

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2021**

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of 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 2021, together with the comparative figures for the corresponding period in 2020.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<i>Note</i>	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	4	1,238	1,042
Cost of services		<u>(1,223)</u>	<u>(5,321)</u>
Gross profit/(loss)		15	(4,279)
Other income	5	8,097	6,651
Other losses	6	(15,550)	(9,939)
Selling and distribution expenses		(1,696)	(1,113)
General and administrative expenses		<u>(15,374)</u>	<u>(17,608)</u>
Loss from operations		(24,508)	(26,288)
Finance cost		–	(19)
Share of results of associates		<u>267</u>	<u>(592)</u>
Loss before tax		(24,241)	(26,899)
Income tax credit	8	<u>2,898</u>	<u>3,915</u>
Loss for the period	9	<u>(21,343)</u>	<u>(22,984)</u>
Attributable to:			
Owners of the Company		(21,308)	(21,754)
Non-controlling interests		<u>(35)</u>	<u>(1,230)</u>
		<u>(21,343)</u>	<u>(22,984)</u>

		Six months ended 30 June	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Other comprehensive 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)		16,259	7,529
		-----	-----
<i>Item that may be reclassified to profit or loss:</i>			
Share of other comprehensive income of an associate		(492)	–
		-----	-----
Other comprehensive income for the period, net of tax		<u>15,767</u>	<u>7,529</u>
Total comprehensive income for the period		<u><u>(5,576)</u></u>	<u><u>(15,455)</u></u>
Attributable to:			
Owners of the Company		(5,541)	(14,225)
Non-controlling interests		<u>(35)</u>	<u>(1,230)</u>
		<u><u>(5,576)</u></u>	<u><u>(15,455)</u></u>
Loss per share attributable to owners of the Company	<i>11</i>		
Basic and diluted		<u><u>RMB(0.01)</u></u>	<u><u>RMB(0.01)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	<i>Note</i>	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		51,208	64,479
Right-of-use asset		–	147
Investment properties		6,626	–
Goodwill		–	–
Intangible assets		2,762	3,225
Financial assets at fair value through other comprehensive income		59,688	84,142
Other receivables		57,484	50,000
Investments in associates		41,993	10,896
Deferred tax assets		9,628	6,720
Other non-current asset		28,000	20,370
Total non-current assets		257,389	239,979
Current assets			
Inventories		2,205	2,205
Financial assets at fair value through profit or loss		48,213	62,064
Trade receivables	<i>12</i>	342	1,552
Other receivables		125,500	132,632
Prepayments and other current assets		27,716	31,773
Cash and cash equivalents		136,831	137,696
Total current assets		340,807	367,922
TOTAL ASSETS		598,196	607,901

	30 June 2021	31 December 2020
<i>Note</i>	RMB'000 (unaudited)	RMB'000 (audited)
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	2,454	2,454
Reserves	<u>552,440</u>	<u>557,981</u>
	554,894	560,435
Non-controlling interests	<u>(657)</u>	<u>(622)</u>
TOTAL EQUITY	<u>554,237</u>	<u>559,813</u>
LIABILITIES		
Current liabilities		
Trade payables	13 14,793	15,421
Other payables and accrued expenses	8,407	10,706
Contract liabilities	21	910
Lease liability	-	324
Income tax payables	<u>20,738</u>	<u>20,727</u>
Total current liabilities	<u>43,959</u>	<u>48,088</u>
TOTAL LIABILITIES	<u>43,959</u>	<u>48,088</u>
TOTAL EQUITY AND LIABILITIES	<u>598,196</u>	<u>607,901</u>
NET CURRENT ASSETS	<u>296,848</u>	<u>319,834</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. GENERAL INFORMATION

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

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. It was authorised for issue on 30 August 2021.

This interim financial information should be read in conjunction with the 2020 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 2020.

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 2020. 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 2021 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 2021 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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Events operation and marketing income	835	–
Sports services income	403	1,042
	<u>1,238</u>	<u>1,042</u>
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Timing of revenue recognition		
– At a point in time	982	1,042
– Over time	256	–
	<u>1,238</u>	<u>1,042</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 2021 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 (2020: sports services).

Contract liabilities of RMB839,000 recognised at 1 January 2021 was recognised as revenue for the six months ended 30 June 2021.

5. OTHER INCOME

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest income from treasury products (<i>note (a)</i>)	2,193	3,224
Interest income from loans to companies	1,457	2,048
Interest income from fund investment in a partnership	1,188	1,188
Interest income from short-term bank deposits	20	19
Interest income from consideration receivable upon disposal of a listed equity security under financial assets at fair value through other comprehensive income	552	–
Dividend income from an unlisted equity security under financial assets at fair value through other comprehensive income	2,488	–
Government grant (<i>note (b)</i>)	–	152
Rental income	163	–
Others	36	20
	8,097	6,651

Notes:

- (a) The Group invested in treasury products issued by financial institutions in the PRC. The investments are denominated in RMB and with maturity periods within six months. The rates of return range from 2.7% to 8.6% per annum (2020: 2.5% to 8.5% per annum).
- (b) Government grant represents the wage subsidy received under Employment Support Scheme in Hong Kong as a time-limited compensation for expenses incurred without unfulfilled conditions during the economic instability under the novel coronavirus (“COVID-19”) pandemic for the six months ended 30 June 2020.

6. OTHER LOSSES

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Allowance for impairment of trade receivables	(595)	(4,974)
Allowance for impairment of other receivables	(12,711)	(8,763)
Exchange (losses)/gains	(1,046)	855
Fair value (loss)/gain on listed equity securities under financial assets at fair value through profit or loss	(3,332)	5,121
Fair value loss on unlisted investment funds under financial assets at fair value through profit or loss	(242)	–
Gain/(loss) on disposals of listed equity securities under financial assets at fair value through profit or loss	1,510	(84)
Loss on disposals of property, plant and equipment	(216)	(85)
Gain/(loss) on disposal of a right-of-use asset	92	(124)
Others	990	(1,885)
	(15,550)	(9,939)

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 media companies and marathon runners in conjunction with sports-related competitions and other events. Types of revenue include mainly rental income from equipment, individual consumption income, and live broadcasting and program production 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 credit. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

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

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

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2021 and 2020 is as follows:

Six months ended 30 June 2021

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	835	403	1,238
Cost of services	<u>(35)</u>	<u>(1,188)</u>	<u>(1,223)</u>
Segment results	<u>800</u>	<u>(785)</u>	15
Other income			8,097
Other losses			(15,550)
Selling and distribution expenses			(1,696)
General and administrative expenses			(15,374)
Share of results of associates			267
Income tax credit			<u>2,898</u>
Loss for the period			<u><u>(21,343)</u></u>

Six months ended 30 June 2020

	Events Operation and Marketing RMB'000 (unaudited)	Sports Services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	–	1,042	1,042
Cost of services	<u>–</u>	<u>(5,321)</u>	<u>(5,321)</u>
Segment results	<u>–</u>	<u>(4,279)</u>	(4,279)
Other income			6,651
Other losses			(9,939)
Selling and distribution expenses			(1,113)
General and administrative expenses			(17,608)
Finance costs			(19)
Share of results of associates			(592)
Income tax credit			<u>3,915</u>
Loss for the period			<u><u>(22,984)</u></u>

8. INCOME TAX CREDIT

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax	(10)	194
Deferred tax	<u>2,908</u>	<u>3,721</u>
	<u><u>2,898</u></u>	<u><u>3,915</u></u>

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2021 and 2020.

PRC Corporate Income Tax has been provided at a rate of 25% (2020: 25%).

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. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortisation of intangible assets	463	497
Depreciation of investment properties	151	–
Depreciation of property, plant and equipment	6,208	5,310
Depreciation of a right-of-use asset	–	345
Donation	–	200
Fair value loss/(gain) on listed equity securities under financial assets at fair value through profit or loss (note 6)	3,332	(5,121)
Fair value loss on unlisted investment funds under financial assets at fair value through profit or loss (note 6)	242	–
(Gain)/loss on disposals of listed equity securities under financial assets at fair value through profit or loss (note 6)	(1,510)	84
Loss on disposals of property, plant and equipment (note 6)	216	85
(Gain)/loss on disposal of a right-of-use asset (note 6)	(92)	124
Staff costs		
– Salaries, bonuses and allowances	2,546	3,991
– Retirement benefits scheme contributions	519	454
Auditor's remuneration		
– Non-audit related services	580	–
Allowance for impairment of trade receivables	595	4,974
Allowance for impairment of other receivables	<u>12,711</u>	<u>8,763</u>

10. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the six months ended 30 June 2021 and 2020.

11. LOSS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share	<u>(21,308)</u>	<u>(21,754)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,592,942</u>	<u>1,592,942</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2021 and 2020.

12. TRADE RECEIVABLES

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables	24,557	25,172
Allowance for impairment of trade receivables	<u>(24,215)</u>	<u>(23,620)</u>
	<u>342</u>	<u>1,552</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 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 1 month	20	274
1 to 3 months	166	3
4 to 6 months	153	5
7 to 12 months	3	–
1 to 2 years	–	1,270
Over 2 years	–	–
	<u>342</u>	<u>1,552</u>

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

13. TRADE PAYABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade payables	<u>14,793</u>	<u>15,421</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 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within 1 month	–	119
1 to 3 months	35	–
Over 12 months	<u>14,758</u>	<u>15,302</u>
	<u>14,793</u>	<u>15,421</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

After going through a tough year in 2020, the entire sports industry is looking forward to the return to normal operation of marathon and other large-scale sports events, which is conditional upon the effective prevention and control of the novel coronavirus (“COVID-19”) pandemic. As a leading sports events operator in China, the Group has also commenced various preparations for the holding of sports events, and hopes to accomplish some achievements in 2021.

As China had been impacted by sporadic cases of COVID-19 at the beginning of the year, the organising committees of various events had to postpone the holding of sports events again to avoid the risk of spreading the pandemic caused by highly crowded gathering during the events. Thus, except for several events held in April 2021 by making use of every bit of time, the overall external environment still impacted the holding of large-scale marathon events. Especially after the severe incident that happened during the cross-country race held in Gansu Province, China in May 2021, sports events in various regions were halted one after another, which had a profound alerting effect on China’s marathon industry. The organising committees of various events are required to improve their internal skills to further enhance the supporting services in various aspects such as event safety guarantee in a bid to meet the safety guarantee requirements after the events resume, and provide better sports experience for runners.

Faced with the still severe external conditions during the first half of the year, on the one hand, the Group reinforced the preparatory work for existing events to be held, and on the other hand, it kept communicating with local governments to explore new resources for events. In May 2021, the Group successfully won the bid for the right to operate the Tumushuke Marathon* (圖木舒克馬拉松) in Xinjiang, strengthened cooperation with local sports authorities during the preparation of the event, held basketball games, and subsequently won the bid for the right to operate the brisk walking activity of the 2021 Corps Public Fitness Games in Tumushuke City. The Tumushuke Marathon* (圖木舒克馬拉松) is also scheduled to be held in the second half of the year as the first highest-level road race in Xinjiang certified by the Chinese Athletics Association. In addition, the Group is scheduled to operate several large-scale marathon events in Nanchang, Shenzhen, Jinan and Lu’an in the second half of the year, which allows the Group to always maintain its stable first position as a marathon operator in China.

OUTLOOK OF THE INDUSTRY AND THE GROUP

Up to now, the domestic pandemic situation has rebounded on a small scale due to constant overseas imported cases and local sporadic cases. Due to the requirements of pandemic prevention and control, the time for holding large-scale events in the second half of the year is also uncertain. We hope that the pandemic can be effectively contained or even cease entirely through national vaccination and various prevention and control measures. However, at present, it seems that the external conditions may not be able to fully recover to the situation before the pandemic in the short term under which large-scale events could be held. To hold events successfully, event operators are required to submit complete proposals in the aspects of safety, medical care, hygiene, etc. so as to avoid the spread of the pandemic and the occurrence of accidents involving major safety related liability when holding events, so that the marathon ecology in China can bottom out and realise healthy development.

In the circumstances where no events can be successfully held, the Group, as an events operator, is constantly enhancing our internal skills and optimising various proposals for the organisation and operation of events; and is also seeking more development opportunities in the fields of sports, sports extension and even mass consumption and mass health. At present, the Group has reached comprehensive cooperation with local governments for sports and cultural activities in the southern Xinjiang region, by which the Group can conduct long-term operations through mass sports activities (such as city games, and basketball and football league matches), youth sports training and selection (youth training bases, establishment of traditional sports schools and training camps) and the operation of sports and cultural venues, aiming to capture better development opportunities and prospects in such fields. During the first half of the year, the Group also conducted in-depth market surveys in relevant fields and carried out in-depth research and negotiations on relevant projects with an aim to obtain more space for development therefrom.

Since more than 2.0 billion doses of vaccines have already been administered in China, we believe that the pandemic will be gradually contained through vaccination and effective prevention and control, and the sports industry, as an indispensable way of life and entertainment for the general public, will gradually return to normal operation and flourish again.

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 media companies and marathon runners in conjunction with sports-related competitions and other events. Types of revenue include mainly rental income from equipment, individual consumption income, and live broadcasting and program production income.

Revenue

The Group's revenue increased by approximately 20.0% to RMB1.2 million for the six months ended 30 June 2021 from RMB1.0 million for the six months ended 30 June 2020. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment increased to RMB0.8 million for the six months ended 30 June 2021 from RMB Nil for the six months ended 30 June 2020. The increase was due to the corporate sponsorship income of an online marathon held in the first half of 2021; and
- Revenue of the Sports Services segment decreased by approximately 60.0% to RMB0.4 million for the six months ended 30 June 2021 from RMB1.0 million for the six months ended 30 June 2020. The decrease was mainly due to the disposal of a subsidiary in the second half of 2020, which resulted in a decrease in live broadcasting and program production income.

Cost of Services

The Group's cost of services decreased by approximately 77.4% to RMB1.2 million for the six months ended 30 June 2021 from RMB5.3 million for the six months ended 30 June 2020. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment amounted to RMB Nil for the six months ended 30 June 2021, which is the same as that for the six months ended 30 June 2020; and
- Cost of the Sports Services segment decreased by approximately 77.4% to RMB1.2 million for the six months ended 30 June 2021 from RMB5.3 million for the six months ended 30 June 2020. The decrease was mainly due to the disposal of a subsidiary in the second half of 2020, which resulted in a decrease in live broadcasting and program production cost.

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

As a result of the aforementioned factors, the Group recorded a gross profit of RMB Nil for the six months ended 30 June 2021 as compared to a gross loss of RMB4.3 million recorded for the six months ended 30 June 2020, representing an increase of approximately 100.0% in gross profit. The Group recognised a gross profit margin of 0.0% for the six months ended 30 June 2021 as compared to a gross loss margin of 430.0% for the six months ended 30 June 2020. 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 increased to RMB0.8 million for the six months ended 30 June 2021 from a gross profit of RMB Nil for the six months ended 30 June 2020. The gross profit margin increased to 100.0% for the six months ended 30 June 2021 from a gross profit margin of 0.0% for the six months ended 30 June 2020; and
- As a result of the foregoing changes in revenue and cost of service of Sports Services segment, the gross loss for the Sports Services segment decreased by approximately 81.4% to RMB0.8 million for the six months ended 30 June 2021 from a gross loss of RMB4.3 million for the six months ended 30 June 2020. The gross loss margin decreased to 200.0% for the six months ended 30 June 2021 from a gross loss margin of 430.0% for the six months ended 30 June 2020.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 54.5% to RMB1.7 million for the six months ended 30 June 2021 from RMB1.1 million for the six months ended 30 June 2020. The increase was mainly due to the increase in labour cost without waiver in social insurance, and increase in traveling expenses after COVID-19.

General and Administrative Expenses

The Group's general and administrative expenses decreased by 12.5% to RMB15.4 million for the six months ended 30 June 2021 from RMB17.6 million for the six months ended 30 June 2020. This decrease was mainly due to the disposal of a subsidiary in the second half of 2020, which resulted in reduced expenses.

Other Income

The Group's other income increased by approximately 20.9% to RMB8.1 million for the six months ended 30 June 2021 from RMB6.7 million for the six months ended 30 June 2020. The increase was mainly due to the increase in the dividend income from a financial asset at fair value through other comprehensive income.

Other Losses

The Group's other losses increased by approximately 57.6% to RMB15.6 million for the six months ended 30 June 2021 from RMB9.9 million for the six months ended 30 June 2020. The increase was mainly due to the increase in fair value loss on listed equity securities under financial assets at fair value through profit or loss.

Loss before Tax

As a result of the foregoing, the Group's loss before tax decreased by approximately 10.0% to RMB24.2 million for the six months ended 30 June 2021 from a loss before tax of RMB26.9 million for the six months ended 30 June 2020.

Income Tax Credit

The Group's income tax credit decreased by approximately 25.6% to RMB2.9 million for the six months ended 30 June 2021 from RMB3.9 million for the six months ended 30 June 2020. The decrease was mainly due to the decrease in allowance for impairment of trade receivables as at 30 June 2021.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company decreased by approximately 2.3% to RMB21.3 million for the six months ended 30 June 2021 from RMB21.8 million for the six months ended 30 June 2020.

Cash Flow

As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately RMB136.8 million compared with that of RMB137.7 million as at 31 December 2020.

Working Capital

The Group's net current assets decreased by approximately 7.2% to RMB296.8 million as at 30 June 2021 from RMB319.8 million as at 31 December 2020. 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 RMB Nil for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB58.4 million).

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 (the "**Prospectus**") was completed on 24 June 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 July 2013. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group. As at the date of this announcement, no option has been exercised. The options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group. As at the date of this announcement, 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 2021.

CHARGE ON ASSETS

As at 30 June 2021, there was no charge on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group 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 2021.

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 2021.

EVENTS AFTER THE REPORTING PERIOD

Subscription of Investment Fund

On 5 July 2021, Beijing Wisdom Sports Culture Co., Ltd. * (北京智美體育文化有限公司), a wholly-owned subsidiary of the Company, subscribed for a certain portion of the Ningbo Guanshi Shunshi No.6 Private Investment Fund* (寧波觀石順時6號私募證券投資基金) (the “**Investment Fund**”) managed by Ningbo Guanshi Investment Management Company Limited* (寧波觀石投資管理有限公司) with RMB50 million. The Investment Fund mainly invests in various monetary instruments and products. The date of interest commencement was 7 July 2021 with an investment time limit of 5 months and the maturity date of the investment will be on 6 December 2021. The subscription of the Investment Fund constitutes a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Please refer to the Company’s announcement dated 5 July 2021 for further details.

LITIGATION

In December 2019, several subsidiaries of the Company began to initiate legal proceedings (the “**Legal Proceedings 1**”) against Wisdom Sports Arena Operation (Shenzhen) Co., Ltd. (the “**Arena Company**”) in relation to, among others, (i) return of loan; (ii) return of investment; (iii) return of prepayments; and (iv) return of payment on behalf, amounting to a total claim of approximately RMB38.0 million. Most of the Legal Proceedings 1 formally commenced in February 2020. Please refer to the Company’s announcement dated 11 February 2020 for further details.

As at the date of this announcement, bankruptcy proceedings against the Arena Company (the “**Bankruptcy Proceedings**”) have been initiated by its creditors and the Group, being one of its creditors, has lodged its creditor’s application to claim against the Arena Company for outstanding debts and the Legal Proceedings 1 have been subsequently withdrawn. As at the date of this announcement, the Bankruptcy Proceedings have not been concluded.

In April 2021 and June 2021, a subsidiary of the Company initiated legal proceedings (the “**Legal Proceedings 2**”) against the original shareholders of Beijing Easted Information Technology Co., Ltd.* (北京易訊通信息技術股份有限公司) and Beijing Coolplay Club Technology Co., Ltd.* (北京酷玩部落科技有限公司) respectively, in relation to failure in executing the redemption clause, demanded to pay the redemption as agreed in the contract, amounting to claims of approximately RMB29.4 million and RMB14.3 million respectively. Property preservation applications over properties owned by these original shareholders were also submitted by that subsidiary to safeguard the claims. As at the date of this announcement, the Legal Proceedings 2 have not been concluded.

CHANGES SINCE 31 DECEMBER 2020

Saved as disclosed above, there were no significant changes in the Group’s financial position or information as disclosed under Management Discussion and Analysis in the annual report for the year ended 31 December 2020.

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 throughout the six months ended 30 June 2021, the Company has complied with the applicable code provisions as set out in 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 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2021.

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 2021.

AUDIT COMMITTEE

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

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

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

The interim results of the Group for the six months ended 30 June 2021 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 2021. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF 2021 INTERIM RESULTS AND 2021 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 2021 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
Wisdom Sports Group
Ren Wen
Chairlady and Executive Director

Hong Kong, 30 August 2021

As at the date of this announcement, the executive directors of the Company are Ms. Ren Wen, Mr. Sheng Jie, Mr. Song Hongfei and Ms. Hao Bin; and the independent non-executive directors of the Company are Mr. Chen Zhijian, Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang.

* *For identification purpose only*