WISDOM SPORTS GROUP
智美體育集團
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1661)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED RESULTS

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Wisdom Sports Group (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 as follows:

FINANCIAL HIGHLIGHTS

- Net profit attributable to owners of the Group increased by approximately 8.8% to RMB101.6 million for the year ended 31 December 2017 from RMB93.4 million for the year ended 31 December 2016.

- The Board has proposed a payment of final dividend of RMB0.062 per share for the year ended 31 December 2017 to the shareholders. Subject to the approval by the shareholders at the annual general meeting (the "**AGM**") of the Company to be held on Tuesday, 29 May 2018, the proposed final dividend is expected to be paid on Friday, 15 June 2018 to shareholders, whose names appear on the register of members of the Company on Wednesday, 6 June 2018, in Hong Kong dollars at the spot rate published by The People's Bank of China on 6 June 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**2017**	2016
		RMB'000	*RMB'000*
			(restated)
Continuing operations			
Revenue	*4*	**371,463**	410,155
Cost of services		**(240,845)**	(273,636)
Gross profit		**130,618**	136,519
Other income	*5*	**26,113**	33,373
Other (losses)/gains	*6*	**(8,770)**	8,729
Selling and distribution expenses		**(24,532)**	(23,963)
General and administrative expenses		**(51,144)**	(54,829)
Profit from operations		**72,285**	99,829
Share of results of associates		**(2,765)**	235
Share of result of a joint venture		**(1,772)**	3,786
Profit before tax		**67,748**	103,850
Income tax expense	*8*	**(35,460)**	(33,906)
Profit for the year from continuing operations	*9*	**32,288**	69,944
Discontinued operations	*10*		
Profit for the year from discontinued operations		**69,300**	23,419
Profit for the year attributable to owners of the Company		**101,588**	93,363

	Note	2017	2016
		RMB'000	*RMB'000*
			(restated)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value change in available-for-sale financial assets		**(1,890)**	–
Other comprehensive income for the year, net of tax		**(1,890)**	–
Total comprehensive income for the year attributable to owners of the Company		**99,698**	93,363
Earnings per share attributable to owners of the Company	*12*		
From continuing and discontinued operations			
Basic and diluted		**RMB0.06**	RMB0.06
From continuing operations			
Basic and diluted		**RMB0.02**	RMB0.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Note	**2017**	2016
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**20,870**	22,970
Investment properties		**18,212**	19,472
Goodwill		**105**	105
Intangible assets		**8,868**	3,855
Available-for-sale financial assets		**54,850**	39,000
Other receivables		**50,000**	255,069
Investments in associates		**92,271**	5,835
Investment in a joint venture		**–**	31,286
Deferred tax assets		**2,042**	–
Total non-current assets		**247,218**	377,592
Current assets			
Trade receivables	*13*	**172,607**	219,087
Other receivables		**469,301**	107,453
Prepayments and other current assets		**118,829**	119,941
Cash and cash equivalents		**324,434**	524,450
Total current assets		**1,085,171**	970,931
TOTAL ASSETS		**1,332,389**	1,348,523
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**2,454**	2,479
Reserves		**1,210,319**	1,195,001
TOTAL EQUITY		**1,212,773**	1,197,480

	Note	2017	2016
		RMB'000	*RMB'000*
LIABILITIES			
Current liabilities			
Trade payables	*14*	**68,782**	113,285
Other payables and accrued expenses		**18,177**	19,399
Advance from customers		**6,244**	8,637
Income tax payables		**26,413**	9,722
Total current liabilities		**119,616**	151,043
TOTAL LIABILITIES		**119,616**	151,043
TOTAL EQUITY AND LIABILITIES		**1,332,389**	1,348,523
NET CURRENT ASSETS		**965,555**	819,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 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 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 and President 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. 43, Building B, 25 Xiaoyun 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, sports services and advertising program and branding services in the PRC.

These consolidated financial statements are presented in Renminbi ("**RMB**") unless otherwise stated. RMB is also the functional currency of the Company.

The consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2018.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

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

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2017. None of these impact on the accounting policies of the Group.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 *Financial Instruments*	1 January 2018
HKFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Amendments to HKAS 40 *Investment Property: Transfers of investment property*	1 January 2018
HKFRS 16 *Leases*	1 January 2019
HK(IFRIC) 23 *Uncertainty over Income Tax Treatments.*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 9 *Financial Instruments*

HKFRS 9 will replace HKAS 39 *Financial Instruments: Recognition and Measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that existed on that date, the Directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(a) Classification and measurement

The Group expects to irrevocably designate those listed and unlisted equity securities currently classified as available-for-sale as at fair value through other comprehensive income.

Fair value gains and losses on these instruments will no longer be recycled to profit or loss on disposal. Impairment losses on equity securities will no longer be recognised in profit or loss but rather in other comprehensive income. In addition, the Group currently measures certain unlisted equity securities at cost less impairment. Under HKFRS 9 these instruments will be measured at fair value.

(b) Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the assets and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, if the Group were to adopt the new impairment requirements at 31 December 2017, accumulated impairment loss at that date would not be significantly impacted.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18 *Revenue*, which covers revenue arising from sale of goods and rendering of services.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Revenue arising from (i) Events Operation and Marketing (providing marketing services in conjunction with sports-related competitions), (ii) Sports Services (providing services to government, marathon runners and media companies in conjunction with sports-related competitions) and (iii) Advertising Program and Branding (provision of advertising and directing, filming and producing video programs for television stations and program production services) is currently recognised in accordance with the Group's accounting policies.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has been passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Directors are in the process of assessing the potential impacts of HKFRS 15 in respect of the Group's contracts with customers, in particular, the Group's event and sponsorship contracts and advertising service contracts. Upon application of HKFRS 15, the Group is required to identify performance obligations under such contracts and for contracts which contain more than one performance obligation, the total consideration will be allocated to the respective performance obligations based on relative fair values, which may affect the timing and amounts of revenue recognition. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 ***Leases***

HKFRS 16 replaces HKAS 17 *Leases* and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to RMB11,205,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

HK(IFRIC) 23 ***Uncertainty over Income Tax Treatments***

The interpretation of HKAS 12 *Income Taxes* sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. REVENUE

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

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Events sponsorship income	**257,906**	229,323
Sports services income		
– Events organization income	**67,802**	50,266
– Sales of broadcasting rights of events	**29,340**	142
– Individual consumption	**16,415**	15,427
Sales of commercial rights of events		
– Mass sports events	**–**	79,245
Advertising income	**–**	35,752
	371,463	410,155

5. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Continuing operations		
Interest income from principal-protected investments *(note (a))*	**5,796**	6,992
Interest income from other receivables	**10,432**	417
Interest income from short-term bank deposits	**668**	4,269
Government grants *(note (b))*	**8,516**	20,395
Rental income from investment properties	**465**	1,294
Others	**236**	6
	26,113	33,373

Notes:

(a) 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 rates of return range from 2.0% to 4.5% per annum.

(b) The Group benefits from government grants in the form of tax refund from governmental bodies of Fuzhou, Jiangxi Province for the years ended 31 December 2016 and 2017 and Tianjin City for the year ended 31 December 2016 only as a result of their contribution for developing the cultural and media industry in the respective cities.

6. OTHER (LOSSES)/GAINS

	2017	2016
	RMB'000	*RMB'000*
Continuing operations		
Allowance for impairment of trade receivables *(note 13)*	**(6,581)**	(14,099)
Allowance for impairment of other receivables	**(225)**	(327)
Exchange (losses)/gains	**(1,033)**	460
Gain on disposal of a subsidiary	**–**	28,000
Gain on disposal of a joint venture	**1,301**	–
Impairment of available-for-sale financial assets	**(3,260)**	–
Loss on disposal of property, plant and equipment	**–**	(603)
Others	**1,028**	(4,702)
	(8,770)	8,729

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.

In the prior year, the Group had two operating 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 operating division from Events Operation called "Sports Services". 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's segment disclosure has been restated to conform to the current period's presentation. The segment information reported does not include any amounts for the discontinued operations, which are described in more detail in Discontinued Operations (see note 10).

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

Events Operation and Marketing	Providing mainly marketing services in conjunction with sports-related competitions. Types of revenue include corporate sponsorship income and sales of commercial rights of events.
Sports Services	Providing services to government, marathon runners and media companies in conjunction with sports-related competitions. Types of revenue include events organization income, sales of the broadcasting rights of events and individual consumption.
Advertising Program and Branding	Provision of advertising and directing, filming and producing video programs for television stations and program production services. Type of revenue includes advertising income.

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

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

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

No geographical segment information is presented as all the sales and operating 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 segment information provided to the CODM for the reportable segments for the years ended 31 December 2017 and 2016 is as follows:

Year ended 31 December 2017

	Events Operation and Marketing *RMB'000*	**Sports Services** *RMB'000*	**Advertising Program and Branding** *RMB'000*	**Total** *RMB'000*
Revenue				
Events sponsorship income	**257,906**	**–**	**–**	**257,906**
Sports services income				
– Events organization income	**–**	**67,802**	**–**	**67,802**
– Sales of broadcasting rights of events	**–**	**29,340**	**–**	**29,340**
– Individual consumption	**–**	**16,415**	**–**	**16,415**
Total segment revenue	**257,906**	**113,557**	**–**	**371,463**
Cost of services	**(179,565)**	**(61,280)**	**–**	**(240,845)**
Segment results	**78,341**	**52,277**	**–**	**130,618**
Other income				**26,113**
Other losses				**(8,770)**
Selling and distribution expenses				**(24,532)**
General and administrative expenses				**(51,144)**
Share of results of associates				**(2,765)**
Share of result of a joint venture				**(1,772)**
Income tax expense				**(35,460)**
Profit for the year from continuing operations				**32,288**

Year ended 31 December 2016 (restated)

	Events Operation and Marketing *RMB'000*	Sports Services *RMB'000*	Advertising Program and Branding *RMB'000*	Total *RMB'000*
Revenue				
Events sponsorship income	229,323	–	–	229,323
Sports services income	–	–	–	–
– Events organization income	–	50,266	–	50,266
– Sales of broadcasting rights of events	–	142	–	142
– Individual consumption	–	15,427	–	15,427
Sales of commercial rights of events				
– Mass sports events	79,245	–	–	79,245
Advertising income	–	–	35,752	35,752
Total segment revenue	308,568	65,835	35,752	410,155
Cost of services	(204,081)	(40,044)	(29,511)	(273,636)
Segment results	104,487	25,791	6,241	136,519
Other income				33,373
Other gains				8,729
Selling and distribution expenses				(23,963)
General and administrative expenses				(54,829)
Share of results of associates				235
Share of result of a joint venture				3,786
Income tax expense				(33,906)
Profit for the year from continuing operations				69,944

Revenue from major customer(s):

Revenue from customer(s) in relation to continuing operations contributing over 10% of the total revenue of the Group is as follows:

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Customer A	**64,398**	59,838

The revenue was generated from Events Operation and Marketing segment.

8. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Current tax		
Provision for the year – the PRC	**37,938**	33,906
Over-provision in prior years	**(436)**	–
	37,502	33,906
Deferred tax	**(2,042)**	–
	35,460	33,906

No provision for Hong Kong Profits Tax at a rate of 16.5% (2016: 16.5%) was required since the Group had no assessable profits for the years ended 31 December 2016 and 2017.

PRC Corporate Income Tax has been provided at a rate of 25% (2016: 25%).

Pursuant to the PRC law on Corporate Income Tax, 10% withholding income tax will be levied on foreign investors for dividend distribution 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.

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.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the respective applicable tax rate relating to continuing operations is as follows:

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Profit before tax	**67,748**	103,850
Tax at the respective applicable tax rates	**18,531**	25,962
Tax effect of share of results of associates	**691**	(59)
Tax effect of share of result of a joint ventures	**443**	(946)
Tax effect of income that is not taxable	**(1,739)**	–
Tax effect of expenses that is not deductible	**3,016**	2,060
Net tax effect of temporary differences not recognised	**(473)**	3,606
Tax effect of tax losses not recognised	**7,427**	3,283
Withholding tax	**8,000**	–
Over-provision in prior years	**(436)**	–
Income tax expense	**35,460**	33,906

9. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's profit for the year is stated after charging the following:

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Amortisation of intangible assets	**3,268**	637
Depreciation of property, plant and equipment	**3,053**	3,568
Depreciation of investment properties	**1,260**	1,260
Loss on disposals of property, plant and equipment *(note 6)*	**–**	603
Operating lease charges		
– Office premises	**7,389**	10,638
Staff costs		
– Salaries, bonuses and allowances	**22,644**	34,414
– Retirement benefits scheme contributions	**4,271**	9,853
– Share-based payments	**1,203**	1,948
Auditor's remuneration	**5,600**	2,550
Allowance for impairment of trade receivables *(note 13)*	**6,581**	14,099
Allowance for impairment of other receivables	**225**	327
Impairment of available-for-sale financial assets *(note 6)*	**3,260**	–

10. DISCONTINUED OPERATIONS

In 2016, the Group entered into an agreement with Beijing Enbiou Sports Management Co., Ltd. ("**NBL Company**") to obtain the exclusive commercial right of 2016-2019 National Men's Basketball League ("**NBL**") from 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 operations.

	2017	2016
	RMB'000	*RMB'000*
Profit for the year of NBL event operation	**–**	23,419
Gain on disposal of NBL event operation	**69,300**	–
	69,300	23,419

Profit for the year from discontinued operations:

	2017	2016
	RMB'000	*RMB'000*
Revenue	**–**	70,755
Cost of services	**–**	(33,981)
Gross profit	**–**	36,774
Selling and distribution expenses	**–**	(2,535)
General and administrative expenses	**–**	(3,013)
Profit before tax	**–**	31,226
Income tax expense	**–**	(7,807)
Gain on disposal	**92,400**	–
Income tax expense	**(23,100)**	–
Profit for the year from discontinued operations (attributable to owners of the Company)	**69,300**	23,419

Profit for the year from discontinued operations include the following:

	2017	2016
	RMB'000	*RMB'000*
Staff costs		
– Salaries, bonuses and allowances	**–**	1,168
– Retirement benefits scheme contributions	**–**	238
Operating lease charges		
– Office premises	**–**	1,807
Cash flows from discontinued operations:		
Net cash inflows from operating activities	**–**	27,019
Net cash inflows	**–**	27,019

Net assets at the date of disposal were as follows:

Trade receivables	**10,000**	–
Cash and cash equivalents	**20,000**	–
Other receivables	**3,600**	–
Trade payables	**(10,000)**	–
Net assets disposed of	**23,600**	–
Gain on disposal	**92,400**	–
Total consideration	**116,000**	–
Total consideration		
– satisfied by cash	**75,400**	–
– consideration receivable	**40,600**	–
	116,000	–
Net cash inflow arising on disposal:		
Cash consideration received	**75,400**	
Cash and cash equivalents disposed of	**(20,000)**	
	55,400	–

11. DIVIDENDS

On 29 August 2017, the Board declared the payment of an interim dividend of RMB0.038 (2016: Nil) per share, amounting to a total dividend of approximately RMB60,532,000, for the period ended 30 June 2017 to the shareholders whose names appeared on the register of members of the Company on 27 October 2017.

A dividend in respect of the year ended 31 December 2017 of RMB0.062 (2016: Nil) per share, amounting to a total dividend of approximately RMB98,762,000, is to be proposed for approval by the Company's shareholders at the forthcoming annual general meeting in 2018. These consolidated financial statements do not reflect this dividend payable.

12. EARNINGS PER SHARE

(a) From continuing and discontinued operations

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

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	**101,588**	93,363

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**1,597,434**	1,609,045

(b) From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following:

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share from continuing and discontinued operations for the year	**101,588**	93,363
Earnings for the year from discontinued operations	**(69,300)**	(23,419)
Earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	**32,288**	69,944

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same.

(c) **From discontinued operations**

Basic and diluted earnings per share from the discontinued operations for the year ended 31 December 2017 is RMB0.04 per share (year ended 31 December 2016: RMB0.02 per share), based on the profit for the year ended 31 December 2017 from discontinued operations attributable to owners of the Company of approximately RMB69,300,000 (year ended 31 December 2016: RMB23,419,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the years ended 31 December 2016 and 2017.

13. TRADE RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**193,287**	233,186
Allowance for impairment of trade receivables	**(20,680)**	(14,099)
	172,607	219,087

The Group generally allows an average credit period of 180 days (2016: 180 days) for its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The following is an aging analysis of trade receivables, net of allowance for impairment of trade receivables presented based on the revenue recognition dates.

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**32,590**	89,213
1 to 3 months	**65,410**	42,475
4 to 6 months	**59,680**	36,652
7 to 12 months	**3,420**	7,483
1 to 2 years	**3,000**	39,264
Over 2 years	**8,507**	4,000
	172,607	219,087

As at 31 December 2017, an aggregate allowance was made for estimated irrecoverable trade receivables of RMB20,680,000 (2016: RMB14,099,000).

Reconciliation of allowance for impairment of trade receivables:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**14,099**	–
Allowance for the year	**6,581**	14,099
At 31 December	**20,680**	14,099

The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult financial situations. Amounts charged to the allowance account are generally written back when there is evidence of recovering additional cash.

As of 31 December 2017, trade receivables of RMB14,927,000 (2016: RMB50,747,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The Group does not hold any collateral over these balances. The aging analysis of these trade receivables past due but not impaired is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**–**	7,483
1 to 3 months	**3,420**	–
7 to 12 months	**–**	39,264
1 to 2 years	**3,000**	4,000
Over 2 years	**8,507**	–
	14,927	50,747

The carrying amounts of trade receivables are all denominated in RMB.

14. TRADE PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**68,782**	113,285

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. An aging analysis of trade payables based on the invoice dates is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**19,215**	65,011
1 to 3 months	**6,400**	9,995
4 to 6 months	**6,027**	16,908
7 to 12 months	**425**	13,486
Over 12 months	**36,715**	7,885
	68,782	113,285

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

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

In 2017, there was deepening reform in China's sports industry. National fitness, being a major component of the sports industry, also embraced a more prosperous atmosphere with the introduction of a series of new measures. The national fitness public service system that covered urban and rural areas showed gradual improvement while the development landscape of national fitness, which was spearheaded by the government with the cooperation of different departments and engagement of the public, was gradually taking shape.

In recent years, among various sports, running, which is represented by marathons, is irreplaceable in terms of its leading role and influence in promoting national fitness and facilitating the building of a "Healthy China". A promising development model involving governmental guidance, social participation and market operation has been formed gradually, driving rapid development of the marathon industry. 720,000 employees were directly employed and 2 million employees were indirectly employed in the industry, while the total scale of the industry amounted to RMB70 billion for the year, representing a year-on-year increase of 20%. Marathons and related events organised within the People's Republic of China (the "**PRC**") covered 234 cities in 31 provinces, regions and municipalities (including Tibet Autonomous Region) and attracted about 5 million participants, showing significant growth in both the number of events and participants.

The Group continued to be a leading marathon events operator in 2017, hosting half of the large-scale marathon events in provincial-level cities and first-tier cities which involved more than 10,000 participants, thus continuing to maintain a leading position in the development of the marathon industry.

With the increasing number of participants and events, Wisdom also continued to put great efforts into building its event brand culture and improving its levels of service in operation in the marathon industry. In particular, IP marathon series such as "Running in China" were officially launched. "Running in China" marathon series, a national-level IP jointly hosted by the China Central Television (CCTV) and Chinese Athletic Association, was organised by Wisdom on an exclusive basis. A total of 16 events were held in 2017, of which the events featuring the theme of "Red Journey" were held at 8 locations, namely Shanghai, Zunyi, Yan'an, Jilin, Beijing, Xiangyang, Nanchang and Changsha; while those featuring the theme of "Reform and Opening-Up" were held at another 8 locations, namely Kunming, Shenyang, Nanjing, Hangzhou, Qingdao, Fangchenggang, Guangzhou and Shenzhen. The number of people who signed up to the events exceeded 1 million and the total number of participants exceeded 400,000.

Under the "Running in China" IP marathon series, events were no longer organised alone. Some events in second and third-tier cities as well as those branded events including the Guangzhou Marathon and Beijing Marathon would be organised under the same series, which could effectively enhance social participation and market recognition of these events and thus enlivened the local marathon market. The event series also launched a bonus point system and provided big cash prizes as an incentive to ordinary runners with a view to offering the public more channels to experience glory and success from running as well as arousing and reinforcing their passion for and "loyalty" to running. As quoted from the news report published by Xinhua News Agency, "The aspiration of the Chinese people for a happy life has never changed. We make use of 'Running in China' to further arouse this spirit and aspiration and use sports event as a vehicle to bring them together, as well as put into practice and promote over cultural and national pride. The 'Running in China' marathon series is not only about fulfilling our social responsibility and mission but also about nurturing local sports cultural elements and developing original event brands".

The report of the 19th National Congress of the Communist Party of China stated that in order to develop socialism with Chinese characteristics, we must consciously adhere to the stance of Chinese culture and base our effort on the reality of today's China with reference to the conditions of the modern era and persistence in creative transformation and innovative development. The "Running in China" marathon series is now on its road to creative transformation and innovative development and has opened up a new path for the development of original event brands with Chinese sports cultural elements. The 2017 season of "Running in China" was approved and recognized by the national leaders, Publicity Department of the Central Committee of the Communist Party of China and General Administration of Sports of China and was described as one of the Top 10 Sports News stories of China in 2017 by the CCTV.

During the 2017 Annual China Marathon Gala, events organised by the Group received 25 medals in total, among which, 11 events were named Gold medal events. The Group was also honored with the "China Marathon Promotion Contribution Award" for two consecutive years. During the six years between 2012 and 2017, the number of marathon events which were awarded gold, silver and bronze medals in China increased year-on-year, of which the Group's events accounted for 25% with 11 gold medal events. In 2017, the Group successfully hosted the "16th Asian Marathon Championships and Dongguan International Marathon 2017", which was the best example of the highest-grade Asian marathon event organised in China. In conclusion, the Group would continue to play a leading role in the marathon industry of the PRC.

In 2017, the Group successfully completed the upgrade of regulation documents for six major systems, namely (i) event management; (ii) marketing management; (iii) financial management; (iv) human resources management; (v) legal and internal control management; and (vi) administration management. A total of 513 sets of management documents were upgraded and updated. The information management platform of the Company was launched successfully and the model of "two-dimensional event management" was established. The comprehensive upgrade of the management system marked the beginning of scientific management of the Company. The event management manual formulated by the Group has obtained the ISO9001 certification, which will be an important management standard to guide the organisation of marathon events of the Group in the future.

The Group's operating strategy for 2018 will focus on "Sports + Technology + Internet". Following the implementation and maturation of the two national-level projects, namely "Running in China" and "National Fitness Project in Smart Cities" hosted by the Group, the Group will make further strenuous efforts in the national fitness industry, with an aim to establish industry standards and optimise the standard of event operation, and expand into the events operation and marketing and sports services segments through collaboration in multi-product development, so as to raise people's interests in sports and promote thriving development of individual consumer market. Leveraging on its capital advantages, the Group will step up its efforts in investment, merger and acquisition of enterprises along the industrial chain. The Group will further focus on the recruitment of high caliber management, with a view to maintaining the Group's leading position in the sports, national fitness and running industry, so as to achieve leaping development.

Wisdom has developed an online service platform for national fitness in joint efforts with various cities. With a view to serving citizens who participate in national fitness and sports events such as marathons, the platform provides daily analysis on workout data, as well as proposals for healthy diet and scientific workout, with an aim to connect sports enthusiasts with sports and the Internet, so as to raise enthusiasm of the general public towards sports through motivation and comparison and help them develop a good habit of scientific workout. Leveraging the effect of technology on the sports industry, it is expected that the added value and intrinsic value of the sports industry will be enhanced.

BUSINESS REVIEW

Events Operation and Marketing

The events operation and marketing segment is responsible for organizing large-scale sports events and other activities. The revenue of which was generated mainly from brand advertisers' title sponsorship fees, sponsorship fees and advertising fees obtained through events marketing.

In 2017, the Group successfully launched the "Running in China" marathon series. The two major series "Red Journey" and "Reform and Opening-up" of the 2017 "Running in China" marathon series were successfully launched with 16 events in total, including the "2017 Shanghai Chongming International Marathon", the "2017 Hangzhou International Marathon", the "2017 Nanchang International Marathon", the "2017 Changsha International Marathon", the "2017 Guangzhou International Marathon", the "2017 Shenzhen International Marathon", etc. In addition, the Group also successfully organized the "16th Asian Marathon Championships and Dongguan International Marathon 2017" and municipal marathon events, including the "2017 Changchun International Marathon", the "2017 Rongcheng Coast International Marathon" and the "2017 Changde International Marathon".

The Group upgraded its marathon sponsor services comprehensively to initiate a new mode of sponsorship services for the sports IP industry chain by linking the sponsorship services of the entire marathon industry chain prior to, during and after the marathon event through combining the five key elements of marathon events perfectly, namely the (i) host; (ii) carrier; (iii) media; (iv) derivative of the event; and (v) event itself.

The Group made further efforts in clientele development in the marketing segment, with a total of 668 clients developed and 77 clients added for cooperation across 31 industries throughout the year, representing a year-on-year increase of 130% in the number of clients. 27 clients including FAW-Volkswagen Sales Co., Ltd., China Vanke Co., Ltd., Nongfu Spring Co., Ltd., Xiamen Xtep Investment Company Co., Ltd., China Taiping Insurance Group Limited and Huarong Xiangjiang Bank Corporation Limited, covering automobile, real estate, insurance, fast-moving consumer goods, finance and other industries, have cooperated with the Group on a number of occasions.

Sports Services

Sports services 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 targeting at the government procurement market and mass sports consumer market, including areas such as government procurement services, mass consumption, sports tourism, sports training, and sports programming rights.

With the launch of national health policies, local governments have invested more resources in sports and nationwide fitness in order to provide a more diversified sports and health platform for the general public, with marathon being one of the important projects of government procurement services. A marathon event is an overall assessment of the local politics, economy, society and comprehensive governance capacity, as well as a great promotion channel to spread the name of the city and attract foreign investment. The hosting of large-scale marathon events by the local governments not only further satisfied the needs of the public to pursue a happy life, but was also a good opportunity for promoting the history, culture and outstanding classic events of that city, which would build a positive and energetic image of the city.

Apart from live broadcast on the CCTV, the Group also broadcasted its events on a new media platform through the internet in 2017, which improved the spread of influence of such events and was an effective attempt at generating revenue from the copyright on internet and new media platform at the same time. In 2017, the Group continued to build up the sports consumer base and upgraded its sports services by rolling out new sports services and products. Marathon tourism products were developed in collaboration with foreign high-quality marathon events while marathon training camps were organised in conjunction with local marathon events. The Group also made an effective attempt in the individual consumption sector. Products such as exclusive badges, stylish marathon timers, exclusive number labels and special marathon medals have further promoted the upgrade of services provided to running enthusiasts. Participants were therefore able to enjoy a better experience from marathon events and a diversified product platform was developed with revenue generated from individual consumers at such events.

OUTLOOK OF INDUSTRY AND THE GROUP

The "Smart City National Fitness Development Alliance" (hereinafter referred to as the "**Alliance**") represented another strenuous effort made by the Group for the upgrade of national fitness industry. The founders of the Alliance are China Center for Urban Development of the National Development and Reform Commission ("**NDRC**") and the Group. China Center for Urban Development of the NDRC served as the president and the Group served as the vice president and secretary general. Members of the Alliance included smart cities in China, enterprises and institutions, scientific research institutions and specialists.

The Alliance is committed to fully implementing the requirement of the national strategy regarding nationwide fitness, by establishing standards for national fitness system in smart cities, organising systematic assessment and up-to-standard evaluation of national fitness system in smart cities, and pushing ahead with the establishment and application of national fitness system in smart cities. The Alliance will establish standards for the development of national fitness in smart cities, organise different "intelligent sports events", build access to "smart venues" nationwide and regulate the contents of "smart sports service", with a view to formulating regulations for the development of national fitness in smart cities and achieving scientific development.

In 2018, the Group will complete the establishment of a "national fitness platform in smart cities" pursuant to the development plan for national fitness in smart cities and organise 30 "smart marathon" events. The main objective of the public service platform for national fitness is to integrate data, technologies and businesses to extend the application of big data of smart cities in areas such as venue, event, training, etc., so as to make scientific decisions and provide tailored services from training and roll-call to medical aid. This can be achieved through the national fitness service platform by processing the data collected from various central systems in the smart cities in respect of social insurance, education, medical and others. It is believed that the enhanced use of artificial intelligence as health and fitness assistant will help the public to see "intelligence" in a new light.

2018 is the second year of the "Running in China" marathon series. The Group plans to hold 30 events for the "Running in China" marathon series under three main themes, namely "Beautiful China", "One Belt, One Road" and "Carry the Reform Through to the End". The purpose of these three themes is to celebrate the great achievement of the 40th anniversary of the reform and opening-up of China, decode the importance of the national development strategy of "One Belt, One Road" in the new era and demonstrate the happy life of people in "Beautiful China" under the guidance of the Central Committee of the Communist Party. The "Running in China" marathon series has put into practice the supply-side reform of the sports industry, further tightened the marathon industry standards, improved the quality of marathon events, promoted the development of the marathon industry and promoted the building of a marathon culture. As such, the "Running in China" marathon series has become one of the most popular and most influential brand events in China, vigorously promoted the building of a "Powerful Sports Nation" and "Healthy China" and will be the key project for long-term development of the Group in the future.

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 operating division from Events Operation called "Sports Services". Subsequent to the change of the internal reporting structure, the Group has three reportable operating segments, which are (a) Events Operation and Marketing: providing mainly 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, marathon runners and media companies in conjunction with sports-related competition. Types of revenue include events organization income, sales of the broadcasting rights of events and individual consumption; and (c) Advertising Program and Branding: provision of advertising and directing, filming and producing video programs for television stations and program production services Type of revenue includes advertising income. Prior period's segment disclosure has been restated to conform to the current period's presentation.

Revenue from Continuing Operations

The Group's revenue from continuing operations decreased by approximately 9.4% to RMB371.5 million for the year ended 31 December 2017 from RMB410.2 million for the year ended 31 December 2016. The decrease in revenue was 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 with no operation of mass sports events; and (ii) no revenue from Advertising Program and Branding in 2017 due to the Group's adjustment in strategy. Details by reportable segments are as follows:

- Revenue from Events Operation and Marketing decreased by approximately 16.4% to RMB257.9 million for the year ended 31 December 2017 from RMB308.6 million for the year ended 31 December 2016. Of which, (i) the operation and marketing revenue of events primarily relating to marathons increased by approximately 12.5% to RMB257.9 million for the year ended 31 December 2017 from RMB229.3 million for the year ended 31 December 2016, with the increase mainly due to the increase in marathon events operated; and (ii) there was no operations and marketing revenue generated from mass sports event for the year ended 31 December 2017 while the revenue was RMB79.2 million for the year ended 31 December 2016, with the decrease mainly due to the Group's focus on operating marathon projects and no operation of mass sports events in this period;

- Revenue of Sports Services increased by approximately 72.6% to RMB113.6 million for the year ended 31 December 2017 from RMB65.8 million for the year ended 31 December 2016, with the increase mainly due to the increase in number of marathon events operated;

- As of the year ended 31 December 2017, there is no revenue from Advertising Program and Branding, while for the year ended 31 December 2016, the respective revenue was RMB35.8 million, with the change mainly due to the Group's adjustment in strategy.

Cost of Services from Continuing Operations

The Group's cost of services from continuing operations decreased by approximately 12.0% to RMB240.8 million for the year ended 31 December 2017 from RMB273.6 million for the year ended 31 December 2016. The decrease in costs was mainly due to (i) strengthened cost control; and (ii) decreasing costs of other projects as a result of focus on operating marathon project. Details are as follows:

- Cost of services for Events Operation and Marketing decreased by approximately 12.0% to RMB179.6 million for the year ended 31 December 2017 from RMB204.1 million for the year ended 31 December 2016. Of which, (i) the costs of operation and marketing of events primarily relating to marathons decreased by approximately 3.3% to RMB179.6 million for the year ended 31 December 2017 from RMB185.8 million for the year ended 31 December 2016, with the decrease mainly due to strengthened cost control, and a substantial decrease in events operating costs due to the costs advantages achieved as events reach a significant scale; and (ii) there was no costs of mass sports events incurred for the year ended 31 December 2017 while RMB18.3 million was incurred for the year ended 31 December 2016, with the decrease mainly due to the Group's focus on operating marathon projects in this period;

- Cost of services for Sports Services increased by approximately 53.3% to RMB61.3 million for the year ended 31 December 2017 from RMB40.0 million for the year ended 31 December 2016, due to the increase in number of marathon events organised;

- As the Group commenced focusing on operating marathon projects in 2017, no service costs of Advertising Program and Branding were recorded for the year ended 31 December 2017, while for the year ended 31 December 2016, the respective costs were RMB29.5 million.

Gross Profit and Gross Profit Margin from Continuing Operations

As a result of the aforementioned factors, the Group's gross profit from continuing operations decreased by approximately 4.3% to RMB130.6 million for the year ended 31 December 2017 from RMB136.5 million for the year ended 31 December 2016. However, the gross profit margin from continuing operations increased to approximately 35.2% for the year ended 31 December 2017 from 33.3% for the year ended 31 December 2016. The decrease of the gross profit was mainly due to the decrease in the gross profit from other businesses as a result of Wisdom's focus on operating marathons. The increase in the gross profit margin was mainly due to larger contribution from marathon business with higher gross profit margin. Details are as follows:

- As a result of the foregoing changes in revenue and cost of services from Events Operation and Marketing, the gross profit for Events Operation and Marketing decreased by approximately 25.1% to RMB78.3 million for the year ended 31 December 2017 from RMB104.5 million for the year ended 31 December 2016. Of which, (i) gross profit from the operations and marketing of marathon events increased by approximately 80.0% to RMB78.3 million for the year ended 31 December 2017 from approximately RMB43.5 million for the year ended 31 December 2016, with the increase in gross profit mainly due to the increase in marathon events operated and the strengthened cost control; and (ii) there was no gross profit from the operations and marketing of mass sports events for the year ended 31 December 2017 while RMB61.0 million was recognised for the year ended 31 December 2016, with the decrease mainly due to the Group's adjustment of strategy to focus on operating marathon events. The gross profit margin for Events Operation and Marketing decreased to 30.4% for the year ended 31 December 2017 from 33.9% for the year ended 31 December 2016. The decrease in gross profit margin was primarily due to focusing on operation of the marathon business which has better prospects and temporarily dropping traditional mass sports events;

- As a result of the foregoing changes in revenue and cost of services for Sports Services, the gross profit for Sports Services increased by approximately 102.7% to RMB52.3 million for the year ended 31 December 2017 from RMB25.8 million for the year ended 31 December 2016. Gross margin increased to 46.0% for the year ended 31 December 2017 from 39.2% for the year ended 31 December 2016. The increase in gross profit and gross margin was primarily due to the significant increase in revenue resulting from the increase in number of marathon events organized; and

- As a result of the foregoing changes in revenue and cost of services for Advertising Program and Branding, there was no gross profit for Advertising Program and Branding for the year ended 31 December 2017 while RMB6.2 million was recognised for the year ended 31 December 2016. Nil gross profit margin was recognised for the year ended 31 December 2017 from 17.5% for the year ended 31 December 2016.

Profits from Discontinued Operations

As a result of the disposal of SWBI which was principally engaged in the operations of the NBL business mentioned in note 10 of "Notes to the Consolidated Financial Statements", the Group treated such business operations as discontinued operations, which for the year ended 31 December 2016 recorded net profit of RMB23.4 million. Net profit of RMB69.3 million was recognised for the year ended 31 December 2017 which arose was solely from the disposal.

Selling and Distribution Expenses from Continuing Operations

The Group's selling and distribution expenses from continuing operations increased by approximately 2.1% to RMB24.5 million for the year ended 31 December 2017 from RMB24.0 million for the year ended 31 December 2016. This increase was mainly due to the increase in the relevant marketing expenses for the purpose of enhancing the Group's brand influence.

General and Administrative Expenses from Continuing Operations

The Group's general and administrative expenses from continuing operations decreased by approximately 6.8% to RMB51.1 million for the year ended 31 December 2017 from RMB54.8 million for the year ended 31 December 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 21.9% to RMB26.1 million for the year ended 31 December 2017 from RMB33.4 million for the year ended 31 December 2016. This decrease was mainly due to the the decrease in subsidies from tax refunds from government bodies.

Other (Losses)/Gains from Continuing Operations

The Group's other (losses)/gains from continuing operations decreased by approximately 201.1% to net losses of RMB8.8 million for the year ended 31 December 2017 from the net gains of RMB8.7 million for the year ended 31 December 2016. The decrease was mainly due to the gains from disposal of a subsidiary in 2016.

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 the options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group. As at the date of this announcement, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the year ended 31 December 2017.

CHARGE ON ASSETS

As at 31 December 2017, there was no charge on the Group's assets.

CONTINGENT LIABILITIES

As at 31 December 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 over-allotment option (after deducting the underwriting fees, capitalized 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 31 December 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.

DIVIDENDS

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 appeared on the register of members of the Company on Friday, 27 October 2017. The interim dividend was 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.

The Board has proposed a payment of final dividend of RMB0.062 per share for the year ended 31 December 2017 to the shareholders. Subject to the approval by the shareholders at the AGM of the Company to be held on Tuesday, 29 May 2018, the proposed final dividend is expected to be paid on Friday, 15 June 2018 to shareholders, whose names appear on the register of members of the Company on Wednesday, 6 June 2018, in Hong Kong dollars at the spot rate published by The People's Bank of China on 6 June 2018.

CLOSURE OF SHARE REGISTER OF MEMBERS

The AGM is expected to be held on Tuesday, 29 May 2018. In order to determine the shareholders who will be qualified for attending and voting at the AGM, the register of members of the Company will be closed from Thursday, 24 May 2018, to Tuesday, 29 May 2018, both days inclusive. All completed transfer documents together with the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 23 May 2018 for registration.

The record date for entitlement of the proposed final dividend is Wednesday, 6 June 2018. For determining the entitlement to the proposed final dividend (if approved at the AGM), the register of members of the Company will be closed from Monday, 4 June 2018 to Wednesday, 6 June 2018, both days inclusive. During such period, no share transfers will be effected. In order to qualify for the proposed final dividend, all transfer documents together with the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 1 June 2018 for registration. It is expected that the final dividend will be paid on Friday, 15 June 2018 in Hong Kong Dollars at the spot rate published by The People's Bank of China on Wednesday, 6 June 2018.

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

For the year ended 31 December 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 HK$	Lowest price paid HK$	Total paid HK$
30 March 2017	258,000	1.82	1.82	469,560
31 March 2017	1,140,000	1.84	1.84	2,097,600
3 April 2017	2,469,000	1.82	1.79	4,452,320
5 April 2017	640,000	1.84	1.83	1,174,720
6 April 2017	718,000	1.83	1.81	1,304,470
7 April 2017	1,126,000	1.82	1.80	2,039,920
10 April 2017	2,670,000	1.82	1.77	4,801,600
12 April 2017	3,845,000	1.72	1.65	6,507,410
28 April 2017	651,000	1.61	1.56	1,023,940
2 May 2017	343,000	1.62	1.59	551,300
4 May 2017	533,000	1.66	1.63	877,190
5 May 2017	576,000	1.65	1.61	935,160
8 May 2017	656,000	1.66	1.63	1,077,940
9 May 2017	478,000	1.66	1.63	787,700
Total:	16,103,000			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 year ended 31 December 2017.

CORPORATE GOVERNANCE CODE

The Company has applied the principles/code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Board is of the view that for the year ended 31 December 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 are 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 the 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 Transaction 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 with all Directors, all Directors confirmed that they have complied with the Model Code for the year ended 31 December 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 for the year ended 31 December 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 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. 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. Mr. Wei Kevin Cheng ceased to be the chairman of the Audit Committee and Mr. Chen Zhijian was appointed as the chairman of the Audit Committee with effect from 15 February 2018.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Company.

The Audit Committee has reviewed together with management the audited consolidated annual results of the Group for the year ended 31 December 2017 and considers that the results are in compliance with generally accepted accounting principles as well as laws and regulations.

AUDITOR

Deloitte Touche Tohmatsu has resigned with effect from 15 February 2018 as the auditor of the Company. RSM Hong Kong has been subsequently appointed as the auditor of the Company with effect from 15 February 2018 to fill the vacancy immediately arising from the resignation of Deloitte Touche Tohmatsu and to hold office until the conclusion of the forthcoming AGM of the Company. For details, please refer to the Company's announcement dated 15 February 2018.

A resolution for the re-appointment of RSM Hong Kong as the auditor of the Company will be proposed at the forthcoming AGM.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since 31 December 2017 and up to the date of this announcement which the Board is aware of.

PUBLIC FLOAT

Based on the information that is available to the Company and to the best knowledge and belief of the Board, the Company has maintained at least 25% of the Company's total number of issued shares held by the public for the year ended 31 December 2017 and as at the date of this announcement.

PUBLICATION OF 2017 ANNUAL RESULTS AND 2017 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.wisdomsports.com.cn), and the 2017 Annual Report containing all the information required by the Listing Rules will be dispatched 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, 28 March 2018

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. Chen Zhijian, Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang.