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01661.HK

中國前沿科技集團

China Frontier Technology Group

(formerly known as Wisdom Sports Group 智美體育集團)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1661)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of China Frontier Technology Group (the “**Company**” or “**CH Frontier**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	4	22,356	2,571
Cost of services		<u>(14,860)</u>	<u>(2,828)</u>
Gross profit/(loss)		7,496	(257)
Other income	5	16,606	5,744
Other (loss)/gain, net	6	(3,175)	13,865
Net provision of impairment losses on other receivables		(328)	(3,757)
Net provision of impairment losses on trade receivables		(252)	–
Selling and distribution expenses		(2)	(410)
General and administrative expenses		<u>(4,903)</u>	<u>(21,083)</u>
Profit/(loss) from operations		15,442	(5,898)
Finance cost		(199)	–
Share of results of associates		<u>(452)</u>	<u>(477)</u>
Profit/(loss) before tax		14,791	(6,375)
Income tax expense	8	<u>(656)</u>	<u>–</u>
Profit/(loss) for the period	9	<u>14,135</u>	<u>(6,375)</u>
Attributable to:			
Owners of the Company		14,126	(6,375)
Non-controlling interests		<u>9</u>	<u>–</u>
		<u>14,135</u>	<u>(6,375)</u>

	Six months ended 30 June	
	2024	2023
<i>Note</i>	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other comprehensive (expense)/income		
<i>Item that will not be reclassified to profit or loss:</i>		
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	(2,053)	910
<i>Item that are or may be reclassified to profit or loss:</i>		
Exchange differences on translation from functional currency to presentation currency	978	11,164
Other comprehensive (expense)/income for the period, net of tax	<u>(1,075)</u>	<u>12,074</u>
Total comprehensive income for the period	<u><u>13,060</u></u>	<u><u>5,699</u></u>
Attributable to:		
Owners of the Company	13,051	5,699
Non-controlling interests	<u>9</u>	<u>–</u>
	<u><u>13,060</u></u>	<u><u>5,699</u></u>
Earning/(loss) per share attributable to owners of the Company		
Basic and diluted (<i>RMB cents</i>)	<u><u>0.80</u></u>	<u><u>(0.40)</u></u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	30 June	31 December
	2024	2023
<i>Note</i>	RMB'000	RMB'000
	(unaudited)	(audited)
ASSETS		
Non-current assets		
Property, plant and equipment	424	–
Right-of-use assets	1,573	–
Investment properties	38,586	38,013
Financial assets at fair value through other comprehensive income	54,229	56,282
Other receivables	–	50,000
Investments in associates	4,198	4,650
Deferred tax assets	6,720	6,720
	105,730	155,665
Total non-current assets		
Current assets		
Inventories	997	997
Financial assets at fair value through profit or loss	7,095	6,750
Trade receivables	12 10,299	4,859
Other receivables	52,057	52,479
Prepayments and other current assets	22,931	17,876
Cash and cash equivalents	266,251	173,732
	359,630	256,693
Total current assets		
	465,360	412,358
TOTAL ASSETS	465,360	412,358

		30 June	31 December
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
		(unaudited)	(audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		2,935	2,454
Reserves		<u>418,485</u>	<u>366,818</u>
		421,420	369,272
Non-controlling interests		<u>(664)</u>	<u>(673)</u>
TOTAL EQUITY		<u>420,756</u>	<u>368,599</u>
LIABILITIES			
Current liabilities			
Trade payables	<i>13</i>	9,985	11,810
Other payables and accrued expenses		3,915	3,618
Lease liabilities		309	–
Contract liabilities		927	927
Income tax payables		<u>21,450</u>	<u>20,794</u>
Total current liabilities		<u>36,586</u>	<u>37,149</u>
Non-current liability			
Lease liabilities		1,272	–
Bank borrowing		<u>6,746</u>	<u>6,610</u>
Total non-current liability		<u>8,018</u>	<u>6,610</u>
TOTAL LIABILITIES		<u>44,604</u>	<u>43,759</u>
TOTAL EQUITY AND LIABILITIES		<u>465,360</u>	<u>412,358</u>
NET CURRENT ASSETS		<u>323,044</u>	<u>219,544</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

China Frontier Technology 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**”). 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 Hong Kong is Room B, 23/F, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events operation and marketing services, and sports services in the PRC and Hong Kong.

Pursuant to the special resolution of the shareholders of the Company on 31 July 2024, the name of the Company has been changed from “Wisdom Sports Group” to “China Frontier Technology Group” and the dual foreign name in Chinese of the Company had been changed from “智美體育集團” to “中國前沿科技集團”.

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 (the “**Listing Rules**”). It was authorised for issue on 30 August 2024.

This interim financial information should be read in conjunction with the 2023 annual financial statements, which were prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) (including all HKFRSs, HKASs and Interpretations). The accounting policies (including the critical judgements made by the Directors in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2023.

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

The accounting policies applied in this interim financial information are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2023. In the current interim period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective from 1 January 2024 but these developments do not have a material effect on this interim financial information.

A number of new HKFRSs and amendments to HKFRSs is effective from 1 January 2024 and earlier application is permitted. The Group has not early adopted any new HKFRSs or amendments to HKFRSs that are not effective for the current interim period.

4. REVENUE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Events operation and marketing income	20,542	903
Sports services income	1,814	1,668
	<u>22,356</u>	<u>2,571</u>
	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Timing of revenue recognition		
– At a point in time	22,356	2,454
– Over time	–	117
	<u>22,356</u>	<u>2,571</u>

Except for rental income from equipment under operating leases within sports services having revenue recognised over time covering the periods of sports-related competitions and other events, revenue recognised at a point in time for the six months ended 30 June 2024 comprises income generated from sports-related competitions by the provision of events operation and marketing services, and all other sports services when the competitions are held.

5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Investment income from treasury products (<i>note (a)</i>)	8,269	1,811
Interest income from loans to companies	2,511	1,138
Interest income from short-term bank deposits	4,355	1,090
Rental income from investment properties	609	288
Others	862	1,417
	<u>16,606</u>	<u>5,744</u>

Notes:

- (a) The Group invested in treasury products issued by financial institutions in the PRC. The investments are denominated in RMB and most of the investments with maturity periods within six months.

6. OTHER (LOSS)/GAIN, NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Exchange losses, net	(4,175)	(1,140)
Fair value changes on financial assets at fair value through profit or loss	(196)	605
Fair value changes on investment properties	563	–
Gain on disposal of investment properties	–	1,025
Gain on disposal of property, plant and equipment	–	13,614
Others	633	(239)
	<u>(3,175)</u>	<u>13,865</u>

7. SEGMENT INFORMATION

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

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

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

Events Operation and Marketing	Providing marketing services in conjunction with sports-related competitions. Type of revenue includes corporate sponsorship income.
Sports Services	Providing services mainly to government, third-party professional companies and marathon runners in conjunction with sports-related competitions and other events. Types of revenue include mainly events service income, rental income from equipment, and individual consumption income.

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

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

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

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

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2024 and 2023 is as follows:

Six months ended 30 June 2024

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	20,542	1,814	22,356
Cost of services	<u>(13,658)</u>	<u>(1,202)</u>	<u>(14,860)</u>
Segment results	<u>6,884</u>	<u>612</u>	7,496
Other income			16,606
Other loss, net			(3,175)
Net provision of impairment losses on other receivables			(328)
Net provision of impairment losses on trade receivables			(252)
Selling and distribution expenses			(2)
General and administrative expenses			(4,903)
Finance cost			(199)
Share of result of associate			(452)
Income tax expense			<u>(656)</u>
Profit for the period			<u><u>14,135</u></u>

Six months ended 30 June 2023

	Events Operation and Marketing <i>RMB'000</i> (unaudited)	Sports Services <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
Revenue	903	1,668	2,571
Cost of services	<u>(1,070)</u>	<u>(1,758)</u>	<u>(2,828)</u>
Segment results	<u>(167)</u>	<u>(90)</u>	(257)
Other income			5,744
Other gain, net			13,865
Net provision of impairment losses on other receivables			(3,757)
Selling and distribution expenses			(410)
General and administrative expenses			(21,083)
Share of results of associates			<u>(477)</u>
Loss for the period			<u><u>(6,375)</u></u>

8. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Hong Kong Profit Tax	619	–
PRC Corporate Income Tax	<u>37</u>	<u>–</u>
	<u><u>656</u></u>	<u><u>–</u></u>

Hong Kong Profit Tax is calculated at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2024.

PRC Corporate Income Tax has been provided at a rate of 25% for the six months ended 30 June 2024.

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.

9. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Amortisation of intangible assets	–	475
Depreciation of property, plant and equipment	81	6,136
Depreciation of right-of-use assets	315	–
Staff costs		
– Salaries, bonuses and allowances	1,798	8,855
– Retirement benefits scheme contributions	231	130
Auditor's remuneration		
– Non-audit related services	–	400
Net provision of impairment losses on other receivables	328	3,757
Net provision of impairment losses on trade receivables	252	–

10. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the six months ended 30 June 2024 and 2023.

11. EARNING/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit/(loss) attributable to owners of the Company		
Profit/(loss) for the purpose of calculating basic and diluted earning/ (loss) per share	<u>14,126</u>	<u>(6,375)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earning/(loss) per share	<u>1,773,775</u>	<u>1,592,942</u>

The computation of diluted earning/(loss) per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2024 and 2023.

12. TRADE RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables	23,181	17,489
Allowance for impairment of trade receivables	(12,882)	(12,630)
	<u>10,299</u>	<u>4,859</u>

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 month	–	2,390
1 to 3 months	7,016	–
4 to 6 months	–	–
7 to 12 months	97	132
Over 1 year	3,186	2,337
	<u>10,299</u>	<u>4,859</u>

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

13. TRADE PAYABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade payables	<u>9,985</u>	<u>11,810</u>

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 month	4,609	6,920
1 to 3 months	77	281
4 to 6 months	339	–
7 to 12 months	–	–
Over 1 year	<u>4,960</u>	<u>4,609</u>
	<u>9,985</u>	<u>11,810</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

After the end of the novel coronavirus pandemic, in 2024, the Group continued to broaden its operational thinking to aggressively explore possible opportunities for various sports events at home and abroad, actively approached and communicated with related parties, and achieved phased results. These early efforts have also laid a good foundation for the diversification of the Group's business expansion in the future.

OUTLOOK OF THE INDUSTRY AND THE GROUP

In 2024, sports events at home and abroad will take place one after another. The commencement of the Paris Olympic Games, the Copa America and other prestigious competitions will further stimulate the public enthusiasm for sports, and inspire people's willingness to participate in outdoor sports, contributing to a booming outdoor sports market.

The Group is firmly optimistic about the development prospects of the global sports industry, and under the backdrop of the rising public enthusiasm for sports and the rapid development of the sports industry, the Company will also rely on its own business foundation for professional events operation to keep abreast with the development trend of the sports market at home and abroad. In addition, artificial intelligence (AI) technology is constantly penetrating into various industries and fields, accelerating the deep integration of industries. The Group is also developing along this path.

In 2024, the Group will focus on the following two tasks:

I. Professional events operation and high-end sports services

In the first half of 2024, the Group successfully held the "2024 HKU Global CEO Golf Celebrity Invitation • Singapore Station*" ("2024香港大學全球CEO高爾夫名人邀請賽•新加坡站") and the "Hong Kong Station*" ("香港站") of the same event, which is the first international high-end golf event held by the Group. Starting from the successful holding of this event, the Group will formally enter the field of overseas high-end golf events operation, and further diversify its product mix through business expansion for the operation of high-end sports events such as golf to avoid project homogenisation and better meet the needs of different sports enthusiasts, thereby broadening the Group's revenue sources. In the second half of 2024, the Group will hold the "2024 HKU Global CEO Golf Celebrity Invitation • 3rd Station*" ("2024香港大學全球CEO高爾夫名人邀請賽•第三站").

At a time when global green sports are booming and the public enthusiasm for sports activities is surging, the Group will rely on its successful experience accumulated in offline sports events for many years to vigorously develop the high-end golf events operation business at home and abroad, so as to provide sports enthusiasts and consumers with more diversified sports games and product content and higher level of professional sports services.

II. AI asset management services

In recent years, the global scientific and technological development has never stopped, and new technologies have emerged one after another. Especially since 2023, AI-Generated Content (AIGC) has experienced explosive development driven by the success of global phenomenal applications represented by ChatGPT, and the disruptive development of AI has swept from the wave of scientific and technological revolution to the wave of industrial revolution, and AI technology is constantly penetrating into various industries and fields, accelerating the deep integration of industries.

The Group has carefully reviewed the evolving trend of cutting-edge technology represented by AI, which is developing rapidly, and its huge potential and investment value. To actively respond to the call of this era in which a new round of scientific and industrial revolution is in full swing, the Group is considering the feasibility of developing a new business with cutting-edge technology asset management services as the core, for which the Group will focus on building an investment holding platform for emerging technology industry featured by globalization, high-technology and large capital, identify the most cutting-edge and valuable potential investment and acquisition opportunities in high-tech fields, and explore the infinite possibilities of application services for cutting-edge technology-empowered industries (such as AI+ industry). The Group has also officially changed its name to “China Frontier Technology Group”.

In 2024, the Group will firmly grasp the market opportunities in the industry with great development potential and broad prospects to explore potential demand, adhere to new positioning and new strategies to promote the high-quality development of the two principal businesses of professional events operation and high-end sports services and cutting-edge technology asset management services, and develop the Group into a comprehensive enterprise focusing on the sports industry and radiating the fields of sports and health, high-tech asset management and financial services, for which the Group will be determined to innovate, strive for progress, and actively embrace a new future in a new posture.

FINANCIAL REVIEW

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

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

Revenue

The Group's revenue increased by approximately 761.5% to RMB22.4 million for the six months ended 30 June 2024 from RMB2.6 million for the six months ended 30 June 2023, which was mainly due to the increase in revenue from Events Operation and Marketing. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment increased by approximately 21.8 times to RMB20.5 million for the six months ended 30 June 2024 from RMB0.9 million for the six months ended 30 June 2023; and
- Revenue of the Sports Services segment increased by approximately 5.9% to RMB1.8 million for the six months ended 30 June 2024 from RMB1.7 million for the six months ended 30 June 2023.

Cost of Services

The Group's cost of services increased by approximately 432.1% to RMB14.9 million for the six months ended 30 June 2024 from RMB2.8 million for the six months ended 30 June 2023, which was mainly due to the increase in cost of services for Events Operation and Marketing. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment increased by approximately 12.7 times to RMB13.7 million for the six months ended 30 June 2024 from RMB1.0 million for the six months ended 30 June 2023; and
- Cost of the Sports Services segment decreased by 33.3% to RMB1.2 million for the six months ended 30 June 2024 from RMB1.8 million for the six months ended 30 June 2023.

Gross Profit/(loss) and Gross Profit/(loss) Margin

As a result of the aforementioned factors, the Group recorded a gross profit of RMB7.5 million for the six months ended 30 June 2024 as compared to a gross loss of RMB0.2 million recorded for the six months ended 30 June 2023. The Group recognised a gross profit margin of 33.5% for the six months ended 30 June 2024 as compared to a gross loss margin of 7.7% for the six months ended 30 June 2023. Details based on reportable segments are as follows:

- As a result of the foregoing changes in revenue and cost of services of the Events Operation and Marketing segment, the gross profit for the Events Operation and Marketing segment amounted to RMB6.9 million for the six months ended 30 June 2024 as compared to a gross loss of RMB0.1 million recorded for the six months ended 30 June 2023. The Group recognised a gross profit margin of 33.7% for the six months ended 30 June 2024 as compared to a gross loss margin of 11.11% for the six months ended 30 June 2023. The change in gross profit was mainly due to increase in revenue and gross profit from “2024 HKU Global CEO Golf Celebrity Invitation • Singapore Station*” (“2024香港大學全球CEO高爾夫名人邀請賽•新加坡站”) and the “Hong Kong Station*” (“香港站”) of the same event; and
- As a result of the foregoing changes in revenue and cost of services of the Sports Services segment, the Group recorded a gross profit for the Sports Services segment of RMB0.6 million for the six months ended 30 June 2024 as compared to a gross loss of RMB0.1 million recorded for the six months ended 30 June 2023. The Group recognised a gross profit margin of 33.3% for the six months ended 30 June 2024 as compared to a gross loss margin of 5.9% for the six months ended 30 June 2023. The change in the gross profit was mainly due to a reduction in event expenditure.

Selling and Distribution Expenses

The Group’s selling and distribution expenses decreased by approximately 100% to RMB Nil for the six months ended 30 June 2024 from RMB0.4 million for the six months ended 30 June 2023. The decrease in the selling and distribution expenses was mainly due to less business expenses incurred by the Group in the operation of the events.

General and Administrative Expenses

The Group’s general and administrative expenses decreased by approximately 76.8% to RMB4.9 million for the six months ended 30 June 2024 from RMB21.1 million for the six months ended 30 June 2023. The decrease was mainly due to the decrease of the Group’s labor costs in respect of the general and administrative staff.

Other Income

The Group's other income increased by approximately 191.2% to RMB16.6 million for the six months ended 30 June 2024 from RMB5.7 million for the six months ended 30 June 2023. The increase was mainly due to the increase in the income generated from the treasury products purchased from reputable financial institutions and the interest income from short-term bank deposits.

Other (loss)/gain, net

The Group recorded a net other loss of RMB3.2 million for the six months ended 30 June 2024 as compared to a net other gain of RMB13.9 million recorded for the six months ended 30 June 2023. The change was mainly due to no gain on the disposal of property, plant, and equipment was recognised for the six months ended 30 June 2024, while approximately RMB13.6 million in gain on the disposal of property, plant, and equipment was recorded for the six months ended 30 June 2023.

Profit/(Loss) before Tax

As a result of the foregoing, the Group recognized a profit before tax of RMB14.8 million for the six months ended 30 June 2024 as compared to a loss before tax of RMB6.4 million for the six months ended 30 June 2023.

Income Tax Expense

The Group's income tax expense amounted to RMB0.7 million for the six months ended 30 June 2024 from RMB Nil was recorded for the six months ended 30 June 2023. The increase was mainly due to the Group had taxable gains.

Profit/(loss) Attributable to the Owners of the Company

As a result of the foregoing, the Group recognised the profit attributable to the owners of the Company of RMB14.1 million for the six months ended 30 June 2024 as compared to the loss attributable to the owners of the Company of RMB6.4 million for the six months ended 30 June 2023.

Other Comprehensive (Expense)/Income

The Group recorded an other comprehensive expense of RMB1.1 million for the six months ended 30 June 2024 as compared to an other comprehensive income of RMB12.1 million recorded for the six months ended 30 June 2023. The change was mainly due to the exchange differences on translation from functional currency to presentation currency in respect of the investment and deposit of Wisdom London Limited, a wholly-owned subsidiary of the Company incorporated in England and Wales in February 2022.

Cash Flow

As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB266.3 million compared with that of RMB173.7 million as at 31 December 2023. The cash and cash equivalents are denominated in Hong Kong dollars, United States dollars and British pound sterling but presented in the functional currency of RMB by the Group.

Working Capital

The Group's net current assets increased by approximately 47.2% to RMB323.0 million as at 30 June 2024 from RMB219.5 million as at 31 December 2023. The Group maintained a stable net current asset value and a relatively high level of working capital that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total spending on the acquisition of property, plant and equipment amounted to RMB0.51 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB Nil).

Bank Borrowings

The Group's bank borrowings amounted to RMB6.7 million as at 30 June 2024 which is basically the same as the amount as at 31 December 2023.

Foreign Exchange

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

Treasury Policies

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

Financial Ratios

The current ratio of the Company as at 30 June 2024 is approximately 983.0% (as at 31 December 2023: 691.0%) and it represents a ratio of current assets to current liabilities. As at 30 June 2024, the Group recorded a net cash position (as at 31 December 2023: the Group recorded a net cash position). Hence, the gearing ratio is not applicable to the Company as at 30 June 2024 (as at 31 December 2023: not applicable) as such ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity.

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

Subscription of notes

On 8 January 2024, Auto Culture Group Holdings Limited, an indirect wholly owned subsidiary of the Company, has subscribed to the offer of the notes issued by CMB International Global Products Limited and guaranteed by CMB International Capital Corporation Limited for a total subscription amount of US\$1.25 million (equivalent to HK\$9,760,538).

As the notes under the subscription had been fully redeemed, on 27 February 2024, Auto Culture Group Holdings Limited has further subscribed to the offer of the notes issued by the Issuer and guaranteed by the Guarantor for a total subscription amount of US\$2.9 million (equivalent to approximately HK\$20,873,911).

Please refer to the announcement of the Company dated 8 January 2024 and 27 February 2024 for details.

Disposal of shares by a controlling shareholder

On 23 January 2024, Queen Media Co., Ltd, a controlling shareholder (as defined under the Listing Rules) of the Company and the entire equity interest of which is deemed to be ultimately held by Ms. Ren Wen, disposed an aggregate of 400,000,000 shares of the Company to an independent third party at an average price of HK\$0.25 per share, with an aggregate consideration of HK\$100,000,000. Upon completion of the such disposal, Queen Media and Ms. Ren Wen ceased to be controlling shareholders (as defined in the Listing Rules) of the Company.

Please refer to the announcement of the Company dated 23 January 2024 for details.

CAPITAL STRUCTURE OF THE GROUP

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

The number of issued ordinary shares of the Company (the “**Shares**”) as at 30 June 2024 was 1,902,942,000 Shares (31 December 2023: 1,592,942,000 Shares).

The authorised share capital of the Company as at 30 June 2024 was US\$1,000,000 divided into 4,000,000,000 Shares with par value of US\$0.00025 each (31 December 2023: US\$1,000,000 divided into 4,000,000,000 Shares with par value of US\$0.00025 each).

The Subscription

On 6 March 2024, 310,000,000 shares (the “**Subscription Shares**”) were allotted and issued by the Company to ND Medical Technology Limited (the “**Subscriber**”), an independent third party, under the general mandate at a subscription price of HK\$0.139 per Subscription Share. The net proceeds from the Subscription were approximately HK\$43 million, representing a net price of approximately HK\$0.139 per Subscription Share. These proceeds are intended for the development of sports events, the provision of sports services, and working capital for the Group. As of the date of this announcement, the Company has utilized approximately HK\$15 million, representing 34.9% of the net proceeds from the Subscription for the aforementioned purposes. Approximately HK\$28 million remains unutilized, and it is expected that the remainder will be utilized by 31 December 2024.

Details of the Subscription and the Subscriber were set out in the Company’s announcements dated 6 March 2024, 7 March 2024, and 15 March 2024.

Save for the above, there was no alternation in the capital structure of the Group for the six months ended 30 June 2024.

CHARGE ON ASSETS

As at 30 June 2024, there was no charge on the Group’s assets.

CONTINGENT LIABILITIES

As at 30 June 2024, the Company had no material contingent liabilities.

INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

PURCHASE, SALE 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 2024.

EVENTS AFTER THE REPORTING PERIOD

Change of Company Name and Stock Name

With effect from 24 July 2024, the English name of the Company has been changed from “Wisdom Sports Group” to “China Frontier Technology Group”, and its new dual foreign name in Chinese has been changed from “智美體育集團” to “中國前沿科技集團”.

The stock short name of the Company for trading in the Shares on the Stock Exchange has been changed from “WISDOM SPORTS” to “CH FRONTIER TEC” in English and from “智美體育” to “中國前沿科技集團” in Chinese, with effect from 9:00 a.m. on 31 July 2024. The stock code of the Company on the Stock Exchange remain unchanged as “1661”

Please refer to the Company’s announcement dated 26 July 2024 for further details.

Disposal of a Property-Holding Subsidiary

On 12 July 2024, a wholly-owned subsidiary of the Company (the “**Vendor**”) entered into the sales and purchase agreement with Hou Bin (the “**Purchaser**”), pursuant to which the Vendor has conditionally agreed to sell and procure the lenders of the non-interest bearing and unsecured funding provided by the Group to the Target Company in the aggregate carrying amount of approximately HK\$28.7 million as at the date of the sales and purchase agreement (the “**Amount Due To Intercompany**”) to assign the Amount Due To Intercompany to the Purchaser, and the Purchaser has conditionally agreed to acquire all the issued share of Wisdom London Limited (the “**Target Company**”) and take assignment of the Amount Due To Intercompany at a consideration of GBP4.5million or equivalent HK\$45.6 million. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

Please refer to the Company’s announcement dated 12 July 2024 for further details.

Change of company secretary and authorised representative

On 31 July 2024, the Board announced that Mr. Chan Kui Ming has resigned as a company secretary of the Company (the “**Company Secretary**”). Subsequent to the resignation of Mr. Chan Kui Ming, the Board announce that Mr. Wong Ka Sing has been appointed as the Company Secretary and the authorised representative for accepting service of process and notices on behalf of the Company in Hong Kong as required under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

On 5 August 2024, the Board announced that Mr. Sheng Jie has resigned as one of the authorised representatives of the Company under Rule 3.05 of the Listing Rules (the “**Authorised Representatives**”).

Subsequent to the resignation of Mr. Sheng Jie, the Board announced that Mr. Wong Ka Sing has been appointed as one of the Authorised Representatives under Rule 3.05 of the Listing Rules.

Please refer to the announcements of the Company dated 31 July 2024 and 5 August 2024 for details.

Save as disclosed in this announcement, to the best knowledge of the Directors, there was no significant event after 30 June 2024 that will have a material impact on the operation and financial position of the Group.

CORPORATE GOVERNANCE CODE

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

The Company has applied the applicable principles and code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conducts and affairs of the Company.

The Board is of the view that throughout the six months ended 30 June 2024, the Company has fully complied with the applicable principles and code provisions as set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2024.

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 2024.

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 in compliance with the code provision D.3 of the CG Code for the purpose of reviewing the financial information and providing supervision on the financial reporting system and the review of the risk management and internal control systems (including the Anti-corruption Policy and Whistleblowing Policy of the Company) as well as the effectiveness of the internal audit function of the Group.

As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Chen Zhijian (Chairman), Mr. Jin Guoqiang and Ms. Leung Hiu Man, all being independent non- executive Directors.

The interim results of the Group for the six months ended 30 June 2024 are unaudited and have not been reviewed by the external auditor of the Company. The Audit Committee has reviewed together with the Company's management the accounting principles and practices adopted by the Group and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2024. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF 2024 INTERIM RESULTS AND 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wisdomsports.com.cn), and the 2024 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
China Frontier Technology Group
Ren Wen
Co-chairlady and Executive Director

Hong Kong, 30 August 2024

As at the date of this announcement, the executive directors of the Company are Ms. Ren Wen, Mr. Wong Man Keung, Ms. Ren Song, Mr. Sheng Jie, Mr. Chang Hai Song, Ms. Wang Jie and Ms. Zhang Jing Jing; and the independent non-executive directors of the Company are Mr. Chen Zhijian, Mr. Jin Guoqiang, Ms. Gao Wenjuan and Ms. Leung Hiu Man.

* *For identification purpose only*