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WISDOM

WISDOM SPORTS GROUP

智美體育集團

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1661)

MAJOR TRANSACTION DISPOSAL OF PROPERTIES

THE DISPOSALS

On 11 April 2023 (after trading hours), the Vendor, being a wholly-owned subsidiary of the Company held through structured contracts, has entered into the Agreement with the Purchasers, pursuant to which the Vendor has agreed to sell and the Purchasers have agreed to purchase the Properties at the aggregate Consideration of approximately RMB32.89 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposals is more than 25% but less than 75%, the Disposals constitute a major transaction for the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approving the Disposals and the entering into and performance of obligations under the Agreement. A circular containing, among other things, further details of the Disposals and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 28 April 2023.

As the Disposals are subject to, amongst others, approval by the Shareholders at the EGM and may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

I. THE DISPOSALS

On 11 April 2023 (after trading hours), the Vendor, being a wholly-owned subsidiary of the Company held through structured contracts, has entered into the Agreement with the Purchasers, pursuant to which the Vendor has agreed to sell and the Purchasers have agreed to purchase the Properties at the aggregate Consideration of approximately RMB32.89 million.

II. THE AGREEMENT

Date: 11 April 2023 (after trading hours)

Vendor: The Vendor

Purchasers: Purchaser A;
Purchaser B;
Purchaser C;
Purchaser D;
Purchaser E;
Purchaser F;
Purchaser G; and
Purchaser H.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchasers and their respective ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

Property Agent: The Property Agent

Properties: Being the units 701, 702, 703, 705, 706, 709, 710, 711 of Block 1, 7/F, 16 Xinyuan Lane, Chaoyang District, Beijing, the PRC with an aggregate gross floor area of 1,060.93 sqm. and are for residential use.

Certain units of the Properties have been leased out, and the related financial information is as follows:

<i>RMB'000</i>	Year ended 31 December	
	2021	2022
Revenue	429.3	445.4
Net profit before tax	315.2	326.5
Net profit after tax	236.4	244.9

Consideration:	Being approximately RMB32.89 million
Payment Terms:	<p>Consideration shall be payable as follows:</p> <ul style="list-style-type: none"> (i) the deposit of RMB2.0 million is payable upon the signing of Agreement and such deposit shall be automatically convert into part of the Consideration; and (ii) the remaining balance of approximately RMB30.89 million is payable to the escrow account of the Vendor prior to the transfer of property title and payment of taxes. The payment may be made in batches based on the transfer sequence of the Properties.
Bases of determination of the Consideration:	The Consideration was determined after arm's length negotiations between the Vendor and the Purchasers on normal commercial terms with reference to, among other things, a draft valuation report on the Properties as at 31 March 2023 of approximately RMB30.30 million based on the market approach conducted by an independent property valuer. The Consideration represents a premium of approximately 8.55% to the valuation.
Completion:	<p>The Vendor and the Purchasers shall apply for transfer of property title within 40 days after the Agreement is executed. After the 40 days period, the Vendor may unilaterally extend completion of the Property with unit number 709 to another 30 natural days.</p> <p>The Vendor shall cooperate with the Purchasers to complete the transfer of property title for the corresponding Properties within 3 business days after receipt of the payment for the corresponding Property.</p>
Transfer:	<p>For self-occupied Properties (being Properties with unit numbers 702, 701, 711, 710 and 709), vacant possession shall be delivered by the Vendor to Purchasers within one month after transfer of property title of the last Property to be disposed of.</p> <p>The properties risk shall be transferred from the Vendor to Purchasers on (i) for self-occupied Properties, the date of transfer of vacant possession; and (ii) for leased Properties, the date of transfer of title document.</p>

On the date of delivering vacant possession to the Purchasers, the Vendor and the Purchasers shall:

- (i) inspect the condition of the ancillary facilities and equipment, decoration and related items in the Properties, record the meter reading of water, electricity and gas and handover the related items;
- (ii) sign on the list of ancillary facilities and equipment, decoration and the related items of the Properties; and
- (iii) transfer the keys of the Properties.

In addition, it was further agreed that:

- (i) the Vendor shall transfer the rental payment and deposit of the leased Properties to the Purchasers on the date on which the Purchasers have acquired title document of such Properties;
- (ii) the Vendor has already paid for the property fee and electricity fee of the Properties until 31 October 2023. For the leased Properties, the Purchasers shall return the additional payments made by the Vendor on the date of the completion of the title transfer. For the self-occupied Properties, the Purchasers shall return the additional payments made by the Vendor upon completion of the title transfer and on the date of delivery of vacant possession of such Properties; and
- (iii) the Vendor has already paid for the property tax and land-use tax in respect of the Properties until 30 June 2023, the Purchasers shall return the additional payments made by the Vendor on the date of completion of the title transfer.

Breach by the Vendor:

If there is delay in the delivery of vacant possession by the Vendor to the Purchasers:

- (i) for delay of 30 days or less, the Vendor shall pay a daily penalty fee of 0.05% of the sum already paid by the Purchasers, accrued for the period of delay in transfer of possession; and
- (ii) for delay of over 30 days, the Purchasers are entitled to return the Properties. The Vendor shall return all sums already paid by the Purchasers and further pay a penalty fee equal to 20% of the sum already paid by the Purchasers.

If the Purchasers are unable to obtain the title documents of the Properties as agreed due to reasons of the Vendor, the Purchasers are entitled to return the Properties and the Vendor shall return all sums already paid by the Purchasers and further pay a penalty fee equal to 20% of the sum already paid by the Purchasers. If the Purchasers do not elect to return the Properties, the Vendor shall pay a daily penalty fee of 0.05% of the sum already paid by the Purchasers, accrued for the period of delay in obtaining the title documents.

If the Vendor sell the Properties to a third party other than the party designated by the Purchasers and as a result, the Purchasers are unable to obtain the title documents of the Properties, the Purchasers are entitled to return the Properties. The Vendor shall (i) return all sums already paid by the Purchasers, (ii) pay an interest calculated at the quoted market interest rate for the loan market published by the National Interbank Funding Center, accrued from the delivery date of the notice in respect of the return of Properties and (iii) pay a penalty fee which is equivalent to the sum already paid by the Purchasers.

The Vendor shall apply to the title management authority for relocation of title within 10 days after the transfer of property title. If the existing title could not be relocated due to reasons of the Vendor, the Vendor shall pay a daily penalty fee of 0.05% of the sum already paid by the Purchasers, accrued for the period of delay in relocating the property title.

Breach by the Purchasers:

If there is delay in payment by the Purchasers to the Vendor:

- (i) for delay of 30 days or less, the Purchasers shall pay a daily penalty fee of 0.05% of the outstanding sum to the Vendor, accrued for the period of delay in payment; and
- (ii) for delay of over 30 days, the Vendor is entitled to terminate the Agreement and the Purchasers shall pay to the Vendor a penalty fee equal to 20% of the outstanding sum, and the Vendor shall return all sums already paid by the Purchasers.

Other Terms:

For the purpose of the Disposals, the Properties must be sold together by the Vendor to all or some of the Purchasers under one transaction. If during the Disposals, the Purchasers do not make the entire purchase, the Vendor has the right to choose one of the following treatments:

- (i) request the Purchasers to return the purchased Property(ies) and the defaulting party shall be responsible for the return cost. The deposit of RMB2.0 million will not be returned; or
- (ii) the Purchasers will not be required to return the purchased Property(ies) but the deposit of RMB2.0 million will not be returned.

III. FINANCIAL EFFECT OF THE DISPOSALS AND INTENDED USE OF PROCEEDS

As shown in the audited consolidated statement of financial position of the Company as at 31 December 2022, the Properties were classified as either investment properties or property, plant and equipment depending on whether they are leased. As at 31 December 2022, the fair value of the leased Properties, which were classified as investment properties of the Company, was RMB11.14 million. The net book value of the self-occupied Properties, which were classified as property, plant and equipment of the Company, was RMB7.51 million. The Group is expected to record a gain of approximately RMB14.24 million from the Disposals, which is calculated based on the Consideration to be received by the Group from the Disposals less the fair value of the leased Properties of RMB11.14 million and the net book value of the self-occupied Properties of RMB7.51 million as at 31 December 2022 before related expenses.

The Company intends to use the net proceeds from the Disposals as general working capital of the Group.

IV. REASONS FOR AND BENEFITS OF THE DISPOSALS

In view of the prospects of the property market in the PRC, the Directors are of the view that the Disposals represent an opportunity for the Group to realise the value of the Properties under the current situation so as to generate additional working capital to the Group.

In view of the above, the Directors consider that the terms of the Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable, and the Disposals are in the interests of the Company and its Shareholders as a whole.

V. INFORMATION OF THE PARTIES

The Group

The Group is a leading sports industry group in the PRC engaged in the operation and marketing of sports events and provision of sports services, with a special emphasis on the development and extension of the sports industry chain.

The Vendor

The Vendor is a limited liability company established in the PRC on 26 December 2006 and is a wholly-owned subsidiary of the Company held through structured contracts and primarily engaged in investment holding.

Purchaser A

Purchaser A is a limited liability company established in the PRC on 24 March 2023 which is held as to 1% by WANG Yukun (王玉坤) and 99% by Beijing Enze Runxin Technology Development Co., Ltd.* (北京恩澤潤心科技發展有限公司) (“**Beijing Enze**”), which is in turn held by LIU Jin (劉錦) and JIA Yan (賈岩) as to 50% each. Purchaser A is an investment holding vehicle of LIU Jin and JIA Yan.

Purchaser B

Purchaser B is a limited liability company established in the PRC on 22 March 2023 which is held as to 1% by MENG Qingde (孟慶德) and 99% by Beijing Enze, which is in turn held by LIU Jin and JIA Yan as to 50% each. Purchaser B is an investment holding vehicle of LIU Jin and JIA Yan.

Purchaser C

Purchaser C is a limited liability company established in the PRC on 24 March 2023 which is held as to 1% by WANG Yukun and 99% by Beijing Enze, which is in turn held by LIU Jin and JIA Yan as to 50% each. Purchaser C is an investment holding vehicle of LIU Jin and JIA Yan.

Purchaser D

Purchaser D is a limited liability company established in the PRC on 24 March 2023 which is held as to 1% by WANG Yukun and 99% by Beijing Enze, which is in turn held by LIU Jin and JIA Yan as to 50% each. Purchaser D is an investment holding vehicle of LIU Jin and JIA Yan.

Purchaser E

Purchaser E is a limited liability company established in the PRC on 24 March 2023 which is held as to 1% by WANG Yukun and 99% by Beijing Enze, which is in turn held by LIU Jin and JIA Yan as to 50% each. Purchaser E is an investment holding vehicle of LIU Jin and JIA Yan.

Purchaser F

Purchaser F is a limited liability company established in the PRC on 20 March 2023 which is held as to 1% by MENG Qingde and 99% by Beijing Enze, which is in turn held by LIU Jin and JIA Yan as to 50% each. Purchaser F is an investment holding vehicle of LIU Jin and JIA Yan.

Purchaser G

Purchaser G is a limited liability company established in the PRC on 22 March 2023 which is held as to 1% by MENG Qingde and 99% by Beijing Enze, which is in turn held by LIU Jin and JIA Yan as to 50% each. Purchaser G is an investment holding vehicle of LIU Jin and JIA Yan.

Purchaser H

Purchaser H is a limited liability company established in the PRC on 23 March 2023 which is held as to 1% by MENG Qingde and 99% by Beijing Enze, which is in turn held by LIU Jin and JIA Yan as to 50% each. Purchaser H is an investment holding vehicle of LIU Jin and JIA Yan.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchasers and their respective ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

VI. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposals is more than 25% but less than 75%, the Disposals constitute a major transaction for the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

VII. GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approving the Disposals and the entering into and performance of obligations under the Agreement. A circular containing, among other things, further details of the Disposals and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 28 April 2023.

As the Disposals are subject to, amongst others, approval by the Shareholders at the EGM and may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

VIII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the same meanings as set out below:

“Agreement”	the sale and purchase agreement dated 11 April 2023 entered into between the Vendor and the Purchasers in relation to the sale and purchase of the Properties
“Board”	the board of Directors
“Company”	Wisdom Sports Group (智美體育集團), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the condensation of approximately RMB32.89 million
“Director(s)”	the directors of the Company
“Disposals”	the disposal of the Properties by the Vendor to the Purchasers
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and approving the Disposals
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Properties”	the properties to be sold under the Agreement, details of which are set out in this announcement
“Property Agent”	Beijing Hualiang Realty Agency Co., Ltd.* (北京華亮房地產經紀有限公司)
“Purchasers”	Purchaser A, Purchaser B, Purchaser C, Purchaser D, Purchaser E, Purchaser F, Purchaser G and Purchaser H
“Purchaser A”	Beijing Enze Hengyuan Technology Co., Ltd.* (北京恩澤恒遠科技有限公司)
“Purchaser B”	Beijing Enze Shengqiang Technology Co., Ltd.* (北京恩澤盛強科技有限公司)
“Purchaser C”	Beijing Enze Xingtu Technology Co., Ltd.* (北京恩澤星圖科技有限公司)
“Purchaser D”	Beijing Enze Jiaye Technology Co., Ltd.* (北京恩澤嘉業科技有限公司)
“Purchaser E”	Beijing Enze Guangyu Technology Co., Ltd.* (北京恩澤廣宇科技有限公司)
“Purchaser F”	Beijing Enze Xingchen Technology Co., Ltd.* (北京恩澤星辰科技有限公司)
“Purchaser G”	Beijing Enze Qihang Technology Co., Ltd.* (北京恩澤起航科技有限公司)
“Purchaser H”	Beijing Enze Haohan Technology Co., Ltd.* (北京恩澤浩瀚科技有限公司)
“RMB”	Renminbi, the legal currency of the PRC
“Share(s)”	ordinary share(s) of US\$0.00025 each in the capital of the Company

“Shareholder(s)”	holder(s) of (a) Share(s)
“sqm.”	Square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Beijing Wisdom Media Holding Co., Ltd.* (北京智美傳媒股份有限公司), a subsidiary of the Company held through structured contracts
“%”	per cent

* *for identification purposes only*

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

Hong Kong, 11 April 2023

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.