the Company had not provided any financial assistance and guarantees to affiliated companies of the Company which is subject to disclosure requirements under Rule 13.22 of the Listing Rules.

FINANCIAL RATIO

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

Financial Ratios	As at 31 December 2020	2019
Current Ratio	**765.1%**	-445.4%
Other ratio as appropriate	**N/A**	N/A

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

Subscriptions to the Baoying A-001 Private Investment Fund* (寶盈A-001號私募投資基金)

On 21 April 2020, Shenzhen Wisdom Sports Industry Co., Ltd.* (深圳智美體育產業有限公司) ("**Shenzhen Wisdom**"), a wholly-owned subsidiary of the Company, subscribed to the Baoying A-001 Private Investment Fund* (寶盈A-001號私募投資基金) (the "**Fund**") with RMB50 million (the "**Subscription**"), which was managed by Qianhai Century Fund Management Co., Ltd.* (前海世紀基金管理有限公司) (the "**Fund Manager**"). The Fund invests in "**Jubao No.1 Private Investment Fund**"* (鉅寶1號私募投資基金), which invests in various monetary instruments, bonds, bond funds, and other fixed incomes and fixed-class income products. As the Subscription had matured, Shenzhen Wisdom had made subsequent subscriptions to the Fund (the "**Further Subscriptions**"). The Fund does not guarantee to capital protection and minimum return. The expected annualised rate of return also differs based on each subscription.

The Group has been constantly looking for business opportunities to enhance shareholders' value while abiding to the internal investment policy of the Group. In light of the current low interest rates on bank deposits and the stable return of the Fund, the board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of the Company is of the view that the Subscription and the Further Subscriptions will enable the Company to continue to utilise its Renminbi surplus cash reserves more efficiently. Pursuant to Rule 14.22 of the Listing Rules, as the Subscription and the Further Subscriptions were entered into between Shenzhen Wisdom and the Fund Manager within a 12-month period, the Subscription and Further Subscriptions were considered and were aggregated as one transaction (the "**Transaction**"). The Further Subscriptions had expired as at 31 December 2020. For the financial year ended 31 December 2020, the Group had recognised return of approximately RMB1,413,227 from the Transaction. The Transaction constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 21 April 2020, 5 June 2020, 13 July 2020, 24 August 2020 and 11 November 2020, respectively.

* for identification purpose only

On 2 April 2020, Beijing Wisdom Sports Culture Co., Ltd.* (北京智美體育文化有限公司), a wholly-owned subsidiary of the Company, also subscribed to a certain portion of the Fund with RMB32 million and withdrew its subscription of the Fund before the maturity date. During the subscription holding period, the Group had recognised return of approximately RMB95,386 from the transaction. This transaction constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 2 April 2020 and 20 April 2020, respectively.

Investment in the Zhixin No.1003 Trust Scheme* (至信1003號集合資金信託計劃)

On 12 May 2020, Shenzhen Wisdom entered into a trust scheme agreement (the "**Minsheng Trust Scheme Agreement**") with China Minsheng Trust Co., Ltd., ("**Minsheng Trust**") pursuant to which Shenzhen Wisdom agreed to invest in the Zhixin No.1003 Trust Scheme* (至信1003號集合資金信託計劃) (the "**Minsheng Trust Scheme**") offered by Minsheng Trust for RMB34 million (the "**Minsheng Investment**"). Pursuant to the terms of the Minsheng Trust Scheme Agreement, Minsheng Trust will utilise the investment contribution by investing in the underlying assets of a third-party company, namely, Sunac Hetai (Tianjin) Factoring Limited* (融創和泰(天津)商業保理有限公司) ("**Sunac Hetai**"). The underlying assets are in the form of receivables derived from the sale of commercial housing projects conducted by certain subsidiaries of Sunac China Holdings Limited ("**Sunac**"). Upon completion of the sale of the commercial housing projects, the receivables will be transferred to Sunac Hetai and Sunac Hetai will distribute the earnings to the Minsheng Trust Scheme whereby the beneficiaries will receive the payouts based on their respective investment proportions plus the annualised rate of return. The Minsheng Investment does not guarantee to capital protection and minimum return. The expected annualised rate of return is 4.7%. The Board is of the opinion that investments in short-term wealth management products such as the Minsheng Trust Scheme will improve the Group's efficiency on capital utilisation, earn extra return on investment and combat inflation while not affecting the Group's daily cash flows. The Minsheng Investment had expired as at 31 December 2020. For the financial year ended 31 December 2020, the Group had recognised return of approximately RMB271,441 from the Minsheng Investment. The Minsheng Investment constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 12 May 2020 and 18 May 2020, respectively.

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

On 7 April 2020, Beijing Wisdom Sports Industry Co., Ltd.* (北京智美體育產業有限公司) ("**Beijing Wisdom Sports**"), a wholly-owned subsidiary of the Company, entered into a trust scheme agreement (the "**Chang'an Trust Scheme Agreement**") with Chang'an International Trust Co., Ltd. ("**Chang'an Trust**"), pursuant to which Beijing Wisdom Sports agreed to invest in the Chang'an Trust – Wenjian Zengli No.1 Trust Scheme* (長安信託 • 穩健增利1號集合資金信託計劃) (the "**Chang'an Trust Scheme**") established by Chang'an Trust for RMB40 million (the "**Chang'an Investment**"). The Chang'an Trust Scheme will invest in, among others, various monetary instruments, bonds, bond funds, and other fixed income products and other short-term financial instruments with low risk and high liquidity. As the Chang'an Investment had matured, Beijing Wisdom Sports had re-invested in the Chang'an Trust Scheme (the "**Chang'an Re-investments**"). The Chang'an Trust Scheme does not guarantee to capital protection and minimum return. The expected annualised rate of return also differs based on each investment.

* for identification purpose only

The Board is of the opinion that investments in short-term wealth management products such as the Chang'an Trust Scheme will improve the Group's efficiency on capital utilisation, earn extra return on investment and combat inflation while not affecting the Group's daily cash flows. Pursuant to Rule 14.22 of the Listing Rules, as the Chang'an Investment and Chang'an Re-investments were conducted within a 12-month period, the Chang'an Investment and Chang'an Re-investments were considered and were aggregated as one transaction (the "**Chang'an Investments**"). As at the date of this annual report, the Group had recognised approximately RMB1,531,682 from the Chang'an Investments and the fair value of the Chang'an Investment and the Chang'an Re-investment as at 31 December 2020 was approximately RMB28.3 million. The change in fair value for the year ended 31 December 2020 was approximately RMB0.3 million. The size of the Chang'an Investment and Chang'an Re-investment as compared to the Group's total assets as at 31 December 2020 was approximately 4.66%. The Chang'an Investments constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 7 April 2020, 15 July 2020, 21 October 2020 and 12 April 2021, respectively.

Investment 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）)

On 11 January 2019, 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) to subscribe the investment of RMB50.0 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. This transaction constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 11 January 2019.

Jiangxi Wisdom currently holds 2.19% interest in the U.S.-China Green Fund. As at 31 December 2020, the fair value of the U.S.-China Green Fund was approximately RMB60.0 million and recorded a loss in fair value of approximately RMB6.2 million for the financial year ended 31 December 2020. The size of the investment as compared to the Group's total assets as at 31 December 2020 was approximately 9.87%.

Save as disclosed in this annual report, the Company had no other significant investment, acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2020 and, as at the date of this annual report, has no specific plans for significant investment or acquisition of material capital assets in the future.

LITIGATION

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

As at the date of this annual report, bankruptcy proceedings against the Arena Company (the "**Bankruptcy Proceedings**") have been initiated by its creditors and the Group, being one of its creditors, has lodged its creditor's application to claim against the Arena Company for outstanding debts and the Legal Proceedings have been subsequently withdrawn.

As at the date of this annual report, the Bankruptcy Proceedings have not been concluded.

* for identification purpose only

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Proposed and termination of placing of new shares

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

On 15 February 2021, the Company entered into a supplemental placing agreement (the "**Supplemental Placing Agreement**") with the Placing Agent, pursuant to which the Placing Agent and the Company agreed that the placing price should be revised from HK$0.232 per Placing Share to HK$0.235 per Placing Share.

It was expected that the gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing would be approximately HK$74.87 million and approximately HK$72.62 million, respectively, and the Company would apply the net proceeds towards the business development of the Group and general working capital.

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

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

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

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

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

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

The April reinvestment in the Chang'an Trust Scheme

On 12 April 2021, the Group further reinvested in the Chang'an Trust Scheme with RMB50.0 million. For details, please refer to the announcement of the Company dated 12 April 2021.

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

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

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

The Board is of the view that throughout the year ended 31 December 2020, the Company has complied with the code provisions as set out in the CG Code, save as disclosed in this Corporate Governance Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the year ended 31 December 2020, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the year ended 31 December 2020.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guideline**s") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the year ended 31 December 2020.

BOARD OF DIRECTORS

The Board comprises the following Directors:

Executive Directors

Ms. Ren Wen *(Chairlady of the Board and of the Nomination Committee, ceased to be the president of the Company with effect from 3 September 2020)*
Mr. Sheng Jie *(Vice chairman of the Board)*
Mr. Song Hongfei *(re-designated from vice president to president of the Company with effect from 3 September 2020, member of the Remuneration Committee)*
Ms. Hao Bin

Independent Non-executive Directors

Mr. Chen Zhijian *(Chairman of the Audit Committee and member of the Remuneration Committee)*
Mr. Ip Kwok On Sammy *(Member of the Audit Committee and the Nomination Committee)*
Mr. Jin Guoqiang *(Chairman of the Remuneration Committee, member of the Audit Committee and the Nomination Committee)*

Throughout the year ended 31 December 2020, the Board held four meetings. The attendance records of the Board meetings are set out under "Attendance Records of Directors and Committee Members" in this Corporate Governance Report.

The biographical information of the Directors are set out in the section headed "Directors, Senior Management and Employees" on pages 69 to 71 of this annual report. None of the members of the Board is related to one another.

Chairlady and Chief Executive

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, was also the president of the Company (the "**President**") and is mainly responsible for the implementation of the strategic layout of the Group.

On 3 September 2020, Ms. Ren Wen stepped down as the President and remains as an executive Director and the chairlady of the Board. Mr. Song Hongfei, who is an executive Director and vice-president of the Company, was re-designated as the President and remains as an executive Director. Following the change of President, the Company has re-complied with code provision A.2.1 of the CG Code. For details, please refer to the Company's announcement dated 3 September 2020.

Independent Non-executive Directors

During the year ended 31 December 2020, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

In accordance with the Company's Articles of Association, all Directors are subject to retirement by rotation and re-election at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and shall be eligible for re-election at such meeting. Any Director appointed as an addition to the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at that meeting.

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

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

Continuous Professional Development of Directors

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

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

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

During the year ended 31 December 2020, the Directors have participated in continuous professional development by attending seminars, in-house briefings or reading materials on the following topics to develop and refresh their knowledge and skills:

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

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

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

Remuneration of Directors and Senior Management

The remuneration of Directors and the members of the senior management by bands for the year ended 31 December 2020 is set out below:

Remuneration bands	Number of persons
Nil to HKD1,000,000	7
HKD1,000,001 to HKD2,000,000	1

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

BOARD COMMITTEES

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

Audit Committee

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

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

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

The Audit Committee held two meetings during the year ended 31 December 2020 to review annual financial results and report in respect of the year ended 31 December 2019 and interim financial results and report in respect of the six months ended 30 June 2020 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, internal audit function, scope of work and appointment of external auditor, connected transactions and arrangements for employees to raise concerns about possible improprieties. The external auditor was invited to attend the meetings. The attendance records of the Audit Committee are set out under "Attendance Records of Directors and Committee Members".

During the year ended 31 December 2020, the Audit Committee met the external auditor twice. The Audit Committee also met the external auditor and the internal control department once without the presence of the executive Directors.

Remuneration Committee

The Company established the Remuneration Committee on 14 June 2013 with written terms of reference in compliance with code provision B.1 of the CG Code.

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

The primary duties of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held two meetings during the year ended 31 December 2020 to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee are set out under "Attendance Records of Directors and Committee Members".

Nomination Committee

The Company established the Nomination Committee on 14 June 2013 with written terms of reference in compliance with code provision A.5 of the CG Code.

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

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

The Nomination Committee held two meetings during the year ended 31 December 2020 to review the structure, size and composition of the Board, the independence of the independent non-executive Directors, to consider and recommend to the Board on the Directors standing for re-election at the annual general meeting and to make recommendation, if applicable, to the Board on the diversity policy of the Board (the "**Board Diversity Policy**") and the director nomination policy (the "**Director Nomination Policy**") of the Company. The Nomination Committee also considered that an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of the Nomination Committee are set out under "Attendance Records of Directors and Committee Members".

Director Nomination Policy

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

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

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

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

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

Board Diversity Policy

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

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

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

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

At present, the Nomination Committee considered that the Board is sufficiently diverse, and the Board has not adopted any measurable objective.

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

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

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

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance records of each Director at Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2020 are set out in the table below:

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

Apart from regular Board meetings, the chairlady of the Board also held one meeting with the independent non-executive Directors without the presence of the other Directors during the year ended 31 December 2020.

RISK MANAGEMENT AND INTERNAL CONTROLS

1. Responsibility

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

2. Control Structure of Risk Management and Internal Control

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

The Audit Committee is responsible for assisting the Board to evaluate and oversee the extent of the risks the Group takes, the design and implementation of risk management and internal control systems; and reporting to the Board after properly reviewing the effectiveness of annual risk management and internal control systems of the Group.

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

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

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

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

3. Risk Management

3.1 Risk Management Objectives

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

- Identify, evaluate, analyse, respond to and monitor all existing and future significant risks, and maintain the risks within the acceptable levels of risk that the management can take;

- Build sustainable and effective monitoring and reporting mechanism for all significant risks;

- Provide rational assurance for the Company to follow requirements of relative laws and regulations of external supervision agencies, and for all departments to follow the Company's relative internal rules and regulations; and

- Provide rational assurance for execution of major measures aiming to achieve corporate objectives.

3.2 Main Process of Risk Management

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

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

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

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

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

3.3 Significant Risks

The Group has conducted the process of risk identification and assessment according to the corporate risk management framework in 2020. Such significant risks of the Group and their nature and extent of change, their respective key strategies/control measures are set out below:

Risk Category	Risk Description	Risk Control Measures	Risk Change Trend
Operational risk	**Risk of single business** With the global spread of the novel coronavirus (COVID-19) pandemic, sports industry operators suffered severe impact in their events operation and marketing business due to the prevention and control of the pandemic. Since the Company's main business is events operation and marketing, its business operation and financial performance were unsatisfactory due to the impact of the pandemic. The single business operation model is not strong enough to resist risks, any occurrence of special circumstances will damage the performance of the Company.	On the one hand, the Company reduced operating costs to save expenses, on the other hand, it was also conducting market research on various other businesses, so as to avoid the risk of a single business through new business development when the sports events business is hindered. In addition, the Company also invested in low-risk treasury products to broaden its sources of income.	Increase

Risk Category	Risk Description	Risk Control Measures	Risk Change Trend
Human resources Risk	**Risk of staff turnover** With the global spread of the COVID-19 pandemic, companies in sports industry were generally stagnant and unable to operate events normally for a long time, employees were mostly on standby, and some of the employees might choose to join other industries in consideration of their own income status to increase their financial resources, which could lead to employees turnover.	The Company strived to provide certain guarantee for the remaining employees, resumed operation according to the pandemic development, and recruited relevant professional personnel to supplement the number and capacity of professionals in the operation team so as to ensure that the Company's events organisation and execution were not affected.	Equal
Event operation risk	**Risk of losing customers** Affected by the pandemic, many events operators were unable to organise and execute events throughout the year, resulting in the loss of operating rights to the events upon expiry of the original contract period. Since no events could be organised, the rights and interests entitled to long-term contracted sponsors could not be guaranteed, which might cause loss of customers and other situations.	The Company actively maintained daily working relationships with governments, sports bureaus, sponsors, etc., and made communication on and carried out postponement of the events that cannot be organised as scheduled in advance, so that no event contracts were terminated upon expiry. Meanwhile, the Company also actively maintained the partnership and conducted effective communication with sponsors, with an aim to be uninterruptedly supported by such sponsors in events execution after events operation is reopened.	Equal

4. Internal Control

4.1 Objectives of Internal Control

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

- Properly ensure the legal compliance of business operation and management, assets security, and truthfulness and integrity of financial reports and related information;

- Improve operation efficiency and effectiveness; and

- Facilitate the enterprise to achieve development strategies.

4.2 Internal Control Framework

Based on the Committee of Sponsoring Organizations of the Treadway Commission Integrated Framework, the Group designed its internal control system by combining the business management characteristics of the Group, and specially sets up the internal control department which is responsible for the work of internal control. For the year ended 31 December 2020, the Group has carried out risk-oriented internal control evaluation on financial reporting process, fund management process, business and revenue process, cost and payment process, and asset management process, and followed up the correction of detected problems on a regular basis. The management and the Audit Committee have reviewed the internal control evaluation report and have evaluated the effectiveness of the Group's risk management and internal control systems. The review covered all material controls, including financial, operational and compliance controls.

As of 31 December 2020, the Board believes that the Group has implemented closed-loop management mechanism of internal control from planning, reviewing, reporting to follow-up. The systems of risk management and internal control were effective and adequate, and relevant procedures for financial reporting and Listing Rules compliance were effective. There were no findings of significant matters that might affect the Group's financial, operation and compliance controls as well as risk management.

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

4.3 Inside Information

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 72 to 76 of this annual report.

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

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, RSM Hong Kong, in respect of audit related services and non-audit related services for the year ended 31 December 2020 is set out below:

Service Category	Fees Paid/ Payable RMB'000
Audit related services	1,150
Non-audit related services	74
	1,224

COMPANY SECRETARY

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

In compliance with Rule 3.29 of the Listing Rules, Ms. Hao received more than 15 hours of trainings during the year ended 31 December 2020.

SHAREHOLDERS' RIGHTS

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

Convening and Putting Forward Proposals at Extraordinary General Meeting by Shareholders

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

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

Putting Forward Enquiries to the Board

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

Contact Details

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

Address:	7/F, Block 1, No. 16, Xinyuanli, Chaoyang District, Beijing, the PRC (Attention: The Investor Relations Department)
Fax:	(+86)10-84865300
Email:	ir@wisdomsports.com.cn

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

Shareholders of the Company may call the Company at (+86)10-84865300 for any assistance.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The chairlady of the Board and the Nomination Committee as well as chairmen of the Remuneration Committee and Audit Committee (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries. The 2020 Annual General Meeting of the Company ("**AGM**") will be held on 28 June 2021 and the notice of AGM will be sent to the shareholders of the Company at least 20 clear business days before the AGM.

To promote effective communication, the Company maintains a website at www.wisdomsports.com.cn where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted. The Company has also in place the Shareholders Communication Policy to ensure that its shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

DIVIDEND POLICY

The Company has adopted a policy on declaration and payment of dividends (the "**Dividend Policy**") in accordance with code provision E.1.5 of the CG Code. Pursuant to the Dividend Policy, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. In addition, the Board will also take into account the financial results, cash flow situation, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, interest of its shareholders, restrictions on payment of dividends and any other factors that the Board may consider relevant when considering the declaration and payment of dividends.

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

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

ARTICLES OF ASSOCIATION

During the year ended 31 December 2020, the Company has not made any changes to its Articles of Association. An up-to-date version of the Company's Articles of Association is available on the Company's website and the Stock Exchange's website.

Environmental, Social and Governance Report

OVERVIEW

Scope and Reporting Period

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

The Group mainly involves businesses in events operation and marketing, sports services. This ESG report covers the Group's overall performance in business operations in offices ("**office(s)**") in Beijing and Shenzhen from 1 January 2020 to 31 December 2020, unless otherwise stated.

However, unlike the previous year, the Group was unable to hold large-scale marathons and other sports events this year due to social distancing principle under the pandemic situation. Therefore, compared to data of the previous year, the disclosed data varied with a relatively large extent.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with us by phone at (+86) 10-84865300 or email at ir@wisdomsports.com.cn.

Stakeholder Engagement and Materiality

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

- Product and service quality
- Business ethics
- Customer privacy and corporate information protection
- Intellectual property
- Staff development and training
- Event safety
- Employee rights
- Employee retention
- Diversity and equal opportunities
- Occupational health and safety
- Social-Economic Compliance
- Marketing and labelling

The Board is committed to monitoring the above aspects and will continue to keep close communication with its stakeholders for better ESG performance, and more effective ESG risk management and internal control system.

ESG Working group or committee shall be formed to prepare for future business development and challenges as and when necessary.

The Group's Mission and Strategies

The Group has been targeting at providing more diverse products and services to all sports lovers and striving to expand the mass consumption market in sports and wellness. We keep investing in the development of various kinds of products and market research. The Group's business was affected by the COVID-19 pandemic and not able to operate at its fullest extent. It also affected our development and promotion in the consumption market segment. However, we keep putting our effort in diversification of our business and expanding to different sectors such as sports insurance, sports drinks, aiming to power the long-term development of the Group through the integration of "Industry + Finance". The Group believes that the COVID-19 pandemic will eventually pass, and the sales market of the sports industry will spring back.

A. ENVIRONMENTAL

A1. Emissions

Due to the nature of the business, the Group did not involve emissions related to manufacturing or production. The Group's business operations in Hong Kong and the PRC, are office-based, in which significant emissions were mainly related to petrol used for company-owned vehicles, electricity consumption for daily office operation and business air travel during the Reporting Period. For the marathon events to be held when the social distancing principle under the pandemic is relaxed or no longer applicable, the Group will keep tracks for the use of electricity, water and packaging materials, and strictly follow individual event's environmental impact assessment conducted by the government. The Group will look into the best way to streamline systems and processes for effective waste data collection in the coming years.

The Group strictly abides by the Environmental Protection Law of the PRC, Law of the PRC on Prevention and Control of Environmental Pollution by Solid Wastes. These laws aim to protect the environment and human health by preventing and controlling environmental pollution by solid waste and other public hazards, as well as ensuring enterprises to be responsible for their environmental impacts and liable for any damages. The Group ensures its operations do not pose significant environmental threats and actively protects natural resources. Domestic waste and recyclables from office operation are collected daily by cleaning personnel and handled by property management; Domestic and commercial waste generated from the marathon events will be collected and sorted by volunteers and municipal sanitation works.

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

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

A1.1 Air Emissions

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

Air Emissions[1]	Unit	2020	2019
Sulphur oxides ("SOx")	kg	0.18	0.82
Nitrogen oxides ("NOx")	kg	0.53	2.34
Respiratory suspended particles ("PM")	kg	0.06	0.41

Moving forward, the Group will continue to monitor closely on the usage of the Group's motor vehicle and refine the data collection system.

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

A1.2 Greenhouse Gas ("GHG") Emissions[2]

Scope of GHG Emissions	Unit	2020	2019
Scope 1 Direct Emission			
Combustion of Fuel for Mobile Sources	tonnes of equivalent CO_2	5.18	29.35
Scope 2 Indirect Emission			
Purchased Electricity[3]	tonnes of equivalent CO_2	8.85	29.17
Scope 3 Other Indirect Emission			
Paper Waste Disposal	tonnes of equivalent CO_2	0.71	3.51[4]
Business Air Travel	tonnes of equivalent CO_2	12.69	128.92
Total	tonnes of equivalent CO_2	27.43	190.95[4]
Intensity[5]	tonnes of equivalent CO_2 per employee	1.02	2.77[4]

During the Reporting Period, the major source of GHG emission was still the business air travel. As for Scope 1 direct Emission of GHG, there was around 82% decrease compared with that in 2019 due to a decrease of usage of the motor vehicles. As most of the employees worked from home under the effect of the COVID-19 pandemic, there was a 70% cut on purchased electricity compared with that in 2020. The Group will continue to monitor closely on the emission of Greenhouse gas and focus on controlling the source of Greenhouse gas emission including assessments on the necessity of business travel.

A1.3. Hazardous Waste

The Group's business did not involve significant generation of hazardous waste, thus no such data is being presented in this report. Limited amounts of hazardous waste such as toner cartridges were consumed in Beijing office and were collected by a qualified cleaning company for further handling.

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

[3] Combined margin emission factors of 0.968 kg-CO_2/kWh and 0.8367 kg-CO_2/kWh were used for purchased electricity in the Beijing office and Shenzhen office

[4] The data in 2019 were restated.

[5] Calculated based on 27 employees as at 31 December 2020 and 69 employees in 2019.

A1.4. Non-hazardous Waste

The Beijing and Shenzhen offices' operation disposed of a total of 0.15 tonnes of waste paper in the Reporting Period. The disposal amount of wastepaper had decreased- as most of the employees worked from home and less business activities under the pandemic situation. An insignificant amount of domestic waste from office was generated and handled by municipal authorities. Under the effect of the COVID-19 pandemic, we did not hold any large-scale marathon event, and the general waste generated, other than waste paper, – was negligible during the Reporting Period.

	Unit	2020	2019
Wastepaper	tonnes	0.15	0.73[6]
General waste	tonnes	N/A	49.86

A1.5. Measures to Mitigate Emissions

With business air travel as major emission from the Group during the Reporting Period, the Group shall review and reinforce existing management regulations of business travel and further encourage the use of teleconferencing system for meetings and conferences. For business travel of less than 1,300 km away, the Group encouraged employees to take trains instead of planes.

Overall, the Group continues to adopt below initiatives to reduce emissions:

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

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

A1.6. Waste Reduction and Initiatives

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

During marathon events, disposable paper cups are inevitable along the course. The Group will engage volunteers to carry out clean-ups during the races to reduce disturbance to the environment and community of where marathon events will be held. Moreover, the Group was the pioneer of the "No garbage left after the marathon" starting in 2015, in which incentives will be given to the general public to pick up trash themselves and for others after the race.

6 Wastepaper data in 2019 were restated.

The Group also maximises reuse of materials in event operations and engaged partners with qualified collectors to handle both recyclables and non-recyclable items. Each division of the operation is required to manage its waste handling and recycling. For example, contractors shall be responsible for collecting and handling their building materials and related construction waste. Mobile toilets will be managed properly during the marathon events by the Group and will be returned to suppliers for after use handling. Trash collection points with municipal garbage bins will be set up for waste collection and preventing litter on the running course.

To further reduce the environmental impacts from the marathon events in the future, the Group has adopted new technology, environmentally friendly materials, eco-products and alternative energy to prevent, reduce and/or control the generation of waste. For instance, in the previous years, some of our marathon events have already started using electric cars as sponsor vehicles, reducing both emissions and event cost. The Group will work on better data tracking and collection on non-hazardous waste generated from marathon events.

A2. Use of Resources

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

A2.1. Energy Consumption

	Unit	2020	2019
Electricity	kWh	9,171	41,876
Petrol	kWh	23,143	101,617
Total energy consumption	**kWh**	**32,314**	**143,493**
Overall Energy Intensity (marathon events)	**kWh per event**	**N/A**	**11,958**
Electricity intensity (offices[7])	**kWh per sq.m**	**24.1**	**17**
Electricity intensity (marathon events[8])	**kWh per event**	**N/A**	**2,804**

As for purchased electricity, there was a notable cut in electricity consumption which was around 78%. However, there was an increase of 42% in the electricity consumption intensity of offices as purchased electricity for Beijing office was included in the rental fee since the office relocation in mid-2019, and thus the relevant data for Beijing office is not available since mid-2019. We did not organise large-scale sport events that consume significant amount of energy in 2020.

7 The overall size of office was 1,339.09 m^2 in 2020.

8 In 2020 and 2019, there were 0 and 12 marathon events.

A2.2. Water Consumption

Beijing office consumed 88 m^3 of freshwater in 2020. For Shenzhen office, we did not consume a significant amount of freshwater since the Group only maintained a minimal number of regular employees in Shenzhen office in 2020 and they worked from home most of the time. Compared with 2019, there was an increase in water consumption of offices since we did not include the Beijing office for this data in 2019. Due to the pandemic of COVID-19, we did not organise large-scale sport events that consume significant amount of freshwater.

	Unit	2020	2019
Water consumption (offices)	m^3	**88**[9]	**114**[10]
Intensity (offices)	m^3/employee	3.52[11]	4.07
Water consumption (marathon events)	m^3	**N/A**	**1,491**
Intensity (marathon events)	m^3/event	N/A	124.25

A2.3. Energy Use Efficiency Initiatives

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

A2.4. Water Use Efficiency Initiatives

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

A2.5. Packaging Materials

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

9 The water consumption data included consumption of Beijing office, consumption of Shenzhen office was negligible.

10 Data were updated, the water consumption data included consumption of Beijing office, in addition to that of Shenzhen office.

11 The total number of employees in Beijing office in 2020 was 25, Beijing Xinglian Lihe Technology Co., Ltd., which owned the Beijing office, was disposed of by the Group in December 2020. Its employees were not included in the total number of employees of the Group at the end of the year.

A3. The Environment and Natural Resources

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

Planning of Marathon Projects

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

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

Operation of Marathon Projects

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

- The Group provides sufficient auxiliary facilities (e.g. mobile toilets) to avoid the occurrence of "urinating on the wall"; and

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

A3.1. *Significant Impacts of Activities on the Environment*

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

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

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

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

- Labour Law of the PRC
- Labour Contract Law of the PRC
- Social Insurance Law of the PRC
- The Trade Union Law of the PRC
- Employment Ordinance of Hong Kong

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

Total Employees and Daily Management

The Group had a total number of 27 employees as of 31 December 2020, in which 2-6 employees were full-time employees from the PRC. Comparing with the employee number as at 31 December 2019, there was around 61% decrease in the workforce due to the business of the Group couldn't be carried out comprehensively and natural attrition.

The Group is also committed to providing a comfortable working environment as well as diversified and enriched cultural and leisure activities for its staff. The Group continues encouraging employees to decorate their work stations according to their personal preference to create a relaxing and pleasant working environment. Team-bonding and festive activities such as cultural integration, birthday parties, traditional food cooking classes, sports competitions, and film screening were held regularly.

Remuneration

The Group provided its employees with competitive remuneration and made contributions to a series of basic social insurance, including endowment insurance, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance. It also provided other employee benefits such as medical check, and contributed to their housing provident fund.

Performance Assessment and Promotion

The Group conducted performance assessments for employees with fairness and promoted employees with outstanding performance, providing equal and strategic career paths to employees for their development and stronger management capability.

Dismissal

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

Working Hours and Rest Periods

The Group observed the provisions of the Labour Law of the PRC and ensured that the working hours of employees were limited to eight hours per day or 40 hours per week. The working hours of some employees were calculated in terms of the year, which would not exceed the statutory working hours. Besides, the Group provided full protection for paid leave entitlement, including annual leave, to its employees.

Equality, Diversity and Anti-discrimination

By upholding the principles of equality, diversity, and anti-discrimination, the Group has exercised complete respect to the legitimate rights and interests of all employees to eliminate matters related to gender discrimination, racism, and religious discrimination.

B2. Employee Health and Safety

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

Being in the event industry, employees are required to carry out frequent business trips to ensure smooth and effective commencement of event operation. Therefore, the Group provides employees specific training on health and safety risks which may arise from business trips or at work, to equip them with knowledge and skills.

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

B3. Development and Training

The Group attaches great importance to the nurturing of talent and enhancement of knowledge to satisfy the development needs of staff from various positions. At the same time, to meet the market demand and business growth, the Group recognises the significance of providing comprehensive training and development opportunities to build an outstanding sports event operation and management team. Specific training in the areas of international and local market trends, industrial standards, organisation management and business strategy were provided with a total of 19 participants. Because of the pandemic of COVID-19, the number of trainings provided had declined in 2020.

	Unit	2020	2019
Percentage of Employees Trained by Gender			
By Gender			
Male	%	63	69
Female	%	88	81
By Employment Category			
Senior Management	%	100	86
Middle Management	%	80	78
Frontline and Other Employees	%	59	73
Average Training Hours Completed per Employee			
By Gender			
Male	hours	11	50
Female	hours	13	89
By Employment Category			
Senior Management	hours	16	30
Middle Management	hours	8	60
Frontline and Other Employees	hours	12	69

Training Methods

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

B4. Labour Standards

The Group strictly complies with the Labour Law of the PRC, the Labour Contract Law of the PRC and the Provisions on the Prohibition of Using Child Labour and other laws and regulations concerning labour standards of the PRC, and there was no child labour nor forced labour working in the Group during the Reporting Period. There was no material impact to the Group's business as recruited candidates were always 20 years old or older, with a college degree or above and with full capability on carrying out civil duties. The Group made sustained efforts to safeguard the legitimate rights of its staff. The Group upholds fair and legal relationship with its employees and strictly follows the agreement written on the labour contract. A labour union has been established to guarantee the independent operation of the union under the Trade Union Law of the PRC and other relevant requirements.

2. Operating Practices

B5. Supply Chain Management

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

Environmental and Social Control on Suppliers

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

Admission of Suppliers

- The Group conducts comprehensive assessments on the qualification of its suppliers and contractors to ensure the fairness and transparency of the screening process;

- The Group carefully selects the media to cooperate with and reinforced its strong alliance with China Central Television and local satellite television stations;

- The Group classifies its sponsors into different categories and formulated different admission standards accordingly. Priorities will be given to internationally and domestically leading brand sponsors except for small events. Besides, all advertisements of the sponsors are subject to review by the Sports Event Organising Committee and local sports bureau for event operation to ensure that there are no false claims or exaggerated promotions.

Management of Suppliers

- The Group exercises dynamic management over selected suppliers and partners. Qualification of suppliers and partners are examined regularly to assure the quality and reasonable cost of products and services procured;

- In case of breach of supplier management regulations, the Group shall either issue warning to the supplier or disqualify the supplier. In case of misconduct such as environmental pollution or breach of labour standards of suppliers or partners, the Group shall also disqualify the supplier or terminate the partnership.

B6. Product Responsibility

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

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

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

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

Professional Sports Services

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

The Group has also set up an organising committee and customer service hotline and emails as proper channels to collect and handle customers' and participants' feedback. There were no complaints received related to products and service provided during the Reporting Period.

Safe Sports Service

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

Application

- The Group has formulated stringent application requirements based on the conditions of the marathon events: Applicants for marathon events may be required to provide certified medical examination reports dated within one year or post-marathon reports, etc.

- The Group puts great effort into protecting the privacy of its customers. Information of participant will be managed collectively by the back office of the Group to ensure information security;

- The Group maintains insurance for participants with insurance coverage of 100%.

Competition

- The Group cooperates with the relevant departments and authorities in places where it operates to select the appropriate time and routes for competition. Medical plans, security measures and emergency plan are in place before each marathon;

- The Group provides detailed competition guide on the official competition website, including information such as roadmap, location of supply points, washrooms and medical stations, weather forecast, etc.;

- The Group invites physicians to participate in the marathon, and provides AED (Automated External Defibrillator) along the track and near the finish line to prevent accidents and ensure timely and effective rescue measures;

- The Group sets up appropriate track and grandstand. Special attention is paid to the zoning at the finish line to make sure that there is a safe distance between participants and spectators.

Intellectual Property

To maximise the protection of the Group's interest, great attentions are paid for applying and protecting intellectual property rights, such as trademark, patents, copyrights, domain names, etc. During the cooperation with individual units or partners, detailed provisions shall be made clear on the intellectual property right's ownership, the scope of use, development result, etc., as well as proper handling of relevant legal documents and the non-disclosure agreement in the employment contract. To implement the objectives stated above, the Group has established "Intellectual Property Rights Protection Notice" as guidelines for employees and relevant parties to follow and comply.

Customer Data Protection and Privacy

For customer data and information, the Group has rules on protecting customers' privacy and data protection. No material non-compliance with laws and regulations concerning customer data protection and privacy was recorded during the Reporting Period.

B7. Anti-corruption

The Group strictly abides by the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Interim Provisions on the Prohibition of Commercial Bribery by the State Administration for Industry and Commerce and other laws and regulations concerning anti-corruption. The Group does not engage in unfair competition with its business and protects the quality of event service. It also strictly maintains social and economic orders and has no tolerance for misconduct, malpractice, and infringement on personal and democratic rights. The Group also determines to maintain a healthy market competition without jeopardizing the legitimate rights and interests of other operators and consumers.

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

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

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

Anti-corruption Policies

- The Group has formulated anti-corruption policies and established a reasonable internal control system to set out the management measures for corruption-sensitive segments and forbid its staff from obtaining benefits through illegal means;

- The Group has included anti-commercial bribery and anti-corruption clauses in its contracts to ensure a transparent procurement process.

Anti-corruption Measures

- The Group has established an anti-corruption organisation led by the internal control department of the company. The person-in-charge of each of the departments is responsible for the implementation of anti-corruption measures within the department;

- The Group has established a rewarding anonymous reporting channel for corruption to encourage whistle-blowing with strong protection for information about the whistle-blower;

- The Group has organised anti-corruption publicity and education for its staff from time to time.

Anti-corruption Handling

- The Group conducted investigations into staff involved in corruption, which might be submitted to the law enforcement authorities depending on the seriousness of the case.

- The Group complied with all applicable laws on prohibiting corruption and bribery of the PRC. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

B8. Community Investment

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

Promotion of Nationwide Fitness

- The Group developed and operated diversified and multi-level marathon events;

- The Group made voluntary promotion to the participants and audience of competitions through online promotion, and distribution of promotional materials at the event to enhance public awareness of nationwide fitness;

- The Group reserved enrolment quota for the disabled in its marathon events to promote nationwide fitness among disadvantaged groups.

Engage in Social Welfare Activities

- We donated RMB200,000 to Hubei Teenagers Development Foundation for combating COVID-19;

- We organised runners and athletes to donate and purchase protective clothing and disinfectants for hospitals in Hubei such as Wuhan and Xiangyang.

Directors' Report

The Directors are pleased to submit their annual report together with the audited financial statements for the year ended 31 December 2020.

GENERAL INFORMATION

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

BUSINESS REVIEW

Principal Activities

The Group is a prominent sports culture group in the PRC engaged in the provision of events operation and marketing services, sports services in the PRC with a special emphasis on the development and extension of the sports industry chain. The principal activities and other particulars of the Company's major subsidiaries are set out in Note 25 to the consolidated financial statements of this annual report.

For the detailed review of the Company's business and the indication of further development in the Company's business, please refer to the subsections headed "Group Overview", "Outlook of the Industry and the Group" and "Financial Review" under the Management Discussion and Analysis section of this annual report.

Principal Risks and Uncertainties

During the year ended 31 December 2020, the Group's operations were mainly subject to the following risks and uncertainties and these risks and uncertainties are continuing. If any of the circumstances or events described below actually arises or occurs, the business, results of operations, financial condition and prospects of the Group would likely suffer.

- Occurrence of major public health and safety emergencies, such as the novel coronavirus pneumonia outbreak will negatively affects the Group. In order to avoid the spread of virus caused by crowded gathering, large-scale sports events will be cancelled or postponed for a long time, which will have negative impacts on the Company's business development and profitability.

- In the course of marathon events, the participants may encounter unexpected situation, such as sudden death. In addition, since marathon events in large cities attract a large number of participants (20,000-30,000 persons), such large-scale people gathering may contain public safety risk, such as crowded stampede, terrorist attacks, etc. These above situations will affect normal operation of the events and bring adverse impacts to the Company.

- Marathon market is becoming increasingly popular, industry competitors are constantly emerging, and the competition is getting keener. As economic growth of the PRC slowed down, the main revenue of marathon events comes from the sponsorship amount of sponsors. The poor economic situation will lead to the cancellation or reduction of the budget of sponsors, which will have negative impacts on the Company's profits.

- During the implementation of events, the Company needs to keep in touch with local governments, sports bureaus, television stations, suppliers, and sponsors frequently. In the communication process, unexpected temporary adjustment cases may happen, or the change of people in charge from the other sides may happen and cause obstructed communication. These situations may affect normal operation of events, increase the difficulty of implementation and bring risks to normal business operation of the Company.

- The success of the event organisation, management and promotion business depends on the Group's ability to renew the agreements for the existing sports competitions and events organised and to introduce new sports competitions or events. The Groups is currently licensed by sports organisations or their authorised agents to organise certain sports competitions for a limited period of time. Therefore, the Group is subject to changes of strategies by those sports organisations, as well as other uncertainties that could result in its failure to renew the existing cooperation agreements with those sports organisations on commercially feasible terms, which in turn may have an adverse effect on the Group's ability to maintain the increase in its revenues and its profitability.

Financial Summary

A summary of the audited results and of the assets and liabilities of the Group for the last five financial years is set out on page 166 of this annual report. For further analysis using financial key performance indicators, please refer to the subsection headed "Financial Review" under the Management Discussion and Analysis section of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the Management Discussion and Analysis section and in Note 46 to the consolidated financial statements of this annual report, there is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since 31 December 2020 up to 30 March 2021.

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

The Company complied with the relevant laws and regulations including environmental policies and performance that have a significant impact on the Company in the PRC during the year ended 31 December 2020.

Relationships with Employees, Customers, Suppliers and Others

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

Employees

Ongoing professional development is important to the employees given the competitive business environment in which the Group operates. To ensure employees can continue to cultivate skills and knowledge for the fulfillment of their duties and responsibilities, the Group has provided various training programs to its staff. Further information about training attended by the Group's employees and their remuneration package during the year ended 31 December 2020 is set out in the subsection headed "Employees" under the Directors, Senior Management and Employees section of this annual report.

Major Customers and Suppliers

The Group kept excellent relationships with customers and suppliers, and had developed a diversified customer and supplier base during the year ended 31 December 2020.

Due to the fact that the sports events could not be organised as scheduled during the year as a result of the outbreak of the COVID-19 pandemic, customers and suppliers that have previously cooperated with the Group for a long time have basically suspended their cooperation this year. However, the Group has been maintaining close contact with customers and suppliers and will continue to cooperate with them after the events resume.

RESULTS AND DIVIDENDS

Results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil). The Company did not declare payment of an interim dividend for the six months ended 30 June 2020.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2020 are set out in Note 35 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to approximately RMB157,908,000.

PRE-EMPTIVE RIGHTS

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

CHARITABLE DONATIONS

During the year ended 31 December 2020, charitable donations made by the Group for combating COVID-19 amounted to RMB200,000.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the year ended 31 December 2020 are set out in Note 20 to the consolidated financial statements of this annual report.

BANK BORROWINGS AND INTEREST

There was no bank borrowing of the Company as at 31 December 2020.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in this annual report, the Company has not entered into any equity-linked agreements during the year ended 31 December 2020.

EXCHANGE RATE

For the year ended 31 December 2020, the Group faced no major difficulties or impacts regarding its operations or capital flow due to the fluctuation of foreign exchange rate.

PERMITTED INDEMNITY PROVISION

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

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

DIRECTORS

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

Name	Title in the Company	Date of appointment
Ms. Ren Wen	Chairlady and executive Director	21 March 2012[1]
Mr. Sheng Jie	Vice chairman and executive Director	2 January 2019[2]
Mr. Song Hongfei	Executive Director and President	26 August 2016[3]
Ms. Hao Bin	Executive Director	1 June 2017[1]
Mr. Chen Zhijian	Independent non-executive Director	15 February 2018[1]
Mr. Ip Kwok On Sammy	Independent non-executive Director	14 June 2013[3]
Mr. Jin Guoqiang	Independent non-executive Director	14 June 2013[4]

Notes:

1. Retired and re-elected at the AGM on 30 June 2020.

2. Re-elected at the AGM on 28 June 2019.

3. Retired and re-elected at the AGM on 28 June 2019.

4. Retired and re-elected at the AGM on 29 May 2018.

Mr. Sheng Jie, Mr. Jin Guoqiang and Mr. Song Hongfei shall retire from office by rotation at the forthcoming AGM in accordance with Article 84 of the Company's Articles of Association. All of them, being eligible, will offer themselves for re-election at the AGM. Details of the Directors to be re-elected at the AGM are set out in the circular to shareholders.

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

Independence Confirmation of the Independent Non-executive Directors

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

Biographies

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

Directors' Remuneration

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

Directors' Service Contracts

Executive Directors

Each of the existing executive Directors has entered into a service contract with the Company. Ms. Ren Wen has entered into a service contract with the Company for the period commencing from 20 March 2018 to the date of the 2021 AGM; Mr. Sheng Jie, who was appointed with effect from 2 January 2019, has entered into a service contract with the Company for a term of three years commencing from 2 January 2019; Mr. Song Hongfei has entered into a service contract with the Company for the period commencing from 30 May 2018 to the date of the 2021 AGM; and Ms. Hao Bin has entered into a service contract with the Company for a term of three years commencing from 1 June 2017 which was renewed for a period commencing from 1 June 2020 to 31 May 2023.

Due to the fact that the business of the Group could not be carried out comprehensively during the year as a result of the outbreak of the COVID-19 pandemic, all executive Directors agreed to adjust their remuneration based on business development.

The remuneration of the executive Directors were adjusted as follows:

(i) Ms. Ren Wen's emolument was adjusted to RMB24,250 per month since 1 March 2021;

(ii) Mr. Sheng Jie's emolument was adjusted to RMB24,250 per month since 1 March 2021;

(iii) Mr. Song Hongfei's emolument was adjusted to RMB24,250 per month since 1 March 2021; and

(iv) Ms. Hao Bin's emolument was adjusted to RMB24,250 per month since 1 March 2021.

Independent Non-executive Directors

Each of the existing independent non-executive Directors has entered into an appointment contract with the Company. Each of Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang has entered into an appointment contract with the Company for a term of three years commencing from 14 June 2019; whilst Mr. Chen Zhijian has entered into an appointment contract with the Company for a term of three years commencing from 15 February 2018 and was renewed for a period commencing from 15 February 2021 to14 February 2024.

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

(i) Mr. Chen Zhijian's subsidy was adjusted to HK$5,000 per month since 1 April 2020;

(ii) Mr. Ip Kwok On Sammy's subsidy was adjusted to HK$5,000 per month since 1 April 2020; and

(iii) Mr. Jin Guoqiang's subsidy was adjusted to HK$5,000 per month since 1 April 2020.

Directors' Rights to Purchase Shares or Debentures of the Company

Save for the share options held by the Directors, at no time during the year ended 31 December 2020 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Interest in Transactions, Arrangements or Contracts of Significance

Save as disclosed in the subsection headed "Connected Transactions and Structured Contracts" below and Note 45 to the consolidated financial statements of this annual report, no transactions, arrangements or contracts of significance to which the Company, or any of its subsidiaries, was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, existed during the year ended 31 December 2020.

Directors' Interest in Competing Business

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

2020.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests or Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

As at 31 December 2020, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

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

Note:

1 These 602,780,000 Shares were held by Queen Media Co., Ltd. ("**Queen Media**"). The entire issued share capital of Queen Media was owned by Sky Limited ("**Trust Co**"), whose entire issued share capital was the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which was a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust included Ms. Ren Wen and her family members. Accordingly, Ms. Ren Wen was deemed or taken to be interested in all the Shares held by Queen Media for the purpose of the SFO.

2 Out of the 98,751,000 Shares, 75,961,000 Shares were held by Lucky Go Co., Ltd. and 22,790,000 Shares were held by Top Car Co., Ltd. Ms. Ren Wen held approximately 84.88% equity interest in Lucky Go Co., Ltd. and 43.69% equity interest in Top Car Co., Ltd., respectively, and hence was deemed or taken to be interested in all the Shares held by Lucky Go Co., Ltd. and Top Car Co., Ltd. for the purpose of the SFO.

3 Among the 4,715,000 Shares that Mr. Song Hongfei was interested in, 215,000 Shares were share options granted to him on 23 May 2014 under the share option scheme of the Company with an exercise price of HK$3.92 per Share.

4 Among the 250,000 Shares that Ms. Hao Bin was interested in, 150,000 Shares were share options granted to her on 29 May 2015 under the share option scheme of the Company with an exercise price of HK$8.036 per Share.

(ii) Long position in the shares of the associated corporations

Name of Director	Name of associated corporation	Approximate percentage of shareholding interest
Ms. Ren Wen	Beijing Wisdom Media Holding Co., Ltd.[1] (北京智美傳媒股份有限公司) ("**Beijing Wisdom Media**")	52.38%
	First AI Sports Technology (Shenzhen) Co., Ltd.*[2] (第一智能體育科技(深圳)有限公司) ("**First AI Sports**")	100%
Mr. Sheng Jie	Beijing Wisdom Media[1]	8.46%

Notes:

1. Beijing Wisdom Media is an indirect subsidiary of the Company controlled through structured contracts. For details, please refer to the subsection headed "Connected Transactions and Structured Contracts" in this Directors' Report. Accordingly, Beijing Wisdom Media is an associated corporation of the Company within the meaning of Part XV of the SFO.

2. A wholly-owned subsidiary of Beijing Wisdom Media.

Save as disclosed above, as at 31 December 2020, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

* for identification purpose only

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

So far as is known to the Directors, as at 31 December 2020, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in the Shares

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

Note:

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

Save as disclosed above, as at 31 December 2020, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

Background

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

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

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

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

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

Share options granted

Share options granted on 23 May 2014

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

For the year ended 31 December 2020, no option granted on 23 May 2014 has been exercised, cancelled, forfeited or lapsed. As at 31 December 2020, options to subscribe for a total of 215,000 Shares remained outstanding and were exercisable by the respective grantees immediately until 22 May 2024.

Share options granted on 29 May 2015

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

For the year ended 31 December 2020, no option granted on 29 May 2015 has been exercised, cancelled, forfeited or lapsed. As at 31 December 2020, options to subscribe for a total of 250,000 Shares remained outstanding and were exercisable by the respective grantees immediately until 28 May 2025.

Options granted during the year ended 31 December 2020

No option was granted by the Company during the year ended 31 December 2020.

Value of options granted

The estimated fair value of the options granted on 23 May 2014 and 29 May 2015 using the Black-Scholes pricing model were set out in Note 41 to the consolidated financial statements in this annual report.

Movement during the year under review

Particulars of the outstanding options under the Share Option Scheme at the beginning and at the end of the year ended 31 December 2020 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 2020	Granted during the period	Exercised during the period	Cancelled/ Forfeited/Lapsed during the period	Balance as at 31 December 2020	Price per Share immediately before the date of grant	Price per Share on exercise date
Mr. Song Hongfei	23 May 2014	HK$3.92	From the date the exercise conditions are met[1] to 22 May 2024	215,000	-Nil-	-Nil-	-Nil-	215,000	HK$4.01	N/A[2]
Ms. Hao Bin	29 May 2015	HK$8.036	From the date the exercise conditions are met[1] to 28 May 2025	150,000	-Nil-	-Nil-	-Nil-	150,000	HK$7.95	N/A[2]
Employees of the Group	29 May 2015	HK$8.036	From the date the exercise conditions are met[1] to 28 May 2025	100,000	-Nil-	-Nil-	-Nil-	100,000	HK$7.95	N/A[2]
Total				465,000	-Nil-	-Nil-	-Nil-	465,000		

Notes:

1. Such share options shall be exercisable subject to the satisfaction of the individual performance assessment of the respective grantees for the relevant years. For details of the vesting schedule, please refer to the subsection headed "Share Option Scheme – Share options granted" above.

2. No share option had been exercised during the year ended 31 December 2020.

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 during the year ended 31 December 2020.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the year ended 31 December 2020 and as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

NON-COMPETITION UNDERTAKINGS AND CONTRACTS OF SIGNIFICANCE

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

The Company's independent non-executive Directors have reviewed the compliance of the controlling shareholders with the deed of non-competition dated 24 June 2013 and are of the view that each of Ms. Ren Wen and Queen Media has complied with the above undertakings during the year ended 31 December 2020.

Save for the structured contracts described in the subsection headed "Connected Transactions and Structured Contracts" below, there were no contracts of significance between the Company, or any of its subsidiaries, and the controlling shareholders or any of their subsidiaries during the year ended 31 December 2020. There were also no contracts of significance for the provision of services to the Company, or any of its subsidiaries, by the controlling shareholders or any of their subsidiaries.

CONNECTED TRANSACTIONS AND STRUCTURED CONTRACTS

Background

As the business operation of Beijing Wisdom Media constitutes business activities which are subject to prohibition or restriction or foreign investment under the PRC laws (the "**Restricted Business**"), the Company cannot acquire equity interest in Beijing Wisdom Media. As a result, the Group has entered into a series of contracts ("**Structured Contracts**") designed to provide Beijing Wisdom Sports, and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by the PRC law and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on 24 June 2013 pursuant to which all material business activities of Beijing Wisdom Media are instructed and supervised by Beijing Wisdom Sports and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to the Group. The Structured Contracts constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Operating entities of the Group controlled through the Structured Contracts

During the year ended 31 December 2020, the following are operating entities of the Group controlled through the Structured Contracts:

(i) Beijing Wisdom Media, a limited liability company incorporated in the PRC and principally engaged in investment holding in the PRC;

(ii) First AI Sports, a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in the service provision for the live broadcasting of large-scale tournaments and marathon timing; and

(iii) 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, but was disposed by the Group on 2 December 2020.

Registered owners of Beijing Wisdom Media

As at 31 December 2020, the registered shareholders of Beijing Wisdom Media are as follows:

Name of shareholder	Number of shares held	Shareholding percentage
Ren Wen (任文)	31,428,000	52.38%
Shi Libin (史立斌)	5,940,000	9.9%
Sheng Jie (盛杰)	5,076,000	8.46%
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	3,495,600	5.826%
Beijing Hongtu Jiahui Venture Investment Co., Ltd (北京紅土嘉輝創業投資有限公司)	2,504,400	4.174%
Cao Yi (曹怡)	1,350,000	2.25%
Shen Guirong (沈貴榮)	1,080,000	1.8%
Wang Zhiqiang (王志強)	1,080,000	1.8%
Wang Jianchang (王建昌)	1,080,000	1.8%
Peng Xiaoguang (彭曉光)	1,080,000	1.8%
Li Zhihua (李志華)	1,080,000	1.8%
Guo Ruilin (郭瑞林)	1,080,000	1.8%
Chen Feihua (陳飛華)	1,080,000	1.8%
Gong Tai (龔泰)	540,000	0.9%
Qin Ying (秦鷹)	540,000	0.9%
Chen Li (陳力)	540,000	0.9%
Sun Fulin (孫福麟)	324,000	0.54%
Sun Jingli (孫京麗)	270,000	0.45%
Dai Peng (戴鵬)	270,000	0.45%
Zhang Han (張晗)	108,000	0.18%
Han Fang (韓芳)	27,000	0.045%
Xi Wang (希望)	27,000	0.045%
Total	60,000,000	100%

Major terms of the Structured Contracts

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

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

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

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

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

- ***Irrevocable power of attorney***

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

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

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

- ***Exclusive business operating agreement***

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

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

- ***Exclusive option agreement***

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

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

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

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

- ***Share pledge agreement***

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

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

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

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

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

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

Revenue and assets subject to the Structured Contracts

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

	Year ended/As at 31 December			
	2020		2019	
	(RMB'000)	**% of total of the Group**	(RMB'000)	% of total of the Group
Revenue subject to the Structured Contracts	**7,103**	**79.4%**	54,179	34.1%
Net loss subject to the Structured Contracts	**(15,634)**	**33.6%**	(630)	0.1%
Total assets subject to the Structured Contracts	**313,710**	**51.6%**	443,522	64.0%

As a net loss subject to the Structured Contracts of approximately RMB15,634,000 was recognised for the year ended 31 December 2020, the service fee which Beijing Wisdom Sports is entitled to receive for the year ended 31 December 2020 was RMB nil.

Risks associated with the Structured Contracts

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

- if the PRC government finds that the agreements that establish the structure for operating the services of the Group in the PRC do not comply with PRC governmental restrictions on foreign investment in television program production, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe penalties or be forced to relinquish its interests in those operations;

- the Group relies on contractual arrangements with Beijing Wisdom Media and its subsidiaries for its operations in the PRC, which may not be as effective in providing operational control as direct ownership;

- any failure by Beijing Wisdom Media and its subsidiaries or their respective shareholders to perform their obligations under their contractual arrangements with the Group would have a material adverse effect on the business and financial condition of the Group;

- contractual arrangements that subsidiaries of the Group have entered into with Beijing Wisdom Media may be subject to scrutiny by the PRC tax authorities and a finding that the Group or Beijing Wisdom Media and its subsidiaries owe additional taxes could substantially reduce the combined net income of the Group and the value of the investment by the Company's shareholders;

- the shareholders, directors and executive officers of Beijing Wisdom Media and its subsidiaries may have potential conflicts of interest with the Company, which may materially and adversely affect the business of the Group;

- the Group may rely on dividends and other distributions on equity paid by the Group's PRC subsidiaries to fund any cash and financing requirements the Group may have. Any limitation on the ability of the PRC subsidiaries to pay dividends to the Group could have a material adverse effect on the Group's ability to conduct its business; and

- PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent the Group from using the proceeds of the global offering of the Company to make loans to the PRC subsidiaries and Beijing Wisdom Media and its subsidiaries or to make additional capital contributions to the PRC subsidiaries of the Group, which may materially and adversely affect the liquidity of the Group and the ability of the Group to fund and expand its business.

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

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

Change of circumstances

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

Opinion of the Directors

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

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

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

(1) in the ordinary and usual course of business of the Company;

(2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Company than those available to or provided from (as appropriate) independent third parties; and

(3) in accordance with relevant agreements governing them that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The independent non-executive Directors also confirmed that since the Listing Date and up to 31 December 2020:

(1) the continuing connected transactions under the Structured Contracts have been entered into in accordance with the relevant provisions of the Structured Contracts, so that the revenue generated by Beijing Wisdom Media has been mainly retained by the Group;

(2) no dividends or other distributions have been made by Beijing Wisdom Media to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and

(3) no new contract was entered into to renew or reproduce the framework of the Structured Contracts.

Opinion of the Auditor of the Company

RSM Hong Kong, the Company's auditor, was engaged to report on the Group's continuing connected transactions during the year ended 31 December 2020 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The auditor has reported to the Board and confirmed that for the year ended 31 December 2020, nothing has come to their attention that causes them to believe that the continuing connected transactions set out above: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; and (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

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

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions of the Group undertaken in the normal course of business are provided under Note 45 to the consolidated financial statements of this annual report, and none of which constitutes a disclosable connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 14 to 29 of this annual report.

ENVIRONMENTAL POLICIES AND SUSTAINABLE DEVELOPMENT

The environmental policies of the Group and its performance for the year ended 31 December 2020 are set out in the Environmental, Social and Governance Report on pages 30 to 46 of this annual report.

AUDITOR

RSM Hong Kong was appointed as the auditor of the Company subsequent to the resignation of Deloitte Touche Tohmatsu on 15 February 2018 and has acted as the auditor of the Company for the year ended 31 December 2020. The consolidated financial statements of the Company for the year ended 31 December 2020 had been audited by RSM Hong Kong.

RSM Hong Kong shall retire at the forthcoming AGM and a resolution for the re-appointment of RSM Hong Kong as auditor of the Company will be proposed at the AGM.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and with terms of reference in compliance with the code provision C.3 of the CG Code for the purpose of reviewing the financial information and providing supervision on the financial reporting system and the review of the risk management and internal control systems as well as the effectiveness of the internal audit function of the Group.

As at the date of this annual report, the Audit Committee comprises three members, namely Mr. Chen Zhijian (chairman), Mr. Jin Guoqiang and Mr. Ip Kwok On Sammy, all being independent non-executive Directors.

The Audit Committee communicated with the external auditor of the Company to discuss the review process and accounting issues of the Company. The Audit Committee, together with the management of the Company, has reviewed the audited consolidated financial results of the Group for the year ended 31 December 2020 and considers that the results are in compliance with generally accepted accounting principles as well as the applicable laws and regulations.

TAX RELIEF AND PROFESSIONAL TAX ADVICE RECOMMENDED

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

CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company is expected to be held on Monday, 28 June 2021. In order to determine the shareholders who will be qualified for attending and voting at the AGM, the register of members of the Company will be closed from Wednesday, 23 June 2021 to Monday, 28 June 2021, both days inclusive. To be eligible to attend and vote at the AGM, all completed transfer document(s) together with the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 22 June 2021 for registration.

On behalf of the Board

Ren Wen
Chairlady and Executive Director
Hong Kong, 30 March 2021

Directors, Senior Management and Employees

BIOGRAPHIES

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

Executive Directors

Ms. Ren Wen (任文女士), also known as Ms. Ren Guozun (任國尊女士), aged 45, is the founder of the Group and is the chairlady of the Board. She founded Beijing Wisdom Media in 2007, and led the Company to its listing on the Main Board of the Stock Exchange in July 2013. Ms. Ren was appointed as the deputy chairlady of Chinese Sports Culture Promotion Federation (中國體育文化促進會) in 2014. Ms. Ren obtained a diploma in journalism from the Beijing Broadcasting Institute (北京廣播學院) (currently known as the Communication University of China (中國傳媒大學)) in January 2000. Ms. Ren is a director of Queen Media Co., Ltd., which has an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Sheng Jie (盛杰先生), aged 45, is one of the co-founders of the Group. He was previously appointed as an executive Director on 21 March 2012 and has also acted as the Company's joint company secretary and a member of the Remuneration Committee of the Board. He had resigned from his directorship in the Company on 26 August 2016 and left the Group in order to serve as the vice chairman of Shenzhen Zhimei Investment Co., Ltd. (深圳智美投資有限公司), a company held by the controlling shareholder of the Company. In July 2018, he re-joined the Group as a vice president of the Group and was subsequently appointed as an executive Director on 2 January 2019 and an authorised representative of the Company on 30 December 2019. Mr. Sheng has over 18 years of experience in the marketing communications industry, sports communications industry as well as the corporate finance and capital markets sector. Mr. Sheng obtained a bachelor's degree in English language from Shandong University in July 1998, a diploma in business management from the University of International Business and Economics in July 2009 and a master's degree in Business Administration from Peking University on 3 January 2020.

Mr. Song Hongfei (宋鴻飛先生), aged 50, has rich experience in the management of sports competitions. Mr. Song joined the Group in August 2012, served as a vice president and was subsequently appointed as an executive Director on 26 August 2016. Mr. Song was re-designated from vice president to President on 3 September 2020. Mr. Song participated in and led nearly a hundred sports competitions of the Group, including National Basketball League (全國男子籃球聯賽), China Classic Car Rally (老式汽車中國拉力賽), FIM FreeStyle Motocross World Championship (國際摩聯花式極限世錦賽), China Dragon Boat Race (中華龍舟賽), Dragon Boat World Cup (龍舟世界杯), Hot Air Balloon Championship (中國熱汽球公開賽), Guangzhou Marathon (廣州馬拉松), Hangzhou Marathon (杭州馬拉松), Kunming Marathon (昆明馬拉松), Changsha Marathon (長沙馬拉松), Shenyang Marathon (瀋陽馬拉松), Nanchang Marathon (南昌馬拉松), Shenzhen Marathon (深圳馬拉松) and Season Run (四季跑). Prior to joining the Group, Mr. Song served as a deputy general manager in a subsidiary of China Sports Industry Group Co., Ltd. (中體產業集團股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600158) from February 2000 to July 2012 and participated in the organization of a number of international multi-sport events, including Beijing Olympic Games, East Asian Games, Guangzhou Asian Games and Universiade Shenzhen. Mr. Song obtained a bachelor's degree in physical education from Beijing Sport University in July 1996.

Ms. Hao Bin (郝彬女士), aged 40, joined the Group in December 2010 and served as the deputy general manager of the Company. Ms. Hao was subsequently appointed as a joint company secretary of the Company on 7 November 2016 and has been qualified to act as the company secretary of the Company since 6 November 2019. Ms. Hao has been acting as the sole company secretary of the Company since 30 December 2019. Ms. Hao was appointed as an executive Director and an authorised representative of the Company on 1 June 2017. Ms. Hao has also been the general manager of the internal control department of the Company and assistant president of the Company since 6 August 2018 and 28 January 2019, respectively. Before this, Ms. Hao engaged in works related to securities laws in a law firm in China and has extensive experience in legal compliance of listed companies. Ms. Hao obtained a bachelor's degree in law from Peking University in 2006, and a master's degree in civil and commercial law from China University of Political Science and Law in 2010. Ms. Hao also holds the PRC Certificate of Professional Lawyer (中國境內律師職業資格證書) and the PRC Certificate of Board Secretary of Listed Companies (中國境內上市公司董秘證書).

Independent Non-executive Directors

Mr. Chen Zhijian (陳志堅先生), aged 45, was appointed as an independent non-executive Director on 15 February 2018. Mr. Chen has been a partner of Shanghai Certified Public Accountants (上會會計師事務所) since 2015. Mr. Chen was a partner of Zhongzhun Certified Public Accountants (中准會計師事務所) from 2014 to 2015, a senior partner of Shenzhen Bangde Certified Public Accountants (深圳邦德會計師事務所) from 2008 to 2014, and the internal control head of the financial department of Foryou Corporation of Huizhou (惠州市華陽集團) from 2003 to 2007. Mr. Chen has around 18 years of experience in audit, accounting and financial management. Mr. Chen graduated from Henan College of Finance and Taxation (河南財政稅務學校) in 2000, majoring in financial accounting.

Mr. Ip Kwok On Sammy (葉國安先生), aged 58, was appointed as an independent non-executive Director on 14 June 2013. Mr. Ip is the administrative director of Global Link Medical Group Inc, chief executive officer of Global Link Distribution, Inc. and chairman of Shaanxi Baixi Fukang Supply Chain Management Group Co., Ltd. (陝西柏希阜康供應鏈管理集團有限公司). Mr. Ip is also the honored chairman of Hong Kong Small and Medium Enterprises Alliance Association, a member of the Chinese People's Political Consultative Conference of Xi'an, Shaanxi Province, PRC and a standing director of the board of the Chengdu Overseas Friendship Association in PRC. Mr. Ip obtained his MBA from University of Wales, Newport in 2004.

Mr. Jin Guoqiang (金國強先生), aged 75, was appointed an independent non-executive Director on 14 June 2013. Mr. Jin has been an independent non-executive director of Beijing Wisdom Media since April 2011. Mr. Jin has been the executive vice president and secretary general of the Television Branch of the China Advertising Association (中國廣告協會電視分會) since 2001. Before that, Mr. Jin served as the vice president of the Shaanxi Television Channel (陝西電視臺) from 1992 to June 2001. Mr. Jin was appointed as an advisor to the Cross Media Institute (泛媒體分賬研究院) in 2011. Mr. Jin has also been an executive officer of the Association of China Commercial Enterprise Management (中國商業企業管理協會市場行銷分會) and a member of its expert committee since December 2009. Mr. Jin was a member of the adjudication panel of the 2010 China Advertising Great-Wall Awards for Advertisers (2010年廣告主長城獎), and a member of the expert's commission of the 17th China International Advertising Festival (中國國際廣告節) in 2010. In October 2018, Mr. Jin was approved to resign as the executive vice president and secretary general of the Television Branch of the China Advertising Association, and has acted as the leader of the expert's group of the Radio and Television Industry Development Committee under the China Federation of Radio and Television Associations (中國廣播電視社會組織聯合會廣播電視產業發展委員會) since then.

Senior Management

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

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

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

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

Company Secretary

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

EMPLOYEES

As at 31 December 2020, the Group had 27 employees in total.

The Group implements a remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the year ended 31 December 2020 amounted to RMB7.9 million. Remuneration for employees is based on their qualification, experience, job nature, performance and market condition.

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

In accordance with the corporate development strategies along with the practical business needs, the Group has provided various training programs to its staff according to their positions via a number of channels, including induction courses for new staff, trainings of professional knowledge in connection with finance, internal control and evaluation of the value of each position, etc. as well as different special trainings. The Group also selects potential management staff to receive advance trainings in domestic leading business schools regularly, aiming at enhancing their all-round capability.

Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the Share Option Scheme. As at 31 December 2020, the Company has granted certain share options under the Share Option Scheme. For further details, please refer to the subsection headed "Share Option Scheme" in the Directors' Report of this annual report.

Independent Auditor's Report

RSM Hong Kong

29th Floor, Lee Garden Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong

T +852 2598 5123
F +852 2598 7230

www.rsmhk.com

羅申美會計師事務所

香港銅鑼灣恩平道二十八號
利園二期二十九字樓

電話 +852 2598 5123
傳真 +852 2598 7230

www.rsmhk.com

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

OPINION

We have audited the consolidated financial statements of Wisdom Sports Group (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 77 to 165, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables We identified the impairment of trade receivables as a key audit matter due to the significant management estimation and judgement required in determining the expected credit losses. As described in note 5(b)(iii) to the consolidated financial statements, the impairment of trade receivables is considered a key source of estimation uncertainty. Details of allowance for impairment of trade receivables are disclosed in notes 5(b)(iii) and 6(c) to the consolidated financial statements.	**Our procedures included:** – Assessing whether trade receivables was appropriately grouped by the management into categories with shared credit risk characteristics; – Testing on a sample basis the accuracy and completeness of the data used by the management to develop historical loss rates and assessing the sufficiency, relevance and reliability of that data; – Testing on a sample basis the aging of trade receivables; and – With the assistance of our in-house valuation specialists: (i) assessing the appropriateness of the impairment model used by the Group; (ii) assessing the appropriateness of forward-looking adjustments to historical loss rates; (iii) testing the calculation of historical loss rates; and (iv) testing the calculation of the expected credit loss provisions.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of other receivables (continued) We identified the impairment of other receivables as a key audit matter due to the significant management estimation and judgement required in determining the expected credit losses. The Company's disclosures about other receivables are included in notes 5(b)(iii), 6(c), 32 to the consolidated financial statements.	**Our procedures included (continued):** – Assessing the external valuers' qualifications, experience and expertise, and considering their objectivity and independence; – Evaluating management's assessment of whether there was a significant increase in credit risk on the other receivables since initial recognition; and – With the assistance of our in-house valuation specialists: (i) assessing the appropriateness of the impairment model used by the Group; (ii) testing inputs to the model to market data; (iii) assessing the appropriateness of forward-looking adjustments to the model; and (iv) testing the calculation of the expected credit loss provisions.

OTHER INFORMATION

The Directors are responsible for the Other Information. The Other Information comprises all of the information included in the Company's 2020 annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the Directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Liu Eugene.

RSM Hong Kong
Certified Public Accountants
Hong Kong
30 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Note	**2020 RMB'000**	2019 RMB'000
Revenue	8	**8,942**	158,967
Cost of services		**(9,323)**	(186,728)
Gross loss		**(381)**	(27,761)
Other income	9	**17,838**	17,740
Other losses	10	**(9,983)**	(397,931)
Selling and distribution expenses		**(1,940)**	(22,513)
General and administrative expenses		**(45,514)**	(67,953)
Loss from operations		**(39,980)**	(498,418)
Finance costs	11	**(36)**	(56)
Share of results of associates		**(913)**	(1,411)
Loss before tax		**(40,929)**	(499,885)
Income tax (expense)/credit	13	**(5,612)**	15,289
Loss for the year	14	**(46,541)**	(484,596)
Attributable to:			
Owners of the Company		**(43,985)**	(455,122)
Non-controlling interests		**(2,556)**	(29,474)
		(46,541)	(484,596)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Note	**2020 RMB'000**	2019 RMB'000
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		**12,138**	11,736
Other comprehensive income for the year, net of tax		**12,138**	11,736
Total comprehensive income for the year		**(34,403)**	(472,860)
Attributable to:			
Owners of the Company		**(31,847)**	(443,386)
Non-controlling interests		**(2,556)**	(29,474)
		(34,403)	(472,860)
Loss per share attributable to owners of the Company	19		
Basic and diluted		**RMB(0.03)**	RMB(0.29)

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	20	64,479	8,977
Right-of-use asset	22	147	8,494
Investment property	21	–	15,692
Goodwill	23	–	–
Intangible assets	24	3,225	4,688
Financial assets at fair value through other comprehensive income	26	84,142	92,176
Other receivables	32	50,000	59,629
Investments in associates	27	10,896	12,333
Deferred tax assets	39	6,720	9,328
Other non-current assets	28	20,370	78,844
Total non-current assets		239,979	290,161
Current assets			
Inventories	29	2,205	2,414
Financial assets at fair value through profit or loss	30	62,064	13,229
Trade receivables	31	1,552	54,964
Other receivables	32	132,632	129,441
Prepayments and other current assets	33	31,773	35,105
Cash and cash equivalents	34	137,696	167,317
Total current assets		367,922	402,470
TOTAL ASSETS		607,901	692,631
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	35	2,454	2,454
Reserves	37	557,981	589,828
		560,435	592,282
Non-controlling interests		(622)	7,110
TOTAL EQUITY		559,813	599,392

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liability	38	–	2,871
Current liabilities			
Trade payables	40	15,421	44,092
Other payables and accrued expenses		10,706	19,695
Contract liabilities		910	75
Lease liability	38	324	5,432
Income tax payables		20,727	21,074
Total current liabilities		48,088	90,368
TOTAL LIABILITIES		48,088	93,239
TOTAL EQUITY AND LIABILITIES		607,901	692,631
NET CURRENT ASSETS		319,834	312,102

Approved by the Board of Directors on 30 March 2021 and are signed on its behalf by:

Song Hongfei	**Sheng Jie**
Director	Director

Consolidated Statement of Changes In Equity

For the year ended 31 December 2020

	Attributable to owners of the Company									
	Share capital RMB'000 *(note 35)*	Share premium RMB'000 *(note 37 (b)(i))*	Share-based payments reserve RMB'000 *(note 37 (b)(ii))*	Statutory reserve RMB'000 *(note 37 (b)(iii))*	Other reserve RMB'000 *(note 37 (b)(iv))*	Fair value reserve (non-recycling) RMB'000 *(note 37 (b)(v))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000 *(note 25)*	Total equity RMB'000
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 year	–	–	–	–	–	11,736	(455,122)	(443,386)	(29,474)	(472,860)
Payment of 2018 final dividend *(note 18)*	–	(98,762)	–	–	–	–	–	(98,762)	–	(98,762)
Statutory reserve appropriation	–	–	–	46,130	–	–	(46,130)	–	–	–
Reversal of statutory reserve appropriation upon deregistration of subsidiaries	–	–	–	(3,185)	–	–	3,185	–	–	–
Share-based payments	–	–	48	–	–	–	–	48	–	48
Lapse of share options	–	–	(4,831)	–	–	–	4,831	–	–	–
Changes in equity for the year	–	(98,762)	(4,783)	42,945	–	11,736	(493,236)	(542,100)	(29,474)	(571,574)
At 31 December 2019	2,454	54,245	911	132,471	81,902	(18,754)	339,053	592,282	7,110	599,392
At 1 January 2020	**2,454**	**54,245**	**911**	**132,471**	**81,902**	**(18,754)**	**339,053**	**592,282**	**7,110**	**599,392**
Total comprehensive income for the year						**12,138**	**(43,985)**	**(31,847)**	**(2,556)**	**(34,403)**
Statutory reserve appropriation	**–**	**–**	**–**	**17,000**	**–**	**–**	**(17,000)**	**–**	**–**	**–**
Disposal of a subsidiary *(note 42(a))*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,176)**	**(5,176)**
Realisation of fair value reserve (non-recycling) upon disposal of a financial asset at fair value through other comprehensive income *(note 26)*	**–**	**–**	**–**	**–**	**–**	**(720)**	**720**	**–**	**–**	**–**
Reversal of statutory reserve appropriation upon disposal of a subsidiary	**–**	**–**	**–**	**(1,230)**	**–**	**–**	**1,230**	**–**	**–**	**–**
Changes in equity for the year	**–**	**–**	**–**	**15,770**	**–**	**11,418**	**(59,035)**	**(31,847)**	**(7,732)**	**(39,579)**
At 31 December 2020	**2,454**	**54,245**	**911**	**148,241**	**81,902**	**(7,336)**	**280,018**	**560,435**	**(622)**	**559,813**

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(40,929)**	(499,885)
Adjustments for:			
Amortisation of intangible assets	24	**988**	12,932
Depreciation of investment property	21	**–**	1,260
Depreciation of property, plant and equipment	20	**13,006**	4,822
Depreciation of right-of-use assets	22	**581**	7,661
Finance costs	11	**36**	56
Loss on disposal of a subsidiary	10	**3,392**	–
Loss/(gain) on disposals of property, plant and equipment	10	**85**	(2,427)
Loss/(gain) on disposal of a right-of-use asset	10	**124**	(393)
Allowance for impairment of trade receivables	10	**4,552**	23,454
Allowance for impairment of other receivables	10	**2,757**	34,360
Write-off of trade receivables	10	**1,111**	2,620
Write-off of other receivables	10	**1,983**	–
Write-off of prepayments	10	**1,707**	8,000
Fair value loss on listed equity securities of financial assets at fair value through profit or loss	10	**3,565**	3,922
(Gain)/loss on disposals of listed equity securities of financial assets at fair value through profit or loss	10	**(14,710)**	46,181
Impairment of intangible assets	10	**–**	826
Write-off of an operating right included in intangible assets	10	**–**	84,552
Impairment of goodwill	23	**–**	191,584
Impairment of investments in associates	27	**524**	3,076
Interest income from treasury products	9	**(5,972)**	(7,234)
Interest income from loans to companies	9	**(4,084)**	(5,019)
Interest income from fund investments in a partnership	9	**(2,375)**	(4,000)
Interest income from short-term bank deposits	9	**(30)**	(447)
Dividend income from a financial asset at fair value through other comprehensive income	9	**(4,820)**	–
Share of results of associates		**913**	1,411
Share-based payments expenses	41	**–**	48
Exchange losses/(gains)	10	**3,368**	(1,329)
Operating loss before working capital changes		**(34,228)**	(93,969)

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Decrease in inventories		**141**	1,710
Decrease in trade receivables		**38,733**	67,163
Decrease in other receivables		**87**	4,813
Increase in amount due from a controlling shareholder		**(578)**	–
Increase in amount due from a director		**(119)**	–
Decrease in prepayments and other current assets		**7,359**	4,675
Decrease in trade payables		**(21,137)**	(23,362)
(Decrease)/increase in other payables and accrued expenses		**(6,737)**	3,756
Increase/(decrease) in contract liabilities		**835**	(2,575)
Cash used in operations		**(15,644)**	(37,789)
Income tax paid		**(4,083)**	(18,259)
Net cash used in operating activities		**(19,727)**	(56,048)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of a subsidiary	42(a)	**(498)**	–
Increase in amounts due from related companies		**–**	(2,000)
Interest income from treasury products		**5,451**	7,234
Interest income from loans to companies		**640**	3,636
Interest income from fund investments in a partnership		**2,000**	1,500
Interest income from short-term bank deposits		**30**	447
Increase in security trading account's balances		**(833)**	(12,436)
Dividend income from a financial asset at fair value through other comprehensive income		**4,820**	–
Purchases of intangible assets		**–**	(252)
Purchases of property, plant and equipment		**(26)**	(1,505)
Purchase of treasury products		**(1,009,510)**	(974,500)
Purchases for unlisted equity securities under financial assets at fair value through other comprehensive income		**–**	(50,930)
Proceeds from disposal of property, plant and equipment		**–**	15,828
Partial receipt of investment cost from an associate under registered share capital reduction		**–**	1,000
Partial receipt of investment cost of an unlisted equity security under financial assets at fair value through other comprehensive income	26	**16,452**	–
Proceeds from disposal of treasury products		**978,510**	974,500
Proceed from disposal of an unlisted equity security under financial assets at fair value through other comprehensive income	26	**3,720**	–
Earnest money paid for a potential equity investment		**(7,370)**	(13,000)
Prepayments for property, plant and equipment		**–**	(51,459)
Loans to companies		**(39,393)**	(3,450)
Repayments received for loans to companies		**38,925**	17,000
Net cash used in investing activities		**(7,082)**	(88,387)

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of 2018 final dividend	18	**–**	(98,762)
Payment of lease liabilities		**(400)**	(7,425)
Net cash used in financing activities		**(400)**	(106,187)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(27,209)**	(250,622)
Effect of foreign exchange rate changes		**(2,412)**	584
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**167,317**	417,355
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	34	**137,696**	167,317

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its major subsidiaries are set out in note 25 to the consolidated financial statements.

2. BASIS OF PREPARATION

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

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

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

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time relevant to the Group, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

(i) Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

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

(a) Application of new and revised HKFRSs (continued)

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

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

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020
Amendments to HKFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16 *Property, plant and equipment: proceeds before intended use*	1 January 2022
Amendments to HKAS 37 *Onerous contracts – cost of fulfilling a contract*	1 January 2022
Annual Improvements to HKFRSs 2018 – 2020 Cycle	1 January 2022
Amendments to HKAS 1 *Classification of liabilities as current or non-current*	1 January 2023
Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities, including structured entities, over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

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

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

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

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

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Business combination and goodwill (continued)

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates (continued)

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

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

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

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

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

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

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

(f) Investment property

Investment property is a building which is owned to earn rental income and/or for capital appreciation. Investment property is measured initially at its cost including all direct costs attributable to the property. After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The investment property was depreciated on a straight-line basis at 4.45% per annum for the year ended 31 December 2019.

An investment property is derecognised upon disposal or when the investment property is withdrawn from use, such as the commencement of owner-occupation. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. If an investment property is transferred as owner-occupied property under property, plant and equipment, the carrying amount stated at cost less accumulated depreciation and impairment losses of that item at the date of change in use shall remain the same for subsequent accounting in accordance with HKAS 16 *Property, Plant and Equipment*.

Rental income from investment property is accounted for as described in note 4(r) to the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leases

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

(i) The Group as a lessee

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

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

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

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

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

(ii) The Group as a lessor

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets

Intangible assets represent the operating right and software and others which are stated in the consolidated statement of financial position, being amortised on a straight-line basis over their estimated useful lives of 3 to 5 years and 5 to 10 years respectively from the date they are available for use.

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

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

(i) Inventories

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

(j) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("**ECL**") and are reclassified to receivables when the right to the consideration has become unconditional.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Recognition and derecognition of financial instruments

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

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

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

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

(l) Financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets (continued)

Debt investments

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

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– fair value through other comprehensive income – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– fair value through profit or loss, if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade and other receivables

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

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

(n) Cash and cash equivalents

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

(o) Financial liabilities and equity instruments

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

(p) Trade and other payables

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

(q) Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue and other income

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

(i) Events Operation and Marketing

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

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

(ii) Sports Services

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits

(i) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(ii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(t) Share-based payments

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

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Taxation (continued)

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

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

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

(w) Impairment of non-financial assets

Goodwill is reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Impairment of financial assets

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

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

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

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

Significant increase in credit risk

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

(i) the financial instrument has a low risk of default;

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; or

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Impairment of financial assets (continued)

Definition of default

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

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

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

– significant financial difficulties of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Impairment of financial assets (continued)

Measurement and recognition of ECL

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

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

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

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

(y) Provisions and contingent liabilities

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

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

(z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(a) Critical judgements in applying accounting policies

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

(i) Structured contracts

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

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

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

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

(ii) Business model assessment

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

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

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

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

(b) Key sources of estimation uncertainty

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

(i) Income taxes

The Group is subject to income taxes in the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, RMB5,612,000 of income tax expense was recognised to profit or loss based on mainly withholding tax recognised (2019: income tax credit of RMB15,289,000 was recognised to profit or loss based on mainly the net effect of derecognition of deferred tax liability, and withholding tax recognised).

(ii) Impairment of intangible assets, property, plant and equipment, and right-of-use asset

Intangible assets, property, plant and equipment, and right-of-use asset are stated at costs less accumulated amortisation and depreciation, and any impairment. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether any events have occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates could materially affect the recoverable amount used in the impairment test.

The carrying amount of intangible assets, property, plant and equipment, and right-of-use asset as at 31 December 2020 were RMB3,225,000 (2019: RMB4,688,000), RMB64,479,000 (2019: RMB8,977,000) and RMB147,000 (2019: RMB8,494,000) respectively.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Impairment of trade receivables, and other receivables

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

As at 31 December 2020, the carrying amount of trade receivables and other receivables is RMB184,184,000 (net of allowance for impairment of RMB64,955,000) (2019: RMB244,034,000 (net of allowance for impairment of RMB88,288,000)).

(iv) Fair value measurement of financial assets at fair value through other comprehensive income

In the absence of quoted market prices in an active market, the fair values of the Group's unlisted equity securities of the financial assets at fair value through other comprehensive income are estimated by the Group's Deputy Head of Finance Department, having several valuations of unlisted equity securities of the financial assets at fair value through other comprehensive income assisted by an independent qualified professional valuer, Avista Business Consulting (Beijing) Co., Ltd., by considering information from a variety of sources, details of which are set out in note 7(b) to the consolidated financial statements.

The carrying amount of the unlisted equity securities of the financial assets at fair value through other comprehensive income as at 31 December 2020 was RMB63,061,000 (2019: RMB87,158,000).

6. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

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

	Hypothetical movement in foreign exchange rate	Positive/(negative) effect on consolidated loss after tax and total equity
		RMB'000
31 December 2020		
– Hong Kong dollars	**5%**	**2,043**
– United States dollars	**5%**	**2,003**
31 December 2019		
– Hong Kong dollars	5%	656
– United States dollars	5%	2,125

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Price risk

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

For sensitivity analysis, if equity prices had been 10% higher/lower (2019: 10%), loss after tax and total comprehensive income for the year ended 31 December 2020 would decrease/increase by RMB3,054,000 (2019: loss after tax and total comprehensive income for the year ended 31 December 2019 would decrease/increase by RMB1,323,000).

(c) Credit risk

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

Trade receivables

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

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

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	2020		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade receivables RMB'000
Within 1 month	17.06%	330	56
1 to 3 months	17.06%	4	1
4 to 6 months	17.06%	6	1
1 to 2 years	76.35%	5,371	4,101
Over 2 years	100.00%	19,461	19,461
		25,172	23,620

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2019:

	2019		
	Expected loss rate %	Gross carrying amount RMB'000	Allowance for impairment of trade receivables RMB'000
Within 1 month	6.87%	25,416	1,745
1 to 3 months	6.87%	20,079	1,379
4 to 6 months	6.87%	2,373	163
7 to 12 months	31.18%	4,271	1,332
1 to 2 years	71.67%	26,279	18,835
Over 2 years	100.00%	25,704	25,704
		104,122	49,158

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade receivables (continued)

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

The Group increased the expected loss rates in the current year due to higher chance of credit impairment from economic instability under potential prolonged pandemic of novel coronavirus ("**COVID-19**").

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

	2020 RMB'000	2019 RMB'000
At 1 January	**49,158**	32,976
Allowance for impairment recognised for the year	**4,552**	23,454
Disposal of a subsidiary	**(2,179)**	–
Write-off for the year	**(27,911)**	(7,272)
At 31 December	**23,620**	49,158

Other receivables

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

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Other receivables (continued)

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

	2020			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1 January	**1,147**	**–**	**37,983**	**39,130**
Allowance for impairment recognised for the year	**1,090**	**1,667**	**–**	**2,757**
Disposal of a subsidiary	**(552)**	**–**	**–**	**(552)**
At 31 December	**1,685**	**1,667**	**37,983**	**41,335**

	2019		
	Stage 1 RMB'000	Stage 3 RMB'000	Total RMB'000
At 1 January	4,770	–	4,770
(Reversal of allowance for)/allowance for impairment recognised for the year	(2,092)	36,452	34,360
Transfer from Stage 1 to Stage 3	(1,531)	1,531	–
At 31 December	1,147	37,983	39,130

Details of the allowance for impairment of an other receivable balance categorised under "**Stage 3**" are disclosed in note 32(a) to the consolidated financial statements. The allowance for impairment of other receivable balances categorised under "**Stage 2**" is due to actual or expected significant deterioration in the operating results of debtors during the year ended 31 December 2020. Except for these, the remaining other receivables balances are considered to have low credit risk, and the allowance for impairment recognised during the years was therefore limited to 12-month expected losses. The Group's management considers these balances to be of low credit risk as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

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

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

	Contractual undiscounted cash flows			
	Within 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 31 December 2020				
Trade payables	**15,421**	**–**	**15,421**	**15,421**
Other payables	**7,529**	**–**	**7,529**	**7,529**
Lease liability	**332**	**–**	**332**	**324**
	23,282	**–**	**23,282**	**23,274**
At 31 December 2019				
Trade payables	44,092	–	44,092	44,092
Other payables	5,080	–	5,080	5,080
Lease liabilities	5,876	2,965	8,841	8,303
	55,048	2,965	58,013	57,475

(e) Categories of financial instruments at 31 December

	2020 RMB'000	2019 RMB'000
Financial assets:		
Financial assets at fair value through other comprehensive income	**84,142**	92,176
Financial assets at fair value through profit or loss	**62,064**	13,229
Financial assets measured at amortised cost	**321,880**	411,351
Financial liabilities:		
Financial liabilities measured at amortised cost	**26,451**	72,090

6. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair values

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

7. FAIR VALUE MEASUREMENTS

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

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

During the years ended 31 December 2020 and 2019, there was no transfer between Level 2 and Level 3. The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

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

7. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements as at 31 December 2020 Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	31 December 2020 Total RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity security *(note 26)*	–	21,081	–	21,081
– Unlisted equity securities *(note 26)*	–	–	63,061	63,061
Financial assets at fair value through profit or loss				
– Listed equity securities *(note 30)*	30,543	–	–	30,543
– Treasury products *(note 30)*	–	31,521	–	31,521
Total	30,543	52,602	63,061	146,206

7. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy (continued)

Description	Fair value measurements as at 31 December 2019 Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	31 December 2019 Total RMB'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity security *(note 26)*	–	5,018	–	5,018
– Unlisted equity securities *(note 26)*	–	–	87,158	87,158
Financial assets at fair value through profit or loss				
– Listed equity securities *(note 30)*	13,229	–	–	13,229
Total	13,229	5,018	87,158	105,405

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2020 and 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 31 December 2020 RMB'000**	31 December 2019 RMB'000
Financial assets at fair value through other comprehensive income – Listed equity security	Market approach	Share transaction	**21,081**	5,018
Financial assets at fair value through profit or loss – Treasury products	Income approach – discounted cash flow	Loan prime rate of the People's Bank of China	**31,521**	–

7. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2020 and 2019: (continued)

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.

Level 3 fair value measurements

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

7. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2020 and 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 2019 RMB'000
Financial assets at fair value through other comprehensive income – unlisted equity security	Adjusted net asset value	N/A	N/A	N/A	66,143
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	20,166
Financial assets at fair value through other comprehensive income – unlisted equity security	Market approach	Volatility of market comparable companies	52.68%	Increase	849

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

	2020 RMB'000	2019 RMB'000
Financial assets at fair value through other comprehensive income – unlisted equity securities		
At 1 January	**87,158**	19,519
Additions for the year	**–**	50,930
Net unrealised (losses)/gains recognised in other comprehensive income for the year	**(3,925)**	16,709
Partial receipt of investment cost from a financial asset at fair value through other comprehensive income *(note 26)*	**(16,452)**	–
Disposal during the year *(note 26)*	**(3,720)**	–
At 31 December	**63,061**	87,158

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 (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained profits.

8. REVENUE

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

	2020 RMB'000	2019 RMB'000
Events operation and marketing income	671	74,171
Sports services income	8,271	84,796
	8,942	158,967

	2020 RMB'000	2019 RMB'000
Timing of revenue recognition		
– At a point in time	7,759	158,967
– Over time	1,183	–
	8,942	158,967

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

9. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Interest income from treasury products *(note (a))*	**5,972**	7,234
Interest income from loans to companies	**4,084**	5,019
Interest income from fund investment in a partnership	**2,375**	4,000
Interest income from short-term bank deposits	**30**	447
Dividend income from a financial asset at fair value through other comprehensive income *(note 26)*	**4,820**	–
Government grant *(note (b))*	**307**	35
Rental income	**–**	586
Others	**250**	419
	17,838	17,740

Notes:

(a) The Group invested in treasury products issued by financial institutions in the PRC. The investments are denominated in RMB and with maturity periods within six months. The rates of return range from 2.3% to 8.6% per annum (2019: 2.7% to 6.1% per annum).

(b) Government grant represents the wage subsidy received under Employment Support Scheme in Hong Kong as a time-limited compensation for expenses incurred without unfulfilled conditions during the economic instability under COVID-19 pandemic for the year ended 31 December 2020 (2019: the Group benefits from government grants in the form of tax refund from a governmental body of Fuzhou, Jiangxi Province as a result of their contribution for developing the cultural and media industry in the city).

10. OTHER LOSSES

	2020 RMB'000	2019 RMB'000
Allowance for impairment of trade receivables *(note 6(c))*	**(4,552)**	(23,454)
Allowance for impairment of other receivables *(note 6(c))*	**(2,757)**	(34,360)
Exchange (losses)/gains	**(3,368)**	1,329
Fair value loss on listed equity securities of financial assets at fair value through profit or loss	**(3,565)**	(3,922)
Gain/(loss) on disposals of listed equity securities of financial assets at fair value through profit or loss	**14,710**	(46,181)
Impairment of intangible assets *(note 24)*	**–**	(826)
Impairment of investments in associates *(note 27)*	**(524)**	(3,076)
Impairment of goodwill *(note 23)*	**–**	(191,584)
Loss on disposal of a subsidiary *(note 42(a))*	**(3,392)**	–
(Loss)/gain on disposals of property, plant and equipment	**(85)**	2,427
(Loss)/gain on disposal of a right-of-use asset	**(124)**	393
Write-off of an operating right included in intangible assets *(note 24)*	**–**	(84,552)
Write-off of trade receivables	**(1,111)**	(2,620)
Write-off of other receivables *(note)*	**(1,983)**	–
Write-off of prepayments	**(1,707)**	(8,000)
Others	**(1,525)**	(3,505)
	(9,983)	(397,931)

Note: Write-off of other receivables during the year ended 31 December 2020 included write-off of RMB1,462,000 originally due from 深圳韌行投資有限公司 ("**SZRX**") in which Ms. Ren Wen had a material interest from indirect controlling shareholding. Detail of the balance is disclosed in note 45(a)(ii) to the consolidated financial statements.

11. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest expenses on lease liabilities	**36**	56

12. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

12. SEGMENT INFORMATION (continued)

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2020 and 2019 is as follows:

Year ended 31 December 2020

	Events Operation and Marketing RMB'000	Sports Services RMB'000	Total RMB'000
Revenue	671	8,271	8,942
Cost of services	–	(9,323)	(9,323)
Segment results	671	(1,052)	(381)
Other income			17,838
Other losses			(9,983)
Selling and distribution expenses			(1,940)
General and administrative expenses			(45,514)
Finance costs			(36)
Share of results of associates			(913)
Income tax expense			(5,612)
Loss for the year			(46,541)

Year ended 31 December 2019

	Events Operation and Marketing RMB'000	Sports Services RMB'000	Total RMB'000
Revenue	74,171	84,796	158,967
Cost of services	(123,102)	(63,626)	(186,728)
Segment results	(48,931)	21,170	(27,761)
Other income			17,740
Other losses			(397,931)
Selling and distribution expenses			(22,513)
General and administrative expenses			(67,953)
Finance costs			(56)
Share of results of associates			(1,411)
Income tax credit			15,289
Loss for the year			(484,596)

12. SEGMENT INFORMATION (continued)

Revenue from major customer:

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

	2020 RMB'000	2019 RMB'000
Customer A	**1,052**	N/A

None of the customers contributed over 10% of the total revenue of the Group for the year ended 31 December 2019 only.

13. INCOME TAX (EXPENSE)/CREDIT

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

	2020 RMB'000	2019 RMB'000
Current tax		
Provision for the year – the PRC	**(3,900)**	(12,599)
Over-provision in prior years	**896**	141
	(3,004)	(12,458)
Deferred tax *(note 39)*	**(2,608)**	27,747
	(5,612)	15,289

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the years ended 31 December 2020 and 2019.

PRC Corporate Income Tax has been provided at a rate of 25% (2019: 25%).

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.

13. INCOME TAX (EXPENSE)/CREDIT (continued)

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

	2020 RMB'000	2019 RMB'000
Loss before tax	**(40,929)**	(499,885)
Tax at the respective applicable tax rates	**9,609**	104,506
Tax effect of share of results of associates	**(228)**	(353)
Tax effect of income that is not taxable	**816**	3,866
Tax effect of expenses that is not deductible	**(972)**	(47,028)
Net tax effect of temporary differences not recognised	**(543)**	22,227
Tax effect of tax losses not recognised	**(11,290)**	(56,070)
Withholding tax	**(3,900)**	(12,000)
Over-provision in prior years	**896**	141
Income tax (expense)/credit	**(5,612)**	15,289

14. LOSS FOR THE YEAR

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

	2020 RMB'000	2019 RMB'000
Amortisation of intangible assets *(note 24)*	988	12,932
Cost of inventories utilised	5	1,984
Depreciation of investment property *(note 21)*	–	1,260
Depreciation of property, plant and equipment *(note 20)*	13,006	4,822
Depreciation of right-of-use assets *(note 22)*	581	7,661
Donation	200	–
Fair value loss on listed equity securities of financial assets at fair value through profit or loss *(note 10)*	3,565	3,922
(Gain)/loss on disposals of listed equity securities of financial assets at fair value through profit or loss *(note 10)*	(14,710)	46,181
Loss/(gain) on disposals of property, plant and equipment *(note 10)*	85	(2,427)
Loss/(gain) on disposal of a right-of-use asset *(note 10)*	124	(393)
Loss on disposal of a subsidiary *(note 42(a))*	3,392	–
Staff costs *(note 15)*		
– Salaries, bonuses and allowances	7,056	37,981
– Retirement benefit scheme contributions	807	7,317
– Share-based payments	–	48
Write-off of an operating right included in intangible assets *(note 24)*	–	84,552
Auditor's remuneration	1,150	2,200
Allowance for impairment of trade receivables *(note 6(c))*	4,552	23,454
Allowance for impairment of other receivables *(note 6(c))*	2,757	34,360
Write-off of trade receivables *(note 10)*	1,111	2,620
Write-off of other receivables *(note 10)*	1,983	–
Write-off of prepayments *(note 10)*	1,707	8,000
Impairment of goodwill *(note 23)*	–	191,584
Impairment of intangible assets *(note 24)*	–	826
Impairment of investments in associates *(note 27)*	524	3,076

15. EMPLOYEE BENEFITS EXPENSE

	2020 RMB'000	2019 RMB'000
Employee benefits expense:		
Salaries, bonuses and allowances	**7,056**	37,981
Retirement benefit scheme contributions	**807**	7,317
Share-based payments *(note 41)*	**–**	48
	7,863	45,346

(a) Five highest paid individuals

The five highest paid individuals in the Group during the year included four Directors (2019: four Directors with one Director being appointed on 2 January 2019) whose Directors' emoluments are reflected in the analysis presented in note 16(a). The emoluments of the remaining one individual (2019: one) are set out below:

	2020 RMB'000	2019 RMB'000
Fees	**–**	–
Salaries and allowances	**803**	758
Discretionary bonuses	**–**	3,150
Share-based payments	**–**	–
Retirement benefit scheme contributions	**15**	16
	818	3,924

The emoluments fell within the following bands:

	Number of individuals 2020	 2019
HK$0 to HK$1,000,000	**1**	–
HK$4,000,001 to HK$5,000,000	**–**	1
	1	1

During the years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office, whether directly or indirectly, subsisting at the end of the year or any time during the year.

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of every Director are set out below:

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertaking					
	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity-settled share option expenses RMB'000	Total RMB'000
Executive Directors						
Ms. Ren Wen	65	1,452	–	22	–	1,539
Mr. Sheng Jie *(note (a))*	65	245	–	22	–	332
Mr. Song Hongfei	65	238	–	20	–	323
Ms. Hao Bin	65	256	–	11	–	332
Independent Non-executive Directors						
Mr. Ip Kwok On Sammy	65	–	–	–	–	65
Mr. Jin Guoqiang	65	–	–	–	–	65
Mr. Chen Zhijian	65	–	–	–	–	65
Total for the year ended 31 December 2020	455	2,191	–	75	–	2,721

16. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertaking					
	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Equity-settled share option expenses RMB'000	Total RMB'000
Executive Directors						
Ms. Ren Wen	106	1,337	6,000	43	–	7,486
Mr. Sheng Jie *(note (a))*	106	682	1,000	37	–	1,825
Mr. Song Hongfei	106	658	200	43	–	1,007
Ms. Hao Bin	106	484	300	41	9	940
Mr. Zhang Han *(note (b))*	–	–	–	–	–	–
Independent Non-executive Directors						
Mr. Ip Kwok On Sammy	106	–	–	–	–	106
Mr. Jin Guoqiang	106	–	–	–	–	106
Mr. Chen Zhijian	106	–	–	–	–	106
Total for the year ended 31 December 2019	742	3,161	7,500	164	9	11,576

Notes:

(a) Mr. Sheng Jie was appointed as an Executive Director on 2 January 2019.

(b) Mr. Zhang Han resigned on 2 January 2019.

During the years, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group, or as compensation for loss of office, whether directly or indirectly, subsisting at the end of the year or any time during the year.

No Director waived or has agreed to waive any emoluments for the years ended 31 December 2020 and 2019.

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

Except for a transaction with Ms. Ren Wen, the Executive Director of the Company, mentioned in note 45(a)(i) to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company, any of its fellow subsidiaries, its holding companies or its subsidiaries was a party and in which the Directors of the Company or the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. RETIREMENT BENEFIT SCHEMES CONTRIBUTIONS

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

18. DIVIDENDS

	2019 RMB'000
2018 final dividend of RMB0.062 per share paid	98,762

The Board of Directors does not recommend the payment of any dividend in respect of the years ended 31 December 2020 and 2019.

19. LOSS PER SHARE

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

	2020 RMB'000	2019 RMB'000
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share	**(43,985)**	(455,122)

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,592,942**	1,592,942

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the years ended 31 December 2020 and 2019.

20. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, Fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2019	15,483	3,014	11,705	12,499	42,701
Additions for the year	–	76	816	613	1,505
Disposals for the year	(15,483)	(973)	(818)	(1,940)	(19,214)
At 31 December 2019 and 1 January 2020	**–**	**2,117**	**11,703**	**11,172**	**24,992**
Additions for the year	**–**	**–**	**55,886**	**2,611**	**58,497**
Disposals for the year	**–**	**–**	**(2,367)**	**(3,688)**	**(6,055)**
Disposal of a subsidiary *(note 42(a))*	**–**	**–**	**(4,619)**	**(4,611)**	**(9,230)**
Transfer from investment property *(note 21)*	**28,283**	**–**	**–**	**–**	**28,283**
At 31 December 2020	**28,283**	**2,117**	**60,603**	**5,484**	**96,487**
Accumulated depreciation					
At 1 January 2019	2,022	2,572	4,760	7,652	17,006
Charge for the year	491	348	2,432	1,551	4,822
Disposals for the year	(2,513)	(803)	(782)	(1,715)	(5,813)
At 31 December 2019 and 1 January 2020	**–**	**2,117**	**6,410**	**7,488**	**16,015**
Charge for the year	**1,260**	**–**	**10,179**	**1,567**	**13,006**
Disposals for the year	**–**	**–**	**(2,158)**	**(2,582)**	**(4,740)**
Disposal of a subsidiary *(note 42(a))*	**–**	**–**	**(3,463)**	**(1,401)**	**(4,864)**
Transfer from investment property *(note 21)*	**12,591**	**–**	**–**	**–**	**12,591**
At 31 December 2020	**13,851**	**2,117**	**10,968**	**5,072**	**32,008**
Carrying amount					
At 31 December 2020	**14,432**	**–**	**49,635**	**412**	**64,479**
At 31 December 2019	–	–	5,293	3,684	8,977

Disposals for the year ended 31 December 2020 included three motor vehicles with a total of net carrying amount of RMB1,106,000 sold to Ms. Ren Wen at a consideration of RMB1,230,000 *(note 45(a)(i))*.

21. INVESTMENT PROPERTIES

	2020 RMB'000	2019 RMB'000
Cost		
At 1 January	**28,283**	28,283
Transfer to property, plant and equipment *(note 20)*	**(28,283)**	–
At 31 December	**–**	28,283
Accumulated depreciation		
At 1 January	**12,591**	11,331
Charge for the year	**–**	1,260
Transfer to property, plant and equipment *(note 20)*	**(12,591)**	–
At 31 December	**–**	12,591
Carrying amount		
At 31 December	**–**	15,692

During the year ended 31 December 2020, the Group reclassified the investment properties stated at cost of RMB28,283,000 less accumulated depreciation of RMB12,591,000 to property, plant and equipment, applying the same annual depreciation rate of 4.45% on a straight-line basis, being occupied as the principal office of the Group in the PRC.

A valuation of the Group's investment property was performed by the Directors to determine the fair value of the investment property as at 31 December 2019, amounting to RMB32,000,000. The valuation was determined using the market comparable approach (level 3 hierarchy). Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

22. RIGHT-OF-USE ASSET

	Office Premise	
	2020	2019
	RMB'000	RMB'000
At 1 January	**8,494**	20,183
Addition for the year	**278**	10,732
Depreciation for the year	**(581)**	(7,661)
Disposal for the year	**(7,719)**	(14,760)
Disposal of a subsidiary *(note 42(a))*	**(325)**	–
At 31 December	**147**	8,494

During the year ended 31 December 2020, the Group disposed of a right-of-use asset under an early termination of a lease for an office premise in the PRC, with a net carrying value of RMB7,719,000. (2019: disposal was related to an early termination of a lease for an office premise in the PRC, with a net carrying value of RMB14,760,000).

Details of total cash outflow for leases included in net cash used in financing activities are set out in note 42(b) to the consolidated financial statements.

Lease arrangement of office premise was negotiated on an individual basis and contain a lease term of 3 years (2019: leases terms ranging from 2 to 5 years). In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

23. GOODWILL

	2020 RMB'000	2019 RMB'000
Cost		
At 1 January	**191,584**	191,689
Derecognition upon deregistration of a subsidiary	**–**	(105)
At 31 December	**191,584**	191,584
Accumulated impairment losses		
At 1 January	**191,584**	105
Impairment loss recognised for the year	**–**	191,584
Derecognition upon deregistration of a subsidiary	**–**	(105)
At 31 December	**191,584**	191,584
Carrying amount		
At 31 December	**–**	–

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The net carrying amount of goodwill is allocated as follows:

	2020 RMB'000	2019 RMB'000
Events Operation and Marketing *(note (a))*	**–**	–
Sports Services *(note (b))*	**–**	–
	–	–

23. GOODWILL (continued)

(a) Events Operation and Marketing

As at 30 June 2019, 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 the events that led to a write-off of an operating right to "Running in China" marathon events included in intangible assets during the six months ended 30 June 2019, the Group's management reassessed the forecast cash flows of this CGU and determined its recoverable amount to be lower than its carrying amount. Details of the write-off of the operating right are disclosed in note 24 to the consolidated financial statements. A full impairment of RMB51,739,000 was recognised on goodwill for the six months ended 30 June 2019. The recoverable amount of this CGU as at 31 December 2019 is RMB3,438,000.

(b) Sports Services

As at 31 December 2019, 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. The CGU was severely affected by the events that led to a write-off of an operating right to "Running in China" marathon events included in intangible assets, and the Group's management reassessed the forecast cash flows of this CGU and determined its recoverable amount to be lower than its carrying amount. Details of the write-off of the operating right are disclosed in note 24 to the consolidated financial statements. A full impairment of RMB139,845,000 was then recognised on goodwill for the year ended 31 December 2019, including an impairment of RMB104,884,000 recognised on goodwill during the six months ended 30 June 2019. The recoverable amount of this CGU as at 31 December 2019 is RMB7,481,000.

24. INTANGIBLE ASSETS

	Operating right RMB'000	Software and others RMB'000	Total RMB'000
Cost			
At 1 January 2019	112,600	3,098	115,698
Additions for the year	–	4,466	4,466
Write-off for the year	(104,600)	–	(104,600)
Disposals for the year	(8,000)	–	(8,000)
At 31 December 2019 and 1 January 2020	**–**	**7,564**	**7,564**
Disposal of a subsidiary *(note 42(a))*	**–**	**(609)**	**(609)**
At 31 December 2020	**–**	**6,955**	**6,955**
Accumulated amortisation and impairment losses			
At 1 January 2019	15,794	1,372	17,166
Amortisation for the year	12,254	678	12,932
Write-off for the year	(20,048)	–	(20,048)
Impairment loss for the year	–	826	826
Disposals for the year	(8,000)	–	(8,000)
At 31 December 2019 and 1 January 2020	**–**	**2,876**	**2,876**
Amortisation for the year	**–**	**988**	**988**
Disposal of a subsidiary *(note 42(a))*	**–**	**(134)**	**(134)**
At 31 December 2020	**–**	**3,730**	**3,730**
Carrying amount			
At 31 December 2020	**–**	**3,225**	**3,225**
At 31 December 2019	–	4,688	4,688

24. INTANGIBLE ASSETS (continued)

The average remaining amortisation periods of the operating right and software and others are nil year (2019: nil year) and nil to 7 years (2019: nil to 10 years) respectively.

During the six months ended 30 June 2019, the Group decided to write off an operating right to "Running in China" marathon events with a net carrying amount of RMB84,552,000 (with the corresponding derecognition of deferred tax liability of RMB21,138,000 (see note 39 to the consolidated financial statements)). Due to organisational errors which occurred during two "Running in China" marathon events towards the end of 2018, the Chinese Athletic Association (the "**CAA**") had requested the Group to carry out rectification and submit a report. In January 2019, the Group had completed such rectification measures and submitted such report to the CAA, which was received and accepted by the CAA. The Group believes that there are no further issues outstanding in relation to these events. Prior to the publication of the timetable (the "**Timetable**") in relation to the marathon events to be held in the second half of 2019 for its "Running in China" marathon events published on 18 June 2019 by the CAA in 2019, the Group had been in active communication with the CAA in relation to the operation of the "Running in China" marathon events. However, according to the Timetable, save for one marathon event, none of the "Running in China" marathon events would be operated jointly by the CAA with the Group in the second half of 2019. The Group had entered into negotiations with the CAA, but no consensus was reached. Based on the opinions of professional advisors, in order to protect the interests of the shareholders, the Board of Directors concluded that the Group would no longer have the right to be the exclusive co-operator of the "Running in China" marathon events in the foreseeable future, and the Group would reserve the right to take further actions in respect of the exclusive operation of the "Running in China" marathon events and the "Running in China" marathon events as published by the CAA. Details on the Group's assessment that it will no longer have the right to be the exclusive co-operator of the "Running in China" marathon events in the future were disclosed in the Company's announcements dated 2 August 2019 and 18 October 2019.

Furthermore, a full impairment of certain trademarks and copyrights under software and others of RMB826,000 was recognised for the year ended 31 December 2019 as the Group's management assessed no recoverable amount to be generated under inactive uses by the Group.

25. INVESTMENTS IN SUBSIDIARIES

Particulars of the Group's major subsidiaries at 31 December 2020 and 2019 are set out as follows:

Name	Place and date of incorporation or registration/ Type of legal entity	Particular of issued share capital	Percentage of ownership interest/ voting power/profit sharing 2020	2019	Principal activities/ Place of operation
Directly held by the Company					
Torch Media Co., Ltd.	BVI/2 April 2012/Limited liability company	Ordinary shares US$1	**100%**	100%	Investment holding/BVI
Indirectly held by the Company					
Beijing Shangde Da'ai Sports Co., Ltd. ("**SDDA**") *(note (b))*	PRC/20 May 2016/Limited liability company	Ordinary shares RMB5,555,555	**69.1%**	69.1%	Service provision for the organisation of marathon events/PRC
Beijing Wisdom Media Holding Co., Ltd. *(notes (a) and (b))*	PRC/26 December 2006/ Limited liability company	Ordinary shares RMB60,000,000	**100%**	100%	Investment holding/PRC
Beijing Wisdom Sports Culture Co., Ltd. *(note (b))*	PRC/4 December 2015/Limited liability company	Ordinary shares RMB1,000,000	**100%**	100%	Corporate services/PRC
Beijing Wisdom Sports Industry Co., Ltd. *(note (b))*	PRC/6 July 2012/Limited liability company	Ordinary shares US$500,000	**100%**	100%	Investment holding/PRC
Jiangxi Wisdom Sports Culture Co., Ltd. *(note (b))*	PRC/24 March 2014/Limited liability company	Ordinary shares RMB3,000,000	**100%**	100%	Event organisation and related services/PRC
Wisdom Sports Entertainment (Zhejiang) Co., Ltd (formerly known as "Wisdom Events Operation and Management (Zhejiang) Co., Ltd.") ("**ZMWH**") *(note (b))*	PRC/10 December 2013/ Limited liability company	Ordinary shares RMB290,000,000	**100%**	100%	Event organisation and related services/PRC
Subsidiaries of Beijing Wisdom Media					
Beijing Xinglian Lihe Technology Co., Ltd. ("**Xinglian Lihe**") *(notes (a), (b) and (c))*	PRC/21 July 2009/Limited liability company	Ordinary shares RMB3,920,000	**–**	51.02%	Live broadcasting and program production/ PRC
First AI Sports Technology (Shenzhen) Co., Ltd. ("**First AI**") *(notes (a) and (b))*	PRC/6 May 2016/Limited liability company	Ordinary shares RMB10,000,000	**100%**	100%	Live broadcasting and marathon timing services/PRC

25. INVESTMENTS IN SUBSIDIARIES (continued)

Notes:

(a) These companies are under the Structured Contracts. Details are set out in note 5(a)(i) to the consolidated financial statements.

(b) The English names of these companies represented the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

(c) Xinglian Lihe was disposed of on 2 December 2020. Details are set out in note 42(a) to the consolidated financial statements.

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

The following table shows information on the subsidiaries that have non-controlling interests ("**NCI**") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	SDDA		Xinglian Lihe	
	2020	2019	**2020**	2019
Place of incorporation/Place of operation	**PRC/PRC**	PRC/PRC	**PRC/PRC**	PRC/PRC
% of ownership interest/voting power/profit sharing held by NCI	**30.9%/30.9%**	30.9%/30.9%	**–/–**	48.98%/48.98%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**237**	352	**–**	70,669
Current assets	**8,329**	14,001	**–**	24,652
Non-current liabilities	**–**	–	**–**	(100)
Current liabilities	**(10,577)**	(17,267)	**–**	(78,865)
Net (liabilities)/assets	**(2,011)**	(2,914)	**–**	16,356
Accumulated NCI	**(622)**	(901)	**–**	8,011

25. INVESTMENTS IN SUBSIDIARIES (continued)

	2020 RMB'000	2019 RMB'000	Period from 1 January 2020 to 2 December 2020 RMB'000	2019 RMB'000
Revenue	**1,887**	28,774	**6,798**	41,222
Profit/(loss)	**903**	(96,060)	**(5,788)**	426
Total comprehensive income	**903**	(96,060)	**(5,788)**	426
Profit/(loss) allocated to NCI	**279**	(29,683)	**(2,835)**	209
Net cash (used in)/generated from operating activities	**(2,089)**	(850)	**2,292**	(6,573)
Net cash generated from/(used in) investing activities	**–**	280	**(26)**	(56,360)
Net cash (used in)/generated from financing activities	**–**	–	**(288)**	52,607
Net (decrease)/increase in cash and cash equivalents	**(2,089)**	(570)	**1,978**	(10,326)

As at 31 December 2020, the cash and cash equivalents of the Group's subsidiaries in the PRC denominated in RMB amounted to RMB92,786,000 (2019: RMB123,372,000). 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.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 RMB'000	2019 RMB'000
Listed equity security	**21,081**	5,018
Unlisted equity securities	**63,061**	87,158
	84,142	92,176

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

As at 31 December 2020, the fair value of this financial asset is RMB59,972,000 (2019: RMB66,143,000) accounting for 9.9% (2019: 9.5%) of the Group's total assets. Unrealised loss of RMB6,171,000 (2019: unrealised gain of RMB16,143,000) arising from the remeasurement of this financial asset was recognised in the fair value reserve (non-recycling) in other comprehensive income, and dividend income of RMB4,820,000 from such financial asset was recognised during the year ended 31 December 2020 (2019: RMB Nil). The Group maintains to hold this financial asset for strategic purposes since initial recognition to generate long-term capital growth.

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

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

27. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Unlisted investments:		
Share of net assets	**11,496**	12,409
Goodwill on acquisition	**6,767**	6,767
	18,263	19,176
Accumulated impairment losses	**(7,367)**	(6,843)
	10,896	12,333

27. INVESTMENTS IN ASSOCIATES (continued)

Details of the Group's associates at 31 December 2020 and 2019 are as follows:

Name	Place of incorporation/ registration	Particular of issued share capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			2020	2019	
Beijing Guotaiyinke Technology Co., Ltd. ("**GTYK**")	PRC	RMB6,312,500	**20%**	20%	Technology development
Vning Sports Culture Industry (Beijing) Co., Ltd. ("**Vning**")	PRC	RMB6,027,727	**15%** ***(note (a))***	15% *(note (a))*	Organisation of sports-related courses
SEG ZM Sports Culture Development Co., Ltd. ("**SEG ZM**")	PRC	RMB20,000,000	**10%** ***(note (b))***	10% *(note (b))*	Events organisation

For investment in Vning, the recoverable amount of this investment has been determined based on fair value less costs of disposal by using discounted cash flow method. A discount rate of 29.7% (2019: 29.0%) was used. As a result, according to the impairment test result used by the Group, the recoverable amount of this investment is higher than its carrying amount, and hence no impairment was recognised in profit or loss for the year ended 31 December 2020 (2019: impairment of RMB250,000).

For investment in GTYK, the recoverable amount of this investment has been determined based on value in use by using discounted cash flow method. A discount rate of 19.5% (2019: 20.0%) 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 lower sales growth forecast, and an impairment of RMB524,000 was recognised in profit or loss for the year ended 31 December 2020 (2019: RMB2,826,000).

Notes:

(a) The Articles of Association of Vning specifies that at least a half of the shareholding is required to approve for decision on directing the relevant activities of Vning. As the Group holds a 15% equity interest in Vning, and has appointed one out of seven directors, the Group has significant influence, but not control over the financial and operating policy decisions of Vning. Hence the Group's interest in Vning is accounted for as an investment in an associate.

(b) Upon a resolution passed in the shareholders' meeting of SEG ZM on the registered share capital reduction of SEG ZM from RMB50,000,000 to RMB20,000,000, the Group would be returned for RMB3,000,000 of its investment cost based on its 10% equity interest in SEG ZM. As at 31 December 2020 and 2019, RMB2,000,000 is receivables from SEG ZM.

As the Group holds 10% equity interest in SEG ZM, and has appointed one out of five directors, the Group has significant influence, but no control over the financial and operating policy decisions of SEG ZM. Hence the Group's interest in SEG ZM is accounted for as an investment in an associate.

27. INVESTMENTS IN ASSOCIATES (continued)

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

Name	GTYK 2020	GTYK 2019	Vning 2020	Vning 2019
Place of incorporation/ Place of operation	**PRC/PRC**	PRC/PRC	**PRC/PRC**	PRC/PRC
Principal activities	**Technology development**	Technology development	**Organisation of sports-related courses**	Organisation of sports-related courses
% of ownership interest/ voting power/profit sharing held by the Group	**20%/20%**	20%/20%	**15%/15%**	15%/15%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**27**	50	**7,082**	7,424
Current assets	**41,411**	41,841	**20,797**	26,456
Current liabilities	**(9,091)**	(10,098)	**(403)**	(981)
Net assets	**32,347**	31,793	**27,476**	32,899
Group's share of net assets	**6,469**	6,358	**4,121**	4,935
Goodwill on acquisition	**2,826**	2,826	**3,941**	3,941
	9,295	9,184	**8,062**	8,876
Accumulated impairment losses	**(3,350)**	(2,826)	**(4,017)**	(4,017)
Group's share of carrying amount of interests	**5,945**	6,358	**4,045**	4,859
Year ended 31 December:				
Revenue	**9,622**	27,508	**3,344**	6,296
Profit/(loss)	**554**	(1,845)	**(5,423)**	(6,961)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**554**	(1,845)	**(5,423)**	(6,961)

27. INVESTMENTS IN ASSOCIATES (continued)

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

Name	SEG ZM 2020	 2019
Place of incorporation/Place of operation	**PRC/PRC**	PRC/PRC
Principal activities	**Events organisation**	Events organisation
% of ownership interest/voting power/profit sharing held by the Group	**10%/10%**	10%/10%
	RMB'000	RMB'000
At 31 December		
Non-current assets	**10,896**	10,717
Current assets	**5,080**	5,291
Current liabilities	**(6,921)**	(4,850)
Net assets	**9,055**	11,158
Group's share of net assets	**906**	1,116
Goodwill on acquisition	**–**	–
	906	1,116
Accumulated impairment losses	**–**	–
Group's share of carrying amount of interests	**906**	1,116
Year ended 31 December:		
Revenue	**10,291**	23,205
(Loss)/profit	**(2,103)**	26
Other comprehensive income	**–**	–
Total comprehensive income	**(2,103)**	26

As at 31 December 2020, the cash and cash equivalents of the Group's associates in the PRC denominated in RMB amounted to RMB25,600,000 (2019: RMB29,622,000). 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.

28. OTHER NON-CURRENT ASSETS

	2020 RMB'000	2019 RMB'000
Prepayments for property, plant and equipment	–	65,844
Earnest money paid for potential equity investment *(note)*	20,370	13,000
	20,370	78,844

Notes:

(a) Due to the outbreak of COVID-19, a potential equity investment of RMB13,000,000 was temporarily interrupted during the year ended 31 December 2020. A supplemental agreement was signed during the year ended 31 December 2020 to extend the deadline of fulfilling certain investment criteria by the investee to 31 December 2021.

(b) RMB7,370,000 paid for another potential equity investment during the year ended 31 December 2020 was subsequently utilised for investment completion. Details are set out in note 46(a) to the consolidated financial statements.

29. INVENTORIES

	2020 RMB'000	2019 RMB'000
Finished goods	2,205	2,414

30. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 RMB'000	2019 RMB'000
Listed equity securities		
– Hong Kong	23,536	6,431
– the PRC	7,007	6,798
	30,543	13,229
Treasury products	31,521	–
	62,064	13,229

31. TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	**25,172**	104,122
Allowance for impairment of trade receivables	**(23,620)**	(49,158)
	1,552	54,964

The Group generally allows an average credit period of 180 days (2019: 180 days) for its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

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

	2020 RMB'000	2019 RMB'000
Within 1 month	**274**	23,671
1 to 3 months	**3**	18,700
4 to 6 months	**5**	2,210
7 to 12 months	**–**	2,939
1 to 2 years	**1,270**	7,444
Over 2 years	**–**	–
	1,552	54,964

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

32. OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Cash held at security trading accounts	**14,156**	13,323
Deposits with media companies and event organisation companies	**11,221**	11,928
Advance to employees	**258**	3,594
Amount due from a controlling shareholder *(note 45(a)(ii))*	**1,808**	–
Amount due from a director *(note 45(a)(ii))*	**119**	–
Lease and other deposits	**30**	1,194
Consideration receivable upon disposal of a subsidiary *(note 42(a))*	**300**	–
Amount due from 北體智美場館運營(深圳)有限公司 ("**TYCG**") *(note (a))*	**37,983**	37,983
Amounts due from related companies *(note 45(a)(ii))*	**6,050**	7,512
Fund investment in a partnership *(note (b))*	**52,375**	52,000
Loans to companies *(note (c))*	**97,826**	97,475
Others	**1,841**	3,191
Allowance for impairment of other receivables	**(41,335)**	(39,130)
	182,632	189,070
Non-current portion	**(50,000)**	(59,629)
Total current portion	**132,632**	129,441
Non-current portion		
Loans to companies *(note (c))*	**50,000**	60,000
Allowance for impairment of other receivables	**–**	(371)
Total non-current portion	**50,000**	59,629

32. OTHER RECEIVABLES (continued)

Notes:

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

Bankruptcy proceedings against TYCG has been initiated by one of its creditors on 3 June 2020. Hence the Group withdrew the foregoing legal proceedings against TYCG and has lodged its creditor's application to claim against TYCG for the outstanding debts. A court hearing for the bankruptcy proceedings was held on 7 September 2020 and the bankruptcy proceedings has not been completed as at 31 December 2020.

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

(c) The balance as at 31 December 2020 represents a total of 5 loans to 4 companies which are independent third parties and the business partners of the Group, with loan periods ranging from 3 months to 3 years and fixed interest rates ranging from Nil to 5.0% per annum. RMB62,900,000 of the loans are pledged with properties located in the PRC on or after 31 December 2020. RMB34,569,000 was received in March 2021.

The balance as at 31 December 2019 represents a total of 6 loans to 5 companies which are independent third parties and the business partners of the Group, with loan periods ranging from 1 to 3 years and fixed interest rates ranging from Nil to 5.0% per annum. RMB94,025,000 of the loans are pledged with properties located in the PRC as at 31 December 2019.

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

33. PREPAYMENT AND OTHER CURRENT ASSETS

	2020 RMB'000	2019 RMB'000
Prepayment for media resources	–	640
Prepayment for sport competition and event organisation expenses	6,526	7,723
Prepaid property management fees	167	342
Value-added and other taxes' credits	24,980	25,276
Others	100	1,124
	31,773	35,105

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

34. CASH AND CASH EQUIVALENTS

	2020 RMB'000	2019 RMB'000
Cash on hand	35	35
Bank balances	137,661	167,282
Cash and cash equivalents	137,696	167,317

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 and United States dollars.

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

35. SHARE CAPITAL

	2020 and 2019		
	Number of shares '000	US$'000	RMB'000
Authorised:			
Ordinary shares of US$0.00025 each			
At 1 January and 31 December	4,000,000	1,000	–
Issued and fully paid:			
Ordinary shares of US$0.00025 each			
At 1 January and 31 December	1,592,942	398	2,454

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Total debt comprises lease liability. Adjusted capital comprises all components of equity (i.e. share capital, retained profits and other reserves) except for non-controlling interests.

Since there were only lease liability as at 31 December 2020 and 2019 which could be fully covered by the cash and cash equivalents balance, accordingly the calculations of debt-to-adjusted capital ratio at 31 December 2020 and 2019 are not meaningful.

The externally imposed capital requirement for the Group is to have a public float of at least 25% of the shares in order to maintain its listing on the Stock Exchange.

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2020 RMB'000	2019 RMB'000
Non-current assets		
Investments in subsidiaries	**125,099**	120,413
Other non-current asset	**7,370**	–
	132,469	120,413
Current assets		
Financial assets at fair value through profit or loss	**23,536**	6,431
Other receivables	**8,707**	5,721
Cash and cash equivalents	**1,061**	35,408
	33,304	47,560
TOTAL ASSETS	**165,773**	167,973
Capital and reserves		
Share capital	**2,454**	2,454
Reserves	**158,819**	161,113
TOTAL EQUITY	**161,273**	163,567
Current liabilities		
Other payables and accrued expenses	**4,500**	4,406
TOTAL EQUITY AND LIABILITIES	**165,773**	167,973

Approved by the Board of Directors on 30 March 2021 and are signed on its behalf by:

Song Hongfei
Director

Sheng Jie
Director

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Share premium RMB'000	Share-based payments reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2019	153,007	5,694	254,909	413,610
Total comprehensive income for the year	–	–	(148,952)	(148,952)
Payment of 2018 final dividend *(note 18)*	(98,762)	–	–	(98,762)
Share-based payments	–	48	–	48
Lapse of share option	–	(4,831)	–	(4,831)
At 31 December 2019	54,245	911	105,957	161,113
At 1 January 2020	**54,245**	**911**	**105,957**	**161,113**
Total comprehensive income for the year	**–**	**–**	**(2,294)**	**(2,294)**
At 31 December 2020	**54,245**	**911**	**103,663**	**158,819**

37. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

37. RESERVES (continued)

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account is available for distribution to shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company is in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

(ii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to Directors and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(t) to the consolidated financial statements.

(iii) Statutory reserve

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to shareholders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate 10% of statutory profits after income tax to statutory reserves, upon distribution of its post-tax profits of the current year.

A company may discontinue the contribution when the aggregate sum of the statutory reserve is more than 50% of its registered capital. The statutory reserves shall only be used to make up losses of the company, to expand the company's operations or to increase the capital of the company. In addition, a company may make contribution to the discretionary reserve using its post-tax profits in addition to the 10% statutory reserves requirement, as mentioned above, by passing a resolution of the Board of Directors. The Group did not make any appropriation to the discretionary reserve.

(iv) Other reserve

Other reserve comprises the paid-up capital and reserve of Beijing Wisdom Media, a Group's existing subsidiary which is held by Beijing Wisdom Sports under the structured contract entered into on 24 June 2013 to obtain the effective control and substantial residual economic benefits of Beijing Wisdom Media and its subsidiaries.

Under the structured contract signed between the Group, and Beijing Wisdom Media and its direct shareholders, such arrangement was made as part of the reorganisation for initial public offering in 2013 in order to consolidate Beijing Wisdom Media into the Group.

(v) Fair value reserve (non-recycling)

Fair value reserve (non-recycling) comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(l) to the consolidated financial statements.

38. LEASE LIABILITY

	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**332**	5,876	**324**	5,432
Between 1 and 2 years	**–**	2,965	**–**	2,871
	332	8,841	**324**	8,303
Less: total future interest expenses	**(8)**	(538)		
Present value of lease liability	**324**	8,303		

The weighted average incremental borrowing rate applied was 8.67% (2019: 6.44%).

The carrying amounts of lease liability are mainly denominated in RMB.

39. DEFERRED TAX

The followings are the deferred tax liability and (assets) recognised by the Group:

Deferred tax liability	**Operating right to "Running in China" marathon events RMB'000**
At 1 January 2019	**23,535**
Credited to profit or loss for the year *(note 13)*	**(2,397)**
Derecognition for the year *(notes 13 and 24)*	**(21,138)**
At 31 December 2019	**–**

Deferred tax assets	**Allowance for impairment of trade receivables RMB'000**
At 1 January 2019	**(5,116)**
Credited to profit or loss for the year *(note 13)*	**(4,212)**
At 31 December 2019 and 1 January 2020	**(9,328)**
Charged to profit or loss for the year *(note 13)*	**2,608**
At 31 December 2020	**(6,720)**

39. DEFERRED TAX (continued)

The following is the analysis of the deferred tax balances (after offset) for the consolidated statement of financial position purposes:

	2020 RMB'000	2019 RMB'000
Deferred tax liability	–	–
Deferred tax assets	(6,720)	(9,328)
	(6,720)	(9,328)

At the end of the reporting period, the Group has not recognised deferred tax assets in respect of unused tax losses of RMB193,038,000 (31 December 2019: RMB106,508,000) due to the unpredictability of future profit streams. Tax losses are all arisen in the PRC and will be expired within five years for offsetting against future taxable profits.

Under the Corporate Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries of RMB444,701,000 as at 31 December 2020 (2019: RMB555,583,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

40. TRADE PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	15,421	44,092

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

	2020 RMB'000	2019 RMB'000
Within 1 month	119	27,564
1 to 3 months	–	5,631
4 to 6 months	–	1
7 to 12 months	–	2,931
Over 12 months	15,302	7,965
	15,421	44,092

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

41. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 14 June 2013 for the primary purpose of providing incentives and rewards to people and the parties working for the interest of the Group. The Share Option Scheme will remain valid for a period of ten years commencing on 14 June 2013 and shall expire at the close of business on the business date immediately preceding the tenth anniversary thereof unless terminated earlier by shareholders in general meeting. Under the Share Option Scheme, the Directors may grant options to eligible participants including the Directors, employees of the Company or any of its subsidiaries and consultants or advisers of the Company or any of its subsidiaries to subscribe for shares in the Company in accordance with the Share Option Scheme. An offer for the grant of options must be accepted within seven days from the date of offer and a consideration of HK$1.00 is payable by each of the participants on acceptance of the grant of options.

As at 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 465,000 (2019: 465,000), representing approximately 0.0% (2019: approximately 0.0%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not more than ten years after the date on which an offer of the grant of an option is accepted. The subscription price of a share is determined by the Directors, and will not be less than the higher of (a) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a trading day; (b) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of offer; and (c) the nominal value of a share.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

41. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

Details of the specific categories of options are as follows:

	Date of grant	Number of shares	Vesting period	Exercise period	Exercise price
Option 1	23.05.2014	302,500	23.05.2014-22.05.2015	23.05.2015-22.05.2024	HK$3.92
		302,500	23.05.2014-22.05.2016	23.05.2016-22.05.2024	HK$3.92
		302,500	23.05.2014-22.05.2017	23.05.2017-22.05.2024	HK$3.92
		302,500	23.05.2014-22.05.2018	23.05.2018-22.05.2024	HK$3.92
Option 2	29.05.2015	625,000	29.05.2015-28.05.2016	29.05.2016-28.05.2025	HK$8.04
		625,000	29.05.2015-28.05.2017	29.05.2017-28.05.2025	HK$8.04
		625,000	29.05.2015-28.05.2018	29.05.2018-28.05.2025	HK$8.04
		625,000	29.05.2015-28.05.2019	29.05.2019-28.05.2025	HK$8.04

The movements of the share options granted of the Group during the year ended 31 December 2020 are as follows:

Option type	Outstanding at 1 January 2020	Reclassification	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2020
Executive Director: Song Hongfei	215,000	–	–	–	–	–	215,000
Option 1	215,000	–	–	–	–	–	215,000
Executive Director: Hao Bin	150,000	–	–	–	–	–	150,000
Employees	100,000	–	–	–	–	–	100,000
Option 2	250,000	–	–	–	–	–	250,000
	465,000	–	–	–	–	–	465,000
Exercisable at the end of the year							465,000
Weighted average exercise price	HK$6.14	–	–	–	–	–	HK$6.14

41. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

The movements of the share options granted of the Group during the year ended 31 December 2019 are as follows:

Option type	Outstanding at 1 January 2019	Reclassification	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2019
Executive Director:							
Song Hongfei	215,000	–	–	–	–	–	215,000
Employees	165,000	–	–	–	(165,000)	–	–
Option 1	380,000	–	–	–	(165,000)	–	215,000
Executive Director:							
Hao Bin	150,000	–	–	–	–	–	150,000
Employees	650,000	–	–	–	(550,000)	–	100,000
Option 2	800,000	–	–	–	(550,000)	–	250,000
	1,180,000	–	–	–	(715,000)	–	465,000
Exercisable at the end of the year							465,000
Weighted average exercise price	HK$6.71	–	–	–	HK$7.09	–	HK$6.14

During the years ended 31 December 2020 and 2019, no options were granted.

The estimated fair value of the options 1 and 2 granted on 23 May 2014 and 29 May 2015 was HK$1.75 and HK$3.08 per option.

41. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

The fair values of the options 1 and 2 were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	Option 1
Share price	HK$3.92
Exercise price	HK$3.92
Expected volatility	45.0%
Expected life	4 years
Risk free rate	1.11%
Expected dividend yield	–

	Option 2
Share price	HK$8.00
Exercise price	HK$8.04
Expected volatility	44.36%-49.41%
Expected life	4 years
Risk free rate	1.1745%-1.3533%
Expected dividend yield	1.71%

The expected volatilities are based on historical volatilities of a set of market comparable companies. Expected dividend yields are based on historical dividend yields of the Company. Changes in these subjective input assumptions could materially affect the fair value estimate.

The Group recognised the total expense of RMB Nil for the year ended 31 December 2020 (2019: RMB48,000) in relation to share options granted by the Company.

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of a subsidiary

On 2 December 2020, the Group disposed of its 51.02% equity interest in Xinglian Lihe to the non-controlling interests directly holding 48.98% equity interest in Xinglian Lihe prior to such disposal, for a consideration of RMB2,000,000.

The fair value of the identifiable assets and liabilities of Xinglian Lihe at the date of disposal is as follows:

	RMB'000
Property, plant and equipment	4,366
Right-of-use assets	325
Intangible assets	475
Inventories	68
Trade receivables	9,016
Prepayments, deposits and other receivables	5,239
Cash and cash equivalents	2,198
Trade and other payables	(10,821)
Lease liabilities	(298)
Total identifiable net assets at fair value	10,568
Non-controlling interests	(5,176)
Net assets disposed of	5,392
Total consideration	(2,000)
Loss on disposal of a subsidiary	3,392
Total consideration:	
Satisfied by cash	1,700
Consideration receivable	300
	2,000
Net cash outflow arising on disposal:	
Cash consideration received	1,700
Cash and cash equivalents disposed of	(2,198)
	(498)

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2020 RMB'000	Additions for the year RMB'000	Interest expenses *(note 11)* RMB'000	Payment of lease liabilities RMB'000	Disposal for the year RMB'000	Disposal of a subsidiary *(note 42(a))* RMB'000	31 December 2020 RMB'000
Lease liability	8,303	278	36	(400)	(7,595)	(298)	**324**

	1 January 2019 RMB'000	Impact on initial application of HKFRS 16 RMB'000	Restated balance at 1 January 2019 RMB'000	Additions for the year RMB'000	Interest expenses *(note 11)* RMB'000	Payment of lease liabilities RMB'000	Disposal for the year RMB'000	31 December 2019 RMB'000
Lease liabilities	–	20,093	20,093	10,732	56	(7,425)	(15,153)	8,303

43. CONTINGENT LIABILITY

As at 31 December 2020, the Group has no contingent liability (2019: RMB2,300,000 about a litigation matter of a breach of contract for the provision of Events Operation and Marketing services).

44. COMMITMENTS

Capital commitments contracted for but not provided for at the end of the reporting period.

	2019 RMB'000
Property, plant and equipment	5,035

45. RELATED PARTY TRANSACTIONS

(a) **In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:**

(i) Related party transactions

	2020 RMB'000	2019 RMB'000
Sales – Sports Services income – SEG ZM *(note (d))*	–	250
Expense – Rental and household service fee		
– Shenzhen ZM Sports Stadium Investment Co., Ltd. ("**SZZM**") *(note (c))*	–	49
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 27(b))*	–	3,000
Disposal of property, plant and equipment		
– Ms. Ren Wen *(note (e))*	1,230	–

(ii) Related party balances

	31 December 2020 RMB'000	31 December 2019 RMB'000
Other receivables from SZWS *(note (a))*	2,977	2,977
Advance to SZWS *(note (a))*	1,073	1,073
Other receivable from SZRX *(note (b))*	–	1,462
Other receivable from SEG ZM *(note 27(b))*	2,000	2,000
Lease liability to SZWS *(note (a))*	(324)	(304)
Amount due from a controlling shareholder *(note (e))*	1,808	–
Amount due from a director *(note (f))*	119	–

45. RELATED PARTY TRANSACTIONS (continued)

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year: (continued)

(ii) Related party balances (continued)

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 both in prior years.

Lease liability relates to a right-of-use asset obtained through a lease from SZWS in 2019.

(b) Ms. Ren Wen indirectly holds the controlling shareholding interest in SZRX. The balance as at 31 December 2019 represented the rental income receivables regarding the property leased in 2016 and other receipt by SZRX on behalf of the Group. Due to liquidation of SZRX, the balance was written off during the year ended 31 December 2020.

(c) Ms. Ren Wen indirectly holds the controlling shareholding interest in SZZM. The expenses represented the rental and household services provided by SZZM for the year ended 31 December 2019.

(d) SEG ZM is an associate of the Group. The sales was sourced from the timing and enrolment system services provided by the Group under Sports Services segment for the year ended 31 December 2019.

(e) The Group sold three motor vehicles to Ms. Ren Wen, a controlling shareholder of the Company, during the year ended 31 December 2020. The balance as at 31 December 2020 represents the consideration receivable, and advance for routine business activities.

(f) The balance as at 31 December 2020 represents the advance for routine business activities.

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

	2020 RMB'000	2019 RMB'000
Directors' fees	**455**	742
Salaries and allowances	**2,421**	3,919
Discretionary bonuses	**–**	10,650
Share-based payments	**–**	9
Retirement benefit scheme contributions	**85**	180
	2,961	15,500

46. EVENTS AFTER THE REPORTING PERIOD

(a) The Board of Directors announced on 25 March 2020 that the Group entered into a non-legally binding memorandum of understanding (the "**MOU**") with a vendor (the "**Vendor**"). Pursuant to the MOU, subject to the terms and condition to be set out in a subsequent legally binding sale and purchase agreement, the Group will acquire and the Vendor will sell the non-majority controlling interest (the "**Possible Acquisition**") of a company incorporated in the British Virgin Islands (the "**Target Company**", together with its subsidiaries, the "**Target Group**") which is the holding company of two corporations being licensed by the Securities and Futures Commission to, subject to certain conditions, carry on regulated activities in Hong Kong under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). On 12 May 2020, the Board of Directors further announced that pursuant to the negotiations between the Group and the Vendor, and the changes in the transaction structure, the Group entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with the Vendor and Mr. Kwok Wai Tak (a guarantor who is the ultimate beneficial owner of the Vendor (the "**Guarantor**")), which superseded the terms as contained in the MOU. The Group conditionally agreed to acquire and the Vendor has conditionally agreed to sell 49% of the issued share capital of the Target Company, at a consideration of HK$53,410,000.

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

The Board of Directors announced on 26 March 2021 about the completion of the Possible Acquisition after the full settlement of the consideration. After the completion, the Company holds 34% of the issues share capital of the Target Company and the Company's interest in the Target Company will be accounted for as an investment in an associate in the consolidated financial statements of the Group.

(b) The Board of Directors announced on 11 February 2021 that the Company has conditionally agreed to place up to an aggregate of 318,588,400 ordinary shares to not less than six placees, subject to granting by the Listing Committee of the Stock Exchange on the listing and the permission to deal in all newly issued ordinary share. On 15 February 2021, the Board of Directors further announced the placing price of each newly issued ordinary share to be HK$0.235.

Subsequently on 25 March 2021, the Board of Directors announced that the placing was terminated in respect of market conditions.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements is set out below:

	For the year ended 31 December				
Comparison of Key Financial Figures	**2020**	2019	2018	2017	2016
	RMB000	RMB000	RMB000	RMB000	RMB000
Revenue	**8,942**	158,967	455,363	371,463	480,910
Cost	**(9,323)**	(186,728)	(329,539)	(240,845)	(307,617)
Gross Profit	**(381)**	(27,761)	125,824	130,618	173,293
Profit before income tax	**(40,929)**	(499,885)	119,365	160,148	135,076
Profit attributable to the owners of the Company	**(43,985)**	(455,122)	46,372	101,588	93,363
Total assets	**607,901**	692,631	1,307,419	1,332,389	1,348,523
Total liabilities	**48,088**	93,239	136,453	119,616	151,043