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WISDOM SPORTS GROUP
智美體育集團

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1661)

**ANNUAL RESULTS ANNOUNCEMENT FOR THE
YEAR ENDED 31 DECEMBER 2021**

CONSOLIDATED RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Wisdom Sports Group (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Revenue	4	12,172	8,942
Cost of services		<u>(12,384)</u>	<u>(9,323)</u>
Gross loss		(212)	(381)
Other income	5	19,416	17,838
Other losses	6	(30,221)	(9,983)
Selling and distribution expenses		(2,667)	(1,940)
General and administrative expenses		<u>(30,513)</u>	<u>(45,514)</u>
Loss from operations		(44,197)	(39,980)
Finance costs		(7)	(36)
Share of results of associates		<u>(172)</u>	<u>(913)</u>
Loss before tax		(44,376)	(40,929)
Income tax expense	8	<u>(3,503)</u>	<u>(5,612)</u>
Loss for the year	9	<u>(47,879)</u>	<u>(46,541)</u>
Attributable to:			
Owners of the Company		(47,848)	(43,985)
Non-controlling interests		<u>(31)</u>	<u>(2,556)</u>
		<u>(47,879)</u>	<u>(46,541)</u>

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		17,317	12,138
Fair value gain on property, plant and equipment transferred to investment properties		<u>5,084</u>	<u>–</u>
Other comprehensive income for the year, net of tax		<u>22,401</u>	<u>12,138</u>
Total comprehensive expense for the year		<u>(25,478)</u>	<u>(34,403)</u>
Attributable to:			
Owners of the Company		(25,447)	(31,847)
Non-controlling interests		<u>(31)</u>	<u>(2,556)</u>
		<u>(25,478)</u>	<u>(34,403)</u>
Loss per share attributable to owners of Company	<i>11</i>		
Basic and diluted		<u>RMB(0.03)</u>	<u>RMB(0.03)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		48,609	64,479
Right-of-use assets		–	147
Investment properties		8,810	–
Intangible assets		2,401	3,225
Financial assets at fair value through other comprehensive income		61,856	84,142
Other receivables		60,000	50,000
Investments in associates		30,300	10,896
Deferred tax assets		6,720	6,720
Other non-current assets		22,164	20,370
Total non-current assets		240,860	239,979
Current assets			
Inventories		2,184	2,205
Financial assets at fair value through profit or loss		59,356	62,064
Trade and bills receivables	<i>12</i>	1,700	1,552
Other receivables		111,233	132,632
Prepayments and other current assets		43,819	31,773
Cash and cash equivalents		127,443	137,696
Total current assets		345,735	367,922
TOTAL ASSETS		586,595	607,901
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		2,454	2,454
Reserves		532,533	557,981
		534,987	560,435
Non-controlling interests		(652)	(622)
TOTAL EQUITY		534,335	559,813

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
LIABILITIES			
Current liabilities			
Trade payables	<i>13</i>	4,888	15,421
Other payables and accrued expenses		20,265	10,706
Contract liabilities		2,127	910
Lease liabilities		–	324
Income tax payables		24,980	20,727
Total current liabilities		52,260	48,088
TOTAL LIABILITIES		52,260	48,088
TOTAL EQUITY AND LIABILITIES		586,595	607,901
NET CURRENT ASSETS		293,475	319,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 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

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

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

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

(a) Application of new and amendments HKFRSs

Amendment to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

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

The Group has not early applied any new and amendments to HKFRSs that have been issued but are not yet effective for annual periods beginning 1 January 2021. These new and amendments to HKFRSs include the following which may be relevant to the Group.

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

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

4. REVENUE

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Events operation and marketing income	9,143	671
Sports services income	<u>3,029</u>	<u>8,271</u>
	<u>12,172</u>	<u>8,942</u>

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Timing of revenue recognition		
– At a point in time	11,517	7,759
– Over time	<u>445</u>	<u>1,183</u>
	<u>12,172</u>	<u>8,942</u>

5. OTHER INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income from treasury products	1,183	5,972
Interest income from loans to companies	2,875	4,084
Interest income from fund investments in a partnership	13,054	2,375
Interest income from short-term bank deposits	11	30
Dividend income from a financial asset at fair value through other comprehensive income	–	4,820
Government grants	–	307
Rental income	605	–
Others	216	250
Gain from waiver of other payable	<u>1,472</u>	<u>–</u>
	<u>19,416</u>	<u>17,838</u>

6. OTHER LOSSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Allowance for impairment of trade and bills receivables	(855)	(4,552)
Allowance for impairment of other receivables	(21,959)	(2,757)
Exchange loss	(3,922)	(3,368)
Fair value gain/(loss) on financial assets at fair value through profit or loss	13,717	(3,565)
(Loss)/gain on disposals of financial assets at fair value through profit or loss	(16,938)	14,710
Impairment of investments in associates	–	(524)
Loss on disposal of intangible assets	–	(3,392)
Gain/(loss) on disposals of property, plant and equipment	9	(85)
Gain on disposal of a right-of-use asset	–	(124)
Write-off of a trade receivable	–	(1,111)
Write-off of other receivables	–	(1,983)
Write-off of a prepayment	–	(1,707)
Others	(380)	(1,525)
Gain on deregistration of subsidiaries	107	–
	(30,221)	(9,983)

7. SEGMENT INFORMATION

The segment information provided to the chief operating decision maker for the reportable segments for the years ended 31 December 2021 and 2020 is as follows:

Year ended 31 December 2021

	Events Operation and Marketing <i>RMB'000</i>	Sports Services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	9,143	3,029	12,172
Cost of services	<u>(12,156)</u>	<u>(228)</u>	<u>(12,384)</u>
Segment results	<u>(3,013)</u>	<u>2,801</u>	(212)
Other income			19,416
Other losses			(30,221)
Selling and distribution expenses			(2,667)
General and administrative expenses			(30,513)
Finance costs			(7)
Share of results of associates			(172)
Income tax expense			<u>(3,503)</u>
Loss for the year			<u><u>(47,879)</u></u>

Year ended 31 December 2020

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

8. INCOME TAX EXPENSES

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
Provision for the year – the PRC	(3,503)	(3,900)
Over-/ (under-) provision in prior years	<u>–</u>	<u>896</u>
	(3,503)	(3,004)
Deferred tax	<u>–</u>	<u>(2,608)</u>
	<u>(3,503)</u>	<u>(5,612)</u>

9. LOSS FOR THE YEAR

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortisation of intangible assets	824	988
Cost of inventories utilised	–	5
Depreciation of property, plant and equipment	13,010	13,006
Depreciation of right-of-use asset	147	581
Donation	–	200
Fair value (gain)/loss on listed equity securities of financial assets at fair assets at fair value through profit or loss (<i>note 6</i>)	(13,717)	3,565
Fair value loss/(gain) disposals of listed equity securities on financial assets at fair value through profit or loss (<i>note 6</i>)	16,938	(14,710)
(Gain)/loss on disposals of property, plant and equipment (<i>note 6</i>)	(9)	85
Loss on disposal of a subsidiary	–	3,392
Gain on disposal of a right-of-use asset (<i>note 6</i>)	–	124
Staff costs		
– Salaries, bonuses and allowances	4,350	7,056
– Retirement benefits scheme contributions	417	807
Auditor's remuneration	1,100	1,150
Allowance for impairment of trade and bills receivables (<i>note 6</i>)	855	4,552
Allowance for impairment of other receivables (<i>note 6</i>)	21,959	2,757
Write-off of a trade receivable (<i>note 6</i>)	–	1,111
Write-off of a other receivable (<i>note 6</i>)	–	1,983
Write-off of a prepayment (<i>note 6</i>)	–	1,707
Impairment of investments in associates (<i>note 6</i>)	<u>–</u>	<u>524</u>

10. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the years ended 31 December 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share	<u>(47,848)</u>	<u>(43,985)</u>
	2021 '000	2020 '000
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 years ended 31 December 2021 and 2020.

12. TRADE AND BILLS RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade and bills receivables	16,175	25,172
Less: Allowance for impairment of trade and bills receivables	<u>(14,475)</u>	<u>(23,620)</u>
	<u>1,700</u>	<u>1,552</u>

The Group generally allows an average credit period of 180 days (2020: 180 days) for its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	–	274
1 to 3 months	1,084	3
4 to 6 months	475	5
7 to 12 months	141	–
1 to 2 years	–	1,270
	<u>1,700</u>	<u>1,552</u>

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

13. TRADE PAYABLES

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>4,888</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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	–	119
1 to 3 months	207	–
4 to 6 months	71	–
7 to 12 months	–	–
Over 12 months	<u>4,610</u>	<u>15,302</u>
	<u>4,888</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

Due to the outbreak of the novel coronavirus (the “COVID-19”) pandemic on a certain scale from time to time in 2021, major events in the sports industry have been deeply affected, and many events are still unable to be held as scheduled.

Many large-scale marathon events operated by the Group, including the Nanchang Marathon* (南昌馬拉松), the Shenzhen Marathon* (深圳馬拉松), the Jinan Marathon* (濟南馬拉松), the Tumushuke Marathon* (圖木舒克馬拉松) in Xinjiang and the Lu’an Marathon* (六安馬拉松) in Anhui, for which a lot of preliminary preparations and engagements had been performed, had to be cancelled or postponed one after another due to the recurring pandemic.

However, even though offline events could not be held as scheduled due to the impact of the pandemic, the Group still actively carried out market activities such as market development and promotion of innovation, to lay a foundation for the long-term development of the Company and its event brand. During the year, the Group actively explored the operation model of online events, including trying to hold various themed events integrated with new media such as Douyin, WeChat official account, Weibo and other vertical applications, so as to accumulate practical experience for subsequent development and seek new sources of profit growth. After negotiation with the organisers and sponsors, the Group decisively initiated the auxiliary plan for online marathon events by successively holding the online events in relation to the Nanchang Marathon* (南昌馬拉松), the Tumushuke Marathon* (圖木舒克馬拉松) and the Shenzhen Marathon* (深圳馬拉松) from October to December 2021. At the same time, the Group reserved the continuous operating rights to hold relevant offline events, which guaranteed the cooperation contracts with event sponsors, and also provided continuous services to players. At the end of 2021, the Group signed a marathon event extension service agreement with Nanchang City and Tumushuke City, respectively, ensuring that the Group’s interests in the events and related business benefits were not affected.

Outlook of the Industry and the Group

As a professional operator in China's sports industry, the Group has accumulated extensive experience in safety assurance, medical care, hygiene and other aspects regarding the sports events in respect of the "five life protection lines", and possesses very complete management process, facilities and equipment and professionals, which demonstrate the Group's leading and exemplary role in the whole industry. Particularly, under the premise that a severe incident happened during the cross-country race held in Baiyin City, Gansu Province, China in May 2021 which drew much attention to the safety of sports events, such advantages were fully recognised by the competent authorities of industry, government organisers and industry partners, and also laid a good foundation for the subsequent cooperation with governments in large-scale sports events.

In addition, the Group also actively opened its resources, strengthened industry integration, and cooperated with other domestic event operators, event suppliers and media and intermediaries to operate events and share resources, so as to reduce event operating costs, expand sources and channels of business revenue, and overcome difficulties hand in hand. At present, the Group has reached comprehensive cooperation with local governments for sports and cultural activities in the southern Xinjiang region, and has planned to 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.

In terms of cross-industry collaboration, the Group has opened its mind to establish strategic cooperation with large central enterprises and state-owned enterprises in China, and carried out aggressive exploration, research and promotion in urban sports infrastructure construction, and planning, construction, operation and maintenance of large-scale sports parks and sports industrial parks. In terms of industrial deployment, the Group has also adjusted the operational focus accordingly to strengthen other themed, small-scale, multi-frequency and high-frequency sports events and sports education and training business, and focus on cooperation with governments to undertake the engagements of governments for the service needs in the health industry, thereby surviving the winter of the pandemic at a low cost.

Meanwhile, the Group strictly controlled costs, so that resources could be used properly and cost effectiveness was optimised. The Group prudently managed its self-owned funds, and improved the return of its self-owned funds through moderate investment in bank wealth management and financial products, to strengthen the financial position of the Group.

The management expects that the pandemic will be gradually brought under control, economic activities will continue to resume, and people's lives and national economic development will also enter the existing track and move forward. The "National Fitness Plan (2021-2025)" issued by the State Council of the PRC, sets out certain arrangements for the promotion of the development of national fitness at a higher level in the coming period to better meet the needs of the people for fitness and health, which also offers a rare opportunity for the Group. In this regard, the Group will adhere to the mission of "Wisdom in the mind and fitness in the body" to provide safe and high-quality sports products and services for hundreds of millions of sports enthusiasts, and will develop the industrial culture and create a social atmosphere for national fitness with the spirit of entrepreneurship, so as to promote the high-quality development of the sports industry which has broad prospects and promising future.

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

Revenue

The Group's revenue increased by approximately 37.1% to RMB12.2 million for the year ended 31 December 2021 from RMB8.9 million for the year ended 31 December 2020. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment increased by 120.0% to RMB9.1 million for the year ended 31 December 2021 from RMB0.7 million for the year ended 31 December 2020. The increase was attributable to the fact that events during the contract period generated revenue during the preparatory period; and
- Revenue of the Sports Services segment decreased by approximately 62.2% to RMB3.1 million for the year ended 31 December 2021 from RMB8.2 million for the year ended 31 December 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 increased by approximately 33.3% to RMB12.4 million for the year ended 31 December 2021 from RMB9.3 million for the year ended 31 December 2020. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment increased by 100% to RMB12.2 million for the year ended 31 December 2021 from RMB Nil for the year ended 31 December 2020. The increase was due to the costs incurred during the preparation period for the events during the contract period; and
- Cost of the Sports Services segment decreased by approximately 97.9% to RMB0.2 million for the year ended 31 December 2021 from RMB9.3 million for the year ended 31 December 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 Loss and Gross Loss Margin

As a result of the aforementioned factors, the gross loss of the Group decreased by approximately 50.0% to RMB0.2 million for the year ended 31 December 2021 from RMB0.4 million for the year ended 31 December 2020, and the gross loss margin decreased to approximately 1.6% for the year ended 31 December 2021 from 4.5% for the year ended 31 December 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 Group recorded a gross loss for the Events Operation and Marketing segment of RMB3.1 million for the year ended 31 December 2021 as compared to a gross profit of RMB0.7 million recorded for the year ended 31 December 2020. The Group recognised a gross loss margin of 34.1% for the year ended 31 December 2021 as compared to a gross profit margin of 100.0% for the year ended 31 December 2020; 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 RMB2.9 million for the year ended 31 December 2021 as compared to a gross loss of RMB1.1 million recorded for the year ended 31 December 2020. The Group recognised a gross profit margin of 93.6% for the year ended 31 December 2021 as compared to a gross loss margin of 13.4% for the year ended 31 December 2020.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 42.1% to RMB2.7 million for the year ended 31 December 2021 from RMB1.9 million for the year ended 31 December 2020. The increase was mainly due to the increase in labour cost without waiver in social insurance, and increase in traveling expenses after the COVID-19 pandemic.

General and Administrative Expenses

The Group's general and administrative expenses decreased by approximately 33.0% to RMB30.5 million for the year ended 31 December 2021 from RMB45.5 million for the year ended 31 December 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 9.0% to RMB19.4 million for the year ended 31 December 2021 from RMB17.8 million for the year ended 31 December 2020. The increase was mainly attributable to the interest income receivable from the redemption clauses of the three financial assets at fair value through other comprehensive income.

Other Losses

The Group's other losses increased by approximately 202.0% to net losses of RMB30.2 million for the year ended 31 December 2021 from the net losses of RMB10.0 million for the year ended 31 December 2020. The increase was mainly due to the increase in allowance for impairment of other receivables.

Loss before Income Tax

As a result of the foregoing, the Group's loss before income tax increased by 8.6% to RMB44.4 million for the year ended 31 December 2021 from RMB40.9 million for the year ended 31 December 2020.

Income Tax Expense

The Group's income tax expense decreased by 37.5% to RMB3.5 million for the year ended 31 December 2021 from RMB5.6 million for the year ended 31 December 2020.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company increased by 1.8% to RMB47.8 million for the year ended 31 December 2021 from RMB44.0 million for the year ended 31 December 2020.

Cash Flow

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately RMB127.4 million as compared to that of approximately RMB137.7 million as at 31 December 2020.

Working Capital

The Group's net current assets decreased by approximately 8.2% to RMB293.5 million as at 31 December 2021 from RMB319.8 million as at 31 December 2020. The current asset value of the Group decreased, while the working capital was maintained 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 expenditure on the acquisition of property, plant and equipment amounted to RMB1.2 million for the year ended 31 December 2021 (year ended 31 December 2020: RMB58.5 million).

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 (the "**Prospectus**") was completed on 24 June 2013. The Company was listed on the Main Board of the Stock Exchange 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 overallotment 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 year ended 31 December 2021.

CHARGE ON ASSETS

As at 31 December 2021, there was no charge on the Group's assets (2020: Nil).

CONTINGENT LIABILITIES

As at 31 December 2021, the Company had no material contingent liabilities (2020: Nil).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil). The Company did not declare payment of an interim dividend 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 has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "AGM") of the Company is expected to be held on Tuesday, 28 June 2022. In order to determine the shareholders who will be qualified for attending and voting at the AGM, the register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022, both days inclusive. To be eligible to attend and vote at the AGM, all completed transfer document(s) together with the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 22 June 2022 for registration.

CORPORATE GOVERNANCE CODE

The Stock Exchange has announced amendments to Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) which shall apply to corporate governance reports for financial years commencing on or after 1 January 2022. Appendix 14 of the Listing Rules has been restructured and renamed from “Corporate Governance Code and Corporate Governance Report” to “Corporate Governance Code” and the code provision numbers are updated. As such, the code provisions mentioned in this announcement are referring to the code provisions in the predecessor Appendix 14 to the Listing Rules, unless otherwise stated.

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

The Board is of the view that throughout the year ended 31 December 2021, the Company has fully complied with the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

During the year ended 31 December 2021, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the year ended 31 December 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 year ended 31 December 2021.

AUDIT COMMITTEE

The Company has established the 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 C.3 (now 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 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 Mr. Ip Kwok On Sammy, all being independent non-executive Directors.

The Audit Committee communicated with the external auditor of the Company to discuss the review process and accounting issues of the Company. The Audit Committee, together with the management of the Company, has reviewed the audited consolidated financial results of the Group for the year ended 31 December 2021 and considers that the results are in compliance with generally accepted accounting principles as well as the applicable laws and regulations.

AUDITOR

RSM Hong Kong has resigned with effect from 30 November 2021 as the auditor of the Company. Elite Partners CPA Limited has been subsequently appointed as the auditor of the Company with effect from 30 November 2021 to fill the vacancy immediately arising from the resignation of RSM Hong Kong and to hold office until the conclusion of the forthcoming AGM of the Company. For details, please refer to the Company’s announcement dated 30 November 2021. A resolution for the re-appointment of Elite Partners CPA Limited as the auditor of the Company will be proposed at the forthcoming AGM.

The figures of the Group’s results for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group’s auditor, Elite Partners CPA Limited, to be the same amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and consequently no assurance has been expressed by Elite Partners CPA Limited on this announcement.

CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRS that are first effective in the Reporting Period, certain of which are relevant to the Group's consolidated financial statements for the year ended 31 December 2021. For details, please refer to Note 3 to the consolidated financial statements in this announcement.

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

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

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

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

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

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

On 12 April 2021, Beijing Wisdom Sports Industry Co., Ltd.* (北京智美體育產業有限公司) (“**Beijing Wisdom Sports**”), a wholly-owned subsidiary of the Company, entered into a trust scheme agreement (the “**Chang'an Trust Scheme Agreement**”) with Chang'an International Trust Co., Ltd. (“**Chang'an Trust**”), pursuant to which Beijing Wisdom Sports agreed to reinvest in the Chang'an Trust – Wenjian Zengli No.1 Trust Scheme* (長安信託 • 穩健增利1號集合資金信託計劃) (the “**Chang'an Trust Scheme**”) established by Chang'an Trust for RMB50.0 million (the “**Chang'an Investment**”). The Chang'an Trust Scheme will invest in, among others, various monetary instruments, bonds, bond funds, and other fixed income products and other short-term financial instruments with low risk and high liquidity. The Chang'an Trust Scheme does not guarantee to capital protection and minimum return. The expected annualised rate of return also differs based on each investment. The Board is of the opinion that investments in short-term wealth management products such as the Chang'an Trust Scheme will improve the Group's efficiency on capital utilisation, earn extra return on investment and combat inflation while not affecting the Group's daily cash flows. As at the date of this announcement, the Group had recognised return of approximately RMB2,065,929 from the Chang'an Trust Scheme. The reinvestment constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Beijing Wisdom Sports had previously invested in the Chang'an Trust Scheme. For details, please refer to the Company's announcements dated 7 April 2020, 15 July 2020 and 21 October 2020, respectively.

Subscriptions to 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) and Ningbo Guanshi Shunshi No.10 Private Investment Fund* (寧波觀石順時10號私募證券投資基金)

On 5 July 2021, Beijing Wisdom Sports Culture Co., Ltd.* (北京智美體育文化有限公司) (“**Beijing Wisdom Sports Culture**”), 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 “**No.6 Investment Fund**”) managed by Ningbo Guanshi Investment Management Company Limited* (寧波觀石投資管理有限公司) (the “**Fund Manager**”) for RMB50 million. The No.6 Investment Fund will invest in various monetary instruments and products. The investment capital of the subscription will be used to invest in bonds with a credit rating of AA+, which are issued by Sinic Real Estate Group Co., Ltd. The expected annualised rate of return is 7.5%.

On 1 September 2021, Beijing Wisdom Sports Culture subscribed for a certain portion of the Ningbo Guanshi Shunshi No.10 Private Investment Fund* (寧波觀石順時10號私募證券投資基金) (the “**No.10 Investment Fund**”) managed by the Fund Manager for RMB12.5 million. The No.10 Investment Fund will invest in various monetary instruments and products. The investment capital of the subscription will be used to invest in non-publicly issued senior bonds with a credit rating of AA+, which are issued by Shanghai Zhongliang Real Estate Group Co., Ltd. The subscription does not guarantee to capital protection and minimum return. The expected annualised rate of return is 7%.

The Board is of the opinion that investments in short-term wealth management products such as the No.6 Investment Fund and the No.10 Investment Fund will improve the Group's efficiency on capital utilisation, earn extra return on investment and combat inflation while not affecting the Group's daily cash flows. As at the date of this announcement, the Group had recognised return of approximately RMB1,813,356 from the investments. The subscriptions constituted discloseable transactions of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcements of the Company dated 5 July 2021 and 1 September 2021, respectively.

Save as disclosed in this announcement, the Company had no other significant investment, acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2021 and, as at the date of this announcement, has no specific plans for significant investment or acquisition of material capital assets in the future.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since the end of the Reporting Period and up to the date of this announcement which the Board is aware of.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the year ended 31 December 2021 and as at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

PUBLICATION OF 2021 ANNUAL RESULTS AND 2021 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.wisdomsports.com.cn>), and the 2021 annual report of the Company, containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the 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 March 2022

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

* *For identification purpose only*