

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



# WISDOM

## 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 2016

### 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 2016, together with the comparative figures for the corresponding period in 2015.

#### The financial highlights are as follows:

- Revenue from Wisdom Events increased by approximately 81.9% to RMB194.5 million for the six months ended 30 June 2016 from RMB106.9 million for the six months ended 30 June 2015;
- The gross profit of Wisdom Events increased by approximately 57.7% to RMB105.5 million for the six months ended 30 June 2016 from RMB66.9 million for the six months ended 30 June 2015;
- The proportion of the gross profit from Wisdom Events increased to approximately 89.3% for the six months ended 30 June 2016 from 47.4% for the six months ended 30 June 2015;
- Due to the effect arising from the Group’s overall business reorganization, revenue from Wisdom Program & Branding decreased by approximately 83.7% to RMB30.6 million from RMB187.9 million for the six months ended 30 June 2015, resulting in a decrease in the total revenue of the Group by approximately 23.6% to RMB225.1 million from RMB294.8 million for the six months ended 30 June 2015. Net profit decreased by approximately 27.9% to RMB67.1 million from RMB93.1 million for the six months ended 30 June 2015.
- The Board did not propose to declare interim dividend for the six months ended 30 June 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GROUP OVERVIEW

As the first publicly-listed sports culture industry-operator in China, the Group is engaged in the business of operating road-races, basketball tournaments, winter-sports etc. and has established strategic cooperation with various provincial and municipal sports authorities. Adhering to the strategic changes last year, the Group strengthened efforts in exploiting platform strategy in 2016, set the goal of connecting human sporting genes to create Wisdom DNA, continued to deepen the layout for its sports industry-chain and intensified cooperation with other industry platforms to utilize its core strengths in the area of population, data and consumption to provide different consumer options for the massive sports-enthusiasts. Centering on population, consumption and data, the Group extended its positioning in the four segments covering event management, sports marketing, sports services, and brand media in the field of sports. In the meantime, the Group accelerated its operating-platform expansion through integrating of excellent talents, high-end technologies and increased business investment. The road-race project platform mainly focused on the organization of marathon events, commercial operations, runner services and audio-visual production. Commencing from this year, the Group started to implement the 2016–2019 marathon industry-wide development strategy and focused on producing world-class IP events, national-level IP events, city-level IP events and entertainment IP events to provide consumption, population and data support for its diversified marathon segments and products so as to successfully upgrade the overall strategy of the road-race segment. The Group has also succeeded in its bid to host the “One Belt and One Road” marathon series sponsored by the Chinese Athletic Association, using the marathon series to promote sports and cultural exchanges among domestic and international cities surrounding the “One Belt and One Road” zones and to enhance the Group’s international branding and China’s athletic developments. Entertainment road-race events such as the independent IP event “Season Run” will actively explore new markets in the area of sports marketing, and form multi-field linkage and multi-city coverage with reputable enterprises to offer a broader B2B (Business to Business) market for the Group. With regard to B2C (Business to Customer) business, the Group will continue to promote profoundly the marathon training-camps, to integrate sports tourism projects related to the marathon events, and to constantly enrich and optimize the product structure in the road-race market, satisfying the advanced needs of the runners.

While expanding the road-race project, the Group has also officially launched its new basketball project in 2016. The new project had been actively pursued by the Group since last year. The Group obtained the commercial operation right of National Basketball League (“NBL”) — one of the three professional basketball leagues in China for 2016–2019 as well as 20% equity interest in the NBL alliance company, Beijing Enbiou Sports Management Co., Ltd (北京恩彼歐體育管理有限公司). Armed also with the Group’s proprietary intellectual rights in “City Basketball Amateur League” (“CBL”), the Group has achieved the overall positioning from mass-attended tournaments to professional-league tournaments in the field of basketball operation to accumulate basketball enthusiasts based on the tournament-platform. At the same time, the Group worked with other platforms to promote related new products, such as basketball training courses and tournament products.

2016 is Olympic year and it is also a growth year for the sports industry. After the Beijing Olympic Games, there was a continued rise in sports consciousness among Chinese people, which also indicated the need to build more multi-purpose sports stadiums to meet the diversified sporting needs of sports enthusiasts, to establish a consumption base for the massive sports enthusiasts and to cultivate a broadened consumer market. In the light of this development, the Group acquired 55% equity interest in Shenzhen SEG ZM Sports Culture Development Co., Ltd. (深圳賽格智美體育文化發展有限公司) (“**SEG Wisdom**”), which is registered in Shenzhen, China and is engaged in the business of stadium management services, in April 2016. The Group believes that the joint development of stadium operation with SEG Wisdom will fully enhance the edges which the Group has established in the field of sports and, through capital-market investment or direct development, will generate high economic returns and high business growth to the Group in the second half of 2016.

The Group plans to make full expansion in the sports industry in 2016. In order to cope with higher requirements for marketing, management, services and monitoring, the Group will continue to hire outstanding professional talents both within and from outside of the industry and to implement quality-improvement program in information system, operation standard and other fields to strengthen internal control and to improve overall management internally. In order to encourage employees to constantly look for breakthroughs and to become part of the driving forces behind the Group’s sustainable development, the Group established Wisdom DNA Cultural Fund (the “**Fund**”) in July 2016 to award shares to 10 outstanding employees annually. The Fund is donated by Ms. Ren Wen, the Chairlady of the Board of the Group.

## **BUSINESS REVIEW**

### ***I. Wisdom Events***

The main business of the Group is the operation of sports tournaments and events. The main revenues were derived from marketing activities involving both customers and consumers, namely, title sponsorships, general sponsorships and advertising incomes paid by brand customers, enrolment fees, admission fees and sale of products and services to consumers.

The first half of 2016 witnessed the continuing development of the Group in the field of professional road-races. The Group fully excelled in the organization of marathon events: ensured a high quality-standard of the events, implemented uniform standards for procurement, improved health-care assurance and established new media facilities. Although several marathon events were postponed to the second half of 2016 due to unstable weather conditions and other reasons, the Group still organized four high-level marathon events namely “2016 Kunming Plateau International Half Marathon”, “2016 Hainan International Marathon”, “2016 Dongguan Songshan Lake International Marathon” and “2016 Jilin International Marathon”, and co-operated the “2016 Tianjin Marathon”.

In addition to the sustainable development of road-race segment, the Group also achieved a good result in the basketball segment in 2016. Apart from operating the independent IP basketball league CBL, the Group also obtained the four-year (2016–2019) commercial right of NBL — one of the three professional basketball leagues in China, and acquired 20% equity interest in the league-management company, Beijing

Enbiou Sports Management Co., Ltd. (北京恩彼歐體育管理有限公司) to become the single largest shareholder of the league-management company. There are 14 participating clubs in the 2016 season and the number of participating clubs is expected to increase to 18 over the next four years. Commencing from the 2016 season, CCTV will have live-broadcast of the NBL matches. The Group also carried out platform-cooperation in the field of basketball. The Group reached strategic marketing agreement with No. 1 Sports Entertainment (Shenzhen) Co., Ltd. (第一體育娛樂(深圳)有限公司) which resulted in the obtaining of title sponsorship of “Chinese Dream • Blue Dream” (「中國夢•夢之藍」) for the tournament and attained contracts with about 20 sponsors to safeguard the Group’s revenue and profit. Revenue in the first half of 2016 also included income from mass sports events held in municipal areas.

In the first half of 2016, the Group’s revenue from sports event achieved substantial growth over that in the same period of last year. This was due to the Group’s ability to provide additional marketing value to the sports events and the consumers satisfying the requirements of brand customers. The Group also strengthened the development of sports media and introduced diversified entertainment content to its sports programme. The Group also actively maintained collaboration with authoritative media such as CCTV and utilized internet, mobile internet and other media to optimize its own video products and copyright operations. In connection with sports services, the Group continued to apply online + offline integrated model as its core competitiveness and has created supporting consumer business through sports education and training, event derivatives, sports tourism, sports insurance etc. to achieve a integrated commercial value.

## ***II. Wisdom Program & Branding***

The Group’s other business is TV media production and advertising. The revenues were derived from TV program production, distribution and advertising business. Given the overall economic slowdown of China in 2015, the traditional advertising industry has suffered a tremendous setback. The Group’s management conducted an in-depth discussion, analysis and judgment of the market and made a determined decision to forgo the renewal of the advertising contracts with CCTV. Some of the business in 2015 were carried over to 2016 and they made contribution to the earnings of the Group.

## **OUTLOOK OF INDUSTRY AND THE GROUP**

In July 2016, the National Administration Bureau of Sports of China officially issued the “13th Five-Year’ Plan for the Development of Sports Industry” which made detailed description and deployment for the five major aspects covering the following China’s sports industry: development basis, general requirements, major tasks, key industries and key measures. The expansion of the sports industry to reach the periodical target of RMB3 trillion in the “13th Five-Year” Plan Period has become a policy for China’s sports industry. The operation of the Chinese sports industry has been liberalized and even globalized and simultaneously, a high degree of commercialization will also be the general trend. This undoubtedly coincides with the Group’s development strategies and goals and it is conducive to the rapid business-development of the Group on the existing platform.

The Group expects to operate independently over 15 marathon events in the second half of 2016, including the well-operated Shenyang Marathon, Changsha Marathon, Hangzhou Marathon, and Guangzhou Marathon, as well as the bid-winning Shenzhen International Marathon, Nanchang International Marathon, Changde Liuye Lake International Marathon, and Jiaying Shaoshan International Marathon. The Group will therefore operate 10 marathon events in provincial capitals this year. Meanwhile, the first international IP event, “One Belt and One Road” Marathon Series will also be eventually represented by Shenzhen Baoan Marathon and Xinjiang Clara Calamai Marathon. The Group is conducting active discussion about international cooperation and confidential negotiation with marathon organizations in Malaysia and Japan are underway. The Group will also actively promote “Season Run”, the self-developed and creative-running event with independent intellectual right, in the second half of the year and will introduce new strategic sponsors to increase mass-participation and popularity of the event. Meanwhile, in order to implement the 2016–2019 strategies for the marathon-industry platform, the Group, utilizing its resources in terms of population, data and consumption, will deeply expand its whole industry chain business and will cooperate with other industrial platforms to launch marathon training camps, sports rehabilitation programs, sports tourism and other related projects as an integral part of the marathon events.

In respect of the basketball segment, the NBL all-star match and league playoffs will be held in the second half of 2016. Therefore, the Group will have revenue from basketball projects in the second half of the year. Meanwhile, the Group will also begin to set a foothold in partners’ fields in the basketball industry chain, such as basketball academy, players economy, coaches economy, development of derivative products and international basketball tournaments.

Since sports facilities are the most important means to cultivate the sports market, the Group will actively promote the stadium business and related management services in the second half of the year. The Group has started the move to invest in over ten stadiums in the first-tier cities of Beijing, Shanghai, Guangzhou, and Shenzhen. It is expected that the Group will be able to derive profit from the stadium business by the end of the second half of the year. The Group plans to set up about 100 stadiums in the next three years through comprehensive events cooperation with local governments to offer high-end sports facilities for the mass users and generate stable cash flows from consumer spending. At the same time, now that China has successfully won the bid to host the Winter Olympic Games, the Group will position itself in winter sports areas and will actively cooperate with local governments and sports bureau to promote winter sports projects.

Meanwhile, the Group has entered into a strategic agreement with Mi Gu Interactive Entertainment Co., Ltd. (咪咕互動娛樂有限公司), (“**Mi Gu Interactive Entertainment**”), a subsidiary of China Mobile Ltd. The Group will work jointly with Mi Gu Interactive Entertainment to create a Chinese Sports-entertainment platform catering for the needs of domestic road-race enthusiasts. Mi Gu Interactive Entertainment has access to 1 billion subscribers of the largest three telecoms operators in China, of whom 200 million subscribers are active users. The execution of this strategic agreement means that the Group will be able to integrate with a data platform which has 1 billion subscribers and that the Group will be able to bring on board a massive number of consumers for the Group’s current events and service products. Also, it will provide data support for the Group’s subsequent service-consumption products to meet the different demands of the road-race enthusiasts accurately and will generate additional consumer–incomes for the Group.

For the sports industry, internet and innovative technologies will help improve the information level of the industry, boost the efficiency of product supply and enhance the innovative capacity of the industry. The Group will look for investment opportunities in profitable and sizable sports-technology enterprises in the second half of the year to accelerate business attainment leveraging on mutual strengths. The Group will also actively seek suitable opportunities for cooperation with or acquisition of premium sports enterprises.

## **FINANCIAL REVIEW**

### ***Revenue***

The Group's revenue decreased by approximately 23.6% to RMB225.1 million for the six months ended 30 June 2016 from RMB294.8 million for the six months ended 30 June 2015. This decrease was mainly due to a decrease in revenue from Wisdom Program & Branding.

Revenue from Wisdom Events increased by approximately 81.9% to RMB194.5 million for the six months ended 30 June 2016 from RMB106.9 million for the six months ended 30 June 2015. This increase was mainly due to (i) the commercial right of NBL obtained in 2016; (ii) revenue from the operation of marathon events in the first half of 2016 while there was no such revenue in the six months ended 30 June 2015; and (iii) revenue from public sports competitions.

Revenue from Wisdom Program & Branding decreased by approximately 83.7% to RMB30.6 million for the six months ended 30 June 2016 from RMB187.9 million for the six months ended 30 June 2015. This decrease was due to the decrease in revenue from the advertising and program production business, which was a result of the Group's change in strategy.

### ***Cost of Services***

The Group's cost of services decreased by approximately 30.4% to RMB107.0 million for the six months ended 30 June 2016 from RMB153.7 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in the cost of services from Wisdom Program & Branding.

Cost of services for Wisdom Events increased by approximately 122.5% to RMB89.0 million for the six months ended 30 June 2016 from RMB40.0 million for the six months ended 30 June 2015. This increase was mainly due to the increase in the number of events held and the upgrade of the events' operations.

Cost of services for Wisdom Program & Branding decreased by approximately 84.2% to RMB18.0 million for the six months ended 30 June 2016 from RMB113.7 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in the cost of advertising business.

### ***Gross Profit and Gross Margin***

As a result of the above mentioned factors, the Group's gross profit decreased by approximately 16.3% to RMB118.1 million for the six months ended 30 June 2016 from RMB141.1 million for the six months ended 30 June 2015. The gross margin for the Group increased to approximately 52.5% for the six months ended 30 June 2016 from 47.9% for the six months ended 30 June 2015. The decrease of the gross profit was mainly due to the decrease in the gross profit from Wisdom Program & Branding. The increase in the gross margin was mainly due to the increase in the proportion of revenue from Wisdom Events which devoted higher gross margin.

As a result of the foregoing changes in revenue and cost of services for Wisdom Events, the gross profit for Wisdom Events increased by approximately 57.7% to RMB105.5 million for the six months ended 30 June 2016 from RMB66.9 million for the six months ended 30 June 2015. The gross margin for Wisdom Events decreased to 54.2% for the six months ended 30 June 2016 from 62.6% for the six months ended 30 June 2015. This decrease was primarily due to the increase in cost from the upgrade of the sports events.

As a result of the foregoing changes in revenue and cost of services for Wisdom Program & Branding, the gross profit for Wisdom Program & Branding decreased by approximately 83.0% to RMB12.6 million for the six months ended 30 June 2016 from RMB74.2 million for the six months ended 30 June 2015. The gross margin for Wisdom Program & Branding increased to 41.2% for the six months ended 30 June 2016 from 39.5% for the six months ended 30 June 2015.

### ***Selling and Distribution Expenses***

The Group's selling and distribution expenses increased by approximately 62.1% to RMB18.8 million for the six months ended 30 June 2016 from RMB11.6 million for the six months ended 30 June 2015. This increase was mainly due to increased marketing efforts arising from the development of new events.

### ***General and Administrative Expenses***

The Group's general and administrative expenses increased by approximately 33.5% to RMB24.7 million for the six months ended 30 June 2016 from RMB18.5 million for the six months ended 30 June 2015. This increase was mainly due to administrative cost for business developments.

### ***Other Income***

The Group's other income decreased by approximately 15.3% to RMB13.3 million for the six months ended 30 June 2016 from RMB15.7 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease of the income generated from purchasing principal-guaranteed and low risk financial products offered by reputable commercial banks and the decrease in tax refund from the governmental body.

### ***Other Gains and Losses***

The Group's other losses decreased by approximately 78.9% to RMB1.2 million for the six months ended 30 June 2016 from RMB5.7 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in provision for outstanding receivables.

### ***Finance Income***

The Group's net finance income decreased by approximately 55.6% to RMB2.8 million for the six months ended 30 June 2016 from RMB6.3 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in interest income from bank deposits.

### ***Profit Before Income Tax***

As a result of the foregoing, the Group's profit before income tax decreased by approximately 29.7% to RMB89.5 million for the six months ended 30 June 2016 from RMB127.4 million for the six months ended 30 June 2015.

### ***Income Tax Expense***

The Group's income tax expense decreased by approximately 34.5% to RMB22.4 million for the six months ended 30 June 2016 from RMB34.2 million for the six months ended 30 June 2015. This decrease was mainly attributable to the decrease of the profit from domestic companies of the Group which needed to pay income tax.

The Group's effective tax rate for the six months ended 30 June 2015 was approximately 26.9%, compared to approximately 25.0% for the six months ended 30 June 2016. The change is mainly due to the decrease in non-deductible expenses incurred by offshore companies in the first half of 2016.

### ***Profit***

As a result of the foregoing, the Group's profit decreased by approximately 27.9% to RMB67.1 million for the six months ended 30 June 2016 from RMB93.1 million for the six months ended 30 June 2015. The Group's net profit margin decreased from 31.6% for the six months ended 30 June 2015 to 29.8% for the six months ended 30 June 2016.

### ***Cash Flows***

As at 30 June 2016, the Group's cash and cash equivalents amounted to RMB686.8 million compared with that of RMB522.3 million as at 31 December 2015. Aside from the deposits placed with state-owned banks and commercial banks with good reputation, the Group purchased principal-guaranteed, short-term and low risk financial products so as to ensure the security and



value of the capital. Such products were offered and guaranteed by banks with good reputation. The principal of such products will be fully refunded upon maturity. All terms of such products are less than three months while some of the products can be redeemed at any time. The annualized rate of return ranged from 1.5% to 6.0%. The Group takes a prudent approach in selecting financial products.

The table below sets out selected cash flow data from the Group's consolidated statement of cash flows:

	<b>For the six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Net cash generated from operating activities	<b>205,363</b>	49,052
Net cash (used in)/generated from investing activities	<b>(40,919)</b>	121,194
Net cash used in financing activities	—	(149,641)
Net increase in cash and cash equivalents	<b>164,444</b>	20,605
Cash and cash equivalents at beginning of the period	<b>522,259</b>	598,486
Exchange gain/(losses) on cash and cash equivalents	<b>84</b>	(3)
Cash and cash equivalents at end of the period	<b><u>686,787</u></b>	<u>619,088</u>

#### ***Net Cash Generated from Operating Activities***

Net cash generated from operating activities increased to RMB205.4 million for the six months ended 30 June 2016 from RMB49.1 million for the six months ended 30 June 2015. The increase was mainly attributable to a substantial increase in cash received from operations.

#### ***Net Cash Used in/Generated from Investing Activities***

Net cash generated from investing activities amounted to RMB121.2 million for the six months ended 30 June 2015 while net cash used in investing activities amounted to RMB40.9 million for the six months ended 30 June 2016. The change was mainly attributable to (i) cash outflow of RMB15.5 million due to purchase of real estate; (ii) cash outflow of RMB27.5 million due to investing in SEG Wisdom; and (iii) there was no revenue from disposal of financial assets for the six months ended 30 June 2016 while there were proceeds from disposal of financial assets for the six months ended 30 June 2015.

#### ***Net Cash Used in Financing Activities***

Net cash was not used in financing activities for the six months ended 30 June 2016, while net cash used in financing activities amounted to RMB149.6 million for the six months ended 30 June 2015, which was mainly attributable to the payment of dividend as approved by the Company's shareholders.

## *Working Capital*

The Group's net current assets increased by approximately 2.3% to RMB1,054.3 million as at 30 June 2016 from RMB1,030.5 million as at 31 December 2015. The Group maintained working capital at a relatively high level that can adequately meet the daily working capital requirements and finance the business development.

## *Capital Expenditure*

The total spending on the acquisition of property, plant and equipment amounted to RMB15.5 million for the six months ended 30 June 2016 (For the six months ended 30 June 2015: RMB0.7 million).

## **LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP**

In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities are centralized and cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2016, the Group had net current assets of RMB1,054.3 million (31 December 2015: RMB1,030.5 million), of which cash and cash equivalents amounted to RMB686.8 million (31 December 2015: RMB522.3 million).

A prudent approach in treasury management has long been the Company's policy, ensuring that the Group maintains strong reserves of cash to finance its daily operations and future developments.

For the clients who purchase advertising time slots in Wisdom Program & Branding, the Group normally requires advance payment according to the specific payment schedules set forth in relevant advertisement placement agreements. The Group generally does not grant credit terms to these clients in the agreements with them, except for a very few clients who have a large amount of transaction volume or long business relationship with the Group. For the clients of Wisdom Program & Branding who purchase advertising resources other than advertising time slots, the Group normally allows them to make payments in instalments according to the schedule set forth in the agreements with them. For the clients of the Wisdom Events, the Group normally allows them to make payments in instalments according to the schedule set forth in the agreements with them.

In addition to the Group's payment arrangements with the clients set forth in the relevant agreements, the Group conducts a periodic review of their payment progress in the Group's internal control system and assesses the Group's credit policy for them. After taking into account a series of factors, including transaction volume, length of business relationship, prior dealing history with the Group, creditworthiness, the industry practice, the macroeconomic and market competition environment, the Group's financial position and working capital needs and the Group's marketing and sales strategy, the Group may further extend credit periods ranging from three to six months for some of the clients in practice. Such extension of credit periods is granted on a case-by-case basis and not set forth in the payment terms in the agreements with relevant clients. The Group will continue to monitor the payment progress of these clients and take appropriate measures as to the collection of trade and notes receivables based on the Group's assessment and ongoing communications with the clients.

The Group has not experienced any material impact or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the six months ended 30 June 2016. The Company has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

## **CAPITAL STRUCTURE OF THE GROUP**

The reorganization of the Company and the subsidiaries of the Company as set out in the prospectus of the Company dated 28 June 2013 (the “**Prospectus**”) was completed on 24 June 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 July 2013. On 7 August 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on 23 May 2014 to employees of the Group and as at the date of this announcement, no option has been exercised. The options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group and as at the date of this announcement, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the six months ended 30 June 2016.

## **SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES, PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS IN THE FUTURE**

(i) Reference is made to the announcement of the Company dated 28 October 2014. As of 30 June 2016, Beijing Wisdom Media Holding Co., Ltd had contributed RMB30.0 million to Wisdom Hongtu Fund. (ii) Wisdom Events Operation and Management (Zhejiang) Co., Ltd. (智美賽事營運管理(浙江)有限公司) (the wholly-owned subsidiary of the Company) acquired 20% equity interest of Beijing Enbiou Sports Management Co., Ltd. (北京恩彼歐體育管理有限公司) with RMB3.6 million in March 2016, becoming its single largest shareholder. (iii) Beijing Wisdom Culture Co., Ltd. (the wholly-owned subsidiary of the Company) bought 55% in equity interest of SEG Wisdom with RMB27.5 million from Shenzhen ZM Sports Stadium Investment Co., Ltd. (深圳智美運動場館投資有限公司) which is the Company’s connected party on 7 April 2016. Save as disclosed in this announcement, for the six months ended 30 June 2016, the Company had no material investment, material acquisition and disposal of subsidiaries. Save as disclosed in the relevant announcements, the Company has no plans for material investment or acquisition of material capital asset in the future.

## **CHARGE ON ASSETS**

As at 30 June 2016, there was no change on the Group’s assets.

## FINANCIAL RATIO

	As at 30 June 2016	As at 31 December 2015
<b>Financial ratio</b>		
Current ratio	2,014.7%	1,873.8%
Gearing ratio	N/A	N/A

### Notes:

- (1) Current ratio represents a ratio of current assets to current liabilities.
- (2) Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The gearing ratio is not applicable to the Group as it had no bank borrowings as at 31 December 2015 and 30 June 2016.

## CONTINGENT LIABILITIES

As at 30 June 2016, the Company had no material contingent liabilities.

## HUMAN RESOURCES

The total number of employees of the Group was 171 as at 30 June 2016. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the six months ended 30 June 2016 amounted to RMB29.0 million.

In accordance with the corporate development strategies along with the practical business needs, the Group has provided various training programs to its staff according to their positions via a number of channels, including induction courses for new staff, training of professional knowledge in connection with finance, internal control and evaluation of the value of each position, etc. as well as different special training.

The Group established the Wisdom DNA Cultural Fund (“**Fund**”) in 2016 to award stocks to 10 outstanding employees annually in order to encourage employees to constantly look for breakthroughs and to achieve higher self-attainments. The Fund is donated by the Chairlady of the Board of the Group. The Company adopted a share option scheme. As at 30 June 2016, the Company has granted certain share options under the share option scheme. For further details, please refer to the paragraph headed “Capital Structure of the Group” in this announcement.

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

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2016</b>	<b>2015</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	<i>4</i>	<b>225,082</b>	294,805
Cost of services	<i>6</i>	<b>(107,001)</b>	(153,694)
<b>Gross profit</b>		<b>118,081</b>	141,111
Selling and distribution expenses	<i>6</i>	<b>(18,805)</b>	(11,559)
General and administrative expenses	<i>6</i>	<b>(24,715)</b>	(18,500)
Other income	<i>7</i>	<b>13,315</b>	15,715
Other gains and losses		<b>(1,190)</b>	(5,727)
Finance income		<b>2,752</b>	6,310
Share of result of a joint venture		<b>84</b>	—
<b>Profit before income tax</b>		<b>89,522</b>	127,350
Income tax expense	<i>8</i>	<b>(22,414)</b>	(34,209)
<b>Profit and total comprehensive income for the period</b>		<b><u>67,108</u></b>	<u>93,141</u>
<b>Profit attributable to owners of the Company</b>		<b><u>67,108</u></b>	<u>93,141</u>
<b>Earnings per share attributable to owners of the Company</b>			
Basic earnings per share	<i>10</i>	<b><u>RMB0.04</u></b>	<u>RMB0.06</u>
Diluted earnings per share	<i>10</i>	<b><u>RMB0.04</u></b>	<u>RMB0.06</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016	31 December 2015
	<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		24,264	10,615
Investment property		20,103	20,732
Goodwill		105	105
Intangible assets		4,080	4,218
Available-for-sale financial assets	11	36,000	36,000
Long-term receivable		3,600	—
Interest in a joint venture	12	27,584	—
		<b>115,736</b>	71,670
<b>Current assets</b>			
Capitalized program costs		2,528	2,528
Trade and bills receivables	13	180,635	334,871
Tax recoverable		9,141	13,244
Other receivables	14	105,949	112,265
Prepayments and other current assets	15	118,076	96,863
Financial assets at fair value through profit or loss	16	6,211	6,563
Cash and cash equivalents		686,787	522,259
		<b>1,109,327</b>	1,088,593
<b>Total assets</b>		<b>1,225,063</b>	1,160,263
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	2,479	2,479
Share premium	17	337,352	337,352
Reserves		124,527	123,802
Retained earnings		705,644	638,536
<b>Total equity</b>		<b>1,170,002</b>	1,102,169

		<b>30 June</b>	31 December
		<b>2016</b>	2015
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	18	27,110	33,932
Other payables		20,149	14,375
Advance from customers		7,802	8,718
Other tax payables		—	1,069
		<u>55,061</u>	<u>58,094</u>
<b>Total liabilities</b>		<u>55,061</u>	<u>58,094</u>
<b>Total equity and liabilities</b>		<u>1,225,063</u>	<u>1,160,263</u>
<b>Net current assets</b>		<u>1,054,266</u>	<u>1,030,499</u>
<b>Total assets less current liabilities</b>		<u><u>1,170,002</u></u>	<u><u>1,102,169</u></u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Wisdom Sports Group (the “**Company**”), was incorporated in the Cayman Islands on 21 March 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (2012 Revision) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is principally engaged in the provision of events services and program and branding services in the People’s Republic of China (the “**PRC**” or “**China**”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 11 July 2013.

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

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

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

In preparing this condensed consolidated financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

## 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015. In addition, the Group applied the following accounting policies which became relevant to the Group in the current interim period:

### **Interest in a joint venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement, Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.



The results and assets and liabilities of joint venture are incorporated in these condensed consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with a joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

#### **Available-for-sale equity investments**

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

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

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Method of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10 and HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

Except for changing the ordering of certain note giving prominence to the areas of the Group's activities which are considered more relevant to the understanding of the Group's operating activities and regrouping of certain items to further enhance the understanding of certain line items presented on the condensed consolidated financial statements, the application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) fees from wisdom events services which are mainly derived from the organizing and managing of sports-related competitions and providing other related marketing services in conjunction with these events, and (ii) fees from wisdom program and branding services which are comprised program production and related services business advertising services business, less returns, discounts and sales related tax.

The Chief Executive Officer is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Chief Executive Officer for the purposes of allocating resources and assessing performance.

There are two reportable segments in the Group, consisting of Wisdom Events and Wisdom Program and Branding. Wisdom Events is engaged in the organization, management and promotion of various sporting tournaments and other marketing activities. Wisdom Program & Branding is engaged in the production and distribution of television programs and advertisements.

The segment information provided to the Chief Executive Officer for the reportable segments for the six months ended 30 June 2016 as follows:

(Unaudited)	Wisdom Events <i>RMB'000</i>	Wisdom Program and Branding <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	194,458	30,624	225,082
Cost of services	<u>(88,993)</u>	<u>(18,008)</u>	<u>(107,001)</u>
Gross profit	105,465	12,616	118,081
Selling and distribution expenses			(18,805)
General and administrative expenses			(24,715)
Other income			13,315
Other gains and losses			(1,190)
Finance income			2,752
Share of result of a joint venture			84
Income tax expense			<u>(22,414)</u>
Profit for the period			<u><u>67,108</u></u>

The segment information provided to the Chief Executive Officer for the reportable segments for the six months ended 30 June 2015 is as follows:

(Unaudited)	Wisdom Events <i>RMB'000</i>	Wisdom Program & Branding <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	106,902	187,903	294,805
Cost of services	<u>(39,993)</u>	<u>(113,701)</u>	<u>(153,694)</u>
Gross profit	66,909	74,202	141,111
Selling and distribution expenses			(11,559)
General and administrative expenses			(18,500)
Other income			15,715
Other gains and losses			(5,727)
Finance income			6,310
Income tax expense			<u>(34,209)</u>
Profit for the period			<u><u>93,141</u></u>

No segment assets or liabilities information is provided as the Chief Executive Officer does not review a measure of assets or a measure of liabilities by reportable segments.

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

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Customer A	33,962	—
Customer B	22,642	—
Customer C	22,642	—
Customer D	38,632	—
Customer E	—	36,321
	<u>117,878</u>	<u>36,321</u>

The revenue is attributable to the Wisdom Events segment.

## 5. SEASONALITY OF OPERATIONS

The demand for the Group's services is usually higher during the second half of each year than it is during the first half, which is mainly attributable to the greater marketing and sales efforts of the Group's customers during that period. In addition, the Group derives a portion of its revenues from organization, management and promotion of domestic and international sports-related competitions and events, the occurrence of which varies from period to period. In the financial year ended 31 December 2015, 43.3% of revenues accumulated in the first half of the year, with 56.7% accumulated in the second half of the year.

## 6. EXPENSES BY NATURE

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Event organization and related costs	77,258	20,919
Advertising time slots, program production and related costs	17,799	113,566
Employee benefit expenses	28,046	21,460
Share-based payments	725	337
Operating lease rentals	6,749	5,758
General office expenses	4,150	3,995
Depreciation and amortization	2,861	3,165
Travelling expenses	2,904	2,410
Entertainment expenses	179	420
Promotion related expenses	472	255
Professional fees	7,868	7,928
Remuneration — audit fees	800	800
Remuneration — non-audit fees	649	2,700
Others	61	40
	<u>150,521</u>	<u>183,753</u>

## 7. OTHER INCOME

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Investment income from other financial assets ( <i>Note a</i> )	2,976	3,686
Government grants ( <i>Note b</i> )	10,243	12,029
Others	96	—
	<u>13,315</u>	<u>15,715</u>

*Note:*

- (a) The Group invested mainly in unlisted treasury products issued by commercial banks in the PRC. The principals of these investments are guaranteed by the corresponding commercial banks. The investments are denominated in RMB and with maturity periods within three months. The balance of other financial assets as at 30 June 2016 is nil (31 December 2015: nil).
- (b) The Group benefits from government grants in the form of tax refund from governmental bodies of Fuzhou, Jiangxi Province and Tianjin City as a result of the Group's assistance for developing the cultural and media industry in the respective cities.

## 8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising on or derived from the jurisdictions in which members of the Group are domiciled and operate.

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Current income tax	22,414	34,309
Deferred income tax	—	(100)
	<u>22,414</u>	<u>34,209</u>

### (i) Cayman Islands profits tax

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

### (ii) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June, 2016 (2015: 16.5%).

### (iii) PRC enterprise income tax ("EIT")

EIT is provided on the taxable income of entities within the Group incorporated in the PRC.

Pursuant to the PRC Enterprise Income Tax Law (the "New EIT Law"), the EIT is unified at 25% for all types of entities, effective from 1 January 2008.

(iv) **PRC withholding income tax**

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

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC subsidiaries as at 30 June 2016 amounting to RMB712,813,000 (31 December 2015: RMB648,560,000) as in the opinion of the directors of the Group, the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

**9. DIVIDENDS**

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

**10. EARNINGS PER SHARE**

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

**Six months ended 30 June**

<b>2016</b>	<b>2015</b>
<b>RMB'000</b>	<b>RMB'000</b>
<b>(unaudited)</b>	<b>(unaudited)</b>

Earnings

Earnings for the purpose of basic and diluted earnings per share  
(Profit for the period attributable to owners of the Company)

<b>67,108</b>	<b>93,141</b>
---------------	---------------

**Six months ended 30 June**

<b>2016</b>	<b>2015</b>
<b>000</b>	<b>000</b>
<b>(unaudited)</b>	<b>(unaudited)</b>

Weighted average number of shares:

Number of ordinary shares for the purpose of basic earnings per share

<b>1,609,045</b>	<b>1,609,045</b>
------------------	------------------

Effect of dilutive potential ordinary shares:

Share options

<b>—</b>	<b>338</b>
----------	------------

Weighted average number of ordinary shares

for the purpose of diluted earnings per share

<b>1,609,045</b>	<b>1,609,383</b>
------------------	------------------

The computation of diluted earnings per share for the six months ended 30 June 2016 does not assume the exercise of the Company's outstanding share options as the exercise price of those shares options was higher than the average market price for shares for the six months ended 30 June 2016.

## 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 June 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
The Fund (Note a)	<b>30,000</b>	30,000
Investment on 北京酷玩部落科技有限公司 (“CoolplayClub”) (Note b)	<b>6,000</b>	6,000
	<b>36,000</b>	36,000

### Notes:

- (a) As at 30 June 2016, the available-for-sale financial assets, RMB30,000,000 (31 December 2015: RMB30,000,000) were stated at fair value.
- (b) On 23 June 2015, Beijing Wisdom Media entered into a capital increase framework contract with Nie Xuezhen, Kong Fei, Gu Shufeng and Zhang Xiaodong, who are the then shareholders of CoolplayClub, whereas Beijing Wisdom Media will make capital contribution into CoolplayClub. As at 31 December 2015, Beijing Wisdom Media has paid the capital contribution amounting to RMB6,000,000 to CoolplayClub. The registration of Beijing Wisdom becoming shareholder of CoolplayClub is completed during the current period. As Beijing Wisdom Media had no intention to sell the investment in near future and the percentage of equity interest in Coolplay Club is 7.5%, the investment is recognised as available-for-sale financial assets which were measured at cost less any identified impairment losses at the end of the reporting period as the range of reasonable fair value estimates is so significant that the directors the Company (the “**Directors**”) are of the opinion that the fair value cannot be reliably measured.

## 12. INTEREST IN A JOINT VENTURE

On 7 April 2016, Beijing Wisdom Culture Co., Ltd., (“**BJWSD**”), a wholly-owned subsidiary of the Group, entered into the equity transfer agreement (“**ETA**”) with Shenzhen ZM Sports Stadium Investment Co., Ltd. (“**SZZM**”) and SEG Property (“**SEG**”), pursuant to which SZZM transferred 55% equity interest in Shenzhen SEG ZM Sports Culture Development Co., Ltd. (“**SEG ZM**”) to BJWSD at RMB27.5 million. SZZM is controlled by Ms. Ren Wen, a controlling shareholder of the Company. Immediately after the execution of ETA, SZZM, BJWSD and SEG held 10%, 55% and 35% equity interest in SEG ZM, respectively. The contractual arrangement between SZZM, BJWSD and SEG specifies that at least two-third of the board of shareholders are required to approve for decision on directing the relevant activities of SEG ZM. Hence in the opinion of the directors of the Company, the Group’s interest in SEG ZM is accounted as a joint venture which is accounted for the equity method to account for.

## 13. TRADE AND BILLS RECEIVABLES

	<b>30 June 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Trade receivables	<b>181,715</b>	297,489
Bills receivables	—	37,382
Less: provision for impairment of trade receivables	<b>(1,080)</b>	—
	<b>180,635</b>	334,871

As at 30 June 2016 and 31 December 2015, the ageing analysis based on recognition date of the above trade receivables, net of allowance for doubtful debts, was as follows:

	<b>30 June 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Within 1 month	<b>39,800</b>	70,467
1 to 3 months	<b>13,081</b>	79,792
4 to 6 months	<b>2,554</b>	12,982
7 to 12 months	<b>76,733</b>	104,493
Over 12 months	<b>48,467</b>	29,755
	<b>180,635</b>	297,489

#### 14. OTHER RECEIVABLES

	<b>30 June 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Government grant receivables	<b>19,772</b>	36,349
Deposits with media companies and event organization companies	<b>74,114</b>	66,723
Advances to employees	<b>9,618</b>	7,574
Lease and other deposits	<b>3,612</b>	3,519
Interest receivables	<b>—</b>	88
Others	<b>2,933</b>	2,112
Less: Provision for impairment of other receivables	<b>(4,100)</b>	(4,100)
	<b>105,949</b>	112,265

#### 15. PREPAYMENTS AND OTHER CURRENT ASSETS

	<b>30 June 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Prepayments for media resources	<b>72,160</b>	78,678
Prepayments for sport competition and event organization expenses	<b>24,107</b>	5,317
Prepaid lease and property management fees	<b>1,529</b>	3,939
Value-added tax credit	<b>11,651</b>	5,049
Others	<b>8,629</b>	3,880
	<b>118,076</b>	96,863

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Financial assets at fair value through profit or loss	<u><b>6,211</b></u>	<u>6,563</u>

The above financial assets are recorded in the condensed consolidated statement of financial position at fair value. Changes in fair values of financial assets at fair value through profit or loss are recorded in “other gains and losses” in the condensed consolidated statement of profit or loss and other comprehensive income.

## 17. SHARE CAPITAL AND SHARE PREMIUM

	<b>Number of shares (thousands)</b>	<b>Share capital RMB'000</b>	<b>Share premium RMB'000</b>	<b>Total RMB'000</b>
<b>Issued and fully paid:</b>				
<b>At 1 January 2016 (audited) and 30 June 2016 (unaudited)</b>	<u><b>1,609,045</b></u>	<u><b>2,479</b></u>	<u><b>337,352</b></u>	<u><b>339,831</b></u>
<b>At 1 January 2015 (audited)</b>	1,609,045	2,479	486,993	489,472
Dividends relating to 2014 paid in June 2015	<u>—</u>	<u>—</u>	<u>(149,641)</u>	<u>(149,641)</u>
<b>At 30 June 2015 (unaudited)</b>	<u><b>1,609,045</b></u>	<u><b>2,479</b></u>	<u><b>337,352</b></u>	<u><b>339,831</b></u>

## 18. TRADE PAYABLES

As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade payables based on recognition date were as follows:

	<b>30 June 2016 RMB'000 (unaudited)</b>	31 December 2015 RMB'000 (audited)
Within 1 month	<b>10,014</b>	16,957
1 to 3 months	<b>1,599</b>	15,984
4 to 6 months	—	139
7 to 12 months	<b>14,645</b>	—
Over 12 months	<u><b>852</b></u>	<u>852</u>
	<u><b>27,110</b></u>	<u>33,932</u>



## **USE OF NET PROCEEDS FROM LISTING**

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of overallotment option (after deducting the underwriting fees, capitalised professional service fees and related expenses) amounted to approximately RMB635.9 million, which are intended to be applied in the manner as disclosed in the Prospectus in respect of the global offering of its shares. As at 30 June 2016, part of the proceeds was applied as follows:

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

## **INTERIM DIVIDEND**

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2016.

## **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 for the six months ended 30 June 2016.

## **CORPORATE GOVERNANCE CODE**

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

The Board is of the view that for the six months ended 30 June 2016, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1. Details will be set out below.

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

During the period from 1 January 2016 to 7 April 2016, Dr. Shen Wei, an executive Director, was the president of the Company. Since 7 April 2016, Dr. Shen Wei ceased to act as the president of the Company and was re-designated as the senior vice president of the Company. Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, was appointed as the president of the Company.

Ms. Ren Wen is responsible for the implementation of the strategic layout of the Group whilst Dr. Shen Wei is responsible for the operation of stadium related business. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Group. Executive Directors and the senior management perform separate duties to assist the chairlady and the president. The Board considers that the structure ensures an effective operation of the Group by exercising consolidated and consistent leadership. For details, please refer to the Company's announcement dated 7 April 2016.

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2016.

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 2016.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and with terms of reference aligned with the code provision C.3 of the CG Code for the purpose of reviewing the financial information and providing supervision on the financial reporting system, risk management and internal control systems as well as the effectiveness of the internal audit function of the Group. The Audit Committee comprises three members, two being independent non-executive Directors and one being a non-executive Director, namely, Mr. Wei Kevin Cheng, as its Chairman, Mr. Jin Guoqiang and Mr. Xu Jiongwei.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Audit Committee. The interim financial results of the Group for the six months ended 30 June 2016 is unaudited but has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, and by the Audit Committee.

The Audit Committee has reviewed together with management the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2016 and considers it in compliance with generally accepted accounting principles as well as laws and regulations.

# **PUBLICATION OF 2016 INTERIM RESULTS AND 2016 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](http://www.hkexnews.hk)) and the Company (<http://www.wisdom-china.cn/>), and the 2016 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, 26 August 2016

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