WISDOM

WISDOM SPORTS GROUP
智美體育集團

Stock Code：1661

(Incorporated in the Cayman Islands with limited liability)

2018 INTERIM REPORT

为健康 为快乐

Contents

Corporate Information

EXECUTIVE DIRECTORS

Ms. Ren Wen *(Chairlady and President)*
Mr. Zhang Han *(Vice chairman)*
Mr. Song Hongfei
Ms. Hao Bin

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Hao Bin
Ms. Chan Sau Ling

AUTHORISED REPRESENTATIVES

Ms. Hao Bin
Ms. Chan Sau Ling

COMPANY'S REGISTERED OFFICE

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

COMPANY'S HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

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Chaoyang District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITOR

RSM Hong Kong
Certified Public Accountants
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Causeway Bay, Hong Kong

HONG KONG LEGAL ADVISERS

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13th Floor, Gloucester Tower, The Landmark
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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

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WEBSITE

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Financial Highlights

The board (the "**Board**") of the directors (the "**Directors**" and each a "**Director**") of Wisdom Sports Group (the "**Company**" or "**Wisdom**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017.

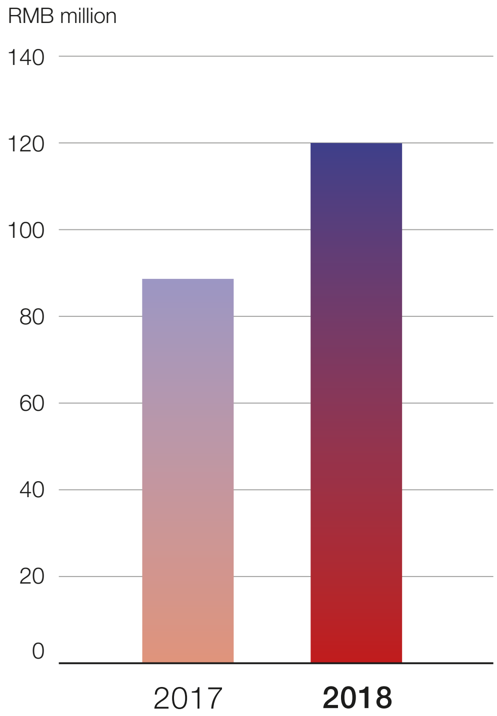
Financial highlights are as follows:

- Revenue from Events Operation and Marketing, and Sports Services increased by approximately 36.4% to RMB120.2 million for the six months ended 30 June 2018 from RMB88.1 million for the six months ended 30 June 2017;

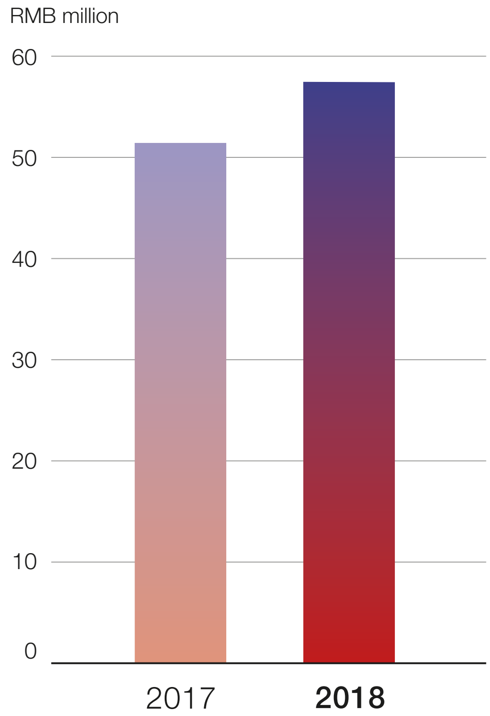
- Gross profit from Events Operation and Marketing, and Sports Services increased by approximately 11.7% to RMB57.5 million for the six months ended 30 June 2018 from RMB51.5 million for the six months ended 30 June 2017;

- The Board has not proposed to declare any interim dividend for the six months ended 30 June 2018.

Revenue from Events Operation and Marketing, and Sports Services



Gross profit from Events Operation and Marketing, and Sports Services



Chairlady's Statement

Dear shareholders,

Time flies. July passed by in a flash. Just like the mid-summer heat, the sports industry has ushered in a new era of expansion in China. As the golden autumn comes along, Wisdom people have devoted themselves to various new journeys to each city in order to present kinds of colorful marathon events in the second half of the year.

With the increasingly rising public awareness of health, the nationwide fitness atmosphere continues to heat up. Looking back to the past half year, Wisdom has developed at a sound and stable pace in the road running field. Colourful and brilliant, "Running in China", as a national marathon series IP, has gained great popularity among the public and received wide recognition from the governments at each level, sponsors and running enthusiasts, driving the further development of Wisdom in the running industry. As time goes by, Wisdom will provide more wonderful, intimate and unforgettable events to the wide running enthusiasts.

It has been five years since Wisdom listed its shares in Hong Kong. The past five years have witnessed the start-up of the sports industry in China and the journey of Wisdom growing after numerous ups and downs into a leading operator in size in the running industry in China. The past five years also witnessed the hard work and innovation of Wisdom Sports. One after another marathon events in different cities not only vitalize Chinese citizens, but also help people find joy and confidence in sports, with smiles and tears.

Like a journey of life, the development of each enterprise in the world is not all plain sailing. A true growth is destined to go through all sorts of hardships. Wisdom has attracted wide attention since the early stage of development of the sports industry in China. Owing to the nature as a pioneer, Wisdom is destined to be exposed to more tests and challenges. As a pioneer, we have gone through very difficult times as there is no successful precedent to follow. We are also lucky as we have met more and more partners and companions collaborating with each other and sharing the same idea of sports rejuvenation.

Problems hidden behind the flourishing development of the sports industry are the scarcity of resources, including infrastructure and stadiums, severely preventing the further development of the sports industry and restraining sports consumption in China. Therefore, the construction of intelligent public fitness complexes is increasingly pressing. For the same purpose and vision, Wisdom and Beijing Sports and Entertainment Industry Group Limited join hands in promoting the "Hundred Cities, Thousand Arenas Program", aiming to expand the public fitness market based on arenas and facilitate the development of teenager sports training, exercise rehabilitation and big data of sports in an all-around manner, and ultimately, breakthrough the bottleneck in developing the sports industry in China and inject more vitality into the public health service, which is also a key step for Wisdom to turn its focus to the sports consumption of personal customers.

Globally, the development of the sports industry in developed counties has also gone through many twists and turns. Even though someone gives up for too many challenges ahead or chooses to leave as there is still a long way to go, I believe in the most simple value, i.e. success will always be the path of most resistance!

Last but not least, please allow me to use an ancient poem by Mr. Wang' Anshi to give it to the growing sports industry in China and each friend who watches the growth of Wisdom: "No flowing clouds could ever block my vision as I am at the top of the world"! Wisdom will prove to the world that a Chinese enterprise is not only capable of making hundreds of millions people join in running activities within only five years, but also able to provide more diversified and professional sports services to the running group in order to create more values to the society!

Ren Wen
Chairlady

Management Discussion and Analysis

GROUP OVERVIEW

As the largest operator in the running industry in China, under the guidance of the “Sports +” strategy and by virtue of its operational experience and advantages in the running industry, the Group has developed an operation model of whole industry chain covering events operation, sports marketing and sports services, capable of providing high-quality sports products and services for the government at all levels, enterprise customers and wider sport consumers in China.

2018 is the second year of the “Running in China” marathon series, a national-level IP jointly hosted by CCTV, the Chinese Athletic Association and Wisdom Sports. During this year, 30 events under three themes, namely “Beautiful China”, “One Belt, One Road” and “Carry the Reform Through to the End” will be launched for the “Running in China” marathon series. The first half of this year saw the launch of 10 events, including but not limited to the “Qianjiang International Marathon”, the “Kunming Plateau Half Marathon”, the “Changchun Marathon” and the “Jilin Marathon”. In addition, the overall upgrade of live events and video production attracted wide attention to “Running in China”, which recorded a television audience market share of up to 16.27%. In the first half of 2018, the average audience rating of each event exceeded 0.2, the highest in the same time-slot. Meanwhile, in addition to 25 awards granted to the Group by the Chinese Athletics Association last year, the “Guangzhou Marathon” was awarded gold label status and each of the “Hangzhou Marathon” and the “Shenzhen Marathon” were awarded silver label status for 2017 by the International Association of Athletics Federations (IAAF), showing the Group has such ability in operating marathon events that it can receive top sports awards from international well-known organisations.

The "national fitness platform in smart cities" established and operated by the Group has also made new progress. 21 June witnessed the grand opening ceremony of the 2018 "Running in Guangxi" Ecological Marathon Series and Smart Marathon (Guangxi Station) (2018 "奔跑吧 • 廣西"生態馬拉松系列賽暨智慧馬拉松(廣西站)), part of the "smart marathon" series. The smart marathon series has begun on 15 July and will end by the end of this year, covering 14 regional sites in Guangxi Province. The "smart marathon" series is an integral part of the "national fitness platform in smart cities". Relying on such events and by scientific means, the Group obtains sports data of each running enthusiast to further accumulate data for the establishment of the "national fitness platform in smart cities".

Further to the development of the running industry, the Group and the Beijing Sports and Entertainment Industry Group Limited ("**Beijing Sports Group**") jointly announced on 5 July to initiate strategic cooperation to make joint investment in Wisdom Sports Arena Operation (Shenzhen) Co., Ltd. ("**Arena Company**"). The initiative shows the dedication of the two leading corporations of the sports industry in China to make overall plans for integrated arenas and operate them in first-tier cities within the country, allowing a seamless linkage between the capital and the brand to be realised through complementary advantages and resource integration, thereby jointly expanding the "Thousand Arenas Program". One thousand arenas are targeted to be established in the country within five years to support the establishment of a core mode of constructing, operating and maintaining sports facilities in China, rendering services to 80 million to 100 million middle-class sports consumers.

In respect of operation management, the Group has further strengthened the establishment of its management system, improved the optimisation process of the event system manual, updated financial system software and introduced and established the enterprise resource planning (ERP) system. It has also completed the scenario test of key databases' cloud migration to Software as a Service (SaaS) and an initial backup system has been established in case of contingency. The Group has intensified its internal coordination and communication system to improve the efficiency of internal control and employee execution. In addition, Wisdom DNA Cultural Fund granted the second tranche of share options to 10 employees who have made outstanding contributions to the Company in July 2018. The Fund aims to pass on the corporate culture value of "Being a Visionary Entrepreneur and a Responsible Doer", and motivate employees to continuously achieve breakthroughs in order to become an internal driving force for corporate development.

BUSINESS REVIEW

I. Events Operation and Marketing

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

In the first half of 2018, the "Running in China" marathon series, the national-level IP events, was held in 10 cities, namely Guigang, Wuxi, Kunming, Wuhan, Qianjiang, Yangzhou, Rongcheng, Dongying, Changchun and Jilin. After negotiation, the Group reached an agreement with the Organising Committee of the "Belgrade Marathon", pursuant to which, the "Belgrade Marathon" has been included in the "One Belt, One Road" marathon series. Through the cooperation, more and deeper exchanges and communication between China and Serbia will also be carried out in the area of sports culture. Depending on the progress of the overseas "One Belt, One Road" marathon series, the Group will also expand sports tourism to provide domestic runners with more overseas events and sports tourism products.

In the running industry, the Group has accumulated more than 700 sponsor customers, covering multiple industry sectors, including automobile, finance, insurance, real estate, airline, beauty, sportswear and drinks. It has established long-term cooperation with more than 20% of such customers, including companies listed on the Fortune Global 500 and the Top 500 Enterprises of China. It has also upgraded sponsor services. In areas it excels, the Group has further consolidated its traditional clients, such as automobile companies, by deepening its cooperation with self-owned brands and new energy automobile clients and making arrangements in advance in line with the development of the industry. Meanwhile, it has further improved its ability to provide all-round services related to client sports marketing. Many clients, including water and costume providers, have established annual strategic cooperation platform with the Group.

II. Sports Services

Sports services segment is a vital component of the Group's strategic positioning, generating income from the government and users through the provision of sports service products. Its main characteristic is the provision of diversified products and services targeted at the government procurement market and mass sports consumer market, including areas such as government procurement services, sports tourism, sports training, and individual consumption.

In 2018, the Group continued to obtain resources from overseas events through the "One Belt, One Road" marathon series, thus creating more sports tourism service products for domestic runners. Through overall cooperation with international events, the Group has launched the registration service and tourism service products of various international events, including the Tokyo Marathon and the Taipei Marathon and expanded scenarios and products catering for individual users. Meanwhile, the Group will also continue to use the integrated online + offline service model as its core competitiveness and cultivate a supporting system for its sports consumption business in the form of sports education training, tournament derivatives, sports tourism, sports insurance, etc., so as to deliver comprehensive commercial value. Since the Group expanded into the running industry in 2012, it has established a database recording data of a large number of sports people through registration, timekeeping and offline activities. Such data includes information about the complete and real identity, sports data and health index of participants. As the largest running project in China, marathon is highly capable of improving the growth in data, stickiness and consumption of runners.

The Group has further upgraded its services for runners and introduced "I Help You" (我幫你), a new service system, to the "Running in China" series. It suggests a service concept named "Sanyong" (三用), meaning to provide service with the heart, with care and with a smile, which is the core of marathon voluntary services. In order to have a further understanding of the needs of runners, the Group visited 231 runner groups all around the country to help them to solve problems they may face during running and has established 12 clubs for elite runner groups, consisting of 4,000 members throughout the country. It held more than 40 runners' meetings, which were attended by 2,500 members from 200 runner groups. It promotes public welfare program in cities where marathons are held and has established three "Running in China" public libraries, collecting more than 5,000 books donated by runners.

OUTLOOK OF THE INDUSTRY AND THE GROUP

China's sports industry has been expanding in 2018 and is expected to generate a GDP of more than 1% by the end of this year. By then, sports consumption will be close to RMB1,000 billion and the number of organisations engaged in the sports industry will increase by over 20%, creating more than 4.4 million jobs. The sports industry plays an increasingly important role in boosting consumption, improving social well-being and maintaining stable economic growth. In addition, various new models and new forms have sprung up in the sports industry, for instance, the 35 cities and 110 units determined by the government as contact points of the sports industry to promote sports industry reform, as well as the accelerated establishment of various platforms including a sports and healthy city, sports town, sports complex, sports park and industry zone. The sports industry has evolved into an increasingly noticeable trend developing from stores to a chain of stores and further to a clustering network.

Among various popular sports consumption types, running, represented by marathon, is the most popular focus of the sports industry in China. With the lowest access threshold, marathon is the most popular sport by participation. From 22 events in 2011 to 1,102 events attracting nearly 5 million participants by the end of 2017, marathon has experienced a dramatic development, effectively driving the implementation of the national fitness business and boosting sports consumption, and becoming one of the segments with the most development potential in the sports industry in China. It is estimated that by 2020, there will be more than 1,900 marathon events in China attracting more than 10 million participants, with a market value of RMB120 billion.





As a pioneer of the marathon industry in China, the Group will continue to promote the development of the whole industry in a rapid manner in the second half of the year. Following the 10 events of "Running in China" series, the Group will launch more than 20 events in the second half of the year to provide more resources and better services for a large number of running enthusiasts.

The National Sports Industry Development Conference was held in Xiamen, Fujian, on 13 January 2018. Mr. Zhaoyong, deputy director of the State General Administration of Sports of China, attended and spoke at the meeting. As he emphasised, the sports industry business should be prioritised as an important measure for the establishment of good at sports and healthy China. And under the guidance of industry planning, focusing on sports events, underpinning by sports complexes, depending on the market and by means of "sports +" and "+ sports", relying on industry zones, bases and big data, driven by innovation and supported by government policies, China will promote the development of the sports industry in an effective and efficient way and aims to realise an overall output (total volume) of RMB3,000 billion by 2020 and RMB4,000 billion by 2022.

The Group and Beijing Sports Group have made joint investment in Arena Company. In the future, Arena Company will attract customer base through independently organised IP events, youth trainings, exercise rehabilitation and nutrition, sports marketing, and sales of sports consumer goods and derivatives, provide various value-added services to sports community by big data analysis and build a multi-format consumption landscape of sports services that integrates online guidance + offline scenario, venue intelligentising + contents enrichment and advantage trainings + long-term management, thus making a national fitness service platform. It is designed to make sports a lifestyle of our people and make venues of Wisdom the new landmark of fitness nationwide.

In the future, the Group will also devote greater resources to smart sports. In 2018, Wisdom will complete the establishment of a “national fitness platform in smart cities” and build the public service platform for national fitness with the main objective to integrate data, technologies and businesses by consolidating the collected big data of the sports community and extending the application of big data of smart cities in areas such as venue, event, training, etc., so as to facilitate the integrated development of national health causes and industry in the new era.

FINANCIAL REVIEW

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

Revenue

The Group’s revenue increased by approximately 68.8% to RMB148.7 million for the six months ended 30 June 2018 from RMB88.1 million for the six months ended 30 June 2017, with the increase mainly due to the increase in marathon events operated. Details based on reportable segments are as follows:

- Revenue from Events Operation and Marketing increased by approximately 22.1% to RMB62.5 million for the six months ended 30 June 2018 from RMB51.2 million for the six months ended 30 June 2017. The increase was mainly due to the increased revenue of service upgrade for sponsors;

- Revenue of Sports Services increased by approximately 56.4% to RMB57.7 million for the six months ended 30 June 2018 from RMB36.9 million for the six months ended 30 June 2017. The growth was mainly due to the increase in the number of marathon events operated; and

- Revenue from Advertising Program and Branding was RMB28.5 million for the six months ended 30 June 2018, compared to RMB Nil for the six months ended 30 June 2017. The revenue from Advertising Program and Branding in this period was all from advertising income. The change mainly resulted from the use of the film and television resources over previous years to generate revenue in the current period.

Cost of Services

The Group's cost of services increased by approximately 151.6% to RMB92.1 million for the six months ended 30 June 2018 from RMB36.6 million for the six months ended 30 June 2017. Details of such increase are as follows:

- Cost of Events Operation and Marketing increased by approximately 15.1% to RMB32.8 million for the six months ended 30 June 2018 from RMB28.5 million for the six months ended 30 June 2017. The increase was mainly due to the service upgrade for sponsors;

- Cost of Sports Services increased by approximately 269.1% to RMB29.9 million for the six months ended 30 June 2018 from RMB8.1 million for the six months ended 30 June 2017. The increase was mainly due to: (i) the increase in marathon events operated; and (ii) the increased cost of service upgrade for participants; and

- Cost of Advertising Program and Branding was RMB29.4 million for the six months ended 30 June 2018 as compared to RMB Nil for the six months ended 30 June 2017. The change mainly resulted from the costs of the use of the film and television resources over previous years by the Group to generate revenue in the current period.

Gross Profit and Gross Margin

As a result of the aforementioned factors, the Group's gross profit increased by approximately 9.9% to RMB56.6 million for the six months ended 30 June 2018 from RMB51.5 million for the six months ended 30 June 2017. The gross margin decreased to approximately 38.1% for the six months ended 30 June 2018 from 58.5% for the six months ended 30 June 2017. The growth of the gross profit was mainly due to the increase in the gross profit of Events Operation and Marketing. The decrease in the gross margin was mainly due to the decrease in the gross margin of Sports Services. Details are as follows:

- As a result of the foregoing changes in revenue and cost of services of Events Operation and Marketing, the gross profit for Events Operation and Marketing increased by approximately 30.8% to RMB29.7 million for the six months ended 30 June 2018 from RMB22.7 million for the six months ended 30 June 2017. The gross margin increased to approximately 47.5% for the six months ended 30 June 2018 from 44.3% for the six months ended 30 June 2017;

- As a result of the foregoing changes in revenue and cost of service of Sports Services, the gross profit for Sports Services decreased by approximately 3.5% to RMB27.8 million for the six months ended 30 June 2018 from RMB28.8 million for the six months ended 30 June 2017. The gross margin decreased to 48.2% for the six months ended 30 June 2018 from 78.0% for the six months ended 30 June 2017. The decrease in gross margin was primarily due to the increased costs of service upgrade for participants and increased cost invested in extensive mass fitness publicity; and

- As a result of the foregoing changes in revenue and cost of services from Advertising Program and Branding, the gross loss for Advertising Program and Branding increased to RMB0.9 million for the six months ended 30 June 2018 from RMB Nil for the six months ended 30 June 2017. The gross loss margin increased to 3.2% for the six months ended 30 June 2018 from 0% for the six months ended 30 June 2017.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 38.5% to RMB5.9 million for the six months ended 30 June 2018 from RMB9.6 million for the six months ended 30 June 2017. The decrease was mainly due to a reduction in promotion and marketing consultancy fee.

General and Administrative Expenses

The Group's general and administrative expenses decreased by approximately 4.7% to RMB18.1 million for the six months ended 30 June 2018 from RMB19.0 million for the six months ended 30 June 2017. This decrease was mainly due to the Group's strengthened management of daily expenses.

Other Income

The Group's other income increased by approximately 554.1% to RMB71.3 million for the six months ended 30 June 2018 from RMB10.9 million for the six months ended 30 June 2017. The increase was mainly due to the increase in the income generated from purchasing principal-guaranteed and low risk financial products offered by reputable commercial banks and the share compensation received from Beijing Shangde Da'ai Sports Co., Ltd. ("**SDDA**").

Other Losses

The Group's other losses decreased by approximately 57.7% to net losses of RMB3.3 million for the six months ended 30 June 2018 from the net losses of RMB7.8 million for the six months ended 30 June 2017. The reduction in loss was mainly due to the decrease in the provision for doubtful debts in relation to trade and other receivables, and the decrease was offset by the fair value remeasurement of pre-existing interest in an associate of SDDA in step acquisition.

Profit before Tax

As a result of the foregoing, the Group's profit before tax increased by approximately 293.5% to RMB90.5 million for the six months ended 30 June 2018 from RMB23.0 million for the six months ended 30 June 2017.

Income Tax Expense

The Group's income tax expense increased by approximately 263.9% to RMB44.4 million for the six months ended 30 June 2018 from RMB12.2 million for the six months ended 30 June 2017. The increase was mainly due to the income tax expenses provided by the Group for share compensation from SDDA during the period, and the withholding tax provided for the dividends paid to the foreign-registered controlling company by the subsidiary under the Group in China.

Profit Attributable to the Group's Owners

As a result of the foregoing, the profit attributable to the Group's owners decreased by approximately 42.4% to RMB46.1 million for the six months ended 30 June 2018 from RMB80.1 million for the six months ended 30 June 2017.

Cash Flow

As at 30 June 2018, the Group's cash and cash equivalents amounted to approximately RMB287.1 million compared with that of approximately RMB324.4 million as at 31 December 2017.

Working Capital

The Group's net current assets decreased by approximately 16.2% to RMB808.9 million as at 30 June 2018 from RMB965.6 million as at 31 December 2017. The Group maintained a stable net current asset value and working capital at a relatively high level that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total spending on the acquisition of property, plant and equipment amounted to RMB1.9 million for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB1.0 million).

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities are centralized and cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2018, the Group had net current assets of RMB808.9 million (31 December 2017: RMB965.6 million), of which cash and cash equivalents amounted to RMB287.1 million (31 December 2017: RMB324.4 million).

A prudent approach in treasury management has long been the Company's policy, ensuring that the Group maintains strong reserves of cash to finance its daily operations and future developments.

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

The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the six months ended 30 June 2018. The Group has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Company and the subsidiaries of the Company 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 and as at the date of this 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 and as at the date of this report, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the six months ended 30 June 2018.

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

On 30 June 2018, the original shareholders of SDDA entered into a new agreement with Wisdom Events Operation and Management (Zhejiang) Co., Ltd. to offer a share compensation based on the original agreement as an early settlement. Under the new agreement, 36.6% equity interest of SDDA was transferred to Wisdom Events Operation and Management (Zhejiang) Co., Ltd. from the original shareholders. On the same date, SDDA became a subsidiary of the Group upon the holding of a total of 69.1% equity interest.

Shenzhen Wisdom Sports Industry Co., Ltd. ("**Shenzhen Wisdom**"), a wholly-owned subsidiary of the Company, signed an investment agreement with Beijing Sports Group, an independent third party, on 5 July 2018, pursuant to which a joint investment will be made in Arena Company. Upon the completion of the investment, Shenzhen Wisdom and Beijing Sports Group will hold 40% and 50% of the equity interest in Arena Company, respectively. The remaining 10% of the equity interest in Arena Company will continue to be held by the management of Arena Company. Save as disclosed in this interim report, for the six months ended 30 June 2018, the Group had no other material investments, material acquisitions and disposals of subsidiaries, associates and joint ventures. Save as disclosed in the relevant announcements, the Group has no plans for material investments or acquisitions of capital assets in the future.

CHARGE ON ASSETS

As at 30 June 2018, there was no charge on the Group's assets.

FINANCIAL RATIO

Financial ratio	**As at 30 June 2018**	As at 31 December 2017
Current ratio	**1200.5%**	907.2%
Gearing ratio	**N/A**	N/A

Notes:

(1) Current ratio represents a ratio of current assets to current liabilities.

(2) Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The gearing ratio is not applicable to the Group as it had no bank borrowings as at 30 June 2018 and 31 December 2017.

CONTINGENT LIABILITIES

As at 30 June 2018, the Company had no material contingent liabilities.

HUMAN RESOURCES

The total number of employees of the Group was 83 as at 30 June 2018. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the six months ended 30 June 2018 amounted to RMB10.8 million.

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

STRUCTURED CONTRACTS

As the business operation of Beijing Wisdom Media Holding Co., Ltd. (北京智美傳媒股份有限公司) ("**Beijing Wisdom Media**") constitutes business activities which are subject to prohibition or restriction 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 Culture Co., Ltd., a wholly-owned subsidiary of the Company whose name was changed to Beijing Wisdom Sports Industry Co., Ltd (北京智美體育產業有限公司) ("**Beijing Wisdom Sports**") on 3 March 2017 and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by PRC laws and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on 24 June 2013. Pursuant to the Structured Contracts, all material business activities of Beijing Wisdom Media are instructed and supervised by Beijing Wisdom Sports and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to the Group.

OPERATING ENTITIES OF THE GROUP CONTROLLED THROUGH THE STRUCTURED CONTRACTS

During the six months ended 30 June 2018, the following are operating entities of the Group controlled through the Structured Contracts:

(i) Beijing Wisdom Media, a limited liability company incorporated in the PRC and principally engaged in production, distribution of TV variety shows and feature films, television program planning, design, production, agency and distributing advertisement, and organisation of cultural and artistic communication events in the PRC;

(ii) Beijing Car Culture Advertising Co., Ltd. (北京智美車文廣告有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising services in the PRC;

(iii) Beijing Xinchuang Branding Co., Ltd. (北京新創智力品牌管理有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising and related services in the PRC;

(iv) Beijing Wisdom Films Culture Media Co., Ltd. (北京智美映畫文化傳媒有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising and related services in the PRC; and

(v) Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in operation of sports events, organisation of exhibitions and displays and organisation of functions relating to culture and art.

Disclosure of Interests

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

As at 30 June 2018, the interests and short positions of the Directors or chief executive of the Company in the shares of the Company ("**Shares**"), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of director	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Ms. Ren Wen	Founder of discretionary trust (Note 1)	602,780,000	37.84%
	Interest of controlled corporation (Note 2)	81,541,000	5.12%
Mr. Song Hongfei	Beneficial owner (Note 3)	3,730,540	0.23%
Ms. Hao Bin	Beneficial owner (Note 4)	250,000	0.02%

Notes:

1. Upon completion of the capitalization issue, Queen Media Co., Ltd. ("**Queen Media**") became the direct owner of 602,780,000 Shares. The entire issued share capital of Queen Media is owned by Sky Limited ("**Trust Co**"), whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.

2. These 81,541,000 Shares are held by Lucky Go Co., Ltd. Ms. Ren Wen holds approximately 73.48% equity interest in Lucky Go Co., Ltd. and she is deemed or taken to be interested in all the Shares held by Lucky Go Co., Ltd. for the purpose of the SFO.

3. Ms. Song Hongfei, as a beneficial owner, holds 3,515,540 Shares and 215,000 share options under the share option scheme of the Company, which were granted on 23 May 2014 with an exercise price of HK$3.92 per Share.

4. Ms. Hao Bin holds 100,000 shares and 150,000 share options under the share option scheme of the Company which were granted on 29 May 2015 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	52.38%
	Beijing Car Culture Advertising Co., Ltd. (北京智美車文廣告有限公司) (Note 5)	100%
	Beijing Xinchuang Branding Co., Ltd. (北京新創智力品牌管理有限公司) (Note 5)	100%
	Beijing Wisdom Films Culture Media Co., Ltd. (北京智美映畫文化傳媒有限公司) (Note 5)	100%
	Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司) (Note 5)	100%
Mr. Zhang Han	Beijing Wisdom Media	0.18%

Notes:
5. A wholly owned subsidiary of Beijing Wisdom Media

Save as disclosed above, as at 30 June 2018, 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.

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

So far as is known to the Directors, as at 30 June 2018, according to the register of interests kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Long position in the Shares

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Trust Co	Interest of controlled corporation (Note 6)	602,780,000	37.84%
Credit Suisse Trust Limited	Trustee (Note 6)	602,780,000	37.84%
Queen Media	Beneficial owner (Note 6)	602,780,000	37.84%
Top Car Co., Ltd. (Note 7)	Beneficial owner	110,075,000	6.91%
Avance Holdings Limited	Beneficial owner	95,379,000	5.99%
Lucky Go Co., Ltd. (Note 7)	Beneficial owner	81,541,000	5.12%

Notes:

6. Queen Media is the direct owner of 602,780,000 Shares. The entire issued share capital of Queen Media is owned by Trust Co, whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.

7. As of the date of this report, Mr. Zhang Han acted as a director of Top Car Co., Ltd. And Ms. Ren Wen acted as a director of Lucky Go Co., Ltd.

Save as disclosed above, as at 30 June 2018, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Important Events

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 14 June 2013 for the purpose of recognising 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), the directors of the Company's subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group. The Directors were authorised to grant options to subscribe for Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the global offering (as defined in the Prospectus), being 160,000,000 Shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. The maximum number of shares (i.e. 160,000,000 Shares) in respect of which options may be granted under the Share Option Scheme represents 10.04% of the total number of the issued Shares as at the date of this interim report.

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 option in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his associates abstaining from voting. The Share Option Scheme will remain in force for a period of ten years commencing on the date of adoption, which is 14 June 2013 and shall expire at the close of business on the business date immediately preceding the tenth anniversary thereof unless terminated earlier by shareholders in general meeting.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion. However, no options shall be exercised 10 years after they have been granted. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the shares on the daily quotation sheet of the Stock Exchange; (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.

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. All of the options became exercisable on 23 May 2018 subject to the satisfaction of the individual performance assessment of the said grantees for the relevant year. The options granted are exercisable from the vesting dates mentioned above to 22 May 2024. Mr. Song Hongfei, who was granted 215,000 share options under the Share Option Scheme on 23 May 2014, was appointed as an executive Director of the Company with effect from 26 August 2016.

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. 75% of the options became exercisable on 29 May 2018 and the remaining options will become exercisable on 29 May 2019, subject to the satisfaction of the individual performance assessment of the said grantees for the relevant year. The options are exercisable from the vesting dates mentioned above to 28 May 2025. Ms. Hao Bin, who was granted 150,000 share options under the Share Option Scheme on 29 May 2015, was appointed as an executive Director of the Company with effect from 1 June 2017.

For the six months ended 30 June 2018, no option has been exercised. Save as disclosed above, all of the aforementioned grantees are employees of the Group, and none of the grantees is a chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, nor an associate (as defined in the Listing Rules) of any of them. 100,000 options lapsed due to the resignation of the employees for the six months ended 30 June 2018 and no option was cancelled during such period. No options was granted by the Company for the six months ended 30 June 2018.

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2018.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the six months ended 30 June 2018 and as at the date of this interim report, the Company has maintained sufficient public float as required under the Listing Rules.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of over-allotment option (after deducting the underwriting fees, capitalised professional service fees and related expenses) amounted to approximately RMB635.9 million, which are intended to be applied in the manner as disclosed in the Prospectus in respect of the global offering of its shares. As at 30 June 2018, part of the proceeds was applied as follows:

RMB290.0 million raised through the listing has been used for the registered capital of Wisdom Culture (Zhejiang) Co., Ltd. (智美文化(浙江)有限公司) whose name was changed to Wisdom Events Operation and Management (Zhejiang) Co., Ltd. (智美賽事營運管理(浙江)有限公司) on 30 March 2015. The core business of such company will focus on organising sports competitions and related events, the development of sports-related products, brand promotion and communications services. The remaining net proceeds from the listing will be used for the suggested purposes as set out in the section headed "Use of Proceeds" of the Prospectus.

INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2018.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

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

The Board is of the view that for the six months ended 30 June 2018, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1. Details are set out below.

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

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

The Company understands the importance of compliance with the code provision A.2.1 of the CG Code and will continue to consider the feasibility of compliance with this code provision. If compliance is determined, appropriate persons will be nominated to assume the different roles of chairman and chief executive.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2018.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and with terms of reference aligned with the code provision C.3 of the CG Code.

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

The Audit Committee comprises three members, namely Mr. Chen Zhijian (Chairman), Mr. Jin Guoqiang and Mr. Ip Kwok On Sammy, all being independent non-executive Directors. Mr. Wei Kevin Cheng ceased to be the chairman of the Audit Committee and Mr. Chen Zhijian was appointed as the chairman of the Audit Committee with effect from 15 February 2018.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Company. The interim financial results of the Group for the six months ended 30 June 2018 are unaudited but have been reviewed by RSM Hong Kong, the auditor of the Company, and by the Audit Committee.

The Audit Committee has reviewed together with the management of the Company the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018 and considers the results are in compliance with generally accepted accounting principles as well as laws and regulations.

Independent Review Report

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 66 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Hong Kong
Certified Public Accountants
Hong Kong
30 August 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 RMB'000 (unaudited)	 2017 RMB'000 (unaudited)
Continuing operations			
Revenue	6	**148,726**	88,075
Cost of services		**(92,136)**	(36,579)
Gross profit		**56,590**	51,496
Other income	7	**71,325**	10,870
Other losses	8	**(3,347)**	(7,775)
Selling and distribution expenses		**(5,911)**	(9,643)
General and administrative expenses		**(18,117)**	(18,958)
Profit from operations		**100,540**	25,990
Share of results of associates		**(10,073)**	(709)
Share of result of a joint venture		**–**	(2,272)
Profit before tax		**90,467**	23,009
Income tax expense	10	**(44,406)**	(12,166)
Profit for the period from continuing operations	11	**46,061**	10,843
Discontinued operations	12		
Profit for the period from discontinued operations		**–**	69,300
Profit for the period		**46,061**	80,143
Attributable to:			
Owners of the Company		**46,061**	80,143
Non-controlling interests		**–**	–
		46,061	80,143

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 RMB'000 (unaudited)	 2017 RMB'000 (unaudited)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Equity investments designated at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		**(9,932)**	–
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets – net movement in fair value reserve (recycling) *(note (b))*		**–**	(120)
Other comprehensive income for the period, net of tax		**(9,932)**	(120)
Total comprehensive income for the period		**36,129**	80,023
Attributable to:			
Owners of the Company		**36,129**	80,023
Non-controlling interests		**–**	–
		36,129	80,023
Earnings per share attributable to owners of the Company	14		
From continuing and discontinued operations			
Basic and diluted		**RMB0.03**	RMB0.05
From continuing operations			
Basic and diluted		**RMB0.03**	RMB0.01

Notes:

(a) The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information in the condensed consolidated statement of profit or loss and other comprehensive income is not restated. Details of changes in accounting policies are disclosed in note 3 to this interim financial information.

(b) This amount arising under the accounting policies is applicable prior to 1 January 2018. As part of the opening balance adjustments as at 1 January 2018, the balance of this reserve has been reclassified to fair value reserve (non-recycling) and will not be reclassified to profit or loss in any future periods. Details of changes in accounting policies are disclosed in note 3(b) to this interim financial information.

Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Note	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	15	**20,836**	20,870
Investment properties		**17,583**	18,212
Goodwill		**51,844**	105
Intangible assets	16	**110,492**	8,868
Equity investments	17	**48,654**	54,850
Other receivables	20	**49,828**	50,000
Investments in associates	18	**29,143**	92,271
Deferred tax assets		**2,235**	2,042
Other non-current assets		**64,150**	–
Total non-current assets		**394,765**	247,218
Current assets			
Trade and bills receivables	19	**96,561**	172,607
Other receivables	20	**403,008**	469,301
Prepayments and other current assets	21	**95,754**	118,829
Cash and cash equivalents	22	**287,102**	324,434
Total current assets		**882,425**	1,085,171
TOTAL ASSETS		**1,277,190**	1,332,389

At 30 June 2018

	Note	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	23	**2,454**	2,454
Reserves		**1,150,699**	1,210,319
		1,153,153	1,212,773
Non-controlling interests		**24,385**	–
TOTAL EQUITY		**1,177,538**	1,212,773
LIABILITIES			
Non-current liability			
Deferred tax liability		**26,150**	–
Current liabilities			
Trade payables	25	**33,293**	68,782
Other payables and accrued expenses		**14,670**	18,177
Contract liabilities		**8,235**	6,244
Income tax payables		**17,304**	26,413
Total current liabilities		**73,502**	119,616
TOTAL LIABILITIES		**99,652**	119,616
TOTAL EQUITY AND LIABILITIES		**1,277,190**	1,332,389
NET CURRENT ASSETS		**808,923**	965,555

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information in the condensed consolidated statement of financial position is not restated. Details of changes in accounting policies are disclosed in note 3 to this interim financial information.

Condensed Consolidated Statement of Changes In Equity – Unaudited

For the six months ended 30 June 2018

	Attributable to owners of the Company											
	Share capital RMB'000 *(Note 23)*	Share premium RMB'000	Treasury shares RMB'000 *(Note 24)*	Share-based payments reserve RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Fair value reserve (recycling) RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	2,479	337,352	–	4,284	39,740	81,902	–	–	731,723	1,197,480	–	1,197,480
Total comprehensive income for the period	–	–	–	–	–	–	(120)	–	80,143	80,023	–	80,023
Repurchase of shares	–	–	(25,076)	–	–	–	–	–	–	(25,076)	–	(25,076)
Share-based payments	–	–	–	423	–	–	–	–	–	423	–	423
Changes in equity for the period	–	–	(25,076)	423	–	–	(120)	–	80,143	55,370	–	55,370
At 30 June 2017	2,479	337,352	(25,076)	4,707	39,740	81,902	(120)	–	811,866	1,252,850	–	1,252,850
At 31 December 2017	**2,454**	**251,769**	**-**	**5,487**	**85,326**	**81,902**	**(1,890)**	**-**	**787,725**	**1,212,773**	**-**	**1,212,773**
Effect on adoption of HKFRS 9 *(note 3(b))*	**-**	**-**	**-**	**-**	**-**	**-**	**1,890**	**(1,414)**	**2,392**	**2,868**	**-**	**2,868**
Restated balance at 1 January 2018	**2,454**	**251,769**	**-**	**5,487**	**85,326**	**81,902**	**-**	**(1,414)**	**790,117**	**1,215,641**	**-**	**1,215,641**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,932)**	**46,061**	**36,129**	**-**	**36,129**
Acquisition of a subsidiary through step acquisition of an associate *(note 26)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,385**	**24,385**
Payment of 2017 final dividend	**-**	**(98,762)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(98,762)**	**-**	**(98,762)**
Share-based payments	**-**	**-**	**-**	**145**	**-**	**-**	**-**	**-**	**-**	**145**	**-**	**145**
Changes in equity for the period	**-**	**(98,762)**	**-**	**145**	**-**	**-**	**-**	**(9,932)**	**46,061**	**(62,488)**	**24,385**	**(38,103)**
At 30 June 2018	**2,454**	**153,007**	**-**	**5,632**	**85,326**	**81,902**	**-**	**(11, 346)**	**836,178**	**1,153,153**	**24,385**	**1,177,538**

Note: The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information in the condensed consolidated statement of changes in equity is not restated. Details of changes in accounting policies are disclosed in note 3 to this interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**107,812**	17,637
Income tax paid		**(53,423)**	(26,748)
Net cash generated from/(used in) operating activities		**54,389**	(9,111)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary through step acquisition of an associate	26	**3,353**	–
Acquisition of assets through acquisition of a subsidiary	27	**–**	(8,000)
Decrease in amounts due from related companies		**3,525**	5,600
Interest income from treasury products		**4,747**	2,498
Interest income from loans to companies		**1,201**	–
Interest income from fund investment in a partnership	7	**2,000**	1,000
Interest income from short-term bank deposits		**3,845**	870
Instalment proceeds from disposal of a subsidiary in 2017		**40,600**	51,400
Loans to companies		**(41,730)**	–
Purchase of equity investments		**–**	(21,000)
Purchases of property, plant and equipment		**(1,941)**	(968)
Purchases of treasury products		**(642,000)**	(530,000)
Proceeds from disposal of property, plant and equipment		**654**	–
Proceeds from disposal of treasury products		**697,000**	530,000
Prepayment for fund investment in a partnership		**(50,500)**	–
Prepayment for property, plant and equipment		**(13,650)**	–
Payment for fund investment in a partnership		**–**	(50,000)
Payments for investments in associates		**–**	(20,400)
Net cash generated from/(used in) investing activities		**7,104**	(39,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of 2017 final dividend		**(98,762)**	–
Repurchase of shares	24	**–**	(25,076)
Net cash used in financing activities		**(98,762)**	(25,076)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(37,269)**	(73,187)
Effect of foreign exchange rate changes		**(63)**	(203)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	22	**324,434**	524,450
CASH AND CASH EQUIVALENTS AT 30 JUNE	22	**287,102**	451,060

Notes to the Interim Financial Information

1. GENERAL INFORMATION

Wisdom Sports Group (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (2012 Revision) of the Cayman Islands on 21 March 2012 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate controlling party is Ms. Ren Wen, who is also the Chairlady of the Board and President of the Company. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in China is No. 43, Building B, 25 Xiaoyun Road, Chaoyang District, Beijing, the People's Republic of China (the "**PRC**"). The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") is principally engaged in the provision of events operation and marketing services, sports services and advertising program and branding services in the PRC.

2. BASIS OF PREPARATION

This interim financial information is unaudited and has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was authorised for issue on 30 August 2018.

This interim financial information should be read in conjunction with the 2017 annual financial statements, which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, HKASs and Interpretations). The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated in note 3 to this interim financial information below.

3. CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current interim period of the Group. Of these, the following new standards are relevant to the Group's unaudited condensed consolidated interim financial statements:

HKFRS 9 *Financial instruments*
HKFRS 15 *Revenue from contracts with customers*

The Group has initially adopted HKFRS 9 and HKFRS 15 from 1 January 2018. Other new standards or interpretations that are effective on 1 January 2018 do not have significant financial impacts on this interim financial information.

The Group has been impacted by HKFRS 9 only in relation to classification of financial assets and measurement of credit losses. Details of changes in accounting policies are discussed in note 3(b).

3. CHANGES IN ACCOUNTING POLICIES (continued)

(a) Overview (continued)

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated in accordance with the practical expedients permitted under the standard. The following table shows the opening balance adjustments recognised for line items in the consolidated statement of financial position that have been impacted by HKFRS 9 only:

	At 31 December 2017 RMB'000	Impact on initial application of HKFRS 9 *(note 3(b))* RMB'000	**At 1 January 2018 RMB'000**
Non-current assets			
Equity investments	54,850	3,736	**58,586**
Other receivables	50,000	(172)	**49,828**
Deferred tax assets	2,042	157	**2,199**
Current assets			
Trade and bills receivables	172,607	(627)	**171,980**
Other receivables	469,301	(226)	**469,075**
Equity			
Reserves	1,210,319	2,868	**1,213,187**

Further details of these changes are set out in note 3(b).

(b) HKFRS 9 *Financial instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*. It sets out the requirements for recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

3. CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 *Financial instruments* (continued)

The following table summarises the impact of transition to HKFRS 9 on retained profits and reserves and the related tax impact at 1 January 2018:

	RMB'000
Retained profits	
Transferred to fair value reserve (non-recycling) relating to impairment loss of equity investments designated at fair value through other comprehensive income recognised in prior year	3,260
Recognition of additional expected credit losses on:	
– trade and bills receivables	(627)
– other receivables (non-current and current)	(398)
Related tax	157
Net increase in retained profits at 1 January 2018	2,392
Fair value reserve (recycling)	
Transferred to fair value reserve (non-recycling) relating to equity investments designated at fair value through other comprehensive income	1,890
Net increase in fair value reserve (recycling) at 1 January 2018	1,890
Fair value reserve (non-recycling)	
Transferred from fair value reserve (recycling) relating to equity investments designated at fair value through other comprehensive income	(1,890)
Transferred from retained profits relating to impairment loss of equity investments designated at fair value through other comprehensive income recognised in prior year	(3,260)
Remeasurement of fair value of available-for-sale financial assets previously carried at cost under HKAS 39	3,736
Net decrease in fair value reserve (non-recycling) at 1 January 2018	(1,414)

3. CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 *Financial instruments* (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVTOCI**") and at fair value through profit or loss ("**FVTPL**"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity 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;

– FVTOCI – 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

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

An investment in equity securities is classified as FVTPL 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 FVTOCI (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 FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income.

3. CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 *Financial instruments* (continued)

(i) Classification of financial assets and financial liabilities (continued)

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9:

	HKAS 39 carrying amount at 31 December 2017 RMB'000	Reclassification RMB'000	Remeasurement RMB'000	**HKFRS 9 carrying amount at 1 January 2018 RMB'000**
Financial assets carried at amortised cost				
Trade and bills receivables	172,607	–	(627)	**171,980**
Other receivables (Non-current)	50,000	–	(172)	**49,828**
Other receivables (Current)	469,301	–	(226)	**469,075**
	691,908	–	(1,025)	**690,883**
Equity investments designated at FVTOCI				
Equity investments *(note (i))*	–	54,850	3,736	**58,586**
Financial assets classified as available-for-sale under HKAS 39 *(note (i))*	54,850	(54,850)	–	**–**

Note:

(i) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVTPL under HKFRS 9, unless they are eligible for and designated at FVTOCI by the Group. At 1 January 2018, the Group designated all its equity investments at FVTOCI as the investment is held for strategic purposes.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVTPL at 1 January 2018.

3. CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 *Financial instruments* (continued)

(ii) Expected credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including trade and bills receivables, and other receivables (non-current and current))

Financial assets measured at fair value, including equity investments designated at FVTOCI, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– trade and bills receivables, and other receivables (non-current and current): 1-year basic borrowing rate for financial institution from the People's Bank of China.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and bills receivables are always measured at an amount equal to lifetime ECLs. ECLs 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 and an assessment of both the current and forecast general economic conditions at the reporting date.

3. CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 *Financial instruments* (continued)

(ii) Expected credit losses (continued)

Measurement of ECLs (continued)

For other receivables (non-current and current), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, 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.

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

– failure to make payments of principal or interest on their contractually due dates;

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

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

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as aging and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or reversal of an impairment loss in profit or loss. The Group recognises an impairment loss or reversal of an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through allowance for impairment account.

3. CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 *Financial instruments* (continued)

(ii) Expected credit losses (continued)

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less allowance for impairment) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that were previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

3. CHANGES IN ACCOUNTING POLICIES (continued)

(b) HKFRS 9 *Financial instruments* (continued)

(ii) Expected credit losses (continued)

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to RMB1,025,000, which decreased retained profits by RMB868,000 and increased gross deferred tax assets by RMB157,000 at 1 January 2018.

The following table reconciles the closing allowance for impairment determined in accordance with HKAS 39 as at 31 December 2017 with the opening allowance for impairment determined in accordance with HKFRS 9 as at 1 January 2018:

	RMB'000
Allowance for impairment at 31 December 2017 under HKAS 39	25,332
Additional credit loss recognised at 1 January 2018 on:	
– Trade and bills receivables	627
– Other receivables (non-current and current)	398
Allowance for impairment at 1 January 2018 under HKFRS 9	26,357

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  - the determination of the business model within which a financial asset is held; and

  - the designation of equity investments not held for trading to be classified as at FVTOCI.

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

3. CHANGES IN ACCOUNTING POLICIES (continued)

(c) HKFRS 15 *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

HKFRS 15 does not have significant financial impacts on this interim financial information.

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. The Group has not early adopted any new or amended standards in preparing this interim financial information.

The Group has the following update to the information provided in the last annual financial statements in respect of HKFRS 16 *Leases*, which may have a significant impact on the Group's consolidated financial statements:

HKFRS 16 *Leases*

As discussed in the 2017 annual report, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. Upon the adoption of HKFRS 16, where the Group is the lessee under the lease the Group will be required to account for all leases in a similar way to current finance lease accounting, i.e. recognise and measure a lease liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset at the commencement date of the lease, subject to practical expedients. HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for items of property, plant and equipment which are currently classified as operating leases.

During the six months ended 30 June 2018, the Group has entered into several new lease agreements with lease terms ranging from 0.5 to 3 years. These leases are currently classified as operating leases. As a result of these new lease agreements, the impact of the initial adoption of HKFRS 16 is now estimated to be more significant than the Group's expectation at the time when the 2017 annual financial statements were prepared.

The following is the updated information about the Group's future minimum lease payments, based on the non-cancellable operating leases that have been entered into by 30 June 2018:

	RMB'000
Amounts payable:	
Within 6 months	**5,068**
After 6 months but within 1 year	**4,929**
After 1 year but within 5 years	**19,283**
	29,280

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

HKFRS 16 *Leases* (continued)

Upon the initial adoption of HKFRS 16 at 1 January 2019, the present value of most of the future minimum lease payments that are payable after 6 months but within 1 year from 30 June 2018 of RMB4,929,000 and after 1 year but within 5 years from 30 June 2018 of RMB19,283,000 will be recognised as lease liabilities, with corresponding right-of-use assets recognised as non-current assets. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16.

5. FAIR VALUE MEASUREMENTS

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

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

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

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

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

During the six months ended 30 June 2018 and 2017, 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.

5. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy at 30 June 2018

Description	Fair value measurements as at 30 June 2018 Level 2 RMB'000	Level 3 RMB'000	30 June 2018 Total RMB'000
Recurring fair value measurements:			
Financial assets			
Equity investments designated at FVTOCI			
Listed equity securities *(note 17)*	18,840	–	18,840
Unlisted equity securities *(note 17)*	–	29,814	29,814
Total	18,840	29,814	48,654

Description	Fair value measurements as at 31 December 2017 using: Level 2 RMB'000	31 December 2017 Total RMB'000
Recurring fair value measurements:		
Financial assets		
Available-for-sale financial assets		
Listed equity securities *(note 17)*	19,110	19,110
Total	19,110	19,110

5. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2018:

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

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value 30 June 2018 RMB'000 Assets	Fair value 30 June 2018 RMB'000 Liabilities	Fair value 31 December 2017 RMB'000 Assets	Fair value 31 December 2017 RMB'000 Liabilities
Equity investments – Listed equity securities	Market approach	Share transaction	**18,840**	**–**	19,110	–

For Level 3 fair value measurements, the Group has engaged Avista Group, an independent qualified professional valuer, to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 30 June RMB'000
Equity investments designated at FVTOCI – unlisted equity securities	Discounted cash flow	Weighted average cost of capital	25%	Decrease	**5,691**
	Market comparable companies	Price-to-sales ratio of market comparable companies	6.99	Increase	**24,123**

As at 31 December 2017, the unlisted available-for-sale financial assets were measured under HKAS 39 at cost less impairment as there were no quoted market prices in active markets and their fair value cannot be reliably measured.

5. FAIR VALUE MEASUREMENTS (continued)

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

	30 June 2018 RMB'000
Equity investments designated at FVTOCI – unlisted equity securities	
At 1 January 2018 (under HKFRS 9)	**39,476**
Net unrealised losses recognised in other comprehensive income during the period	**(9,662)**
At 30 June 2018	**29,814**

From 1 January 2018, 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 under HKFRS 9. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained profits. Prior to 1 January 2018, any gains/(losses) arising from the disposal of the unlisted equity securities were presented in the "Other gains/(losses)" in the consolidated statement of profit or loss and other comprehensive income.

6. REVENUE

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

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Events sponsorship income	**62,541**	51,168
Sports services income	**57,646**	36,907
Advertising income	**28,539**	–
	148,726	88,075

6. REVENUE (continued)

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
– At a point in time	**120,187**	88,075
– Over time	**28,539**	–
	148,726	88,075

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

The following table provides information about trade and bills receivables and contract liabilities from contracts with customers:

	30 June 2018	31 December 2017
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade and bills receivables	**96,561**	172,607
Contract liabilities	**(8,235)**	(6,244)

The contract liabilities primarily relate to the advance consideration received from customers relating to the provision of advertising services, for which revenue is recognised over time.

RMB Nil is recognised in the revenue for the six months ended 30 June 2018 relating to the contract liabilities balance as at 31 December 2017.

7. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
Interest income from treasury products *(note (a))*	**6,055**	4,998
Interest income from loans to companies	**1,786**	–
Interest income from fund investment in a partnership	**2,000**	2,000
Interest income from short-term bank deposits	**3,164**	870
Government grants *(note (b))*	**1,823**	2,837
Rental income	**209**	155
Share compensation from investment in an associate *(note 26)*	**56,288**	–
Others	**–**	10
	71,325	10,870

Notes:

(a) The Group invested in unlisted treasury products issued by commercial banks in the PRC. The principals of these investments are guaranteed by the corresponding commercial banks. The investments are denominated in RMB and with maturity periods within three months. The rates of return range from 2.0% to 6.5% per annum.

(b) The Group benefits from government grants in the form of tax refund from governmental bodies of Fuzhou, Jiangxi Province for the six months ended 30 June 2018 and 2017 as a result of their contribution for developing the cultural and media industry in the respective cities.

8. OTHER LOSSES

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Continuing operations		
Allowance for impairment of trade and bills receivables	**(144)**	(6,631)
Reversal of allowance for/(allowance for) impairment of other receivables	**33**	(786)
Exchange losses	**(63)**	(203)
Remeasurement of pre-existing interest in an associate for step acquisition *(note 26)*	**(3,072)**	–
Loss on disposal of property, plant and equipment	**(98)**	–
Others	**(3)**	(155)
	(3,347)	(7,775)

9. SEGMENT INFORMATION

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

The Group has three reportable operating segments, which are (a) Events Operation and Marketing; (b) Sports Services and (c) Advertising Program and Branding. The segment information reported does not include any amounts for the discontinued operations for the six months ended 30 June 2018 and 2017, which are described in more detail in Discontinued Operations (see note 12 to the interim financial information).

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 corporate sponsorship income and sales of commercial rights of events.
Sports Services	Providing services to government, marathon runners and media companies in conjunction with sports-related competitions. Types of revenue include events organisation income, sales of the broadcasting rights of events and individual consumption.
Advertising Program and Branding	Provision of advertising and directing, filming and producing video programs for television stations and program production services. Type of revenue includes advertising income.

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

Segment results are measured as gross profit of each segment without allocation of selling and distribution expenses, general and administrative expenses, other income, other losses, share of results of associates, share of result of a joint venture and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

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

9. SEGMENT INFORMATION (continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2018 and 2017 is as follows:

Six months ended 30 June 2018

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

9. SEGMENT INFORMATION (continued)

Six months ended 30 June 2017

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Advertising Program and Branding RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	51,168	36,907	–	88,075
Cost of services	(28,510)	(8,069)	–	(36,579)
Segment results	22,658	28,838	–	51,496
Other income				10,870
Other losses				(7,775)
Selling and distribution expenses				(9,643)
General and administrative expenses				(18,958)
Share of results of associates				(709)
Share of result of a joint venture				(2,272)
Income tax expense				(12,166)
Profit for the period from continuing operations				10,843

10. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	Six months ended 30 June	
	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Current tax	**44,442**	12,166
Deferred tax	**(36)**	–
	44,406	12,166

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2018 and 2017.

10. INCOME TAX EXPENSE (continued)

PRC Corporate Income Tax has been provided at a rate of 25% (2017: 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.

11. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortisation of intangible assets	**2,976**	2,962
Depreciation of property, plant and equipment	**1,698**	1,547
Depreciation of investment properties	**629**	629
Share compensation from investment in an associate *(note 26)*	**(56,288)**	–
Remeasurement of pre-existing interest in an associate for step acquisition *(note 26)*	**3,072**	–
Loss on disposals of property, plant and equipment *(note 8)*	**98**	–
Operating lease charges		
– Office premises	**3,418**	4,203
Staff costs		
– Salaries, bonuses and allowances	**9,197**	12,252
– Retirement benefit scheme contributions	**1,425**	3,494
– Share-based payments	**145**	423
Auditor's remuneration	**900**	900
Allowance for impairment of trade and bills receivables	**144**	6,631
(Reversal of allowance for)/allowance for impairment of other receivables	**(33)**	786

12. DISCONTINUED OPERATIONS

In 2016, the Group entered into an agreement with Beijing Enbiou Sports Management Co., Ltd. ("**NBL Company**") to obtain the exclusive commercial right of 2016-2019 National Men's Basketball League ("**NBL**") from NBL Company.

On 10 February 2017, the Group entered into an Equity Transfer Agreement to dispose of a subsidiary, Shenzhen Wisdom Basketball Industry Co., Ltd. ("**SWBI**"), which carried out all of the Group's NBL event operation at a consideration of RMB116,000,000 (the "**Disposal**"). The Disposal was effected in order to access other opportunities with additional funds for the expansion of the Group's other businesses. The Disposal was completed on 10 May 2017 and control of SWBI passed to the acquirer on the same day. After the Disposal, the Group discontinued the NBL event operation. The Group treated this operation as discontinued operations.

Profit for the period from discontinued operations:

	Period from 1 January 2017 to 10 May 2017 RMB'000 (audited)
Gain on disposal of NBL event operation	92,400
Income tax expense	(23,100)
Profit for the period from discontinued operations (attributable to owners of the Company)	69,300

Note: Details of other financial information of the Discontinued Operations for the period from 1 January 2017 to 10 May 2017 were set out in 2017 annual report.

13. DIVIDENDS

On 29 August 2017, the Board declared the payment of an interim dividend of RMB0.038 per share, amounting to a total dividend of approximately RMB60,532,000, for the six months ended 30 June 2017 to the shareholders whose names appeared on the register of members of the Company on 27 October 2017.

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

14. EARNINGS PER SHARE

(a) From continuing and discontinued operations

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings attributable to owners of the Company		
Earnings for the purpose of calculating basic and diluted earnings per share	**46,061**	80,143

	Six months ended 30 June	
	2018	2017
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**1,592,942**	1,602,001

(b) From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings attributable to owners of the Company		
Earnings for the purpose of calculating basic and diluted earnings per share from continuing and discontinued operations for the period	**46,061**	80,143
Earnings for the period from discontinued operations	**–**	(69,300)
Earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	**46,061**	10,843

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same.

14. EARNINGS PER SHARE (continued)

(c) From discontinued operations – unaudited

Basic and diluted earnings per share from the discontinued operations for the six months ended 30 June 2018 are RMB Nil per share (six months ended 30 June 2017: RMB0.04 per share), based on the profit for the six months ended 30 June 2018 from discontinued operations attributable to owners of the Company of RMB Nil (six months ended 30 June 2017: RMB69,300,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2018 and 2017.

15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment with a total cost of RMB1,938,000, and disposed of items of property, plant and equipment with a net carrying amount of RMB752,000 respectively. The Group also acquired items of property, plant and equipment from acquisition of a subsidiary through step acquisition of an associate with a total cost of RMB478,000 (see note 26 to the interim financial information).

16. INTANGIBLE ASSETS

During the six months ended 30 June 2018, the Group acquired intangible assets from acquisition of a subsidiary through step acquisition of an associate with a total cost of RMB104,600,000 (see note 26 to the interim financial information).

17. EQUITY INVESTMENTS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Listed equity securities		
– Equity investments designated at FVTOCI	**18,840**	–
– Available-for-sale financial assets	**–**	19,110
	18,840	19,110
Unlisted equity securities		
– Equity investments designated at FVTOCI	**29,814**	–
– Available-for-sale financial assets	**–**	35,740
	29,814	35,740
	48,654	54,850

17. EQUITY INVESTMENTS (continued)

At 1 January 2018, the Group made an irrevocable election to present all changes in the fair value of all its equity investments (previously classified as available-for-sale financial assets under HKAS 39) in other comprehensive income under the adoption of HKFRS 9. Details of changes in accounting policies are disclosed in note 3(b) to this interim financial information.

As at 31 December 2017, the unlisted available-for-sale financial assets were measured under HKAS 39 at cost less impairment as there were no quoted market prices in active markets and their fair value cannot be reliably measured.

All of the equity investments are denominated in RMB.

18. INVESTMENTS IN ASSOCIATES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Unlisted investments:		
Share of net assets	22,376	51,810
Goodwill	6,767	40,461
	29,143	92,271

Note:

The capital injection agreement between Wisdom Events Operation and Management (Zhejiang) Co., Ltd. ("**ZMWH**"), a wholly-owned subsidiary of the Company, and Beijing Shangde Shangpin Sports Development Co., Ltd., whose name was changed to Beijing Shangde Da'ai Sports Co., Ltd. ("**SDDA**") ("**Agreement A**") specifies that ZMWH has a right to request cash or share compensation from the original shareholders of SDDA if SDDA's audited net profit target of 2017 and audited retained profits target of 2018 are not met. The Group measured the value of such right, with the assistance of Avista Group, and the fair value of the right was considered insignificant on 20 July 2017 (the "**acquisition date of SDDA**") and 31 December 2017.

Other than the right to request cash or share compensation, ZMWH has an option to request the original shareholders of SDDA to repurchase the shares if SDDA's audited net profit target of 2017 and audited retained profits target of 2018 are not met, which constitutes an embedded put option in Agreement A. The Group measured the value of such put option, with the assistance of Avista Group, and the fair value of the option was considered insignificant as at the acquisition date of SDDA and 31 December 2017.

On 30 June 2018, the original shareholders of SDDA entered into an agreement ("**Agreement B**") with ZMWH to offer a share compensation based on the Agreement A as an early settlement. Under the Agreement B, 36.6% equity interest was transferred to ZMWH from the original shareholders. On the same date, ZMWH owns 69.1% equity interest in SDDA. The revised Articles of Association of SDDA also grants the right to the Company to appoint two thirds of the members in SDDA's board of directors. Hence, SDDA is then the Company's subsidiary with the control to direct the activities of SDDA. Note 26 to the interim financial information sets out the details of this acquisition. The transaction was completed on the same date and the Agreement A was hence early terminated under the exercise of the right above.

19. TRADE AND BILLS RECEIVABLES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Trade and bills receivables	**118,012**	193,287
Allowance for impairment of trade and bills receivables	**(21,451)**	(20,680)
	96,561	172,607

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within 1 month	**39,870**	32,590
1 to 3 months	**10,826**	65,410
4 to 6 months	**7,300**	59,680
7 to 12 months	**27,860**	3,420
1 to 2 years	**1,781**	3,000
Over 2 years	**8,924**	8,507
	96,561	172,607

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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and bills receivables. The expected credit losses are calculated based on shared credit risk characteristics and the aging under HKFRS 9.

20. OTHER RECEIVABLES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Government grants receivables	**1,745**	13,485
Deposits with media companies and event organisation companies	**51,003**	61,975
Advance to employees	**5,976**	3,642
Lease and other deposits	**2,651**	2,153
Consideration receivable for disposal of a subsidiary	**–**	40,600
Amount due from Wisdom Sports Arena Operation (Shenzhen) Co., Ltd. ("**TYCG**")	**13,431**	9,218
Amounts due from related companies *(note 30(a)(ii))*	**5,512**	9,037
Treasury product	**207,917**	261,608
Fund investment in a partnership	**50,667**	50,667
Loans to companies	**107,805**	65,250
Others	**6,459**	6,318
Allowance for impairment of other receivables	**(330)**	(4,652)
	452,836	519,301
Non-current portion	**(49,828)**	(50,000)
Total current portion	**403,008**	469,301
Non-current portion		
Loan to a company	**50,000**	50,000
Allowance for impairment of other receivables	**(172)**	–
Total non-current portion	**49,828**	50,000

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

21. PREPAYMENT AND OTHER CURRENT ASSETS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Prepayment for media resources	**31,095**	62,535
Prepayment for sport competition and event organisation expenses	**33,869**	26,503
Prepaid lease and property management fees	**3,292**	1,830
Value-added and other taxes' credits	**25,263**	25,819
Others	**2,235**	2,142
	95,754	118,829

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

22. CASH AND CASH EQUIVALENTS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Cash on hand	**148**	80
Bank balances	**286,954**	324,354
Cash and cash equivalents	**287,102**	324,434

Cash and cash equivalents comprise cash held by the Group and short-term deposits with an original maturity of three months or less. The balances are mainly denominated in RMB.

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

23. SHARE CAPITAL

	At 1 January 2018 and 30 June 2018 Number of shares '000	US$'000	RMB'000	At 1 January 2017 and 30 June 2017 Number of shares '000	US$'000	RMB'000
Authorised:						
Ordinary shares of US$0.00025 each	**4,000,000**	**1,000**	**–**	4,000,000	1,000	–
Issued and fully paid:						
Ordinary shares of US$0.00025 each	**1,592,942**	**398**	**2,454**	1,609,645	402	2,479

24. TREASURY SHARES

	RMB'000 (unaudited)
At 1 January 2017	**–**
Repurchase of shares	**25,076**
At 30 June 2017	**25,076**

The Company repurchased 16,103,000 ordinary shares ("**repurchased shares**") for a total consideration of HK$28,100,830 (equivalent to RMB25,076,000) in open market from 30 March 2017 to 9 May 2017, under authorisation of Board of Directors. The repurchased shares were subsequently cancelled on 21 July 2017.

25. TRADE PAYABLES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Trade payables	**33,293**	68,782

25. TRADE PAYABLES (continued)

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within 1 month	**7,081**	19,215
1 to 3 months	**11,122**	6,400
4 to 6 months	**1,597**	6,027
7 to 12 months	**5,721**	425
Over 12 months	**7,772**	36,715
	33,293	68,782

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

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

On 30 June 2018, the Group obtained 36.6% of the equity interest of SDDA under a share compensation (see note 18 to the interim financial information). On the same date, SDDA is a subsidiary of the Group upon the holding of a total of 69.1% equity interest. SDDA is engaged in the service provision for the organisation of marathon events and holds an operating right of marathon events during the period. The acquisition is part of the Group's strategy to expand its marathon events business.

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

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

	RMB'000 (unaudited)
Share of net assets	**53,054**
Less: Fair value of pre-existing interest	**(49,982)**
Loss on remeasurement *(note 8)*	**3,072**

26. ACQUISITION OF A SUBSIDIARY THROUGH STEP ACQUISITION OF AN ASSOCIATE (continued)

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

	RMB'000 (unaudited)
Net assets acquired:	
Property, plant and equipment	478
Intangible assets	104,600
Trade receivables	400
Prepayments, deposits and other receivables	18,586
Value-added and other taxes' credits	125
Cash and cash equivalents	3,353
Trade and other payables	(22,476)
Deferred tax liability	(26,150)
Total identifiable net assets at fair value	78,916
Non-controlling interest	(24,385)
	54,531
Fair value of share compensation of 36.6% equity interest from investment in an associate *(note 7)*	(56,288)
Fair value of pre-existing interest	(49,982)
Goodwill	(51,739)
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	3,353

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

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

SDDA contributed revenue of RMB Nil and profit of RMB Nil in the period between 30 June 2018 and the end of the reporting period. If the acquisition had been completed on 1 January 2018, total Group revenue for the period from continuing operations would have been RMB154,849,000 and profit for the period from continuing operations would have been RMB31,339,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2018, nor is intended to be a projection of future results.

27. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

Wisdom Road Run Industry (Shenzhen) Co., Ltd. ("Lu Pao Industry")

In May 2017, the Group acquired 100% equity interest in Lu Pao Industry at a cash consideration of RMB8,000,000. Lu Pao Industry holds a right of operation of marathon events and was acquired with the objective of expansion in market coverage of business of the Group.

The transaction was accounted for as acquisition of assets through acquisition of a subsidiary and the fair value of the consideration allocated to the assets and liabilities acquired is as follows:

Net assets at the date of acquisition were as follows:

	RMB'000 (unaudited)
Intangible assets – operating right	**8,000**
Total consideration – satisfied by cash	**8,000**
Net cash outflow arising on acquisition: Cash consideration paid	**8,000**

28. CONTINGENT LIABILITIES

As at 30 June 2018 and 31 December 2017, the Group did not have any significant contingent liabilities.

29. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	**9,997**	5,733
In the second to fifth years inclusive	**19,283**	5,472
	29,280	11,205

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated and rentals are fixed over the lease terms ranging from 1 to 3 years (31 December 2017: 1 to 3 years) and do not include contingent rentals as at 30 June 2018.

The Group as lessor

The total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	**315**	497
In the second to fifth years inclusive	**2**	498
	317	995

29. COMMITMENTS (continued)

(b) Strategic cooperation agreements with sports-related organisation commitments

As at 30 June 2018, the Group has strategic cooperations with Asia Athletics Association (31 December 2017: Zhejiang Province and Asia Athletics Association) with the exclusive rights granted to the Group for organising all the social sports competitions organised and operated by the above organisations.

According to the strategic cooperation agreements, the future committed payments are as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	**1,953**	2,453

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Property, plant and equipment	**25,350**	–
Capital contribution to an equity investment designated at FVTOCI	**45,000**	45,000
	70,350	45,000

30. RELATED PARTY TRANSACTIONS

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

(i) Related party transactions

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Purchase – Events operation fee expense – SDDA *(note (b))*	**13,849**	–

(ii) Related party balances

	30 June 2018	31 December 2017
	RMB'000	RMB'000
	(unaudited)	(audited)
Other receivables from Shenzhen Wisdom Sports Technology Limited ("**SZWS**") *(note (a))*	**2,977**	2,977
Advance to SZWS *(note (a))*	**1,073**	1,073
Advance to SDDA *(note (b))*	**–**	3,525
Other receivable from 深圳韌行投資有限公司 ("**SZRX**") *(note (c))*	**1,462**	1,462

Notes:

(a) Ms. Ren Wen indirectly holds the controlling shareholding interest in SZWS. Other receivables arise from the receipt by SZWS on behalf of the Group, and advance relates to routine business activities as at 30 June 2018 and 31 December 2017.

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

The Group has advance as at 31 December 2017 to support the operation of Running in China by ZMWH.

SDDA ceased to be a related party of the Group since 30 June 2018 upon the completion of acquisition of a subsidiary through step acquisition of SDDA (see note 26 to the interim financial information).

(c) Ms. Ren Wen indirectly holds the controlling shareholding interest in SZRX. The balances as at 30 June 2018 and 31 December 2017 represent the rental income receivables regarding the property leased in 2016 and other receipt by SZRX on behalf of the Group.

30. RELATED PARTY TRANSACTIONS (continued)

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Directors' fees	**302**	304
Salaries and allowances	**3,185**	2,909
Share-based payments	**31**	69
Retirement benefit scheme contributions	**154**	125
	3,672	3,407

31. EVENTS AFTER THE REPORTING PERIOD

Shenzhen Wisdom Sports Industry Co., Ltd. ("**Shenzhen Wisdom**"), a wholly-owned subsidiary of the Company, signed an investment agreement with Beijing Sports and Entertainment Industry Group Limited ("**Beijing Sports Group**"), an independent third party, on 5 July 2018, pursuant to which a joint investment will be made in Wisdom Sports Arena Operation (Shenzhen) Co., Ltd. (the "**Arena Company**"). Upon the completion of the investment, Shenzhen Wisdom and Beijing Sports Group will hold 40% and 50% of the equity interest in the Arena Company, respectively. The remaining 10% of the equity interest in the Arena Company will continue to be held by the management of the Arena Company.

32. COMPARATIVE FIGURES

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Details of changes in accounting policies are disclosed in note 3 to this interim financial information.

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