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 2017

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 2017, together with the comparative figures for the corresponding period in 2016.

Financial highlights are as follows:

- Net profit attributable to owners of the Group increased by approximately 19.4% to RMB80.1 million for the six months ended 30 June 2017 from RMB67.1 million for the six months ended 30 June 2016.

- The Board declared payment of an interim dividend of RMB0.038 per share for the period ended 30 June 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 27 October 2017. It is expected that the interim dividend will be paid on Wednesday, 15 November 2017 in Hong Kong dollars at the spot rate published by The People's Bank of China on 27 October 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	NOTES	Six months ended 30 June 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited) (restated)
Continuing operations			
Revenue	4	**88,075**	193,242
Cost of services		**(36,579)**	(91,710)
Gross profit		**51,496**	101,532
Selling and distribution expenses		**(9,643)**	(17,174)
General and administrative expenses		**(18,958)**	(23,834)
Other income	5	**9,732**	13,315
Other gains and losses		**(7,775)**	(1,190)
Finance income		**1,138**	2,752
Share of result of an associate		**(709)**	—
Share of result of a joint venture		**(2,272)**	84
Profit before income tax		**23,009**	75,485
Income tax expense	6	**(12,166)**	(18,875)
Profit for the period from continuing operations		**10,843**	56,610
Discontinued operations			
Profit for the period from discontinued operations	7	**69,300**	10,498
Profit for the period		**80,143**	67,108
Profit attributable to owners of the Company		**80,143**	67,108
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss:			
Fair value loss on available-for-sale investment		**(120)**	—
Total comprehensive income for the period		**80,023**	67,108
Total comprehensive income attributable to owners of the Company		**80,023**	67,108
Earnings per share	9		
From continuing and discontinued operations			
Basic earnings per share		**RMB0.05**	RMB0.04
Diluted earnings per share		**RMB0.05**	RMB0.04
From continuing operations			
Basic earnings per share		**RMB0.01**	RMB0.03
Diluted earnings per share		**RMB0.01**	RMB0.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	NOTES	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**22,394**	22,970
Investment property		**18,843**	19,472
Goodwill		**105**	105
Intangible assets		**8,893**	3,855
Available-for-sale investments		**59,880**	39,000
Long-term receivables		**202,917**	204,017
Other receivables		**51,052**	51,052
Interest in associates		**25,526**	5,835
Interest in a joint venture		**5,275**	31,286
		394,885	377,592
Current assets			
Trade receivables	*10*	**123,314**	219,087
Other receivables	*11*	**127,289**	107,453
Prepayments and other current assets	*12*	**206,100**	119,941
Cash and cash equivalents		**451,060**	524,450
		907,763	970,931
Held for sale assets		**23,739**	—
Total assets		**1,326,387**	1,348,523
EQUITY			
Equity attributable to owners of the Company			
Share capital	*13*	**2,479**	2,479
Treasury shares		**(25,076)**	—
Share premium		**337,352**	337,352
Reserves		**126,229**	125,926
Retained earnings		**811,866**	731,723
Total equity		**1,252,850**	1,197,480

	NOTES	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
LIABILITIES			
Current liabilities			
Trade payables	*14*	**31,867**	113,285
Other payables and accrued expenses		**15,596**	19,399
Advance from customers		**7,834**	8,637
Tax payables		**18,240**	9,722
		73,537	151,043
Total liabilities		**73,537**	151,043
Total equity and liabilities		**1,326,387**	1,348,523
Net current assets		**857,965**	819,888
Total assets less liabilities		**1,252,850**	1,197,480

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate controlling party is Ms. Ren Wen, who is also the Chairlady of the Board and President of the Company. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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 and sponsorship services and advertising program in the People's Republic of China (the "**PRC**" or "**China**").

The Company's shares have been listed on the Main Board of the Stock Exchange since 11 July 2013.

This condensed consolidated financial statements is presented in Renminbi ("**RMB**"), unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016. In addition, the Group applied the following accounting policies which became relevant to the Group in the current interim period:

Non-current assets held for sale

Non-current assets (including interests in joint venture) or disposed groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in a joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing joint control over the joint venture.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition Deferred Tax Assets for Unrealized Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the above new amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

4. REVENUE AND SEGMENT INFORMATION

Continuing operations

The revenues attributable to the Group's service lines are as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(restated)
Events sponsorship income	**51,168**	38,768
Sports services income		
— Events organization income	**16,653**	40,330
— Sales of broadcasting right of events	**16,954**	—
— Individual consumption	**3,300**	4,275
Sales of commercial rights of events — Mass sports events	**—**	79,245
Advertising income	**—**	30,624
	88,075	193,242

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.

In the prior period, the Group had two business divisions which represented two reportable operating segments namely, (a) Events Operation and (b) Advertising Program and Branding. In the current period, the Group changed its internal reporting structure and separated a new business division from Events Operation called "Sports Services", following a separation of the prior division's activities. Subsequent to the change of the internal reporting structure, the Group has three reportable operating segments, which are (a) Events Operation and Marketing; (b) Sports Services and (c) Advertising Program and Branding. Prior period segment disclosure has been restated to conform with the current period's presentation.

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

Wisdom — Events Operation and Marketing	Providing marketing services in conjunction with sports-related competitions. Types of revenue include corporate sponsorship income and sales of commercial rights of events.
Wisdom — Sports Services	Providing services to government, participants and media companies in conjunction with sports-related competitions. Types of revenue include events organization income, Sales of broadcasting right of events, and Individual consumption.
Wisdom — Advertising Program and Branding	Advertising and directing, filming and producing video programs for television stations and program production.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2017 and 2016 is as follows:

Six months ended 30 June 2017 (Unaudited)	**Wisdom — Events Operation and Marketing** *RMB'000*	**Wisdom — Sports Services** *RMB'000*	**Wisdom — Advertising Program and Branding** *RMB'000*	**Total** *RMB'000*
Revenue				
Events sponsorship income	**51,168**	**—**	**—**	**51,168**
Sports services income				
— Events organization income	**—**	**16,653**	**—**	**16,653**
— Sales of broadcasting right of events	**—**	**16,954**	**—**	**16,954**
— Individual consumption	**—**	**3,300**	**—**	**3,300**
Total segment revenue	**51,168**	**36,907**	**—**	**88,075**
Cost of services	**(28,510)**	**(8,069)**	**—**	**(36,579)**
Segment results	**22,658**	**28,838**	**—**	**51,496**
Selling and distribution expenses				**(9,643)**
General and administrative expenses				**(18,958)**
Other income				**9,732**
Other gains and losses				**(7,775)**
Finance income				**1,138**
Share of result of an associate				**(709)**
Share of result of a joint venture				**(2,272)**
Income tax expense				**(12,166)**
Profit for the period from continuing operations				**10,843**

Six months ended 30 June 2016 (Unaudited) (restated)	Wisdom — Events Operation and Marketing *RMB'000*	Wisdom — Sports Services *RMB'000*	Wisdom — Advertising Program and Branding *RMB'000*	Total *RMB'000*
Revenue				
Events sponsorship income	38,768	—	—	38,768
Sports services income				
— Events organization income	—	40,330	—	40,330
— Sales of broadcasting right of events	—	—	—	-
— Individual consumption	—	4,275	—	4,275
Sales of commercial rights of events				
— Mass sports events	79,245	—	—	79,245
— NBL event *(Note a)*	31,840	—	—	31,840
Advertising income	—	—	30,624	30,624
Total segment revenue	149,853	44,605	30,624	225,082
Cost of services	(78,920)	(10,073)	(18,008)	(107,001)
Segment results	70,933	34,532	12,616	118,081
Less: results from discontinued operation NBL event				(16,549)
Selling and distribution expenses				(17,174)
General and administrative expenses				(23,834)
Other income				13,315
Other gains and losses				(1,190)
Finance income				2,752
Share of result of a joint venture				84
Income tax expense				(18,875)
Profit for the period from continuing operations				56,610

Note a: As detailed in Note 7, in 2016 the Group entered into an agreement with Beijing Enbiou Sports Management Co., Ltd. (the "**NBL Company**") to obtain the exclusive commercial right of 2016-2019 National Men's Basketball League ("**NBL**") ("**Exclusive Commercial Right**") from NBL Company.

Note b: The Group continues to seek business opportunities in securing mass sport events organisation and customers for advertising income through television stations and other media.

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

The Group recognised revenue from customers individually represent over 10% of the Group's total revenue as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**16,981**[(1)]	N/A[(3)]
Customer B	**9,433**[(2)]	N/A[(3)]
Customer C	**N/A**[(3)]	33,962[(2)]
Customer D	**N/A**[(3)]	22,642[(2)]
Customer E	**N/A**[(3)]	22,642[(2)]

(1) Revenue from event services.

(2) Income from events operation and marketing.

(3) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

Continuing operations

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income from principal protected investments *(Note a)*	**4,230**	2,976
Interest income from long-term receivables	**2,500**	—
Government grants *(Note b)*	**2,837**	10,243
Rental income from investment property	**155**	94
Others	**10**	2
	9,732	13,315

Notes:

(a) (i) The Group invested in unlisted treasury products issued by commercial banks in the PRC. The principals of these investments are guaranteed by the corresponding commercial banks. The investments are denominated in RMB and with maturity periods within three months. The rate of return is ranging from 2.0% to 3.9% per annum.

(ii) On 7 January 2017, the Group entered into a Limited Partnership Agreement with Shenzhen Zhongke Guofu Yuansheng Equity Investment Management Partnership (LLP) (深圳市中科國富源盛股權投資管理合夥企業(有限合夥)) ("**ZKGF**"), whereby the Group invested RMB50,000,000 into the ZKGF as a limited partner. The investment is denominated in RMB and ZKGF agreed to redeem the investment in three months which can be extended if agreed by both parties. The investment will be redeemed at the initial investment plus a fixed return rate of 8.0% per annum. The interest income recognised during the six months ended 30 June 2017 was RMB2,000,000.

(b) The Group benefits from government grants in the form of tax refund from governmental bodies of Fuzhou, Jiangxi Province and Tianjin City as a result of the Group's assistance in developing the cultural and media industry in the respective cities.

6. INCOME TAX EXPENSE

Continuing operations

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Current income tax	**12,166**	18,875
	12,166	18,875

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2017 (2016: 16.5%).

(iii) PRC corporate income tax ("CIT")

CIT is provided on the assessable profits of entities within the Group established in the PRC. Pursuant to the PRC Corporate Income Tax Law (the "**New CIT Law**"), the CIT is unified at 25% for all types of entities, effective from 1 January 2008.

(iv) PRC withholding income tax

Pursuant to the PRC law on corporate income tax, 10% withholding income tax will be levied on foreign investors for dividend distributions from foreign invested enterprises' profit earned after 1 January 2008. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applied.

7. DISPOSAL OF SUBSIDIARIES/DISCONTINUED OPERATIONS

In 2016, the Group entered into an agreement with the NBL Company to obtain the Exclusive Commercial Rights to the NBL for 2016–2019 from the NBL Company.

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period of NBL event operation	**—**	10,498
Gain on disposal of NBL event operation	**69,300**	—
	69,300	10,498

Analysis of assets and liabilities over which control was lost

	RMB'000
Current assets	
Trade receivables	10,000
Bank balance	20,000
	30,000
Non-current assets	
Long-term receivable	3,600
Current liabilities	
Trade payables	10,000
Net assets disposed of	23,600

Gain on disposal of a subsidiary

	RMB'000
Cash received	44,800
Consideration receivables	71,200
Net assets disposed of	(23,600)
Gain on disposal	92,400
Income tax expense	(23,100)
Net gain on disposal	69,300

Net cash inflow on disposal of a subsidiary

	RMB'000
Cash received	44,800
Less: Bank balance and cash disposed of	(20,000)
	24,800

The result of the NBL event operation, which has been included in the condensed consolidated statement of profit or loss, was as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	**—**	31,840
Cost of services	**—**	(15,291)
Gross profit	**—**	16,549
Selling and distribution expenses	**—**	(1,631)
General and administrative expenses	**—**	(881)
Profit before income tax	**—**	14,037
Income tax expense	**—**	(3,539)
Profit for the period	**—**	10,498

During the period, SWBI did not contribute (30 June 2016: RMB28,488,000) to the Group's net operating cash flows, received RMB24,800,000 (30 June 2016: paid RMB3,600,000) in respect of investing activities and did not pay (30 June 2016: nil) in respect of financing activities.

Profit for the period for discontinued operation has been arrived at after charging:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Staff costs, including directors' remuneration		
— salaries and other allowances	**—**	651
— retirement benefit scheme contributions	**—**	169
Total staff costs	**—**	820
Operating lease rental expenses	**—**	881

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim period.

On 29 August 2017, the board declared the payment of an interim dividend of RMB0.038 per share for the period ended 30 June 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 27 October 2017. It is expected that the interim dividend will be paid on Wednesday, 15 November 2017 in Hong Kong dollars at the spot rate published by The People's Bank of China on 27 October 2017.

9. EARNINGS PER SHARE

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
Basic/diluted profit per share		
From continuing operations	**RMB0.01**	RMB0.03
From discontinued operations	**RMB0.04**	RMB0.01
Total basic/diluted profit per share	**RMB0.05**	RMB0.04

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Earnings		
Attributable to the owners of the Company:		
Profit for the period	**80,143**	67,108
Less: Profit for the period from discontinued operations	**(69,300)**	(10,498)
Profit used for the purpose of basic and diluted profit per share from continuing operations	**10,843**	56,610

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Weighted average number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,602,001**	1,609,045

The computation of diluted earnings per share for the six months ended 30 June 2017 and 2016 does 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 2017 and 2016.

10. TRADE RECEIVABLES

	30 June	31 December
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**144,044**	233,186
Less: allowance for impairment of trade receivables	**(20,730)**	(14,099)
	123,314	219,087

The following is an aged analysis of trade receivables, net of allowance for doubtful debts presented based on the revenue recognition dates:

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Within 1 month	**44,995**	89,213
1 to 3 months	**12,320**	42,475
4 to 6 months	**—**	36,652
7 to 12 months	**33,879**	7,483
1 to 2 years	**32,120**	39,264
Over 2 years	**—**	4,000
	123,314	219,087

11. OTHER RECEIVABLES

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Government grants receivables	**12,813**	25,668
Deposits with media companies and event organisation companies	**75,567**	78,997
Advance to employees	**2,854**	1,652
Lease and other deposits	**2,346**	5,441
Consideration receivables for disposal of a subsidiary *(Note 7)*	**71,200**	26,600
Amount due from Wisdom Sports Arena Operation (Shenzhen) Co., Ltd.	**9,218**	9,218
Amounts due from related companies	**5,587**	11,187
Others	**3,969**	4,169
	183,554	162,932
Less: allowance for impairment of other receivables	**(5,213)**	(4,427)
	178,341	158,505
Less: non-current portion	**(51,052)**	(51,052)
Current portion	**127,289**	107,453

12. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Prepayment for media resources	**62,536**	76,067
Prepayment for sport competition and event organisation expenses	**66,522**	21,304
ZKGF investment *(Note 5(a)(ii))*	**51,000**	—
Prepaid lease and property management fees	**1,136**	5,497
Value-added tax credit	**21,853**	14,047
Others	**3,053**	3,026
	206,100	119,941

13. SHARE CAPITAL

	Number of shares	Amount	Amount shown in the financial statements
	'000	*US$'000*	*RMB'000*
Ordinary shares of US$0.00025 each			
Authorised share capital			
At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017	4,000,000	1,000	
Issued and fully paid share capital			
At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017	1,609,045	402	2,479

14. TRADE PAYABLES

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**1,095**	65,011
1 to 3 months	**—**	9,995
4 to 6 months	**—**	16,908
7 to 12 months	**14,908**	13,486
Over 12 months	**15,864**	7,885
	31,867	113,285

15. EVENTS AFTER THE REPORTING PERIOD

a. On 21 June 2017, the Group entered into an agreement to dispose its 45% equity interest in Shenzhen SEG ZM Sports Culture Development Co., Ltd. (深圳賽格智美體育文化發展有限公司) ("**SEG ZM**") at RMB22,500,000. Upon the completion of the transaction, the Group would hold an aggregate of 10% equity interest in SEG ZM. The transaction has been completed on 12 July 2017.

b. On 14 July 2017, Wisdom Event Operation and Management (Zhejiang) Co., Ltd. 智美賽事營運管理(浙江)有限公司 ("**ZMWH**") entered into a capital increase framework contract with Beijing Hehe Chuangjia Sports Development Co., Ltd. (北京和合創佳體育發展有限公司) and Tianjin Lide Sports Culture Communication Co., Ltd. (天津里德體育文化傳播有限公司), which were the original shareholders of Beijing Shangde Shangpin Sports Development Co., Ltd. (北京上德尚品體育有限公司)("**SDSP**"). As at 20 July 2017, ZMWH contributed RMB63,555,555 to SDSP and held 32.5% equity interest in SDSP. The transaction was completed on 20 July 2017. The Articles of Association specifies that at least two-third of the shareholding is required to approve for decision on directing the relevant activities of SDSP.

c. On 29 August 2017, the Board declared the payment of an interim dividend of RMB0.038 per share for the period ended 30 June 2017 to the shareholders whose names appear on the register of members of the Company on 27 October 2017 (Friday). It is expected that the interim dividend will be paid on 15 November 2017 (Wednesday) in Hong Kong dollars at the spot rate published by The People's Bank of China on 27 October 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

The Group's business covers the operation of sports events and areas such as marketing and services. Through several years of dedicated cultivation, we are now the largest event operator in the marathon sector, forming strategic marathon and sports partnerships with numerous provincial-level municipalities and in economically developed regions in China. The Group won various awards at the Marathon Gala-China 2016, including three events rated as having most broadcast value for marathon events in China, three events rated as unique marathon events rated in China, one event as unique red-themed marathon event, four events awarded as Gold-medal events, two events awarded as Silver-medal events, five events awarded as Bronze-medal events, and at the same time, the Group was also honoured with the "2016 China Marathon Promotion Contribution Award".

In 2017, the Group focused on a strategy of opening up the platformisation of the sports industry, taking connecting the human sports DNA as our goal, and continued to deepen the development of our strategies of the sports industrial chain, leveraging on our core advantages in population, data, and consumption in road running projects to actively commence partnerships with other industrial platforms, in order to provide different consumption options for the sports enthusiasts at large. Centering on the core of population, data and consumption, we have expanded our sports events operation as well as our strategic positioning in the marketing and sports service business segments. At the same time, through gathering outstanding talents and investing in excellent companies, we have expanded at full speed the operation platform of the entire sports industrial chain.

Based on the "2016–2019 Marathon Industry Development Strategy" formulated in 2016, the Group has focused on building IP events at the international, national, municipal, and recreational levels, providing population, data and consumption support for a diversified marathon industry and product range, allowing for the successful upgrade of the general strategy of the road running industry. In 2016, the Group successfully bid for the "The Belt and Road" marathon series, an international level IP event, which has completed its first circuit in Bao'an, Shenzhen, and will formally step onto the international stage in October this year, conducting the first overseas event in Malaysia. In 2017, the Group successfully launched the "Running in China" marathon series, a national level IP event, which was hailed as the "Chinese Super League" of marathons. The "Running in China" marathon series was co-hosted by the Chinese Athletic Association and CCTV-5, and is a major event operated by the Wisdom Sports Group and organised by Beijing Wisdom Shangde Sports Co., Ltd. The event broadcast broke away from traditional methods, realising innovation through exhibiting urban development, revolution traditions, and urban characteristics in short film format. At the same time, in the area of sports services, the Group has entered into a strategic partnership with the Japan Tourism Board early this year, with both parties agreeing to conduct strategic partnership in areas such as Japan's sakura marathons and the Group's 2017 strategic positioning in areas such as the sports tourism market.

In the first half of the year, the Group has rolled out 248 handbooks and guidelines on various issues regarding internal management and business operations, further increasing the standardisation and compliance of our internal management, strengthening our internal and external risk control capacity, raising our management standards, in order to provide strong security for the rapid development of the Group's businesses.

In 2017, the Group, on the basis of the rapid development of its own businesses, simuitaneously relied on the power of capital to accelerate our strategising of the industrial chain upstream and downstream, having successfully acquired Wuhan Guanghelixing Sports Culture and Media Co., Ltd. ("**Wuhan Guanghelixing**"), which owns multiple independent IP event resources and a comprehensive operations team, including the Wuhan Women's Marathon and the MBA Marathon, while the acquisition also sealed the Group's industrial strategic positioning in the central region. The group is strategically investing in Vning Sports Culture Industry (Beijing) Co., Ltd. ("**Vning Sports**"), strategically targeting the areas of education and research in the sports industry, in order to build China's largest and an industry-leading commercial sports talent education service platform. In future, while the Group leads the pack in China's road running industry, it will also continue to join hands with excellent organisations, operators and various types of enterprises in the industrial chain throughout all regions of the country through business collaboration and capital investment, building together a grand map of the road running industry.

BUSINESS REVIEW

I. Events Operation and Marketing

The events operation and marketing segment is responsible for hosting mass sports events and other activities, with revenue generated mainly from brand advertisers' title sponsorship fees, sponsorship fees, and advertising fees obtained through event marketing. The first half of 2017 witnessed the Group's breakthrough development in the professional road running sector, with the grand launch of the "Running in China" marathon series, a national level IP event in the first half of the year. The "Running in China" marathon series is a national level IP event co-hosted by the Chinese Athletic Association and CCTV-5 and operated by the Group, with 16 events planned to be held in 2017, including eight circuits each for the Red Journey sub series and the Reform and Opening-up sub series. In 2018, it will see the addition of two major series, the "The Belt and Road" sub series and the Ecology Upgrade sub series, for a total of 32 planned events. The Group has, as of 30 June 2017, operated six marathon events, including four events in the "Running in China" series, namely the "2017 Shanghai Chongming International Marathon", the "Zunyi International Half Marathon 2017", the "2017 Yan'an International Half Marathon" and the "CCI Jilin City International Marathon 2017". Additionally, the Group has operated municipal marathons, including the "Chang Chun International Marathon 2017" and the "2017 Rongcheng Coast International Marathon".

The Group established a joint venture with Malaysia's Circlic Interactive Tourism Sdn Bhd, forming Wisdom Sports (M) Sdn Bhd. The first project of the joint venture company is the Malaysia Marathon 2017. The event is the first overseas circuit of the "The Belt and Road" marathon series, and will be held in October 2017 in Malaysia, supported by numerous official agencies including the Chinese Athletic Association and the Ministry of Tourism and Culture Malaysia. Press conferences for the event were held in February and May 2017 in Malaysia and China respectively, receiving widespread attention of the community.

In the first half of the year, the Group has further accelerated the pace of developing brand clientele in the area of sports marketing, adding 29 clients including five who have formed strategic partnerships with the Group, namely: FAW-Volkswagen Automotive Co., Ltd., China Vanke Co., Ltd., Nongfu Spring Co., Ltd., Jiangxi Yidaozhishang Investment Development Co., Ltd., and Taiping General Insurance Co., Ltd., covering the industries of automobile, real estate, insurance, and fast moving consumer goods, etc.

In the first half of the year, the Group completed an acquisition of the entire stake of Wuhan Guanghelixing, which owns IP events such as the "Wuhan Women's Marathon", the "MBA Marathon", the "Wuhan Women's Walkathon", the "Hubei Country Marathon", and the "ladyrun Women's Marathon series". This acquisition completed the Group's strategic plan within our central area industry strategy, developing our marathon event positioning in peripheral second and third tier cities through opening up the central region market with this acquisition.

II. Sports Services

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

With the launch of national industrial policies, local governments are gradually expanding their support on sporting events, and the Group is delighted to see more and more local governments providing increasing opportunities for the general public to work out and stay in healthy shape, with marathon events being the top choice of the financial procurement services of the various local governments. As the number of marathon events increases, the Group has also exhibited a healthy growth trend in the size of revenue at the government services procurement end.

In the individual consumption sector, as the passion of running enthusiasts for marathon events rapidly increases, running events are facilitating the formation of an explosive scenario in the sports tourism area. In 2017, the Group commenced active marathon event partnerships with countries such as Japan and Malaysia, opening up the development of sports tourism projects, rolling out in turns marathon tourism products such as the Japanese sakura marathon and the Malaysia circuit for the "The Belt and Road" marathon series, providing opportunities for the marathon enthusiasts at large to step out of the country and participate in international events and go on a sightseeing leisure vacation. Meanwhile, in the area of sports training, in conjunction with the Group's organisation of marathon events in the first half of the year, corresponding marathon training camps also operated successively, with active participation from marathon enthusiasts.

In the area of event broadcasting, in the first half of the year the Group successfully conducted a full event of new media interactive live streaming of the Rongcheng Coast Marathon, achieving good viewership with independent UV ("**Unique Visitors**", referring to natural persons browsing the website through internet page visit) reaching 734,000. At the same time, the Group utilised its marathon broadcast rights to form rights partnerships with internet and new media platforms to realise revenue in the first half of the year.

In the first half of the year, the Group was the financing leader for equity participation in Vning Sports, which owns its independent new media and internet sports platform, providing sports industry planning services for various local governments, jointly opening a sports agent training course with the General Administration of Sport, building a case for a development course in senior management in sports together with France's emlyon business school to construct a platform for education, services, and output of sports commerce talents. Through our investment in Vning Sports, the Group has formed a further addition to the individual consumer's consumption platform in the industrial chain, creating a win-win situation.

OUTLOOK OF INDUSTRY AND THE GROUP

On 10 July 2017, the notice on the "2017 Operational Plan to Support Social Powers in Hosting Mass Sports Events Such As Marathons and Bikeathons" was jointly published by nine agencies including the National Development and Reform Commission of the PRC and the General Administration of Sport. The notice made relevant regulations on mass sports events such as marathons and bikeathons. The general requirement of the operational plan is to promote the construction of a healthy China, accelerate the development of the sports industry and stimulate sports consumption by taking supply-side structural reform as the main line, and in support of social powers hosting mass sports events, timely roll out a batch of targeted policy measures in 2017, in order to better unleash their stimulating effects on areas such as stable growth, stimulating consumption, and benefiting livelihoods. Under the momentum of the relevant policies, the number of marathon participants is expected to exceed five million by the end of 2017, driving various types of consumption in excess of RMB20 billion. This is not only good news to the marathon sport and industry, but also aligns with the Group's development goals and strategies, and will be positive for the Group as we rapidly develop our business based on our current platform.

The Group expects to operate independently over 13 marathon events in the second half of 2017. The schedule for the "Running in China" marathon series for the second half of the year has been confirmed, including 12 courses in Kunming, Changsha, Xiangyang, Nanchang, Hangzhou, Guangzhou, and Shenzhen, etc. Meanwhile, the international circuit of the first international level IP event, the "The Belt and Road" marathon series, will also take off in October 2017 in Malaysia, with subsequent events to be conducted in major cities in countries such as Thailand, the Czech Republic, Greece, and Australia. The Group has also successfully bid to be the operator for the 2017 and 2019 Asian Marathon Championships, with the former to be held in Dongguan, Guangdong.

The Group has formed a strategic partnership with China National Travel Service (HK) Group Corporation to build a sports tourism product for The Belt and Road Malaysia circuit, bringing China's running enthusiasts at large to participate in the event in Malaysia. At the same time, the Group will conduct event partnerships with marathon events in other countries to build overseas sports tourism products. Sports training products such as marathon camps will also be gradually launched alongside various events. As for sports finance, the Group will continue to explore with partners relating to financial institutions, banks, and insurance the development of businesses in the area of sports finance, including the design of products and services in areas such as personal sports consumer credit and sports insurance.

In the second half of the year, the Group will also further intensify its investment efforts, conducting the corresponding investment strategies in areas such as sports event operations, sports marketing, sports recovery, sports technology, and short video live streaming, further improving the extension of Wisdom Sports's industrial chain, providing richer products and services to the general public.

The Group will continue to follow our "2016–2019 Marathon Industry Platform Strategic Positioning", sustaining our in-depth business development of the entire marathon industrial chain. The Group will continue to integrate our advantages in population, data and consumption, conduct cross-industrial platform partnerships, and build an incremental market, in order to help the general sporting public build the fifth necessity, "movement", and contribute to the development of China's sports industry.

FINANCIAL REVIEW

In the prior period, the Group had two business divisions which represented two reportable operating segments namely, (a) Events Operation and (b) Advertising Program and Branding. In the current period, the Group changed its internal reporting structure and separated a new business division from Events Operation called "Sports Services", following a separation of the prior division's activities. Subsequent to the change of the internal reporting structure, the Group has three reportable operating segments, which are (a) Events Operation and Marketing: providing marketing services in conjunction with sports-related competitions. Types of revenue include corporate sponsorship income and sales of commercial rights of events; (b) Sports Services: providing services to government, participants and media companies in conjunction with sports-related competitions. Types of revenue include events organization income, sales of broadcasting right of events, and individual consumption; and (c) Advertising Program and Branding: advertising and directing, filming and producing video programs for television stations and program production. Prior period segment disclosure has been restated to conform with the current period's presentation.

Revenue

The Group's revenue decreased by approximately 60.9% to RMB88.1 million for the six months ended 30 June 2017 from RMB225.1 million for the six months ended 30 June 2016, with the decrease in revenue mainly due to (i) the decrease in revenue from operations and marketing of events due to the Group's adjustment in strategy in 2017 to commence focusing on operating marathons and no operation of mass sports events and the disposal of the NBL business; (ii) events that have been operated in 2017 are primarily newly contracted events for which revenue from government sources are yet to be fully released, while mature events held during the period ended 30 June 2016 are scheduled to be held in the second half of 2017, and therefore, revenue from sports services for the six months ended 30 June 2017 has decreased over the same period in 2016; (iii) no revenue from Wisdom Advertising Program and Branding commencing from 2017 due to the Group's adjustment in strategy. Details based on reportable segments are as follows:

- Revenue from Wisdom Events Operation and Marketing decreased by approximately 65.8% to RMB51.2 million for the six months ended 30 June 2017 from RMB149.8 million for the six months ended 30 June 2016. Of which, (i) the operations and marketing revenue of events primarily relating to marathons increased by approximately 32.0% to RMB51.2 million for the six months ended 30 June 2017 from RMB38.8 million for the six months ended 30 June 2016, with the increase mainly due to the increase in marathon events operated; (ii) the operations and marketing revenue of Wisdom's mass sports events decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB79.2 million for the six months ended 30 June 2016, with the decrease mainly due to the Group focusing on operating marathon projects and no operation of mass sports events in this period; and (iii) revenue from the NBL business decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB31.8 million for the six months ended 30 June 2017 due to the disposal of SWBI and its related NBL business;

- Revenue of Wisdom Sports Services decreased by approximately 17.3% to RMB36.9 million for the six months ended 30 June 2017 from RMB44.6 million for the six months ended 30 June 2016, with the decrease mainly due to revenue from government sources relating to newly contracted marathons events not being fully released yet, while the mature marathon events operated in the first half of the previous year, have for this year been rescheduled to take place in the second half of the year; and

- As of the six months ended 30 June 2017, there is no revenue from Wisdom Advertising Program and Branding, while for the six months ended 30 June 2016, the respective revenue was RMB30.6 million, with the change mainly due to the Group's adjustment in strategy.

Cost of Services

The Group's cost of services decreased by approximately 65.8% to RMB36.6 million for the six months ended 30 June 2017 from RMB107.0 million for the six months ended 30 June 2016. The decrease in costs was mainly due to (i) strengthened cost control and (ii) focus on operating marathon project decreasing costs of other projects. Details are as follows:

- Cost of services for the Wisdom Events Operation and Marketing decreased by approximately 63.9% to RMB28.5 million for the six months ended 30 June 2017 from RMB78.9 million for the six months ended 30 June 2016. Of which, (i) the costs of operations and marketing of events primarily relating to marathons decreased by approximately 40.4% to RMB28.5 million for the six months ended 30 June 2017 from RMB47.8 million for the six months ended 30 June 2016, with the decrease mainly due to strengthened cost control, and a substantial decrease in event operating costs due to the costs advantages achieved with intensification as events reach significant scale; (ii) costs of Wisdom's mass sports events decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB15.8 million for the six months ended 30 June 2016, with the decrease mainly due to the Group's focusing on operating marathon projects in this period; and (iii) the cost of services for the NBL business decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB 15.3 million for the six months ended 30 June 2016 due to the disposal of the NBL business;

- Cost of services for Wisdom Sports Services decreased by approximately 19.8% to RMB8.1 million for the six months ended 30 June 2017 from RMB10.1 million for the six months ended 30 June 2016, with the decrease mainly due to the effective control of costs of live broadcasting of marathons, reducing costs through live broadcasting of events in thematic program format; and

- As the Group commenced its focus on operating marathon projects in 2017, no service costs of Wisdom Advertising Program and Branding were recorded for the six months ended 30 June 2017, while for the six months ended 30 June 2016, the respective costs were RMB18.0 million.

Gross Profit and Gross Margin

As a result of the aforementioned factors, the Group's gross profit decreased by approximately 56.4% to RMB51.5 million for the six months ended 30 June 2017 from RMB118.1 million for the six months ended 30 June 2016. The gross margin for the Group increased to approximately 58.5% for the six months ended 30 June 2017 from 52.5% for the six months ended 30 June 2016. The decrease of the gross profit was mainly due to Wisdom focusing on operating marathons and the decrease in the gross profit from other businesses; the increase in the gross margin was mainly due to the high proportion of the marathon business experiencing an increase in gross margin. Details are as follows:

- As a result of the foregoing changes in revenue and cost from Wisdom Events Operation and Marketing, the gross profit for Wisdom Events Operation and Marketing decreased by approximately 68.0% to RMB22.7 million for the six months ended 30 June 2017 from RMB70.9 million for the six months ended 30 June 2016. Of which (i) gross profit from the operations and marketing of marathon events changed by approximately 352.2% to a profit of RMB22.7 million for the six months ended 30 June 2017 from a loss of RMB9.0 million for the six months ended 30 June 2016, with the increase in gross profit mainly due to the increase in marathon events and the strengthening of cost control; (ii) gross profit from the operations and marketing of Wisdom's mass sports events decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB63.4 million for the six months ended 30 June 2016, with the decrease mainly due to the Group's adjustment of strategy to focus on operating marathon events. The gross margin for Wisdom Events Operation and Marketing decreased to 44.3% for the six months ended 30 June 2017 from 47.3% for the six months ended 30 June 2016. This decrease was primarily due to focusing on operation of the marathon business which has better prospects and temporarily dropping traditional mass sports events; and (iii) as a result of the aforementioned disposal of the NBL business, the gross profit and gross margin for the Group's NBL business was RMB0.0 million and 0% respectively for the six months ended 30 June 2017, and was RMB16.5 million and 51.9% respectively for the six months ended 30 June 2016;

- As a result of the foregoing changes in revenue and cost of services for Wisdom Sports Services, the gross profit for Wisdom Sports Services decreased by approximately 16.5% to RMB28.8 million for the six months ended 30 June 2017 from RMB34.5 million for the six months ended 30 June 2016. Gross margin increased to 78.0% for the six months ended 30 June 2017 from 77.4% for the six months ended 30 June 2016. The increase in gross margin was primarily due to the Group's strong efforts in promoting cost control measures for marathon events; and

- As a result of the foregoing changes in revenue and cost of services for Wisdom Advertising Program and Branding, the gross profit for Wisdom Advertising Program and Branding decreased by 100.0% to RMB0.0 million for the six months ended 30 June 2017 from RMB12.6 million for the six months ended 30 June 2016. The gross margin decreased to 0.0% for the six months ended 30 June 2017 from 41.2% for the six months ended 30 June 2016.

Profits from Discontinued Operations

As a result of the aforementioned disposal of SWBI which was principally engaged in the operations of the NBL business, the Group treated such business operations as discontinued operations, which for the six months ended 30 June 2017 recorded net income from its disposal of RMB69.3 million, and for the six months ended 30 June 2016 recorded net profits of RMB10.5 million.

Selling and Distribution Expenses from Continuing Operations

The Group's selling and distribution expenses from continuing operations decreased by approximately 44.2% to RMB9.6 million for the six months ended 30 June 2017 from RMB17.2 million for the six months ended 30 June 2016. This decrease was mainly due to the Group's strategic transformation by reducing marketing expenses of other projects.

General and Administrative Expenses from Continuing Operations

The Group's general and administrative expenses from continuing operations decreased by approximately 20.2% to RMB19.0 million for the six months ended 30 June 2017 from RMB23.8 million for the six months ended 30 June 2016. This decrease was mainly due to the Group's strengthened management of daily expenses.

Other Income from Continuing Operations

The Group's other income from continuing operations decreased by approximately 27.1% to RMB9.7 million for the six months ended 30 June 2017 from RMB13.3 million for the six months ended 30 June 2016. This decrease was mainly due to the decrease of the income generated from purchasing principal-guaranteed and low risk financial products offered by reputable commercial banks and the decrease in subsidies from tax refunds from government agencies.

Other Gains and Losses from Continuing Operations

The Group's other gains and losses from continuing operations increased by approximately 550.0% to net losses of RMB7.8 million for the six months ended 30 June 2017 from the net losses of RMB1.2 million for the six months ended 30 June 2016. The increased losses was mainly due to providing allowances for impairment of trade receivables and other receivables.

Finance Income from Continuing Operations

The Group's net finance income from continuing operations decreased by approximately 60.7% to RMB1.1 million for the six months ended 30 June 2017 from RMB2.8 million for the six months ended 30 June 2016. This decrease was mainly due to the decrease in interest rates of bank deposits leading to a decrease in interest generated.

Profit before Income Tax from Continuing Operations

As a result of the foregoing, the Group's profit before income tax from continuing operations decreased by approximately 69.5% to RMB23.0 million for the six months ended 30 June 2017 from RMB75.5 million for the six months ended 30 June 2016.

Income Tax Expense from Continuing Operations

The Group's income tax expense from continuing operations decreased by approximately 35.4% to RMB12.2 million for the six months ended 30 June 2017 from RMB18.9 million for the six months ended 30 June 2016. This decrease was mainly attributable to the decrease of the profit from the Group's domestic companies involved in continuing operations which needed to pay income tax.

Profits from Continuing Operations

As a result of the foregoing, the Group's profits from continuing operations reduced by 80.9% to RMB10.8 million for the six months ended 30 June 2017 from RMB56.6 million for the six months ended 30 June 2016. Net profit margin decreased to 12.3% for the six months ended 30 June 2017 from 29.3% for the six months ended 30 June 2016.

Profit Attributable to the Group's Owners

As a result of the foregoing, the profit attributable to the Group's owners increased by approximately 19.4% to RMB80.1 million for the six months ended 30 June 2017 from RMB67.1 million for the six months ended 30 June 2016. The Group's net profit margin increased to 90.9% for the six months ended 30 June 2017 from 29.8% for the six months ended 30 June 2016.

Cash Flow

As at 30 June 2017, the Group's cash and cash equivalents amounted to RMB451.1 million compared with that of RMB524.5 million as at 31 December 2016.

Working Capital

The Group's net current assets increased by approximately 4.6% to RMB858.0 million as at 30 June 2017 from RMB819.9 million as at 31 December 2016. The Group maintained a stable net current asset value and working capital at a relatively high level that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total spending on the acquisition of property, plant and equipment amounted to RMB1.0 million for the six months ended 30 June 2017 (For the six months ended 30 June 2016: RMB15.5 million).

CAPITAL STRUCTURE OF THE GROUP

The reorganization of the Company and the subsidiaries of the Company as set out in the prospectus of the Company dated 28 June 2013 (the "**Prospectus**") was completed on 24 June 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 July 2013. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group and as at the date of this 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 2017.

CHARGE ON ASSETS

As at 30 June 2017, there was no charge on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2017, the Company had no material contingent liabilities.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of overallotment option (after deducting the underwriting fees, capitalised professional service fees and related expenses) amounted to approximately RMB635.9 million, which are intended to be applied in the manner as disclosed in the Prospectus in respect of the global offering of its shares. As at 30 June 2017, part of the proceeds was applied as follows:

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

INTERIM DIVIDEND

The Board declared payment of an interim dividend of RMB0.038 per share for the period ended 30 June 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 27 October 2017. It is expected that the interim dividend will be paid on Wednesday, 15 November 2017 in Hong Kong dollars at the spot rate published by The People's Bank of China on 27 October 2017.

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

During the six months ended 30 June 2017, the Company bought back a total of 16,103,000 Shares on the Stock Exchange and the details are set out below:

Trading date	No. of Shares bought back	Price per share or highest price paid $	Lowest price paid $	Total paid $
30 March 2017	258,000	HK$1.82	HK$1.82	HK$469,560
31 March 2017	1,140,000	HK$1.84	HK$1.84	HK$2,097,600
3 April 2017	2,469,000	HK$1.82	HK$1.79	HK$4,452,320
5 April 2017	640,000	HK$1.84	HK$1.83	HK$1,174,720
6 April 2017	718,000	HK$1.83	HK$1.81	HK$1,304,470
7 April 2017	1,126,000	HK$1.82	HK$1.80	HK$2,039,920
10 April 2017	2,670,000	HK$1.82	HK$1.77	HK$4,801,600
12 April 2017	3,845,000	HK$1.72	HK$1.65	HK$6,507,410
28 April 2017	651,000	HK$1.61	HK$1.56	HK$1,023,940
2 May 2017	343,000	HK$1.62	HK$1.59	HK$551,300
4 May 2017	533,000	HK$1.66	HK$1.63	HK$877,190
5 May 2017	576,000	HK$1.65	HK$1.61	HK$935,160
8 May 2017	656,000	HK$1.66	HK$1.63	HK$1,077,940
9 May 2017	478,000	HK$1.66	HK$1.63	HK$787,700
Total:	16,103,000			HK$28,100,830

The said shares of the Company were cancelled on 21 July 2017. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

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 of the Rules Governing the listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Board is of the view that for the six months ended 30 June 2017, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1. Details will be set out below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, is also the president of the Company and is responsible for implementation of the strategic layout of the Group. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Group. Executive Directors and the senior management perform separate duties to assist the chairlady and the president. The Board considers that the structure ensures an effective operation of the Group by exercising consolidated and consistent leadership.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code 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 regarding directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2017.

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 2017.

AUDIT COMMITTEE

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

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

The Audit Committee comprises three members, namely Mr. Wei Kevin Cheng (Chairman), Mr. Jin Guoqiang, and Mr. Ip Kwok On Sammy, all being independent non-executive Directors. Mr. Xu Jiongwei ceased to be a member of the Audit Committee and Mr. Ip Kwok On Sammy was appointed as a member of the Audit Committee with effect from 1 June 2017.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Company. The interim financial results of the Group for the six months ended 30 June 2017 is unaudited but has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, and by the Audit Committee.

The Audit Committee has reviewed together with management of the Company the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017.

CLOSURE OF SHARE REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 24 October 2017 to Friday, 27 October 2017, both days inclusive. During such period, no share transfers will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the office of the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 23 October 2017.

PUBLICATION OF 2017 INTERIM RESULTS AND 2017 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 2017 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, 29 August 2017

As at the date of this announcement, the executive directors of the Company are Ms. Ren Wen, Mr. Zhang Han, Mr. Song Hongfei and Ms. Hao Bin; and the independent non-executive directors of the Company are Mr. Wei Kevin Cheng, Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang.