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WISDOM SPORTS GROUP
智美體育集團

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

**ANNUAL RESULTS ANNOUNCEMENT FOR THE
YEAR ENDED 31 DECEMBER 2022**

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 2022 (the “**Reporting Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	4	4,976	12,172
Cost of services		<u>(1,476)</u>	<u>(12,384)</u>
Gross profit/(loss)		3,500	(212)
Other income	5	8,996	19,416
Other gain or loss	6	(16,836)	(30,221)
Impairment loss on interest in an associate		(31,486)	–
Selling and distribution expenses		(3,663)	(2,667)
General and administrative expenses		<u>(26,407)</u>	<u>(30,513)</u>
Loss from operations		(65,896)	(44,197)
Finance costs		–	(7)
Share of results of associates		<u>(1,607)</u>	<u>(172)</u>
Loss before tax		(67,503)	(44,376)
Income tax expense	8	<u>(8,004)</u>	<u>(3,503)</u>
Loss for the year	9	<u>(75,507)</u>	<u>(47,879)</u>
Attributable to:			
Owners of the Company		(75,479)	(47,849)
Non-controlling interests		<u>(28)</u>	<u>(30)</u>
		<u>(75,507)</u>	<u>(47,879)</u>

	<i>Note</i>	2022 RMB'000	2021 RMB'000
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Financial assets at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		493	17,317
Gains on property valuation		1,883	5,084
Exchange difference on translation from functional currency to presentation currency		(433)	–
Other comprehensive income for the year, net of tax		<u>1,943</u>	<u>22,401</u>
Total comprehensive expense for the year		<u>(73,564)</u>	<u>(25,478)</u>
Attributable to:			
Owners of the Company		(73,536)	(25,448)
Non-controlling interests		(28)	(30)
		<u>(73,564)</u>	<u>(25,478)</u>
Loss per share attributable to owners of Company	<i>11</i>		
Basic and diluted		<u>RMB(0.05)</u>	<u>RMB(0.03)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		34,389	48,609
Investment properties		11,140	8,810
Intangible assets		1,668	2,401
Financial assets at fair value through other comprehensive income		62,349	61,856
Other receivables		62,063	60,000
Investments in associates		5,876	39,464
Deferred tax assets		6,720	6,720
Other non-current assets		22,794	13,000
Total non-current assets		206,999	240,860
Current assets			
Inventories		2,147	2,184
Financial assets at fair value through profit or loss		13,108	59,356
Trade receivables	<i>12</i>	5,321	1,700
Other receivables		75,654	111,233
Prepayments and other current assets		23,489	43,819
Cash and cash equivalents		172,437	127,443
Total current assets		292,156	345,735
TOTAL ASSETS		499,155	586,595
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		2,454	2,454
Reserves		458,997	532,533
		461,451	534,987
Non-controlling interests		(680)	(652)
TOTAL EQUITY		460,771	534,335

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
LIABILITIES			
Current liabilities			
Trade payables	<i>13</i>	4,784	4,888
Other payables and accrued expenses		11,160	20,265
Contract liabilities		2,127	2,127
Income tax payables		20,313	24,980
Total current liabilities		38,384	52,260
TOTAL LIABILITIES		38,384	52,260
TOTAL EQUITY AND LIABILITIES		499,155	586,595
NET CURRENT ASSETS		253,772	293,475

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

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 (also known as Ms. Ren Guozun), who is also the Chairlady of the Board of the Company. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in China is 7/F, Block 1, No. 16, Xinyuanli, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”). The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events operation and marketing services, and sports services in the PRC.

2. BASIS OF PREPARATION

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

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

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

4. REVENUE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Events operation and marketing income	4,017	9,143
Sports services income	<u>959</u>	<u>3,029</u>
	<u>4,976</u>	<u>12,172</u>

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Timing of revenue recognition		
– At a point in time	4,503	11,727
– Over time	<u>473</u>	<u>445</u>
	<u>4,976</u>	<u>12,172</u>

5. OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income from treasury products	3,817	1,183
Interest income from loans to companies	2,721	2,875
Interest income from fund investments in a partnership	–	13,054
Interest income from short-term bank deposits	1,415	11
Rental income	419	605
Others	624	216
Gain from waiver of other payable	<u>–</u>	<u>1,472</u>
	<u>8,996</u>	<u>19,416</u>

6. OTHER GAIN OR LOSS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Reversal of impairment of trade receivables	–	9,145
Allowance for impairment of other receivables	(9,293)	(31,959)
Exchange gains/(loss)	858	(3,922)
Fair value changes on financial assets at fair value through profit or loss	(7,358)	(3,221)
Gain on disposals of property, plant and equipment	–	9
Fair value changes on investment properties	(930)	–
Others	(10)	(380)
(Gain)/loss on deregistration of subsidiaries	(103)	107
	<u>(16,836)</u>	<u>(30,221)</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 mainly marketing services in conjunction with sports-related competitions. Type of revenue includes mainly corporate sponsorship income.
Sports Services	Providing services mainly to government, marathon runners and media companies in conjunction with sports-related competitions. Types of revenue include mainly live broadcasting and program production income, individual consumption income, and rental income from equipment.

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 costs, other income, other gain or loss, share of results of associates, impairment loss on interest in an associate 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 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 years ended 31 December 2022 and 2021 is as follows:

Year ended 31 December 2022

	Events Operation and Marketing RMB'000	Sports Services RMB'000	Total RMB'000
Revenue	4,017	959	4,976
Cost of services	<u>(1,276)</u>	<u>(200)</u>	<u>(1,476)</u>
Segment results	<u>2,741</u>	<u>759</u>	<u>3,500</u>
Other income			8,996
Other gain or loss			(16,836)
Selling and distribution expenses			(3,663)
General and administrative expenses			(26,407)
Share of results of associates			(1,607)
Impairment loss on interest in an associate			(31,486)
Income tax expense			<u>(8,004)</u>
Loss for the year			<u><u>(75,507)</u></u>

Year ended 31 December 2021

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

8. INCOME TAX EXPENSE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
Provision for the year – the PRC	(8,000)	(3,503)
Under-provision in prior years	<u>(4)</u>	<u>–</u>
	<u>(8,004)</u>	<u>(3,503)</u>

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the years ended 31 December 2022 and 2021.

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

Pursuant to the PRC law on Enterprise 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.

9. LOSS FOR THE YEAR

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amortisation of intangible assets	733	824
Cost of inventories utilised	37	–
Depreciation of property, plant and equipment	12,853	13,010
Depreciation of right-of-use asset	–	147
Donation	–	53
Staff costs		
– Salaries, bonuses and allowances	8,614	4,350
– Retirement benefits scheme contributions	272	417
Auditor's remuneration	<u>1,000</u>	<u>1,100</u>

10. DIVIDENDS

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share	<u>(75,479)</u>	<u>(47,849)</u>
	2022 <i>'000</i>	2021 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,592,942</u>	<u>1,592,942</u>

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the years ended 31 December 2022 and 2021.

12. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	17,951	16,175
Allowance for impairment of trade receivables	(12,630)	(14,475)
	<u>5,321</u>	<u>1,700</u>

The Group generally allows an average credit period of 180 days (2021: 180 days) for its customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	3,461	–
1 to 3 months	–	1,084
4 to 6 months	–	475
7 to 12 months	371	141
Over 1 year	1,489	–
	<u>5,321</u>	<u>1,700</u>

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

13. TRADE PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	4,784	4,888

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 month	-	-
1 to 3 months	-	207
4 to 6 months	-	71
7 to 12 months	-	-
Over 1 year	<u>4,784</u>	<u>4,610</u>
	<u>4,784</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

2022 is the third year of the novel coronavirus (the “COVID-19”) pandemic raging in China, and the constant mutations of the virus have also brought unprecedented pressures to the pandemic prevention and control. From the lockdown of Shanghai metropolis to the peak of infection nationwide after the policy adjustment at the end of the year, herd immunity was finally achieved, thereby overcoming the pandemic and gradually returning to normal life and work.

The raging pandemic has brought offline events and large-scale activities to complete stagnancy, and impacted almost the entire industry to varying degrees, including sports, entertainment, catering and other fields. In the first half of the year of 2022, the Group successfully organized and completed the online events of the Shenzhen Marathon* (深圳馬拉松), and launched the exhibition and broadcast event of “My Circle of Friends in Shenzhen Marathon” in connection with the events, which gained unanimous recognition from the organizers, sponsors and runners. In July 2022, after the preparation in the first half of the year, the Group successfully held the “National Fitness Games & Brisk Walking Activity in Tumushuke Corps of the 3rd Division” under the guidance of scientific pandemic prevention, 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, Chinese Basketball Association Friendly Match between Xinjiang Guanghui and Guangdong Hongyuan, etc., which tested the ability of event operators under scientific pandemic prevention, and promoted the construction of healthy China. In addition, the Group actively prepared for the Jinan Marathon* (濟南馬拉松) and the Lu’an Marathon* (六安馬拉松) which were originally scheduled to be held in October 2022, and the Nanchang Marathon* (南昌馬拉松) which was originally scheduled to be held in November 2022 but were all postponed to 2023 due to the pressure of pandemic prevention and control.

OUTLOOK OF THE INDUSTRY AND THE GROUP

In the Spring Festival of 2023, after the two-month period of establishing the universal immunity barrier, the originally expected second wave of infection peak brought about by the great migration during the Spring Festival did not occur, which was a sign of joy for people all over the country who generally hoped that the pandemic was over, that the virus had disappeared, and that normal working and living conditions would return after three years of the pandemic.

After the Spring Festival, China has entered a new situation of resuming work and production, and all walks of life were restarted and showed a rapid recovery. The sports industry has also gradually begun to recover, but the recovery cycle may be slightly longer than other industries because the general public still needs to go through a physical recovery period after being infected with the virus, and cannot quickly devote themselves to sports in a short period of time, but the overall trend of rejuvenation is unstoppable, and a bright future is coming.

The Group has also quickly resumed normal business operations after the Spring Festival by proactively making preparations for the events during the contract period, and actively communicating and liaising with local governments and event organizers to arrange and plan the event resources of 2023. After the end of the pandemic, people have more urgent needs and expectations for physical health, and hope to strengthen their physical and mental health through exercise. While continuing to expand the operation of events, the Group is also developing sports life service products that are more demanded by the general public in the post-pandemic era to satisfy the pursuit of sports, health, leisure and active life of the general public.

We believe that the pandemic has passed, and the sports industry has entered into a stage of booming and rapid development. At this critical time, after a period of remaining low profile, the Group will make all-out efforts to lead the whole industry to quickly get out of the severe winter of the pandemic, and create a healthier and happier life for the people!

FINANCIAL REVIEW

During the Reporting Period, the Group had two business divisions which represented two reportable operating segments, namely:

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

Revenue

The Group's revenue decreased by approximately 59.0% to RMB5.0 million for the year ended 31 December 2022 from RMB12.2 million for the year ended 31 December 2021. The decrease was mainly due to the fact that the COVID-19 pandemic has severely impacted the entire sports industry, resulting in an almost complete standstill of offline events and large-scale activities. Details based on reportable segments are as follows:

- Revenue of the Events Operation and Marketing segment decreased by 56.0% to RMB4.0 million for the year ended 31 December 2022 from RMB9.1 million for the year ended 31 December 2021; and
- Revenue of the Sports Services segment decreased by approximately 67.7% to RMB1.0 million for the year ended 31 December 2022 from RMB3.1 million for the year ended 31 December 2021.

Cost of Services

The Group's cost of services decreased by approximately 87.9% to RMB1.5 million for the year ended 31 December 2022 from RMB12.4 million for the year ended 31 December 2021. The decrease was mainly due to the fact that the COVID-19 pandemic has severely impacted the entire sports industry, resulting in an almost complete standstill of offline events and large-scale activities. Details based on reportable segments are as follows:

- Cost of the Events Operation and Marketing segment decreased by 89.3% to RMB1.3 million for the year ended 31 December 2022 from RMB12.2 million for the year ended 31 December 2021; and
- Cost of the Sports Services segment amounted to RMB0.2 million for the year ended 31 December 2022 which is the same as that for the year ended 31 December 2021.

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

As a result of the aforementioned factors, the Group recorded a gross profit of RMB3.5 million for the year ended 31 December 2022 as compared to a gross loss of RMB0.2 million recorded for the year ended 31 December 2021. The Group recognised a gross profit margin of 70.0% for the year ended 31 December 2022 as compared to a gross loss margin of 1.6% for the year ended 31 December 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 profit for the Events Operation and Marketing segment of RMB2.7 million for the year ended 31 December 2022 as compared to a gross loss of RMB3.1 million recorded for the year ended 31 December 2021. The Group recognised a gross profit margin of 67.5% for the year ended 31 December 2022 as compared to a gross loss margin of 34.1% for the year ended 31 December 2021; and
- As a result of the foregoing changes in revenue and cost of services of the Sports Services segment, the gross profit of the Group decreased by approximately 72.4% to RMB0.8 million for the year ended 31 December 2022 from RMB2.9 million for the year ended 31 December 2021, and the gross profit margin decreased to approximately 80.0% for the year ended 31 December 2022 from 93.6% for the year ended 31 December 2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 37.0% to RMB3.7 million for the year ended 31 December 2022 from RMB2.7 million for the year ended 31 December 2021. The increase was mainly due to market research expenses incurred in expanding the business.

General and Administrative Expenses

The Group's general and administrative expenses decreased by approximately 13.4% to RMB26.4 million for the year ended 31 December 2022 from RMB30.5 million for the year ended 31 December 2021. This decrease was mainly due to the enhancement of daily expenses management.

Other Income

The Group's other income decreased by approximately 53.6% to RMB9.0 million for the year ended 31 December 2022 from RMB19.4 million for the year ended 31 December 2021. The decrease was mainly due to the decrease in the interest income generated from fund investments in a partnership.

Other Gain or Loss

The Group's other gain or loss decreased by approximately 44.4% to net loss of RMB16.8 million for the year ended 31 December 2022 from the net loss of RMB30.2 million for the year ended 31 December 2021. The decrease was mainly due to the decrease in allowance for impairment of other receivables.

Loss before Income Tax

As a result of the foregoing, the Group's loss before income tax increased by 52.0% to RMB67.5 million for the year ended 31 December 2022 from RMB44.4 million for the year ended 31 December 2021.

Income Tax Expense

The Group's income tax expense increased by 128.6% to RMB8.0 million for the year ended 31 December 2022 from RMB3.5 million for the year ended 31 December 2021. The increase was due to the increase in 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 58.0% to RMB75.5 million for the year ended 31 December 2022 from RMB47.8 million for the year ended 31 December 2021.

Cash Flow

As at 31 December 2022, the Group's cash and cash equivalents amounted to approximately RMB172.4 million as compared to that of approximately RMB127.4 million as at 31 December 2021.

Working Capital

The Group's net current assets decreased by approximately 13.5% to RMB253.8 million as at 31 December 2022 from RMB293.5 million as at 31 December 2021. The current asset value of the Group decreased, while the working capital was maintained at a relatively high level that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The Group's total expenditure on the acquisition of property, plant and equipment amounted to RMB Nil for the year ended 31 December 2022 (year ended 31 December 2021: RMB1.2 million).

CAPITAL STRUCTURE OF THE GROUP

The reorganisation of the Group as set out in the prospectus of the Company dated 28 June 2013 (the "**Prospectus**") was completed on 24 June 2013. The Company was listed on the Main Board of the Stock Exchange on 11 July 2013. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the 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 year ended 31 December 2022.

CHARGE ON ASSETS

As at 31 December 2022, there was no charge on the Group's assets (2021: Nil).

CONTINGENT LIABILITIES

As at 31 December 2022, the Company had no material contingent liabilities (2021: Nil).

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil). The Company did not declare payment of an interim dividend for the six months ended 30 June 2022.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the “**AGM**”) is expected to be held on Wednesday, 28 June 2023. 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 Friday, 23 June 2023 to Wednesday, 28 June 2023, both days inclusive. To be eligible to attend and vote at the AGM, all completed transfer document(s) together with the relevant share certificate(s) must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 21 June 2023 for registration.

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 principles/code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conducts and affairs of the Company.

The Board is of the view that throughout the year ended 31 December 2022, the Company has fully complied with the code provisions as set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

During the year ended 31 December 2022, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Specific enquiry has been made with all the Directors and each of the Directors has confirmed that he/she has complied with the Model Code throughout the year ended 31 December 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 year ended 31 December 2022.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and with terms of reference in compliance with the code provision D.3 of the CG Code for the purpose of reviewing the financial information and providing supervision on the financial reporting system and the review of the risk management and internal control systems (including the Anti-corruption Policy and Whistleblowing Policy of the Company) as well as the effectiveness of the internal audit function of the Group.

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

The Audit Committee communicated with the external auditor of the Company to discuss the review process and accounting issues of the Company. The Audit Committee, together with the management of the Company, has reviewed the audited consolidated financial results of the Group for the year ended 31 December 2022 and considers that the results are in compliance with generally accepted accounting principles as well as the applicable laws and regulations.

AUDITOR

Elite Partners CPA Limited has been appointed as the auditor of the Company with effect from 30 November 2021 subsequent to the resignation of RSM Hong Kong. The consolidated financial statements of the Company for the year ended 31 December 2022 had been audited by Elite Partners CPA Limited.

The figures of the Group’s results for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group’s auditor, Elite Partners CPA Limited, to be the same amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on this announcement.

CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRS that are first effective in the Reporting Period, certain of which are relevant to the Group’s consolidated financial statements for the year ended 31 December 2022. For details, please refer to Note 3 to the consolidated financial statements in this announcement.

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

Acquisition of 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, the Company had no other significant investment, acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2022 and, as at the date of this announcement, has no specific plans for significant investment or acquisition of material capital assets in the future.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

The Board is of the opinion that the Minmetals Trust Scheme and China Fortune Trust Scheme are ideal short-term investment opportunities for the Group as they allow the Company to utilize its Renminbi surplus cash reserves more efficiently. Each of the Minmetals Trust Scheme and China Fortune Trust Scheme constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 23 February 2023.

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the year ended 31 December 2022 and as at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

PUBLICATION OF 2022 ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

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

By order of the Board
Wisdom Sports Group
Ren Wen
Chairlady and Executive Director

Hong Kong, 30 March 2023

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

* *For identification purpose only*