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**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 2023**

**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 2023, together with the comparative figures for the corresponding period in 2022.

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2023*

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	4	<b>2,571</b>	897
Cost of services		<u>(2,828)</u>	<u>(638)</u>
<b>Gross (loss)/profit</b>		<b>(257)</b>	259
Other income	5	<b>5,744</b>	2,301
Other gain/(losses)	6	<b>10,108</b>	(12,648)
Selling and distribution expenses		<b>(410)</b>	(1,092)
General and administrative expenses		<u>(21,083)</u>	<u>(13,162)</u>
<b>Loss from operations</b>		<b>(5,898)</b>	(24,342)
Finance cost		–	(2)
Share of results of associates		<u>(477)</u>	<u>(1,257)</u>
<b>Loss before tax</b>		<b>(6,375)</b>	(25,601)
Income tax expense	8	<u>–</u>	<u>(6,501)</u>
<b>Loss for the period</b>	9	<u><b>(6,375)</b></u>	<u>(32,102)</u>
Attributable to:			
Owners of the Company		<b>(6,375)</b>	(32,084)
Non-controlling interests		<u>–</u>	<u>(18)</u>
		<u><b>(6,375)</b></u>	<u>(32,102)</u>

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Other comprehensive income/(expense)</b>		
<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)	<b>910</b>	(10)
Exchange differences on translation from functional currency to presentation currency	<b>11,164</b>	–
	<b>11,164</b>	–
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>12,074</b>	(10)
<b>Total comprehensive income/(expense) for the period</b>	<b>5,699</b>	(32,112)
Attributable to:		
Owners of the Company	<b>5,699</b>	(32,094)
Non-controlling interests	–	(18)
	<b>5,699</b>	(32,112)
<b>Loss per share attributable to owners of the Company</b>	<i>11</i>	
Basic and diluted ( <i>RMB cents</i> )	<b>(0.40)</b>	(2.01)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	<i>Note</i>	<b>30 June 2023</b> <i>RMB'000</i> <b>(unaudited)</b>	31 December 2022 <i>RMB'000</i> (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		21,113	34,389
Investment properties		–	11,140
Intangible assets		1,193	1,668
Financial assets at fair value through other comprehensive income		63,259	62,349
Other receivables		62,287	62,063
Investments in associates		5,399	5,876
Deferred tax assets		6,720	6,720
Other non-current asset		14,104	22,794
<b>Total non-current assets</b>		<b>174,075</b>	206,999
<b>Current assets</b>			
Inventories		2,147	2,147
Financial assets at fair value through profit or loss		18,409	13,108
Trade receivables	12	5,155	5,321
Other receivables		70,234	75,654
Prepayments and other current assets		22,586	23,489
Cash and cash equivalents		206,102	172,437
<b>Total current assets</b>		<b>324,633</b>	292,156
<b>TOTAL ASSETS</b>		<b>498,708</b>	499,155

	<b>30 June 2023</b>	31 December 2022
<i>Note</i>	<b>RMB'000 (unaudited)</b>	<b>RMB'000 (audited)</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the Company		
Share capital	2,454	2,454
Reserves	<u>464,696</u>	<u>458,997</u>
	<b>467,150</b>	461,451
Non-controlling interests	<u>(680)</u>	<u>(680)</u>
<b>TOTAL EQUITY</b>	<u><b>466,470</b></u>	<u>460,771</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	13 4,797	4,784
Other payables and accrued expenses	5,845	11,160
Contract liabilities	927	2,127
Income tax payables	<u>20,669</u>	<u>20,313</u>
<b>Total current liabilities</b>	<u><b>32,238</b></u>	<u>38,384</u>
<b>TOTAL LIABILITIES</b>	<u><b>32,238</b></u>	<u>38,384</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>498,708</b></u>	<u>499,155</u>
<b>NET CURRENT ASSETS</b>	<u><b>292,395</b></u>	<u>253,772</u>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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 No. 020, Room 303, 3rd Floor, Block 10, Courtyard No. 2, Shangjialou Road, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”). The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events operation and marketing services, 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 (the “**Listing Rules**”). It was authorised for issue on 30 August 2023.

This interim financial information should be read in conjunction with the 2022 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 2022.

### 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 2022. 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 2023 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 2023 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:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Events operation and marketing income	<b>903</b>	453
Sports services income	<b>1,668</b>	444
	<b><u>2,571</u></b>	<b><u>897</u></b>
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Timing of revenue recognition</b>		
– At a point in time	<b>2,454</b>	569
– Over time	<b>117</b>	328
	<b><u>2,571</u></b>	<b><u>897</u></b>

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 2023 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 (2022: sports services).

## 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Investment income from treasury products <i>(note (a))</i>	<b>1,811</b>	431
Interest income from loans to companies	<b>1,138</b>	1,429
Interest income from short-term bank deposits	<b>1,090</b>	187
Government grant	<b>–</b>	96
Rental income from investment properties	<b>288</b>	143
Others	<b>1,417</b>	15
	<b>5,744</b>	<b>2,301</b>

*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 GAIN/(LOSSES)

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Allowance for impairment of other non-current asset	<b>–</b>	(2,293)
Allowance for impairment of other receivables	<b>(3,757)</b>	(6,570)
Exchange losses	<b>(1,140)</b>	(1,798)
Fair value changes on financial assets at fair value through profit or loss	<b>605</b>	(1,964)
Gain on disposal of investment properties	<b>1,025</b>	–
Gain on disposal of property, plant and equipment	<b>13,614</b>	–
Others	<b>(239)</b>	(23)
	<b>10,108</b>	<b>(12,648)</b>

## 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.
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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.
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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 (loss)/profit 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 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 2023 and 2022 is as follows:

**Six months ended 30 June 2023**

	<b>Events Operation and Marketing RMB'000 (unaudited)</b>	<b>Sports Services RMB'000 (unaudited)</b>	<b>Total RMB'000 (unaudited)</b>
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>	<u>(257)</u>
Other income			5,744
Other gain			10,108
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>

Six months ended 30 June 2022

	<b>Events Operation and Marketing RMB'000 (unaudited)</b>	<b>Sports Services RMB'000 (unaudited)</b>	<b>Total RMB'000 (unaudited)</b>
Revenue	453	444	897
Cost of services	<u>(570)</u>	<u>(68)</u>	<u>(638)</u>
Segment results	<u>(117)</u>	<u>376</u>	259
Other income			2,301
Other losses			(12,648)
Selling and distribution expenses			(1,092)
General and administrative expenses			(13,162)
Finance costs			(2)
Share of results of associates			(1,257)
Income tax expense			<u>(6,501)</u>
Loss for the period			<u><u>(32,102)</u></u>

## 8. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax	—	6,501

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2023 and 2022.

PRC Corporate Income Tax has been provided at a rate of 25% (2022: 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 the following:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Amortisation of intangible assets	475	315
Depreciation of property, plant and equipment	6,136	6,493
Staff costs		
– Salaries, bonuses and allowances	8,855	2,188
– Retirement benefits scheme contributions	130	500
Auditor's remuneration		
– Non-audit related services	400	440
Allowance for impairment of other receivables, net	3,757	6,570
Allowance for impairment of other non-current asset	—	2,293

## 10. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the six months ended 30 June 2023 and 2022.

## 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:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss attributable to owners of the Company</b>		
Loss for the purpose of calculating basic and diluted loss per share	<u>(6,375)</u>	<u>(32,084)</u>
<b>Number of shares</b>		
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 2023 and 2022.

## 12. TRADE RECEIVABLES

	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Trade receivables	17,785	17,951
Allowance for impairment of trade receivables	<u>(12,630)</u>	<u>(12,630)</u>
	<u>5,155</u>	<u>5,321</u>

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

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Within 1 month	88	3,461
1 to 3 months	–	–
4 to 6 months	44	–
7 to 12 months	3,461	371
Over 1 year	<u>1,562</u>	<u>1,489</u>
	<u><b>5,155</b></u>	<u><b>5,321</b></u>

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

### 13. TRADE PAYABLES

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Trade payables	<u><b>4,797</b></u>	<u><b>4,784</b></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:

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Within 1 month	12	–
1 to 3 months	–	–
4 to 6 months	–	–
7 to 12 months	–	–
Over 1 year	<u>4,785</u>	<u>4,784</u>
	<u><b>4,797</b></u>	<u><b>4,784</b></u>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROUP OVERVIEW

Following the emergence of the novel coronavirus in 2023, citizens nationwide resumed their typical work and living routines, and the sports sector similarly experienced a return to its regular operations. With the commencement of national immunization efforts earlier in the year, the immediate repercussions of the pandemic on the whole industry has been temporarily mitigated. Diverse sectors and industries are actively engaged in endeavours to recuperate from the adverse impact of the outbreak. Particularly noteworthy is the exuberance observed in the sports industry, as it sheds the stagnation and decline imposed upon it by the pandemic over the past three years, thus reentering a phase of robust growth.

In light of the conclusion of the cooperative timeframe encompassing all events within the Group's agreement period, except the Nanchang Marathon\* (南昌馬拉松) and Lu'an Marathon\* (六安馬拉松), during the epidemic's duration, the Group has diligently pursued numerous initiatives. These include cooperative event management, as well as the negotiation and pursuit of new marathon events throughout the initial half of the year. In the first half of the year, the Group successfully operated various types of events such as "2023 Tangwangcheng Desert Automobile and Motorcycle Race\*" (「2023唐王城沙漠汽摩賽」), "The 5th Session of Trailwalk Conference of Jinhua City\*" (「金華市第五屆毅行大會」), "2023 Tumushuke Marathon Trials\*" (「2023圖木舒克馬拉松選拔賽」), "2023 3rd Session of Tangwangcheng Cup Basketball League\*" (「2023第三屆唐王城杯籃球聯賽」) and "Zhongyi Electric 2023 Tonggu Half Marathon and Hero Marathon Series (Tonggu Station)\*" (「眾翼電器2023銅鼓半程馬拉松暨英雄馬系列賽(銅鼓站)」), which were well appraised by the local governments, participants and sponsors. Meanwhile, the Group has actively prepared for the negotiations on the holding of the Hero Marathon Series in Jiangxi, laying the groundwork for the Nanchang Marathon\* (南昌馬拉松), and bidding for other events. As of the date of this announcement, the Company has successfully won the bid for the Tiemenguan Half Marathon\* (鐵門關半程馬拉松) and the Dalian Marathon\* (大連馬拉松).

### OUTLOOK OF THE INDUSTRY AND THE GROUP

The second half of the year will be a relatively busy period for the Group, during which the contracted events and the newly bidded events will be held from September to December of the second half of the year, including the Nanchang Marathon\* (南昌馬拉松), the Dalian Marathon\* (大連馬拉松), the Tumushuke Marathon\* (圖木舒克馬拉松), the Lu'an Marathon\* (六安馬拉松), the Tiemenguan Half Marathon\* (鐵門關半程馬拉松), etc. Currently, a multitude of events are in the initial preparatory phases, with meticulous arrangements. At the same time, the Group is also actively striving for the operation rights of other events in the second half of the year, paying continuous attention to the tendering and bidding work for various events, and actively maintaining close communication with local governments, so as to develop more types of events to serve sports enthusiasts.

With the commencement of the Chengdu Universiade and the Hangzhou Asian Games in the second half of the year, the sports industry will gradually return to its colorful stage before the pandemic. Although it takes time to restore and build market-oriented products, the positive trend of overall development of the sports industry is unstoppable. The Group will, on one hand, actively acquire operation rights of more marathon events in accordance with its strategic positioning. On the other hand, the Group will also strive to develop other sports products and actively diversify its product mix to avoid project homogenisation and better meet the needs of different sports enthusiasts.

In the second half of the year, the Group will further improve the organisational and operational structure of events according to the operating conditions of the events, and establish and enhance standardised practices in the events operation process by recruiting more professionals and establishing long-term and stable cooperation with more third-party professional companies, so as to provide more excellent products and services for customers.

After the pandemic, the sports industry will gradually enter into a period of rapid development, and at such a stage, the Group, as a representative enterprise in the industry, will definitely seize the opportunity to contribute its modest efforts to the development of China's sports industry.

## **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 188.9% to RMB2.6 million for the six months ended 30 June 2023 from RMB0.9 million for the six months ended 30 June 2022, which was mainly due to the increase in the number of events operated as a result of the the gradual resumption of events after the COVID-19 pandemic. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment increased by 80.0% to RMB0.9 million for the six months ended 30 June 2023 from RMB0.5 million for the six months ended 30 June 2022; and
- Revenue of the Sports Services segment increased by 325.0% to RMB1.7 million for the six months ended 30 June 2023 from RMB0.4 million for the six months ended 30 June 2022.

## **Cost of Services**

The Group's cost of services increased by approximately 366.7% to RMB2.8 million for the six months ended 30 June 2023 from RMB0.6 million for the six months ended 30 June 2022, which was mainly due to the increase in the number of events operated as a result of the the gradual resumption of events after the COVID-19 pandemic. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment increased by approximately 66.7% to RMB1.0 million for the six months ended 30 June 2023 from RMB0.6 million for the six months ended 30 June 2022; and
- Cost of the Sports Services segment increased by approximately 100.0% to RMB1.8 million for the six months ended 30 June 2023 from RMB Nil for the six months ended 30 June 2022.

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

As a result of the aforementioned factors, the Group recorded a gross loss of RMB0.2 million for the six months ended 30 June 2023 as compared to a gross profit of RMB0.3 million recorded for the six months ended 30 June 2022. The Group recognised a gross loss margin of 7.7% for the six months ended 30 June 2023 as compared to a gross profit margin of 33.3% for the six months ended 30 June 2022. 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 loss for the Events Operation and Marketing segment amounted to RMB0.1 million for the six months ended 30 June 2023, which was basically the same as that for the six months ended 30 June 2022; and the gross loss margin decreased to 11.11% for the six months ended 30 June 2023 from 20.0% for the six months ended 30 June 2022; and
- As a result of the foregoing changes in revenue and cost of services of the Sports Services segment, the Group recorded a gross loss for the Sports Services segment of RMB0.1 million for the six months ended 30 June 2023 as compared to a gross profit of RMB0.4 million recorded for the six months ended 30 June 2022. The Group recognised a gross loss margin of 5.9% for the six months ended 30 June 2023 as compared to a gross profit margin of 100.0% for the six months ended 30 June 2022. The change in the gross profit was mainly due to costs incurred by the Group to establish long-term and stable cooperation with more third-party professional companies so as to provide more excellent products and services for customers.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses decreased by approximately 63.6% to RMB0.4 million for the six months ended 30 June 2023 from RMB1.1 million for the six months ended 30 June 2022. Despite the increase in the labor costs in the general and administrative expenses as set out below, the decrease in the selling and distribution expenses was mainly attributable to the adjustment of the Group's sales staff structure and the optimisation of labour cost of the sales staff.

## **General and Administrative Expenses**

The Group's general and administrative expenses increased by approximately 59.9% to RMB21.1 million for the six months ended 30 June 2023 from RMB13.2 million for the six months ended 30 June 2022. The increase was mainly due to the increase of the Group's labor costs in respect of the general and administrative staff as a result of the gradual resumption of events after the COVID-19 pandemic.

## **Other Income**

The Group's other income increased by approximately 147.8% to RMB5.7 million for the six months ended 30 June 2023 from RMB2.3 million for the six months ended 30 June 2022. The increase was mainly due to the increase in the income generated from the treasury products purchased from reputable financial institutions and in the interest income from short-term bank deposits of United States Dollars and British pound sterling.

## **Other Gain/(Loss)**

The Group recorded an other gain of RMB10.1 million for the six months ended 30 June 2023 as compared to an other loss of RMB12.6 million recorded for the six months ended 30 June 2022, representing a change of approximately 180.2% in other gain. The change was mainly due to the disposal of properties, details of which are set out in the paragraph headed "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 - Disposal of Properties".

## **Loss before Tax**

As a result of the foregoing, the Group's loss before tax decreased by 75.0% to RMB6.4 million for the six months ended 30 June 2023 from a loss before tax of RMB25.6 million for the six months ended 30 June 2022.

## **Income Tax Expense**

The Group's income tax expense decreased by 100% to RMB Nil for the six months ended 30 June 2023 from RMB6.5 million for the six months ended 30 June 2022. The income tax expense incurred in the same period last year was due to the withholding and payment of corporate income tax on the dividend paid by the subsidiaries in China to the parent company in Hong Kong.

## **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 80.1% to RMB6.4 million for the six months ended 30 June 2023 from RMB32.1 million for the six months ended 30 June 2022.

## **Other Comprehensive Income/(Expense)**

The Group recorded an other comprehensive income of RMB12.1 million for the six months ended 30 June 2023 as compared to an other comprehensive expense of RMB Nil recorded for the six months ended 30 June 2022. 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 2023, the Group's cash and cash equivalents amounted to approximately RMB206.1 million compared with that of RMB172.4 million as at 31 December 2022. 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 15.2% to RMB292.4 million as at 30 June 2023 from RMB253.8 million as at 31 December 2022. 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 2023 (for the six months ended 30 June 2022: RMB Nil).

## **Bank Borrowings**

There was no bank borrowing of the Company as at 30 June 2023 (as at 30 June 2022: RMB Nil).

## **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 2023 is approximately 1,007.0% (as at 30 June 2022: 709.5%) and it represents a ratio of current assets to current liabilities. The gearing ratio is not applicable to the Company as at 30 June 2023 (as at 30 June 2022: not applicable) as such ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity, where the Group had no bank borrowings as at 30 June 2023.

## 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

### Investment in the Trust Schemes

On 23 February 2023, Wisdom Sports Entertainment (Zhejiang) Co., Ltd\* (智美體育文化(浙江)有限公司) (“**Zhejiang Wisdom Sports**”), a wholly-owned subsidiary of the Company, entered into a trust scheme agreement with Minmetals International Trust Co., Ltd.\* (五礦國際信託有限公司) (“**Minmetals International Trust**”), pursuant to which Zhejiang Wisdom Sports agreed to invest in the Minmetals Trust – Jinxiu Zengli No.5 Trust Scheme\* (五礦信託 – 錦繡增利5期集合資金信託計劃) (the “**Minmetals Trust Scheme**”) established by Minmetals International Trust for a total of RMB10.0 million. The Minmetals Trust Scheme invests in bonds in the PRC, which include government bonds, urban investment bonds, bonds listed on stock exchanges and bonds issued by banks. The Minmetals Trust Scheme does not guarantee capital protection and minimum return. The expected annualised rate of return is 4.0% for the period from 24 February 2023 to 25 May 2023.

On 23 February 2023, Beijing Wisdom Media Holding Co., Ltd.\* (北京智美傳媒股份有限公司) (“**Beijing Wisdom Media**”), a wholly-owned subsidiary of the Company, entered into a trust scheme agreement with China Fortune International Trust Co., Ltd.\* (華鑫國際信託有限公司) (“**China Fortune International Trust**”), pursuant to which Beijing Wisdom Media agreed to invest in the China Fortune International Trust – Xinyijia No. 303 Trust Scheme Fourth Unit Trust\* (華鑫信託•信益嘉303號集合資金信託計劃第四信託單元) (the “**China Fortune Trust Scheme**”) established by China Fortune International Trust for a total of RMB10.0 million. The China Fortune Trust Scheme invests in senior and secondary class asset-backed securities with a focus on high-quality asset securitization entities. The China Fortune Trust Scheme does not guarantee capital protection and minimum return. The expected annualised rate of return is 4.3% for the period from 1 March 2023 to 7 June 2023.

The Board is of the opinion that the Minmetals Trust Scheme and China Fortune Trust Scheme are ideal short-term investment opportunities for the Group as they allow the Company to utilize its Renminbi surplus cash reserves more efficiently. Each of the Minmetals Trust Scheme and China Fortune Trust Scheme 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 23 February 2023.

## Disposal of Properties

On 11 April 2023, Beijing Wisdom Media (as the vendor) entered into a sale and purchase agreement with Beijing Enze Hengyuan Technology Co., Ltd.\* (北京恩澤恒遠科技有限公司), Beijing Enze Shengqiang Technology Co., Ltd.\* (北京恩澤盛強科技有限公司), Beijing Enze Xingtu Technology Co., Ltd.\* (北京恩澤星圖科技有限公司), Beijing Enze Jiaye Technology Co., Ltd.\* (北京恩澤嘉業科技有限公司), Beijing Enze Guangyu Technology Co., Ltd.\* (北京恩澤廣宇科技有限公司), Beijing Enze Xingchen Technology Co., Ltd.\* (北京恩澤星辰科技有限公司), Beijing Enze Qihang Technology Co., Ltd.\* (北京恩澤起航科技有限公司) and Beijing Enze Haohan Technology Co., Ltd.\* (北京恩澤浩瀚科技有限公司) (together as the purchasers), pursuant to which the purchasers agreed to purchase units 701, 702, 703, 705, 706, 709, 710, 711 of Block 1, 7/F, 16 Xinyuan Lane, Chaoyang District, Beijing, the PRC with an aggregate gross floor area of 1,060.93 sqm. which are for residential use (the “**Properties**”) from Beijing Wisdom Media at a total consideration of approximately RMB32.89 million (the “**Disposals**”). The net proceeds from the Disposals would be used for general working capital of the Group

The Board is of the opinion that the Disposals represent an opportunity for the Group to realise the value of the Properties under the current situation so as to generate additional working capital to the Group. The Disposals constituted a major transaction of the Company under Chapter 14 of the Listing Rules and had been approved by the shareholders of the Company at the extraordinary general meeting held on 24 May 2023. For details, please refer to the announcements of the Company dated 11 April 2023 and 24 May 2023 as well as the circular of the Company dated 9 May 2023.

Save as disclosed in this announcement, during the six months ended 30 June 2023, the Company had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures. Save as disclosed above, from 30 June 2023 and up to the date of this announcement, the Group has no specific plan for significant investments or acquisitions of material capital assets in the future.

## 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. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group and as at the date of this 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 and 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 2023.

## **CHARGE ON ASSETS**

As at 30 June 2023, there was no charge on the Group's assets (for the six months ended 30 June 2022: Nil)

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Company had no material contingent liabilities (for the six months ended 30 June 2022: Nil).

## **INTERIM DIVIDEND**

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 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 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Change of Address of the Headquarters and Principal Place of Business in the PRC**

With effect from 10 August 2023, the address of the headquarters and principal place of business of the Company in the PRC has changed to No. 020, Room 303, 3rd Floor, Block 10, Courtyard No. 2, Shangjialou Road, Chaoyang District, Beijing, the PRC. Please refer to the Company's announcement dated 9 August 2023 for further details.

Save as disclosed in this announcement, to the best knowledge of the Directors, there was no significant event after the six months ended 30 June 2023 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 14 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 2023, 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 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 2023.

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 2023.

## **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 Mr. Ip Kwok On Sammy, all being independent non-executive Directors.

The interim results of the Group for the six months ended 30 June 2023 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 2023. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

**PUBLICATION OF 2023 INTERIM RESULTS AND 2023 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](http://www.hkexnews.hk)) and the Company ([www.wisdomsports.com.cn](http://www.wisdomsports.com.cn)), and the 2023 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 2023

*As at the date of this announcement, the executive directors of the Company are Ms. Ren Wen, Mr. Sheng Jie, Dr. Shen Wei 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*