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WISDOM SPORTS GROUP

智美體育集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1661)

**INTERIM RESULTS ANNOUNCEMENT FOR THE
SIX MONTHS ENDED 30 JUNE 2022**

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 2022, together with the comparative figures for the corresponding period in 2021.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	4	897	1,238
Cost of services		<u>(638)</u>	<u>(1,223)</u>
Gross profit		259	15
Other income	5	2,301	8,097
Other losses	6	(12,648)	(15,550)
Selling and distribution expenses		(1,092)	(1,696)
General and administrative expenses		<u>(13,162)</u>	<u>(15,374)</u>
Loss from operations		(24,342)	(24,508)
Finance cost		(2)	–
Share of results of associates		<u>(1,257)</u>	<u>267</u>
Loss before tax		(25,601)	(24,241)
Income tax (expense)/credit	8	<u>(6,501)</u>	<u>2,898</u>
Loss for the period	9	<u>(32,102)</u>	<u>(21,343)</u>
Attributable to:			
Owners of the Company		(32,084)	(21,308)
Non-controlling interests		<u>(18)</u>	<u>(35)</u>
		<u>(32,102)</u>	<u>(21,343)</u>

	Six months ended 30 June	
	2022	2021
<i>Note</i>	RMB'000	RMB'000
	(unaudited)	(unaudited)
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss:</i>		
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	(10)	16,259
<i>Item that may be reclassified to profit or loss:</i>		
Share of other comprehensive income of an associate	–	(492)
Other comprehensive income for the period, net of tax	(10)	15,767
Total comprehensive income for the period	(32,112)	(5,576)
Attributable to:		
Owners of the Company	(32,094)	(5,541)
Non-controlling interests	(18)	(35)
	(32,112)	(5,576)
Loss per share attributable to owners of the Company	<i>11</i>	
Basic and diluted	RMB(0.02)	RMB(0.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	<i>Note</i>	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		42,116	48,609
Investment properties		8,810	8,810
Intangible assets		2,086	2,401
Financial assets at fair value through other comprehensive income		62,919	61,856
Other receivables		10,000	60,000
Investments in associates		35,834	39,464
Deferred tax assets		6,720	6,720
Other non-current asset		<u>15,282</u>	<u>13,000</u>
Total non-current assets		<u>183,767</u>	<u>240,860</u>
Current assets			
Inventories		2,150	2,184
Financial assets at fair value through profit or loss		48,574	59,356
Trade receivables	12	2,072	1,700
Other receivables		128,962	111,233
Prepayments and other current assets		50,366	43,819
Cash and cash equivalents		<u>138,583</u>	<u>127,443</u>
Total current assets		<u>370,707</u>	<u>345,735</u>
TOTAL ASSETS		<u>554,474</u>	<u>586,595</u>

	30 June 2022	31 December 2021
<i>Note</i>	RMB'000 (unaudited)	RMB'000 (audited)
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	2,454	2,454
Reserves	<u>500,456</u>	<u>532,533</u>
	502,910	534,987
Non-controlling interests	<u>(687)</u>	<u>(652)</u>
TOTAL EQUITY	<u>502,223</u>	<u>534,335</u>
LIABILITIES		
Current liabilities		
Trade payables	13 4,888	4,888
Other payables and accrued expenses	19,546	20,265
Contract liabilities	2,127	2,127
Income tax payables	<u>25,690</u>	<u>24,980</u>
Total current liabilities	<u>52,251</u>	<u>52,260</u>
TOTAL LIABILITIES	<u>52,251</u>	<u>52,260</u>
TOTAL EQUITY AND LIABILITIES	<u><u>554,474</u></u>	<u><u>586,595</u></u>
NET CURRENT ASSETS	<u><u>318,456</u></u>	<u><u>293,475</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION

This interim financial information is unaudited and has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). It was authorised for issue on 30 August 2022.

This interim financial information should be read in conjunction with the 2021 annual financial statements, which were prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) (including all HKFRSs, HKASs and Interpretations). The accounting policies (including the critical judgements made by the Directors in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2021.

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

The accounting policies applied in this interim financial information are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021. In the current interim period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective from 1 January 2022 but these developments do not have a material effect on this interim financial information.

A number of new HKFRSs and amendments to HKFRSs is effective from 1 January 2022 and earlier application is permitted. The Group has not early adopted any new HKFRSs or amendments to HKFRSs that are not effective for the current interim period.

4. REVENUE

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Events operation and marketing income	453	835
Sports services income	444	403
	<u>897</u>	<u>1,238</u>
	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Timing of revenue recognition		
– At a point in time	569	982
– Over time	328	256
	<u>897</u>	<u>1,238</u>

Except for rental income from equipment under operating leases within sports services having revenue recognised over time covering the periods of sports-related competitions and other events, revenue recognised at a point in time for the six months ended 30 June 2022 comprises income generated from sports-related competitions by the provision of events operation and marketing services, and all other sports services when the competitions are held (2021: sports services).

5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income from treasury products (<i>note (a)</i>)	431	2,193
Interest income from loans to companies	1,429	1,457
Interest income from fund investment in a partnership	–	1,188
Interest income from short-term bank deposits	187	20
Interest income from consideration receivable upon disposal of a listed equity security under financial assets at fair value through other comprehensive income	–	552
Dividend income from an unlisted equity security under financial assets at fair value through other comprehensive income	–	2,488
Government grant (<i>note (b)</i>)	96	–
Rental income	143	163
Others	15	36
	<u>2,301</u>	<u>8,097</u>

Notes:

- (a) The Group invested in treasury products issued by financial institutions in the PRC. The investments are denominated in RMB and with maturity periods within six months. The rates of return range from 2.46% to 7.5% per annum (2021: 2.7% to 8.6% per annum).
- (b) Government grant represents the wage subsidy received under Employment Support Scheme in Hong Kong as a time-limited compensation for expenses incurred without unfulfilled conditions during the economic instability under the novel coronavirus (“COVID-19”) pandemic for the six months ended 30 June 2022.

6. OTHER LOSSES

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Allowance for impairment of other non-current asset	(2,293)	–
Allowance for impairment of trade receivables	–	(595)
Allowance for impairment of other receivables	(6,570)	(12,711)
Exchange losses	(1,798)	(1,046)
Fair value loss on listed equity securities under financial assets at fair value through profit or loss	(1,873)	(3,332)
Fair value loss on unlisted investment funds under financial assets at fair value through profit or loss	–	(242)
Gain on disposal of treasury product under financial assets at fair value through profit or loss	332	–
(Loss)/gain on disposals of listed equity securities under financial assets at fair value through profit or loss	(423)	1,510
Loss on disposals of property, plant and equipment	–	(216)
Gain on disposal of a right-of-use asset	–	92
Others	(23)	990
	<u>(12,648)</u>	<u>(15,550)</u>

7. SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance focuses on types of services provided.

The Group has two reportable operating segments, which are: (a) Events Operation and Marketing; and (b) Sports Services.

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

Events Operation and Marketing	Providing marketing services in conjunction with sports-related competitions. Type of revenue includes corporate sponsorship income.
Sports Services	Providing services mainly to government, marathon runners and media companies in conjunction with sports-related competitions and other events. Types of revenue include mainly rental income from equipment, individual consumption income, and live broadcasting and program production income.

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

Segment results are measured as gross profit/(loss) of each segment without allocation of selling and distribution expenses, general and administrative expenses, finance cost, other income, other losses, share of results of associates and income tax credit. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

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

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

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2022 and 2021 is as follows:

Six months ended 30 June 2022

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

Six months ended 30 June 2021

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

8. INCOME TAX (EXPENSE)/CREDIT

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax	6,501	(10)
Deferred tax	—	2,908
	<u>(6,501)</u>	<u>2,898</u>

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2022 and 2021.

PRC Corporate Income Tax has been provided at a rate of 25% (2021: 25%).

Tax charged on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortisation of intangible assets	315	463
Depreciation of investment properties	—	151
Depreciation of property, plant and equipment	6,493	6,208
Staff costs		
– Salaries, bonuses and allowances	2,188	2,546
– Retirement benefits scheme contributions	500	519
Auditor's remuneration		
– Non-audit related services	440	580
Allowance for impairment of trade receivables	—	595
Allowance for impairment of other receivables	6,570	12,711
Allowance for impairment of other non-current asset	2,293	—

10. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the six months ended 30 June 2022 and 2021.

11. LOSS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share	<u>(32,084)</u>	<u>(21,308)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,592,942</u>	<u>1,592,942</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2022 and 2021.

12. TRADE RECEIVABLES

	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables	16,547	16,175
Allowance for impairment of trade receivables	<u>(14,475)</u>	<u>(14,475)</u>
	<u>2,072</u>	<u>1,700</u>

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Within 1 month	371	–
1 to 3 months	1	1,084
4 to 6 months	1,084	475
7 to 12 months	475	141
Over 12 months	141	–
	<u>2,072</u>	<u>1,700</u>

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

13. TRADE PAYABLES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade payables	<u>4,888</u>	<u>4,888</u>

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and generally due upon demand. The aging analysis of trade payables based on the invoice dates is as follows:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Within 1 month	–	–
1 to 3 months	–	207
4 to 6 months	–	71
7 to 12 months	278	–
Over 12 months	4,610	4,610
	<u>4,888</u>	<u>4,888</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

In the first half of 2022, the novel coronavirus (“COVID-19”) pandemic still raged and caused a huge impact on many first-tier cities in China, amidst which the sports industry was still struggling to carry out normal business despite with great effort to avoid the spread of the pandemic and health risks caused by crowd gathering.

While offline events were almost completely stagnant, the Group was still actively promoting events to satisfy sports enthusiasts. In the first half of the year, the Group successfully organized and completed the online events of the Shenzhen Marathon* (深圳馬拉松) which lasted for three weeks, and different sports events were designed to meet the needs of runners. In connection with the events, the exhibition and broadcast event of “My Circle of Friends in Shenzhen Marathon” was launched, which gained unanimous recognition from the organizers, sponsors and runners, and made up for the regret that no offline event could be held.

In Tumushuke City, Xinjiang, where the pandemic was under control, the Group successfully organized the “National Fitness Games & Brisk Walking Activity in Tumushuke Corps of the 3rd Division” in the first half of the year, which was kicked off on 10 July 2022 and attracted nearly 1,000 players. Striving for the goal of “scientific pandemic prevention and public’s participation”, upholding the theme of “walking for fitness and happiness”, adopting a combined way of online and offline events, and through the integration of “sports + culture + tourism”, the Group successively held the Winter Olympics Science Exhibition, Square Dance Competition, Imposing Gongs and Drums Competition, Fun Games, Men’s Basketball League, CBA Friendly Match between Xinjiang Guanghui and Guangdong Hongyuan, etc., which deepened the participants’ understanding of Tumushuke City, tested the ability of event operators under scientific pandemic prevention, and promoted the construction of healthy China.

OUTLOOK OF THE INDUSTRY AND THE GROUP

Since July 2022, the national pandemic situation has become stable, and the pandemic prevention policies were adjusted accordingly. With the holding of the Tianshan Marathon* (天山馬拉松), all parties are full of longings and expectations for the long-awaited resumption of offline events. The Group is actively preparing for the online events of the Nanchang Marathon* (南昌馬拉松), and at the same time, the Group is also closely communicating with local event organizers on the launch and preparation of the offline events in the second half of the year, in the hope of presenting more scientific, safe and bright events in the second half of the year to meet the needs of sports enthusiasts for sports events.

* *for identification purpose only*

Against the backdrop of the severe winter for the sports industry, the Group has broadened its business ideas by actively carrying out business operations and resources sharing with other partners and seeking suitable business opportunities in other sports events and venue operations, aiming to establish a long-term stable cooperation and operation model. Meanwhile, the Group has strictly optimised and controlled costs, and generated income through prudent financial management with its own funds, thereby improving the Group's financial position.

We believe that the severe winter will eventually pass, and the spring of the sports industry will be bound to come. We remain low profile in the harsh winter, and accumulate and improve skills in spring, so as to promote the development of the industry, and facilitate public health. A promising future is coming, let's wait for the flowers to bloom.

FINANCIAL REVIEW

During the reporting period, the Group had two business divisions which represented two reportable operating segments, namely:

- (a) the Events Operation and Marketing segment, which mainly provides marketing services in conjunction with sports-related competitions. Type of revenue includes corporate sponsorship income; and
- (b) the Sports Services segment, which mainly provides services to the government, marathon runners and media companies in conjunction with sports-related competitions and other events. Types of revenue include mainly rental income from equipment, individual consumption income, live broadcasting and program production income.

Revenue

The Group's revenue decreased by approximately 25.0% to RMB0.9 million for the six months ended 30 June 2022 from RMB1.2 million for the six months ended 30 June 2021. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment decreased by approximately 37.5% to RMB0.5 million for the six months ended 30 June 2022 from RMB0.8 million for the six months ended 30 June 2021. The decrease was due to the ongoing pandemic in the first half of 2022, making it difficult for online marathons to obtain sponsorship income; and
- Revenue of the Sports Services segment amounted to RMB0.4 million for the six months ended 30 June 2022, which is basically the same as that for the six months ended 30 June 2021.

Cost of Services

The Group's cost of services decreased by approximately 50.0% to RMB0.6 million for the six months ended 30 June 2022 from RMB1.2 million for the six months ended 30 June 2021. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment increased by approximately 100.0% to RMB0.6 million for the six months ended 30 June 2022 from RMB Nil for the six months ended 30 June 2021. The increase was mainly due to the costs incurred in the preparation period for the events during the contractual period; and
- Cost of the Sports Services segment decreased by approximately 100.0% to RMB Nil for the six months ended 30 June 2022 from RMB1.2 million for the six months ended 30 June 2021. The decrease was mainly due to a reduction in the costs of the online marathon.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by approximately 100.0% to RMB0.3 million for the six months ended 30 June 2022 from RMB Nil for the six months ended 30 June 2021, and the gross profit margin increased to approximately 33.3% for the six months ended 30 June 2022 from 0.0% for the six months ended 30 June 2021. Details based on reportable segments are as follows:

- As a result of the foregoing changes in revenue and cost of services of the Events Operation and Marketing segment, the Group recorded a gross loss for the Events Operation and Marketing segment of RMB0.1 million for the six months ended 30 June 2022 as compared to a gross profit of RMB0.8 million recorded for the six months ended 30 June 2021. The Group recognised a gross loss margin of 20.0% for the six months ended 30 June 2022 as compared to a gross profit margin of 100.0% for the six months ended 30 June 2021; and
- As a result of the foregoing changes in revenue and cost of service of the Sports Services segment, the Group recorded a gross profit for the Sports Services segment of RMB0.4 million for the six months ended 30 June 2022 as compared to a gross loss of RMB0.8 million recorded for the six months ended 30 June 2021. The Group recognised a gross profit margin of 100.0% for the six months ended 30 June 2022 as compared to a gross loss margin of 200.0% for the six months ended 30 June 2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 35.3% to RMB1.1 million for the six months ended 30 June 2022 from RMB1.7 million for the six months ended 30 June 2021. The decrease was mainly attributable to the optimisation of labour cost by the Group and the decrease in traveling expenses due to the fact that the sports events could not be organised as scheduled as a result of the outbreak of the COVID-19 pandemic.

General and Administrative Expenses

The Group's general and administrative expenses decreased by approximately 14.3% to RMB13.2 million for the six months ended 30 June 2022 from RMB15.4 million for the six months ended 30 June 2021. The decrease was mainly due to the enhancement of daily expenses management by the Group.

Other Income

The Group's other income decreased by 71.6% to RMB2.3 million for the six months ended 30 June 2022 from RMB8.1 million for the six months ended 30 June 2021. The decrease was mainly due to the decrease in the income generated from the treasury products purchased from reputable financial institutions during the reporting period, and the increase in the dividend income from a financial asset at fair value through other comprehensive income during the corresponding period last year.

Other Losses

The Group's other losses decreased by approximately 19.2% to RMB12.6 million for the six months ended 30 June 2022 from RMB15.6 million for the six months ended 30 June 2021. The decrease was mainly due to the decrease in allowance for impairment of other receivables.

Loss before Tax

As a result of the foregoing, the Group's loss before tax increased by approximately 5.8% to RMB25.6 million for the six months ended 30 June 2022 from a loss before tax of RMB24.2 million for the six months ended 30 June 2021.

Income Tax (Expense)/Credit

The Group's income tax expense was RMB6.5 million for the six months ended 30 June 2022, while the income tax credit was RMB2.9 million for the six months ended 30 June 2021. The income tax expense was incurred due to the withholding and payment of corporate income tax on the dividend paid by the subsidiaries in China to the parent company in Hong Kong.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the loss attributable to the owners of the Company increased by approximately 50.7% to RMB32.1 million for the six months ended 30 June 2022 from RMB21.3 million for the six months ended 30 June 2021.

Cash Flow

As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately RMB138.6 million compared with that of RMB127.4 million as at 31 December 2021.

Working Capital

The Group's net current assets increased by approximately 8.5% to RMB318.5 million as at 30 June 2022 from RMB293.5 million as at 31 December 2021. The Group maintained a stable net current asset value and a relatively high level of working capital that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total spending on the acquisition of property, plant and equipment amounted to RMB Nil for the six months ended 30 June 2022 (for the six months ended 30 June 2021: RMB Nil).

Gearing Ratio

Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The Group did not have any bank borrowings as at 30 June 2022 and the gearing ratio was not applicable (31 December 2021: not applicable).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR SIGNIFICANT INVESTMENTS OR ACQUISITIONS OF MATERIAL CAPITAL ASSETS IN THE FUTURE

Acquisition of property in the United Kingdom

On 8 April 2022, Wisdom London Limited ("**Wisdom London**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Taylor Wimpey UK Limited ("**Taylor Wimpey**"), pursuant to which Wisdom London agreed to acquire and Taylor Wimpey agreed to sell the leasehold property at Plot 22 Postmark Phase 3 Calthorpe Street, Rear of Mount Pleasant Sorting office Farringdon Road EC1, London, the United Kingdom (the "**Leasehold Property**") at a consideration of GBP1,311,000.00 (equivalent to approximately HK\$13,581,960.00) (exclusive of value added tax). The Leasehold Property will be used for residential land use and will be developed as one of the apartments of the Postmark housing development project in Farringdon, the United Kingdom. Taylor Wimpey will arrange the development and construction of the Leasehold Property, which is expected to be completed before 31 December 2023. The Board is of the opinion that the acquisition of the Leasehold Property was a good investment opportunity to enter the property market in the United Kingdom and offered the Group an appealing property investment opportunity for capital appreciation and stable rental income in the future. The transaction constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 8 April 2022.

Save as disclosed in this announcement, during the six months ended 30 June 2022, the Company had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures. Save as disclosed in the relevant announcements and in this announcement, as at the date of this announcement, the Company has no plans for significant investments or acquisitions of material capital assets in the future.

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 was completed on 24 June 2013. The Company was listed on the Main Board of the Stock Exchange on 11 July 2013. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group. As at the date of this announcement, no option has been exercised. The options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group. As at the date of this announcement, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the six months ended 30 June 2022.

CHARGE ON ASSETS

As at 30 June 2022, there was no charge on the Group's assets (for the six months ended 30 June 2021: Nil).

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no material contingent liabilities (for the six months ended 30 June 2021: Nil).

INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2022.

EVENTS AFTER THE REPORTING PERIOD

Change of Address of Principal Place of Business in Hong Kong

With effect from 15 August 2022, the address of the principal place of business of the Company in Hong Kong has been changed to 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong. Please refer to the Company's announcement dated 20 July 2022 for further details.

Save as disclosed in this announcement, to the best knowledge of the Directors, there was no significant event after the six months ended 30 June 2022 that will have a material impact on the operation and financial position of the Group.

CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company has applied the applicable principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conducts and affairs of the Company.

The Board is of the view that throughout the six months ended 30 June 2022, the Company has complied with the applicable principles and code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2022.

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 2022.

AUDIT COMMITTEE

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

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

As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Chen Zhijian (Chairman), Mr. Jin Guoqiang, and Mr. Ip Kwok On Sammy, all being independent non-executive Directors.

The interim results of the Group for the six months ended 30 June 2022 are unaudited and have not been reviewed by the external auditor of the Company. The Audit Committee has reviewed together with the Company's management the accounting principles and practices adopted by the Group and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the six months ended 30 June 2022. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF 2022 INTERIM RESULTS AND 2022 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 2022 Interim Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Wisdom Sports Group
Ren Wen

Chairlady and Executive Director

Hong Kong, 30 August 2022

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