WISDOM

WISDOM SPORTS GROUP
智美體育集團

Stock Code:1661

(Incorporated in the Cayman Islands with limited liability)

2017
Interim Report

为健康
为快乐

Contents

Corporate Information

EXECUTIVE DIRECTORS

Ms. Ren Wen *(Chairlady and President)*
Mr. Zhang Han *(Vice Chairman)*
Mr. Song Hongfei
Ms. Hao Bin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wei Kevin Cheng
Mr. Ip Kwok On Sammy
Mr. Jin Guoqiang

AUDIT COMMITTEE

Mr. Wei Kevin Cheng *(Chairman)*
Mr. Jin Guoqiang
Mr. Ip Kwok On Sammy

REMUNERATION COMMITTEE

Mr. Jin Guoqiang *(Chairman)*
Mr. Wei Kevin Cheng
Mr. Song Hongfei

NOMINATION COMMITTEE

Ms. Ren Wen *(Chairlady)*
Mr. Ip Kwok On Sammy
Mr. Jin Guoqiang

JOINT COMPANY SECRETARIES

Ms. Hao Bin
Ms. Kam Mei Ha Wendy

AUTHORISED REPRESENTATIVES

Ms. Hao Bin
Ms. Kam Mei Ha Wendy

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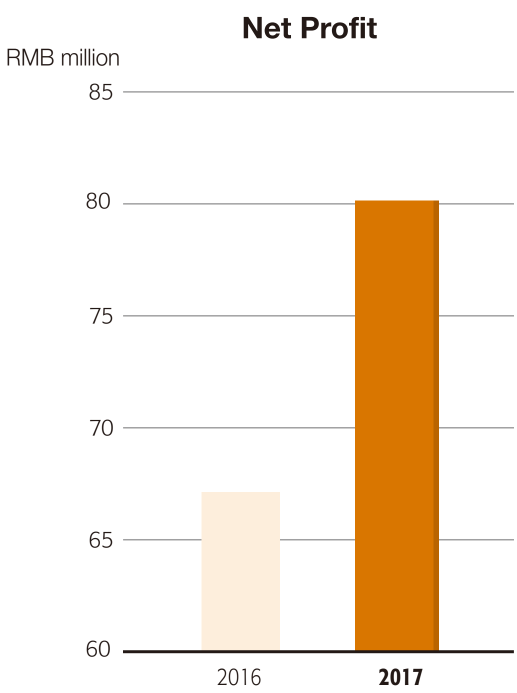
Financial Highlights

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 2017, together with the comparative figures for the corresponding period in 2016.

The financial highlights are as follows:

- Net profit attributable to owners of the Group increased by approximately 19.4% to RMB80.1 million for the six months ended 30 June 2017 from RMB67.1 million for the six months ended 30 June 2016.

- The Board declared payment of an interim dividend of RMB0.038 per share for the period ended 30 June 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 27 October 2017. It is expected that the interim dividend will be paid on Wednesday, 15 November 2017 in Hong Kong dollars at the spot rate published by The People's Bank of China on 27 October 2017.



Chairlady's Statement

Dear Shareholders,

It has been four years since Wisdom became a listed company. Looking back at our journey in the last four years, one might say we have come through innumerable hardships. From being a media operations–oriented business when we first listed to the successful transformation into a pure sports company; from not being understood to gradually receiving acceptance, and eventually becoming a trustworthy marathon events operator well-loved by the great number of running enthusiasts, it has been an arduous journey. In this process, wherein we organised close to twenty large-scale marathon events annually, every single member of the team endured serious physical and mental training. Whatever difficulty we ran into, being absolutely fool proof has been our only choice, in order to present to the cities, our sponsors, and the running enthusiasts at large exciting and unforgettable classic events. Because deep down, we understand that, even if an event is just a fraction of our business, to the host city, it is a highlight for the entire city and a festival for its citizens.

Between 2015 and 2025 lies the "golden decade" on which our high hopes for the development of China's sports industry rest. All eyes are set on the five-trillion strong market, crowded with industry competitors. The issue of the 2016 "13th Five-year Plan for the Development of the Sports Industry" and the implementation of the "Healthy China" national strategy have doubtlessly been another step on the accelerator for the development of China's sports industry. Yet when we look at the various large and small events of China's sports industry, there is still a great lack of sports events brands with high domestic recognition, high participation, and high industry value, not to mention the lack of IP events carrying international influence. In this regard, Wisdom, as the fore-runner of the industry, is moved by a deep sense of concern; building branded sports events with domestic and international influence for China has become the will and goal of Wisdom. At the same time, strategic upgrade driven by event brand upgrade is also the necessary path ahead for Wisdom and China's sports industry.

In 2017, against the backdrop of the national "Healthy China" strategy, a brand-new marathon series "Running in China", jointly hosted by the Chinese Athletic Association and CCTV-5 and operated by Wisdom, was born, receiving approval and tremendous recognition from the Politburo. Based on the planned events, close to twenty municipal marathon events including the "Beijing Marathon", the "Guangzhou Marathon", the "Hangzhou Marathon" and the "Shenzhen Marathon" will be incorporated into the "Running in China" brand. Whether in terms of event scale or social impact, "Running in China" is no doubt the first national-level super IP marathon event in China. At the same time, in response to the "The Belt and Road" national strategy, the "The Belt and Road" marathon series jointly created by Wisdom and the Chinese Athletic Association, as the first international-level IP marathon event to be led by China, will be successively held in major cities of countries such as Malaysia, Thailand, the Czech Republic, Greece, and Australia.

As another product of the successful strategic upgrade driven by brand upgrade, Wisdom has also created the "Top brand event + Top enterprise brand", a new high-end brand value-upgrading marketing mode. Based on the present "context marketing" in sports events and its marketing values of health, sunshine, and happiness, borrowing on the domestically and internationally influential super IP events such as "Running in China" and "The Belt and Road", and collaborating with major domestic and international media such as CCTV, we have forged deep cooperation relationships with enterprises and helped them create domestically and even internationally reputable brands and value. The launch of this new mode of sports marketing received immediate appreciation from numerous domestic and international brands, with a batch of notable domestic brands pouncing on the first opportunity to enter into a deep cooperation with the "Running in China" marathon series. At the same time, we are delighted to see more and more regional governments showing their love and support for the sports and marathon industries, enthusiastically joining in the efforts to help build a fitness-for-all events platform for the general public while driving the rise of the influence of their cities.

Whether we are benchmarking against the development of the sports industry in developed countries in Europe and the U.S., or examining the enormous demand that China's society will have for the sports industry in the future, Wisdom has just embarked on the first tiny stretch in a long-distance marathon; there is a long and scenic road ahead of us for the future. National policy and social demand have fortified our confidence; Wisdom's sure and steadfast steps have reinforced our determination. We need to be patient in future as we hold strong to our "Sports+" strategy moving forward, in order to make ourselves fully deserving of the once-in-a-generation opportunity of the sports industry's "golden decade"!

Ren Wen
Chairlady

Management Discussion and Analysis

GROUP OVERVIEW

The Group's business covers the operation of sports events and areas such as marketing and services. Through several years of dedicated cultivation, we are now the largest event operator in the marathon sector, forming strategic marathon and sports partnerships with numerous provincial-level municipalities and in economically developed regions in China. The Group won various awards at the Marathon Gala-China 2016, including three events rated as having most broadcast value for marathon events in China, three events rated as unique marathon events rated in China, one event as unique red-themed marathon event, four events awarded as Gold-medal events, two events awarded as Silver-medal events, five events awarded as Bronze-medal events, and at the same time, the Group was also honoured with the "2016 China Marathon Promotion Contribution Award".

In 2017, the Group focused on a strategy of opening up the platformisation of the sports industry, taking connecting the human sports DNA as our goal, and continued to deepen the development of our strategies of the sports industrial chain, leveraging on our core advantages in population, data, and consumption in road running projects to actively commence partnerships with other industrial platforms, in order to provide different consumption options for the sports enthusiasts at large. Centering on the core of population, data and consumption, we have expanded our sports events operation as well as our strategic positioning in the marketing and sports service business segments. At the same time, through gathering outstanding talents and investing in excellent companies, we have expanded at full speed the operation platform of the entire sports industrial chain.

Based on the "2016–2019 Marathon Industry Development Strategy" formulated in 2016, the Group has focused on building IP events at the international, national, municipal, and recreational levels, providing population, data and consumption support for a diversified marathon industry and product range, allowing for the successful upgrade of the general strategy of the road running industry. In 2016, the Group successfully bid for the "The Belt and Road" marathon series, an international level IP event, which has completed its first circuit in Bao'an, Shenzhen. In 2017, the Group successfully launched the "Running in China" marathon series, a national level IP event, which was hailed as the "Chinese Super League" of marathons. The "Running in China" marathon series was co-hosted by the Chinese Athletic Association and CCTV-5, and is a major event operated by the Wisdom and organised by Beijing Wisdom Shangde Sports Co., Ltd. The event broadcast broke away from traditional methods, realising innovation through exhibiting urban development, revolution traditions, and urban characteristics in short film format. At the same time, in the area of sports services, the Group has entered into a strategic partnership with the Japan Tourism Board early this year, with both parties agreeing to conduct strategic partnership in areas such as Japan's sakura marathons and the Group's 2017 strategic positioning in areas such as the sports tourism market.

In the first half of the year, the Group has rolled out 248 handbooks and guidelines on various issues regarding internal management and business operations, further increasing the standardisation and compliance of our internal management, strengthening our internal and external risk control capacity, raising our management standards, in order to provide strong security for the rapid development of the Group's businesses.

In 2017, the Group, on the basis of the rapid development of its own businesses, and simultaneously relied on the power of capital to accelerate our strategising of the industrial chain upstream and downstream, having successfully acquired Wuhan Guanghelixing Sports Culture and Media Co., Ltd. ("**Wuhan Guanghelixing**"), which owns multiple independent IP event resources and a comprehensive operations team, including the "Wuhan Women's Marathon" and the "MBA Marathon", while the acquisition also sealed the Group's industrial strategic positioning in the central region. The Group is strategically investing in Vning Sports Culture Industry (Beijing) Co., Ltd. ("**Vning Sports**"), strategically targeting the areas of education and research in the sports industry, in order to build China's largest and an industry-leading commercial sports talent education service platform. In future, while the Group leads the pack in China's road running industry, it will also continue to join hands with excellent organisations, operators and various types of enterprises in the industrial chain throughout all regions of the country through business collaboration and capital investment, building together a grand map of the road running industry.

BUSINESS REVIEW

I. Events Operation and Marketing

The events operation and marketing segment is responsible for hosting mass sports events and other activities, with revenue generated mainly from brand advertisers' title sponsorship fees, sponsorship fees, and advertising fees obtained through event marketing. The first half of 2017 witnessed the Group's breakthrough development in the professional road running sector, with the grand launch of the "Running in China" marathon series, a national level IP event in the first half of the year. The "Running in China" marathon series is a national level IP event co-hosted by the Chinese Athletic Association and CCTV-5 and operated by the Group, with 16 events planned to be held in 2017, including eight circuits each for the "Red Journey" sub series and the "Reform and Opening-up" sub series. In 2018, it will see the addition of two major series, the "The Belt and Road" sub series and the "Ecology Upgrade" sub series, for a total of 32 planned events. The Group has, as of 30 June 2017, operated six marathon events, including four events in the "Running in China" series, namely the "2017 Shanghai Chongming International Marathon", the "Zunyi International Half

Marathon 2017", the "2017 Yan'an International Half Marathon" and the "CCI Jilin City International Marathon 2017". Additionally, the Group has operated municipal marathons, including the "Chang Chun International Marathon 2017" and the "2017 Rongcheng Coast International Marathon". After the publication of the interim results announcement on 29 August 2017, the Malaysia Marathon 2017 event has been postponed.

In the first half of the year, the Group has further accelerated the pace of developing brand clientele in the area of sports marketing, adding 29 clients including five who have formed strategic partnerships with the Group, namely: FAW-Volkswagen Automotive Co., Ltd., China Vanke Co., Ltd., Nongfu Spring Co., Ltd., Jiangxi Yidaozhishang Investment Development Co., Ltd., and Taiping General Insurance Co., Ltd., covering the industries of automobile, real estate, insurance, and fast moving consumer goods, etc.

In the first half of the year, the Group completed an acquisition of the entire stake of Wuhan Guanghelixing, which owns IP events such as the "Wuhan Women's Marathon", the "MBA Marathon", the "Wuhan Women's Walkathon", the "Hubei Country Marathon", and the "ladyrun Women's Marathon series". This acquisition completed the Group's strategic plan within our central area industry strategy, developing our marathon event positioning in peripheral second and third tier cities through opening up the central region market with this acquisition.

II. Sports Services

The sports services segment is a vital component of the Group's strategic positioning, generating income from the government and users through the provision of sports service products. Its main characteristic is the provision of diversified products and services targeted at the government procurement market and consumer market, including areas such as government procurement services, sports tourism, sports training, and sports programming rights.

With the launch of national industrial policies, local governments are gradually expanding their support on sporting events, and the Group is delighted to see more and more local governments providing increasing opportunities for the general public to work out and stay in healthy shape, with marathon events being the top choice of the financial procurement services of the various local governments. As the number of marathon events increases, the Group has also exhibited a healthy growth trend in the size of revenue at the government services procurement end.

In the individual consumption sector, as the passion of running enthusiasts for marathon events rapidly increases, running events are facilitating the formation of an explosive scenario in the sports tourism area. In 2017, the Group commenced active marathon event partnerships with countries such as Japan and Malaysia opening up the development of sports tourism projects, providing opportunities for the marathon enthusiasts at large to step out of the country and participate in international events and going on a sightseeing leisure vacation. Meanwhile, in the area of sports training, in conjunction with the Group's organisation of marathon events in the first half of the year, corresponding marathon training camps also operated successively, with active participation from marathon enthusiasts.

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In the area of event broadcasting, in the first half of the year the Group successfully conducted a full event of new media interactive live streaming of the Rongcheng Coast Marathon, achieving good viewership with independent UV (UV = Unique Visitor, referring to a natural person browsing the website through internet page visit) reaching 734,000. At the same time, the Group utilised its marathon broadcast rights to form rights partnerships with internet and new media platforms to realise revenue in the first half of the year.

In the first half of the year, the Group was the financing leader for equity participation in Vning Sports, which owns its independent new media and internet sports platform, providing sports industry planning services for various local governments, jointly opening a sports agent training course with the General Administration of Sport, building a case for a development course in senior management in sports together with France's emlyon business school to construct a platform for education, services, and output of sports commerce talents. Through our investment in Vning Sports, the Group has formed a further addition to the individual consumer's consumption platform in the industrial chain, creating a win-win situation.

OUTLOOK OF INDUSTRY AND THE GROUP

On 10 July 2017, the notice on the "2017 Operational Plan to Support Social Powers in Hosting Mass Sports Events Such As Marathons and Bikeathons" was jointly published by nine agencies including the National Development and Reform Commission of the People's Republic of China (the "**PRC**") and the General Administration of Sport. The notice made relevant regulations on mass sports events such as marathons and bikeathons. The general requirement of the operational plan is to promote the construction of a healthy China, accelerate the development of the sports industry and stimulate sports consumption by taking supply-side structural reform as the main line, and in support of social powers hosting mass sports events, timely roll out a batch of targeted policy measures in 2017, in order to better unleash their stimulating effects on areas such as stable growth, stimulating consumption, and benefiting livelihoods. Under the momentum of the relevant policies, the number of marathon participants is expected to exceed five million by the end of 2017, driving various types of consumption in excess of RMB20 billion. This is not only good news to the marathon sport and industry, but also aligns with the Group's development goals and strategies, and will be positive for the Group as we rapidly develop our business based on our current platform.

Management Discussion and Analysis

The Group expects to operate independently over 12 marathon events in the second half of 2017. The schedule for the "Running in China" marathon series for the second half of the year has been confirmed, including 12 courses in Kunming, Changsha, Xiangyang, Nanchang, Hangzhou, Guangzhou, and Shenzhen, etc. The Group has also successfully bid to be the operator for the 2017 and 2019 Asian Marathon Championships, with the former to be held in Dongguan, Guangdong.

The Group will conduct event partnerships with marathon events in other countries to build overseas sports tourism products. Sports training products such as marathon camps will also be gradually launched alongside various events. As for sports finance, the Group will continue to explore with partners relating to financial institutions, banks, and insurance the development of businesses in the area of sports finance, including the design of products and services in areas such as personal sports consumer credit and sports insurance.

In the second half of the year, the Group will also further intensify its investment efforts, conducting the corresponding investment strategies in areas such as sports event operations, sports marketing, sports recovery, sports technology, and short video live streaming, further improving the extension of Wisdom Sports's industrial chain, providing richer products and services to the general public.

The Group will continue to follow our "2016–2019 Marathon Industry Platform Strategic Positioning", sustaining our in-depth business development of the entire marathon industrial chain. The Group will continue to integrate our advantages in population, data and consumption, conduct cross-industrial platform partnerships, and build an incremental market, in order to help the general sporting public build the fifth necessity, "movement", and contribute to the development of China's sports industry.






FINANCIAL REVIEW

In the prior period, the Group had two business divisions which represented two reportable operating segments namely, (a) Events Operation and (b) Advertising Program and Branding. In the current period, the Group changed its internal reporting structure and separated a new business division from Events Operation called "Sports Services", following a separation of the prior division's activities. Subsequent to the change of the internal reporting structure, the Group has three reportable operating segments, which are (a) Events Operation and Marketing: providing marketing services in conjunction with sports-related competitions. Types of revenue include corporate sponsorship income and sales of commercial rights of events; (b) Sports Services: providing services to government, participants and media companies in conjunction with sports-related competitions. Types of revenue include events organization income, sales of broadcasting right of events, and individual consumption; and (c) Advertising Program and Branding: advertising and directing, filming and producing video programs for television stations and program production. Prior period segment disclosure has been restated to conform with the current period's presentation.

Revenue

The Group's revenue decreased by approximately 60.9% to RMB88.1 million for the six months ended 30 June 2017 from RMB225.1 million for the six months ended 30 June 2016, with the decrease in revenue mainly due to (i) the decrease in revenue from operations and marketing of events due to the Group's adjustment in strategy in 2017 to commence focusing on operating marathons and no operation of mass sports events and the disposal of the National Men's Basketball League ("**NBL**") business; (ii) events that have been operated in 2017 are primarily newly contracted events for which revenue from government sources are yet to be fully released, while mature events held during the period ended 30 June 2016 are scheduled to be held in the second half of 2017, and therefore, revenue from sports services for the six months ended 30 June 2017 has decreased over the same period in 2016; (iii) no revenue from Wisdom Advertising Program and Branding commencing from 2017 due to the Group's adjustment in strategy. Details based on reportable segments are as follows:

- Revenue from Wisdom Events Operation and Marketing decreased by approximately 65.8% to RMB51.2 million for the six months ended 30 June 2017 from RMB149.8 million for the six months ended 30 June 2016. Of which, (i) the operations and marketing revenue of events primarily relating to marathons increased by approximately 32.0% to RMB51.2 million for the six months ended 30 June 2017 from RMB38.8 million for the six months ended 30 June 2016, with the increase mainly due to the increase in marathon events operated; (ii) the operations and marketing revenue of Wisdom's mass sports events decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB79.2 million for the six months ended 30 June 2016, with the decrease mainly due to the Group focusing on operating marathon projects and no operation of mass sports events in this period; and (iii) revenue from the NBL business decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB31.8 million for the six months ended 30 June 2017 due to the disposal of Shenzhen Wisdom Basketball Industry Co., Ltd ("**SWBI**") and its related NBL business;

- Revenue of Wisdom Sports Services decreased by approximately 17.3% to RMB36.9 million for the six months ended 30 June 2017 from RMB44.6 million for the six months ended 30 June 2016, with the decrease mainly due to revenue from government sources relating to newly contracted marathons events not being fully released yet, while the mature marathon events operated in the first half of the previous year, have for this year been rescheduled to take place in the second half of the year; and

- As of the six months ended 30 June 2017, there is no revenue from Wisdom Advertising Program and Branding, while for the six months ended 30 June 2016, the respective revenue was RMB30.6 million, with the change mainly due to the Group's adjustment in strategy.

Cost of Services

The Group's cost of services decreased by approximately 65.8% to RMB36.6 million for the six months ended 30 June 2017 from RMB107.0 million for the six months ended 30 June 2016. The decrease in costs was mainly due to (i) strengthened cost control; and (ii) focus on operating marathon project decreasing costs of other projects. Details are as follows:

- Cost of services for the Wisdom Events Operation and Marketing decreased by approximately 63.9% to RMB28.5 million for the six months ended 30 June 2017 from RMB78.9 million for the six months ended 30 June 2016. Of which, (i) the costs of operations and marketing of events primarily relating to marathons decreased by approximately 40.4% to RMB28.5 million for the six months ended 30 June 2017 from RMB47.8 million for the six months ended 30 June 2016, with the decrease mainly due to strengthened cost control, and a substantial decrease in event operating costs due to the costs advantages achieved with intensification as events reach significant scale; (ii) costs of Wisdom's mass sports events decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB15.8 million for the six months ended 30 June 2016, with the decrease mainly due to the Group's focusing on operating marathon projects in this period; and (iii) the cost of services for the NBL business decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB 15.3 million for the six months ended 30 June 2016 due to the disposal of the NBL business;

- Cost of services for Wisdom Sports Services decreased by approximately 19.8% to RMB8.1 million for the six months ended 30 June 2017 from RMB10.1 million for the six months ended 30 June 2016, with the decrease mainly due to the effective control of costs of live broadcasting of marathons, reducing costs through live broadcasting of events in thematic program format; and

- As the Group commenced its focus on operating marathon projects in 2017, no service costs of Wisdom Advertising Program and Branding were recorded for the six months ended 30 June 2017, while for the six months ended 30 June 2016, the respective costs were RMB18.0 million.

Gross Profit and Gross Margin

As a result of the aforementioned factors, the Group's gross profit decreased by approximately 56.4% to RMB51.5 million for the six months ended 30 June 2017 from RMB118.1 million for the six months ended 30 June 2016. The gross margin for the Group increased to approximately 58.5% for the six months ended 30 June 2017 from 52.5% for the six months ended 30 June 2016. The decrease of the gross profit was mainly due to Wisdom focusing on operating marathons and the decrease in the gross profit from other businesses; the increase in the gross margin was mainly due to the high proportion of the marathon business experiencing an increase in gross margin. Details are as follows:

- As a result of the foregoing changes in revenue and cost from Wisdom Events Operation and Marketing, the gross profit for Wisdom Events Operation and Marketing decreased by approximately 68.0% to RMB22.7 million for the six months ended 30 June 2017 from RMB70.9 million for the six months ended 30 June 2016. Of which (i) gross profit from the operations and marketing of marathon events changed by approximately 352.2% to a profit of RMB22.7 million for the six months ended 30 June 2017 from a loss of RMB9.0 million for the six months ended 30 June 2016, with the increase in gross profit mainly due to the increase in marathon events and the strengthening of cost control; (ii) gross profit from the operations and marketing of Wisdom's mass sports events decreased by 100% to RMB0.0 million for the six months ended 30 June 2017 from RMB63.4 million for the six months ended 30 June 2016, with the decrease mainly due to the Group's adjustment of strategy to focus on operating marathon events. The gross margin for Wisdom Events Operation and Marketing decreased to 44.3% for the six months ended 30 June 2017 from 47.3% for the six months ended 30 June 2016. This decrease was primarily due to focusing on operation of the marathon business which has better prospects and temporarily dropping traditional mass sports events; and (iii) as a result of the aforementioned disposal of the NBL business, the gross profit and gross margin for the Group's NBL business was RMB0.0 million and 0% respectively for the six months ended 30 June 2017, and was RMB16.5 million and 51.9% respectively for the six months ended 30 June 2016;

- As a result of the foregoing changes in revenue and cost of services for Wisdom Sports Services, the gross profit for Wisdom Sports Services decreased by approximately 16.5% to RMB28.8 million for the six months ended 30 June 2017 from RMB34.5 million for the six months ended 30 June 2016. Gross margin increased to 78.0% for the six months ended 30 June 2017 from 77.4% for the six months ended 30 June 2016. The increase in gross margin was primarily due to the Group's strong efforts in promoting cost control measures for marathon events; and

- As a result of the foregoing changes in revenue and cost of services for Wisdom Advertising Program and Branding, the gross profit for Wisdom Advertising Program and Branding decreased by 100.0% to RMB0.0 million for the six months ended 30 June 2017 from RMB12.6 million for the six months ended 30 June 2016. The gross margin decreased to 0.0% for the six months ended 30 June 2017 from 41.2% for the six months ended 30 June 2016.

Profits from Discontinued Operations

As a result of the aforementioned disposal of SWBI which was principally engaged in the operations of the NBL business, the Group treated such business operations as discontinued operations, which for the six months ended 30 June 2017 recorded net income from its disposal of RMB69.3 million, and for the six months ended 30 June 2016 recorded net profits of RMB10.5 million.

Selling and Distribution Expenses from Continuing Operations

The Group's selling and distribution expenses from continuing operations decreased by approximately 44.2% to RMB9.6 million for the six months ended 30 June 2017 from RMB17.2 million for the six months ended 30 June 2016. This decrease was mainly due to the Group's strategic transformation by reducing marketing expenses of other projects.

General and Administrative Expenses from Continuing Operations

The Group's general and administrative expenses from continuing operations decreased by approximately 20.2% to RMB19.0 million for the six months ended 30 June 2017 from RMB23.8 million for the six months ended 30 June 2016. This decrease was mainly due to the Group's strengthened management of daily expenses.

Other Income from Continuing Operations

The Group's other income from continuing operations decreased by approximately 27.1% to RMB9.7 million for the six months ended 30 June 2017 from RMB13.3 million for the six months ended 30 June 2016. 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 subsidies from tax refunds from government agencies.

Other Gains and Losses from Continuing Operations

The Group's other gains and losses from continuing operations increased by approximately 550.0% to net losses of RMB7.8 million for the six months ended 30 June 2017 from the net losses of RMB1.2 million for the six months ended 30 June 2016. The increased losses was mainly due to providing allowances for impairment of trade receivables and other receivables.

Finance Income from Continuing Operations

The Group's net finance income from continuing operations decreased by approximately 60.7% to RMB1.1 million for the six months ended 30 June 2017 from RMB2.8 million for the six months ended 30 June 2016. This decrease was mainly due to the decrease in interest rates of bank deposits leading to a decrease in interest generated.

Profit before Income Tax from Continuing Operations

As a result of the foregoing, the Group's profit before income tax from continuing operations decreased by approximately 69.5% to RMB23.0 million for the six months ended 30 June 2017 from RMB75.5 million for the six months ended 30 June 2016.

Income Tax Expense from Continuing Operations

The Group's income tax expense from continuing operations decreased by approximately 35.4% to RMB12.2 million for the six months ended 30 June 2017 from RMB18.9 million for the six months ended 30 June 2016. This decrease was mainly attributable to the decrease of the profit from the Group's domestic companies involved in continuing operations which needed to pay income tax.

Profits from Continuing Operations

As a result of the foregoing, the Group's profits from continuing operations reduced by 80.9% to RMB10.8 million for the six months ended 30 June 2017 from RMB56.6 million for the six months ended 30 June 2016.

Profit Attributable to the Group's Owners

As a result of the foregoing, the profit attributable to the Group's owners increased by approximately 19.4% to RMB80.1 million for the six months ended 30 June 2017 from RMB67.1 million for the six months ended 30 June 2016. The Group's net profit margin increased to 90.9% for the six months ended 30 June 2017 from 29.8% for the six months ended 30 June 2016.

Cash Flow

As at 30 June 2017, the Group's cash and cash equivalents amounted to RMB451.1 million compared with that of RMB524.5 million as at 31 December 2016.

Working Capital

The Group's net current assets increased by approximately 4.6% to RMB858.0 million as at 30 June 2017 from RMB819.9 million as at 31 December 2016. The Group maintained a stable net current asset value and working capital 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 spending on the acquisition of property, plant and equipment amounted to RMB1.0 million for the six months ended 30 June 2017 (For the six months ended 30 June 2016: RMB15.5 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 2017, the Group had net current assets of RMB 858.0 million (31 December 2016: RMB819.9 million), of which cash and cash equivalents amounted to RMB 451.1 million (31 December 2016: RMB524.5 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.

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, or take the installment. 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 2017. The Group 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 report, 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 report, 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 2017.

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

(i) As at 30 June 2017, Wisdom Events Operation and Management (Zhejiang) Co., Ltd. has invested RMB18 million to Vning Sports. (ii) As at 30 June 2017, Beijing Wisdom Media Holding Co., Ltd. has invested RMB21 million to Beijing EASTED Information Technology Co., Ltd.. (iii) As at 30 June 2017, Shenzhen Wisdom Sports Industry Co., Ltd. has completed to dispose of a subsidiary, SWBI at a consideration of RMB116 million. Save as disclosed in this report, for the six months ended 30 June 2017, the Company had no other 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 2017, there was no charge on the Group's assets.

FINANCIAL RATIO

Financial ratio	As at 30 June 2017	As at 31 December 2016
Current ratio	**1,266.7%**	642.8%
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 2016 and 30 June 2017.

CONTINGENT LIABILITIES

As at 30 June 2017, the Company had no material contingent liabilities.

HUMAN RESOURCES

The total number of employees of the Group was 112 as at 30 June 2017. 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 2017 amounted to RMB16.2 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.

STRUCTURED CONTRACTS

As the business operation of Beijing Wisdom Media Holding Co., Ltd. (北京智美傳媒股份有限公司) ("**Beijing Wisdom Media**") constitutes business activities which are subject to prohibition or restriction or foreign investment under the PRC laws (the "**Restricted Business**"), the Company cannot acquire equity interest in Beijing Wisdom Media. As a result, the Group has entered into a series of contracts ("**Structured Contracts**") designed to provide Beijing Wisdom Culture Co., Ltd. ("**Wisdom Culture**"), a wholly-owned subsidiary of the Company whose name was changed to Beijing Wisdom Sports Industry Co., Ltd (北京智美體育產業有限公司) on 3 March 2017 and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by PRC laws and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on 24 June 2013. Pursuant to the Structured Contracts, all material business activities of Beijing Wisdom Media are instructed and supervised by Wisdom Culture and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to the Group.

Operating entities of the Group controlled through the Structured Contracts

During the six months ended 30 June 2017, the following are operating entities of the Group controlled through the Structured Contracts:

(i) Beijing Wisdom Media, a limited liability company incorporated in the PRC and principally engaged in production, distribution of TV variety shows and feature films, television program planning, design, production, agency and distributing advertisement, and organisation of cultural and artistic communication events in the PRC;

(ii) Beijing Car Culture Advertising Co., Ltd (北京智美車文廣告有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising services in the PRC;

(iii) Beijing Xinchuang Branding Co., Ltd (北京新創智力品牌管理有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising and related services in the PRC;

(iv) Beijing Wisdom Films Culture Media Co., Ltd (北京智美映畫文化傳媒有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising and related services in the PRC; and

(v) Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in operation of sports events, organisation of exhibitions and displays and organisation of functions relating to culture and art.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, so far as is known to the Directors, the interests and short positions of the Directors or chief executive of the Company in the shares of the Company (the "**Shares**", underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of director	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Ms. Ren Wen	Founder of discretionary trust (Note 1)	602,780,000	37.46%
	Interest of controlled corporation (Note 2)	81,541,000	5.07%
Mr. Song Hongfei	Beneficial owner (Note 3)	215,000	0.01%
Ms. Hao Bin	Beneficial owner (Note 4)	250,000	0.02%

Note:

1. Queen Media Co., Ltd. ("**Queen Media**") was the direct owner of 602,780,000 Shares. The entire issued share capital of Queen Media is owned by Sky Limited ("**Trust Co**"), whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.
2. These 81,541,000 Shares are held by Lucky Go Co., Ltd. Ms. Ren Wen holds approximately 73.48% equity interest in Lucky Go Co., Ltd. and she is deemed or taken to be interested in all the Shares held by Lucky Go., Ltd. for the purpose of the SFO.
3. Under the share option scheme of the Company, Mr. Song Hongfei holds 215,000 share options which were granted on 23 May 2014 with an exercise price of HK$3.92 per Share.
4. Ms. Hao Bin holds 100,000 Shares and 150,000 share options under the share option scheme of the Company which were granted on 29 May 2015 with an exercise price of HK$8.036 per Share.

(ii) Long position in the shares of the associated corporations

Name of director	Name of associated corporation	Approximate percentage of shareholding interest
Ms. Ren Wen	Beijing Wisdom Media (北京智美傳媒股份有限公司)	52.38%
	Beijing Car Culture Advertising Co., Ltd. (北京智美車文廣告有限公司) (Note 5)	100%
	Beijing Xinchuang Branding Co., Ltd. (北京新創智力品牌管理有限公司) (Note 5)	100%
	Beijing Wisdom Films Culture Media Co., Ltd. (北京智美映畫文化傳媒有限公司) (Note 5)	100%
	Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司) (Note 5)	100%
Mr. Zhang Han	Beijing Wisdom Media	0.18%

Note:

5. A wholly owned subsidiary of Beijing Wisdom Media.

Save as disclosed above, as at 30 June 2017, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2017, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Long position in the Shares

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Trust Co	Interest of controlled corporation (Note 6)	602,780,000	37.46%
Credit Suisse Trust Limited	Trustee (Note 6)	602,780,000	37.46%
Queen Media	Beneficial owner (Note 6)	602,780,000	37.46%
Top Car Co., Ltd. (Note 7)	Beneficial owner	110,075,000	6.84%
Avance Holdings Limited	Beneficial owner	95,379,000	5.93%
Lucky Go Co., Ltd. (Note 7)	Beneficial owner	81,541,000	5.07%

Note:

6. Queen Media is the direct owner of 602,780,000 Shares. The entire issued share capital of Queen Media is owned by Trust Co, whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.
7. As of the date of this report, Ms. Ren Wen acted as a director of Lucky Go., Ltd. and Mr. Zhang Han acted as a the director of Top Car Co., Ltd.

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 14 June 2013 for the purpose of recognizing and acknowledging the contributions the eligible participants had or may have to the Group, which became effective on the listing date. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to the substantial shareholders, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company's subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group. The Directors were authorized to grant options to subscribe for Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the Global Offering (as defined in the Prospectus), being 160,000,000 Shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. As at the date of this report, the maximum number of shares in respect of which options may be granted under the Share Option Scheme is 160,000,000 Shares, which represents 10.04% of the total number of the issued Shares after taking into account of the cancelled shares on 21 July 2017.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. The total number of shares issued and to be issued upon exercise of options granted to any participant under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of option in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his associates abstaining from voting. The Share Option Scheme will remain in force for a period of ten years commencing on the date of adoption, which is 14 June 2013 and shall expire at the close of business on the business date immediately preceding the tenth anniversary thereof unless terminated earlier by shareholders in general meeting.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion. However, no options shall be exercised 10 years after they have been granted. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

The options to subscribe for a total of 1,210,000 Shares were granted under the Share Option Scheme on 23 May 2014 to employees (the "**Grantees**") of the Group. The exercise price of the options granted is HK$3.92 per Share and the closing price of the Shares immediately before the date on which the options were granted was HK$4.01. 75% of the options became exercisable on 23 May 2015, 23 May 2016 and 23 May 2017, and the remaining 25% of the options will become exercisable on 23 May 2018, subject to the satisfaction of the individual performance assessment of the said Grantees for the relevant years. The options granted are exercisable from the vesting dates mentioned above to 22 May 2024. For the six months ended 30 June 2017, Mr. Song Hongfei, who was granted 215,000 share options under the Share Option Scheme on 23 May 2014, was appointed as an executive Director of the Company with effect from 26 August 2016.

The options to subscribe for a total of 2,500,000 Shares were granted under the Share Option Scheme on 29 May 2015 to the Grantees. The exercise price of the options granted is HK$8.036 per Share and the closing price of the Shares immediately before the date on which the options were granted was HK$7.95. 50% of the options became exercisable on 29 May 2016 and 29 May 2017 and the remaining options will become exercisable on 29 May 2018 and 29 May 2019 in equal batches, respectively, subject to the satisfaction of the individual performance assessment of the said Grantees for the relevant years. The options are exercisable from the vesting dates mentioned above to 28 May 2025. For the six months ended 30 June 2017, Ms. Hao Bin, who was granted 150,000 share options under the Share Option Scheme on 29 May 2015, was appointed as an executive Director of the Company with effect from 1 June 2017.

For the six months ended 30 June 2017, no option has been exercised. Save as disclosed above, all of the aforementioned Grantees are employees of the Group, and none of the Grantees is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, nor an associate (as defined in the Listing Rules) of any of them. 700,000 options lapsed due to the resignation of the employees for the six months ended 30 June 2017 and no option was cancelled during such period. No options was granted by the Company for the six months ended 30 June 2017.

Please refer to the announcements of the Company dated 23 May 2014 and 29 May 2015, respectively, for details.

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

During the six months ended 30 June 2017, the Company bought back a total of 16,103,000 Shares on the Stock Exchange and the details are set out below:

Trading date	No. of Shares bought back	Price per share or highest price paid $	Lowest price paid $	Total paid $
30 March 2017	258,000	HK$1.82	HK$1.82	HK$469,560
31 March 2017	1,140,000	HK$1.84	HK$1.84	HK$2,097,600
3 April 2017	2,469,000	HK$1.82	HK$1.79	HK$4,452,320
5 April 2017	640,000	HK$1.84	HK$1.83	HK$1,174,720
6 April 2017	718,000	HK$1.83	HK$1.81	HK$1,304,470
7 April 2017	1,126,000	HK$1.82	HK$1.80	HK$2,039,920
10 April 2017	2,670,000	HK$1.82	HK$1.77	HK$4,801,600
12 April 2017	3,845,000	HK$1.72	HK$1.65	HK$6,507,410
28 April 2017	651,000	HK$1.61	HK$1.56	HK$1,023,940
2 May 2017	343,000	HK$1.62	HK$1.59	HK$551,300
4 May 2017	533,000	HK$1.66	HK$1.63	HK$877,190
5 May 2017	576,000	HK$1.65	HK$1.61	HK$935,160
8 May 2017	656,000	HK$1.66	HK$1.63	HK$1,077,940
9 May 2017	478,000	HK$1.66	HK$1.63	HK$787,700
Total:	16,103,000			HK$28,100,830

The said shares of the Company were cancelled on 21 July 2017. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the six months ended 30 June 2017 and as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

USE OF 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 of 30 June 2017, part of the proceeds was applied as follows:

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

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Dr. Shen Wei, Mr. Jin Haitao and Mr. Xu Jiongwei have retired as executive director and non-executive directors of the Company, respectively, with effect from 1 June 2017, while Ms. Hao Bin has been appointed as an executive director of the Company on the same day.

INTERIM DIVIDEND

The Board declared payment of an interim dividend of RMB0.038 per share for the period ended 30 June 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 27 October 2017. It is expected that the interim dividend will be paid on Wednesday, 15 November 2017 in Hong Kong dollars at the spot rate published by The People's Bank of China on 27 October 2017.

CLOSURE OF SHARE REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 24 October 2017 to Friday, 27 October 2017, both days inclusive. During such period, no share transfers will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the office of the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 23 October 2017.

Corporate Governance and Other Information

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 Listing Rules.

The Board is of the view that for the six months ended 30 June 2017, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1. Details 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.

Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, is also the president of the Company and is responsible for implementation of the strategic layout of the Group. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Group. Executive Directors and the senior management perform separate duties to assist the chairlady and the president. The Board considers that the structure ensures an effective operation of the Group by exercising consolidated and consistent leadership.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code 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 2017.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and with terms of reference aligned with the code provision C.3 of the CG Code.

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

The Audit Committee comprises three members, namely Mr. Wei Kevin Cheng (Chairman), Mr. Jin Guoqiang, and Mr. Ip Kwok On Sammy, all being independent non-executive Directors. Mr. Xu Jiongwei ceased to be a member of the Audit Committee and Mr. Ip Kwok On Sammy was appointed as a member of the Audit Committee with effect from 1 June 2017.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Company. The interim financial results of the Group for the six months ended 30 June 2017 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 of the Company the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017.

Report on Review of Interim Condensed Consolidated Financial Statements

Deloitte.
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF WISDOM SPORTS GROUP
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Wisdom Sports Group (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 29 to 60, which comprises the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Interim Condensed Consolidated Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 August 2017

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Six months ended 30 June 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited) (restated)
Continuing operations			
Revenue	4	**88,075**	193,242
Cost of services		**(36,579)**	(91,710)
Gross profit		**51,496**	101,532
Selling and distribution expenses		**(9,643)**	(17,174)
General and administrative expenses		**(18,958)**	(23,834)
Other income	5	**9,732**	13,315
Other gains and losses	6	**(7,775)**	(1,190)
Finance income		**1,138**	2,752
Share of result of an associate		**(709)**	—
Share of result of a joint venture		**(2,272)**	84
Profit before income tax		**23,009**	75,485
Income tax expense	7	**(12,166)**	(18,875)
Profit for the period from continuing operations	8	**10,843**	56,610
Discontinued operations			
Profit for the period from discontinued operations	9	**69,300**	10,498
Profit for the period		**80,143**	67,108
Profit attributable to owners of the Company		**80,143**	67,108
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss:			
Fair value loss on available-for-sale investment		**(120)**	—
Total comprehensive income for the period		**80,023**	67,108
Total comprehensive income attributable to owners of the Company		**80,023**	67,108
Earnings per share	11		
From continuing and discontinued operations			
Basic earnings per share		**RMB0.05**	RMB0.04
Diluted earnings per share		**RMB0.05**	RMB0.04
From continuing operations			
Basic earnings per share		**RMB0.01**	RMB0.03
Diluted earnings per share		**RMB0.01**	RMB0.03

Interim Condensed Consolidated Statement of Financial Position

	NOTES	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	22,394	22,970
Investment property		18,843	19,472
Goodwill		105	105
Intangible assets	13	8,893	3,855
Available-for-sale investments	14	59,880	39,000
Long-term receivables	15	202,917	204,017
Other receivables	19	51,052	51,052
Interest in associates	16	25,526	5,835
Interest in a joint venture	17	5,275	31,286
		394,885	377,592
Current assets			
Trade receivables	18	123,314	219,087
Other receivables	19	127,289	107,453
Prepayments and other current assets	20	206,100	119,941
Cash and cash equivalents	21	451,060	524,450
		907,763	970,931
Assets classified as held for sale	17	23,739	—
Total assets		1,326,387	1,348,523
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	2,479	2,479
Treasury shares	23	(25,076)	—
Share premium		337,352	337,352
Reserves		126,229	125,926
Retained earnings		811,866	731,723
Total equity		1,252,850	1,197,480

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Interim Condensed Consolidated Statement of Financial Position

	NOTES	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
LIABILITIES			
Current liabilities			
Trade payables	24	**31,867**	113,285
Other payables and accrued expenses	25	**15,596**	19,399
Advance from customers		**7,834**	8,637
Tax payables		**18,240**	9,722
		73,537	151,043
Total liabilities		**73,537**	151,043
Total equity and liabilities		**1,326,387**	1,348,523
Net current assets		**857,965**	819,888
Total assets less liabilities		**1,252,850**	1,197,480

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000 (Note 23)	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2017 (audited)	**2,479**	**337,352**	**—**	**125,926**	**731,723**	**1,197,480**
Profit for the period	**—**	**—**	**—**	**—**	**80,143**	**80,143**
Other comprehensive expense for the period (Note)	**—**	**—**	**—**	**(120)**	**—**	**(120)**
Total comprehensive income for the period	**—**	**—**	**—**	**(120)**	**80,143**	**80,023**
Share-based payments	**—**	**—**	**—**	**423**	**—**	**423**
Repurchase of shares	**—**	**—**	**(25,076)**	**—**	**—**	**(25,076)**
Balance at 30 June 2017 (unaudited)	**2,479**	**337,352**	**(25,076)**	**126,229**	**811,866**	**1,252,850**
Balance at 1 January 2016 (audited)	2,479	337,352	—	123,802	638,536	1,102,169
Profit and total comprehensive income for the period	—	—	—	—	67,108	67,108
Share-based payments	—	—	—	725	—	725
Balance at 30 June 2016 (unaudited)	2,479	337,352	—	124,527	705,644	1,170,002

Note: Fair value change of an available-for-sale ("**AFS**") investment is recognised in other comprehensive expense (Note 14).

Interim Condensed Consolidated Statement of Cash Flows

	NOTE	Six months ended 30 June 2017 RMB'000 (unaudited)	 2016 RMB'000 (unaudited)
Net cash (used in) generated from operating activities		(9,078)	205,363
Cash flows from investing activities			
Net cash outflow for acquisition of a subsidiary	27	(8,000)	—
Repayment from related companies		5,600	—
Purchases of property, plant and equipment		(1,001)	(15,547)
Purchases of available-for-sale investments		(21,000)	—
Payment for investment in associates		(20,400)	—
Payment for investment in a joint venture		—	(27,500)
Increase in long-term receivables		—	(3,600)
Purchases of other financial assets		(470,000)	(339,000)
Proceeds on disposal of other financial assets		423,230	341,976
Net proceeds from disposal of subsidiaries		51,400	—
Interest received		1,138	2,752
Net cash used in investing activities		(39,033)	(40,919)
Cash used in financing activity			
Payment on repurchase of shares		(25,076)	—
Net (decrease) increase in cash and cash equivalents		(73,187)	164,444
Cash and cash equivalents at beginning of period		524,450	522,259
Effect of foreign exchange rate changes		(203)	84
Cash and cash equivalents at end of the period		451,060	686,787

Notes to the Interim Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

Wisdom Sports Group (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (2012 Revision) of the Cayman Islands on 21 March 2012 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate controlling party is Ms. Ren Wen, who is also the Chairlady of the Board and President of the Company. The address of the registered office 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 and sponsorship services and advertising program 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 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 2017 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 ("**HKICPA**") 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 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

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 2016.

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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016. In addition, the Group applied the following accounting policies which became relevant to the Group in the current interim period:

Non-current assets held for sale

Non-current assets (including interests in joint venture) or disposed groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in a joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in a joint venture that has not been classified as held for sale continues to be accounted for using the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

When the Group ceases to have significant influence over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition Deferred Tax Assets for Unrealized Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the above new 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.

Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

4. REVENUE AND SEGMENT INFORMATION

Continuing operations

The revenues attributable to the Group's service lines are as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(restated)
Events sponsorship income	**51,168**	38,768
Sports services income		
— Events organization income	**16,653**	40,330
— Sales of broadcasting right of events	**16,954**	—
— Individual consumption	**3,300**	4,275
Sales of commercial rights of events		
— Mass sports events	**—**	79,245
Advertising income	**—**	30,624
	88,075	193,242

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

In the prior period, the Group had two operating divisions which represented two reportable operating segments namely, (a) Events Operation and (b) Advertising Program and Branding. In the current period, the Group changed its internal reporting structure and separated a new operating division from Events and Sponsorship called "Sports Services". Subsequent to the change of the internal reporting structure, the Group has three reportable operating segments, which are (a) Events Operation and Marketing; (b) Sports Services and (c) Advertising Program and Branding. Prior period segment disclosure has been restated to conform with the current period's presentation.

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

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

4. REVENUE AND SEGMENT INFORMATION (continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2017 and 2016 is as follows:

	Wisdom-Events Operation and Marketing RMB'000	Wisdom-Sports Services RMB'000	Wisdom-Advertising Program and Branding RMB'000	Total RMB'000
Six months ended 30 June 2017 (Unaudited)				
Revenue				
Events sponsorship income	51,168	—	—	51,168
Sports services income				
— Events organization income	—	16,653	—	16,653
— Sales of broadcasting right of events	—	16,954	—	16,954
— Individual consumption	—	3,300	—	3,300
Total segment revenue	51,168	36,907	—	88,075
Cost of services	(28,510)	(8,069)	—	(36,579)
Segment results	22,658	28,838	—	51,496
Selling and distribution expenses				(9,643)
General and administrative expenses				(18,958)
Other income				9,732
Other gains and losses				(7,775)
Finance income				1,138
Share of result of an associate				(709)
Share of result of a joint venture				(2,272)
Income tax expenses				(12,166)
Profit for the period from continuing operations				10,843

4. REVENUE AND SEGMENT INFORMATION (continued)

	Wisdom-Events Operation and Marketing RMB'000	Wisdom-Sports Services RMB'000	Wisdom-Advertising Program and Branding RMB'000	Total RMB'000
Six months ended 30 June 2016 (Unaudited) (restated)				
Revenue				
Events sponsorship income	38,768	—	—	38,768
Sports services income				
— Events organization income	—	40,330	—	40,330
— Sales of broadcasting right of events	—	—	—	—
— Individual consumption	—	4,275	—	4,275
Sales of commercial rights of events				
— Mass sports events	79,245	—	—	79,245
— NBL event (Note a)	31,840	—	—	31,840
Advertising income	—	—	30,624	30,624
Total segment revenue	149,853	44,605	30,624	225,082
Cost of services	(78,920)	(10,073)	(18,008)	(107,001)
Segment results	70,933	34,532	12,616	118,081
Less: segment results from discontinued operation NBL event				(16,549)
Selling and distribution expenses				(17,174)
General and administrative expenses				(23,834)
Other income				13,315
Other gains and losses				(1,190)
Finance income				2,752
Share of result of a joint venture				84
Income tax expenses				(18,875)
Profit for the period from continuing operations				56,610

Notes:

(a) As detailed in Note 9, in 2016 the Group entered into an agreement with Beijing Enbiou Sports Management Co., Ltd. (the "**NBL Company**") to obtain the exclusive commercial right of 2016–2019 NBL ("**Exclusive Commercial Right**") from NBL Company.

(b) The Group continues to seek business opportunities in securing mass sport events organisation and customers for advertising income through television stations and other media.

4. REVENUE AND SEGMENT INFORMATION (continued)

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

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

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**16,981**(1)	N/A(3)
Customer B	**9,433**(2)	N/A(3)
Customer C	**N/A**(3)	33,962(2)
Customer D	**N/A**(3)	22,642(2)
Customer E	**N/A**(3)	22,642(2)

(1) Revenue from Wisdom Sports Service.

(2) Revenue from Wisdom Events Operation and Marketing.

(3) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

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5. OTHER INCOME

Continuing operations

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income from principal protected investments (Note a)	**4,230**	2,976
Interest income from long-term receivables	**2,500**	—
Government grants (Note b)	**2,837**	10,243
Rental income from investment property	**155**	94
Others	**10**	2
	9,732	13,315

Notes:

(a) (i) The Group invested in unlisted treasury products issued by commercial banks in the PRC. The principals of these investments are guaranteed by the corresponding commercial banks. The investments are denominated in RMB and with maturity periods within three months. The rate of return are ranging from 2.0% to 3.9% per annum.

(ii) On 7 January 2017, the Group entered into a Limited Partnership Agreement with Shenzhen Zhongke Guofu Yuansheng Equity Investment Management Partnership (LLP) (深圳市中科國富源盛股權投資管理合夥企業(有限合夥)) ("**ZKGF**"), whereas the Group invested RMB50,000,000 into the ZKGF as a limited partner. The investment is denominated in RMB and ZKGF agreed to redeem the investment in three months which can be extended if agreed by both parties. The investment will be redeemed at the initial investment plus a fixed return rate of 8.0% per annum. The interest income recognised during the six months ended 30 June 2017 is RMB2,000,000.

(b) The Group benefits from government grants in the form of tax refund from governmental bodies of Fuzhou Municipality, Jiangxi Province and Tianjin City as a result of the Group's assistance for developing the cultural and media industry in the respective cities.

6. OTHER GAINS AND LOSSES

Continuing operations

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Financial assets at fair value through profit or loss		
— fair value loss	**—**	(352)
Allowance for impairment of trade receivables (Note 18)	**(6,631)**	(1,080)
Allowance for impairment of other receivables (Note 19)	**(786)**	—
Exchange gains and losses	**(203)**	282
Others	**(155)**	(40)
	(7,775)	(1,190)

7. INCOME TAX EXPENSE

Continuing operations

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Current income tax	**12,166**	18,875
	12,166	18,875

(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 2017 (2016: 16.5%).

7. INCOME TAX EXPENSE (continued)

Continuing operations (continued)

(iii) PRC corporate income tax ("CIT")

CIT is provided on the assessable profits of entities within the Group established in the PRC. Pursuant to the PRC Corporate Income Tax Law (the "**New CIT Law**"), the CIT is unified at 25% for all types of entities, effective from 1 January 2008.

(iv) PRC withholding income tax

Pursuant to the PRC law on 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.

8. PROFIT FOR THE PERIOD

Continuing operations

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Profit for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
— salaries and other allowances	**12,252**	20,309
— retirement benefit scheme contributions	**3,494**	6,917
— share-based payments	**423**	725
Total staff costs	**16,169**	27,951
Minimum operating lease rental expenses	**4,203**	5,868
Depreciation of property, plant and equipment	**1,547**	1,898
Amortisation of intangible assets	**2,962**	334
Depreciation of investment properties	**629**	629
Auditors' remuneration	**900**	800

9. DISPOSAL OF SUBSIDIARIES/DISCONTINUED OPERATIONS

In 2016, the Group entered into an agreement with the NBL Company to obtain the exclusive commercial right of 2016–2019 National Men's Basketball League from NBL Company.

On 10 February 2017, the Group entered into an Equity Transfer Agreement to dispose of a subsidiary, Shenzhen Wisdom Basketball Industry Co., Ltd ("**SWBI**"), which carried out all of the Group's NBL event operation at a consideration of RMB116,000,000 (the "**Disposal**"). The Disposal was effected in order to access other opportunities with additional funds for the expansion of the Group's other businesses. The Disposal was completed on 10 May 2017 and control of SWBI passed to the acquirer on the same day. After the Disposal, the Group discontinued the NBL event operation. The Group treated this operation as discontinued operation and the comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income are restated.

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period of NBL event operation	**–**	10,498
Gain on disposal of NBL event operation	**69,300**	–
	69,300	10,498

Analysis of assets and liabilities over which control was lost

	RMB'000
Current assets	
Trade receivables	10,000
Bank balance	20,000
	30,000
Non-current assets	
Long-term receivable	3,600
Current liabilities	
Trade payables	10,000
Net assets disposed of	23,600

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9. DISPOSAL OF SUBSIDIARIES/DISCONTINUED OPERATIONS (continued)

Gain on disposal of a subsidiary

	RMB'000
Cash received	44,800
Consideration receivable	71,200
Net assets disposed of	(23,600)
Gain on disposal	92,400
Income tax expense	(23,100)
Net gain on disposal	69,300

Net cash inflow on disposal of a subsidiary

	RMB'000
Cash received	44,800
Less: Bank balance and cash disposed of	(20,000)
	24,800

The result of the NBL event operation, which have been included in the condensed consolidated statement of profit or loss, were as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	–	31,840
Cost of services	–	(15,291)
Gross profit	–	16,549
Selling and distribution expenses	–	(1,631)
General and administrative expenses	–	(881)
Profit before income tax	–	14,037
Income tax expense	–	(3,539)
Profit for the period	–	10,498

During the period, SWBI contributed nil (30 June 2016: RMB28,488,000) to the Group's net operating cash flows, received RMB24,800,000 (30 June 2016: paid RMB3,600,000) in respect of investing activities and paid nil (30 June 2016: nil) in respect of financing activities.

9. DISPOSAL OF SUBSIDIARIES/DISCONTINUED OPERATIONS (continued)

Profit for the period for discontinued operation has been arrived at after charging:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Staff costs, including directors' remuneration		
— salaries and other allowances	–	651
— retirement benefit scheme contributions	–	169
Total staff costs	–	820
Operating lease rental expenses	–	881

10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period.

On 29 August 2017, the board declared the payment of an interim dividend of RMB0.038 per share for the period ended 30 June 2017 to the shareholders whose names appear on the register of members of the Company on 27 October 2017. It is expected that the interim dividend will be paid on 15 November 2017 in Hong Kong dollars at the spot rate published by The People's Bank of China on 27 October 2017.

11. EARNINGS PER SHARE

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
Basic/ diluted profit per share		
From continuing operations	**RMB0.01**	RMB0.03
From discontinued operations	**RMB0.04**	RMB0.01
Total basic/ diluted profit per share	**RMB0.05**	RMB0.04

11. EARNINGS PER SHARE (continued)

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Earnings		
Attributable to the owners of the Company:		
Profit for the period	**80,143**	67,108
Less: Profit for the period from discontinued operations	**69,300**	10,498
Profit used for the purpose of basic and diluted profit per share from continuing operations	**10,843**	56,610

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Weighted average number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,602,001**	1,609,045

The computation of diluted earnings per share for the six months ended 30 June 2017 and 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 2017 and 2016.

12. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid RMB1,001,000 (six months ended 30 June 2016: RMB15,547,000) for acquisition of property, plant and equipment.

13. MOVEMENT IN INTANGIBLE ASSETS

During the current interim period, the Group acquired a three-year exclusive operating right relating to organisation, operation and promotion of Changchun Marathon through the acquisition of Wisdom Road Run Industry (Shenzhen) Co., Ltd. (智美路跑產業（深圳）有限公司) ("**Lu Pao Industry**") in May 2017 for RMB8,000,000 (Note 27).

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2017, the increase in available-for-sale financial assets is mainly attributable to the following:

On 22 March 2017, Beijing Wisdom Media Holding Co., Ltd. ("**Beijing Wisdom Media**") entered into an equity transfer agreement with Du Xu (杜栩), Wang Shuping (王淑平) and Du Jun (杜軍), who are the original shareholders of Beijing EASTED Information Technology Co., Ltd. (北京易訊通信息技術股份有限公司) ("**EASTED**"), a listed company in National Equities Exchange and Quotations, pursuant to which Beijing Wisdom Media will acquire the equity interest in EASTED from original shareholders.

As at 30 June 2017, Beijing Wisdom Media has paid RMB21,000,000 to the original shareholders and holds 1.6% equity interest in EASTED. The investment is recognized as available-for-sale financial assets which were measured at fair value, with gains or losses recognised as other comprehensive income and presented as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. The fair value of investments can be determined by reference to bid prices. As at 30 June 2017, the fair value of the investment in EASTED is RMB20,880,000, and the fair value loss of RMB120,000 was recognised in other comprehensive income.

15. LONG-TERM RECEIVABLES

As at 30 June 2017, the decrease in long-term receivables is mainly attributable to the Disposal set out in Note 9.

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16. INTEREST IN ASSOCIATES

As at 30 June 2017, the increase in interest in associates is mainly attributable to the following:

On 17 April 2017, Beijing Wisdom Media, a wholly-owned subsidiary of the Company, entered into a capital increase framework agreement (the "**Agreement**") with Ji Ning (紀寧) and Luo Weiwei (駱維維), who are the original shareholders of Weining Sports Culture Industry (Beijing) Co., Ltd (維寧體育文化產業(北京)有限公司) ("**Wei Ning**"), pursuant to which Beijing Wisdom Media obtained a 15% equity interest in Wei Ning with a total consideration of RMR18,000,000. As at 30 June 2017, Beijing Wisdom Media has invested total amount. The Articles of Association specifies that at least a half of the shareholding is required to approve for decision on directing the relevant activities of Wei Ning. As Beijing Wisdom Media holds a 15% equity interest in Wei Ning, and has appointed one director out of seven directors, the Group has significant influence, but not control over the financial and operating policy decisions of Wei Ning. Hence the Group's interest in Wei Ning is accounted for as an investment in an associate. The transaction was completed on 31 May 2017.

17. INTEREST IN A JOINT VENTURE/ASSETS CLASSIFIED AS HELD FOR SALE

As at 30 June 2017, the decrease in interest in a joint venture and the increase in assets classified as held for sale are mainly attributable to the following:

On 7 April 2016, Wisdom Culture, a wholly-owned subsidiary of the Company whose name was changed to Beijing Wisdom Sports Industry Co., Ltd, entered into the equity transfer agreement ("**ETA**") with Shenzhen ZM Sports Stadium Investment Co., Ltd. ("**SZZM**") and SEG Property Co., Ltd. ("**SEG**"), pursuant to which SZZM transferred 55% equity interest in SEG ZM Sports Culture Development Co., Ltd. ("**SEG ZM**") to Wisdom Culture at RMB27,500,000 (the "**Transaction**"). Immediately after the Completion, SZZM, Wisdom Culture and SEG held 10%, 55% and 35% equity interests in SEG ZM, respectively. The Articles of Association specifies that at least two-third of the shareholding is required to approve for decision on directing the relevant activities of SEG ZM. Even though Wisdom Culture held a 55% equity interest in SEG ZM, based on the current shareholding structure, decisions about relevant activities require mutual consent of the Group and SEG and hence in the opinion of the Directors, the Group's interest in SEG ZM is accounted for as a joint venture.

On 21 June 2017, the Group entered into an agreement to dispose its 45% equity interests in SEG ZM at RMB22,500,000. Upon the completion of the transaction, the Group will hold an aggregate of 10% equity interests in SEG ZM and lose joint control. The transaction has been completed on 12 July 2017. As at 30 June 2017, the 45% equity interests in SEG ZM is reclassified from investment in a joint venture to assets classified as held for sale and separately presented in the condensed consolidated statement of financial position. The sale proceeds are expected to exceed the net carrying amount of the joint venture after considering the dividend declared and paid on 3 July 2017. Accordingly, no impairment loss has been recognised.

18. TRADE RECEIVABLES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Trade receivables	144,044	233,186
Less: allowance for impairment of trade receivables	(20,730)	(14,099)
	123,314	219,087

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

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within 1 month	44,995	89,213
1 to 3 months	12,320	42,475
4 to 6 months	–	36,652
7 to 12 months	33,879	7,483
1 to 2 years	32,120	39,264
Over 2 years	–	4,000
	123,314	219,087

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19. OTHER RECEIVABLES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Government grants receivables	12,813	25,668
Deposits with media companies and event organisation companies	75,567	78,997
Advance to employees	2,854	1,652
Lease and other deposits	2,346	5,441
Consideration receivable for disposal of a subsidiary (Note 9)	71,200	26,600
Amount due from Wisdom Sports Arena Operation (Shenzhen) Co., Ltd.	9,218	9,218
Amounts due from related companies (Note 29)	5,587	11,187
Others	3,969	4,169
	183,554	162,932
Less: allowance for impairment of other receivables	(5,213)	(4,427)
	178,341	158,505
Less: non-current portion	(51,052)	(51,052)
Current portion	127,289	107,453

20. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Prepayment for media resources	62,536	76,067
Prepayment for sport competition and event organisation expenses	66,522	21,304
ZKGF investment (Note 5(a)(ii))	51,000	—
Prepaid lease and property management fees	1,136	5,497
Value-added tax credit	21,853	14,047
Others	3,053	3,026
	206,100	119,941

21. CASH AND CASH EQUIVALENTS

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Cash on hand	**54**	141
Bank balances	**451,006**	524,309
Cash and cash equivalents	**451,060**	524,450

22. SHARE CAPITAL

Ordinary shares of US$0.00025 each	Number of shares '000	Amount US$'000	Amount shown in the financial statements RMB'000
Authorised			
At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017	4,000,000	1,000	
Issued and fully paid			
At 1 January 2016, 30 June 2016 1 January 2017 and 30 June 2017	1,609,045	402	2,479

23. TREASURY SHARES

	Total RMB'000
At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017	—
Repurchase of shares	25,076
At 30 June 2017	25,076

The Company repurchased 16,103,000 ordinary shares ("**repurchased shares**") for a total consideration of HK$28,100,830 (equivalent to RMB25,075,553) in open market from 30 March 2017 to 9 May 2017, under authorisation of Board of Directors. The repurchased shares were subsequently cancelled on 21 July 2017.

24. TRADE PAYABLES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within 1 month	1,095	65,011
1 to 3 months	—	9,995
4 to 6 months	—	16,908
7 to 12 months	14,908	13,486
Over 12 months	15,864	7,885
	31,867	113,285

25. OTHER PAYABLES AND ACCRUED EXPENSES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Salary and welfare payables	4,286	6,069
Accrued audit service fee	2,300	4,477
Non-audit service fee	3,431	2,695
Other tax payables	—	139
Others	5,579	6,019
	15,596	19,399

26. FINANCIAL INSTRUMENTS

26.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest-rate risk), credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no changes in the risk management policies since year end.

26. FINANCIAL INSTRUMENTS (continued)

26.2 Liquidity risk

Compared to the year ended 31 December 2016, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

26.3 Fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2017 and 31 December 2016:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Unaudited				
At 30 June 2017				
Assets				
Available-for-sale investment (Note 14)	**–**	**20,880**	**–**	**20,880**
Audited				
At 31 December 2016				
Assets				
Available-for-sale investment (Note 14)	–	–	–	–

26. FINANCIAL INSTRUMENTS (continued)

26.3 Fair value (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Financial instrument included in level 2 include the Group's investment in EASTED, and the significant input is recent transaction prices which are observable (Note 14).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

27. ACQUISITON OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

Lu Pao Industry

In May 2017, the Group acquired 100% equity interest in Lu Pao Industry at a cash consideration of RMB8 million. Lu Pao Industry holds a right of operation of marathon events and was acquired with the objective of expansion in market coverage of business of the Group.

The transaction was accounted for as acquisition of assets through acquisition of a subsidiary and the fair value of the consideration allocated to the assets and liabilities acquired is as follows:

	RMB'000
Non-current assets	
Intangible assets — right of operation	8,000
Net assets acquired	8,000

Total consideration satisfied by:

	RMB'000
Cash paid	8,000

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	8,000
Less: cash and cash equivalent balances acquired	—
	8,000

28. COMMITMENTS

(a) Operating lease commitments — Group as lessee

The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within one year	**5,749**	8,232
In the second to fifth years, inclusive	**7,909**	13,292
	13,658	21,524

(b) Strategic cooperation agreements with sports related organization commitments

The Group entered into various strategic cooperation agreements with sports related organisations of fourteen provinces and cities as at 30 June 2017. Pursuant to the terms of the strategic cooperation agreements, the Group has been granted the exclusive rights to organise all the social sports competitions organised and operated by the above organisations.

According to the strategic cooperation agreements, the future committed payments are as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within one year	**13,102**	10,900
In the second to fifth years, inclusive	**7,736**	11,933
	20,838	22,833

28. COMMITMENTS (continued)

(c) Investment commitments

In October 2014, Beijing Wisdom Media entered into a Limited Partnership Agreement with Shenzhen Capital Group Co., Ltd (深圳市創新投資集團有限公司) and Hongtu Jingshan Investment Management Advisory (Beijing) Company Limited (紅土景山投資管理顧問(北京)有限公司) for the joint establishment of Wisdom Hongtu Cultural Investment Management Center (Limited Partnership) ("**the Fund**"), pursuant to which Beijing Wisdom Media committed to make a capital contribution of RMB75,000,000. As of 30 June 2017, Beijing Wisdom Media contributed RMB30,000,000 to the Fund, the commitment to the remaining contribution payment is amounted to RMB45,000,000.

29. RELATED PARTY TRANSACTIONS

(a) Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The parent company of the Company is Queen Media Co., Ltd., a company which was incorporated in British Virgin Islands. The ultimate controlling shareholder of the Company is Ms. Ren Wen.

(b) The Group has the following related party transactions and balances during the period:

(1) Related party transactions

Continuing operations

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Investment — Equity interest in SEG ZM — SZZM (Note i)	—	27,500

Discontinued operations

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Purchase — Exclusive Commercial Right expense — NBL Company (Note ii)	—	15,291

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29. RELATED PARTY TRANSACTIONS (continued)

(b) The Group has the following related party transactions and balances during the period: (continued)

(2) Related party balances

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Trade payable to Beijing Guotaiyinke Technology Co., Ltd ("**GTYK**") (Note iii)	**2,000**	4,000

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Advance to Shenzhen Wisdom Sports Technology Limited ("**SZWS**") (Note iv)	**4,477**	4,477
Advance to SEG ZM (Note v)	**—**	5,600
Rental receivable from 深圳韌行投資有限公司 ("**SZRX**") (Note vi)	**1,110**	1,110
	5,587	11,187

Notes:

i. In April 2016, Wisdom Culture entered into an equity transfer agreement with SZZM and SEG ZM, pursuant to which SZZM transferred a 55% equity interest in SEG ZM to Wisdom Culture at a consideration of RMB27,500,000. Ms. Ren Wen indirectly holds the controlling shareholding interest in SZZM.

ii. No transaction occurred between the Group and NBL Company in the reporting period. Wisdom Events Operation and Management (Zhejiang) Co., Ltd., ("**ZMWH**"), a wholly-owned subsidiary of the Company, entered into an agreement with NBL Company to obtain the exclusive commercial right of 2016-2019 NBL Exclusive Commercial Right. The Group has the right to appoint one out of five of the directors of NBL Company. The Exclusive Commercial Right expense from 1 January 2016 to 30 June 2016 is RMB15,291,000.

iii. In 2016, GTYK provided technology development services to the Group. GTYK became an associate of the Group on 23 November 2016. RMB4,000,000 was included in the trade payables as at 31 December 2016. In 2017, the Group paid RMB 2,000,000 to GTYK and the balance as at 30 June 2017 is RMB 2,000,000.

iv. Ms. Ren Wen indirectly holds the controlling shareholding interest in SZWS. The advance to SZWS is unsecured, interest-free and repayable on demand.

v. The advance to SEG ZM is unsecured, interest-free and repayable on demand. SEG ZM paid RMB5,600,000 to the Group and the balance is nil as at 30 June 2017.

vi. Ms. Ren Wen indirectly holds the controlling shareholding interest in SZRX. In 2016, the Group rented its property to SZRX from 1 July 2016 to 31 December 2016 at consideration of RMB1,100,000. The balance as at 31 December 2016 and 30 June 2017 is RMB1,100,000.

29. RELATED PARTY TRANSACTIONS (continued)

(c) The transaction with related parties which related to key management compensations as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Director's fees	**304**	277
Salaries and allowances	**2,909**	2,017
Social welfare	**125**	80
Share-based payments	**69**	187
	3,407	2,561

Key management personnel were determined to be the executive directors, vice president and chief financial officer of the Group.

30. EVENTS AFTER THE REPORTING PERIOD

a. On 21 June 2017, the Group entered into an agreement to dispose its 45% equity interest in SEG ZM at RMB22,500,000. Upon the completion of the transaction, the Group will hold an aggregate of 10% equity interest in SEG ZM. The transaction has been completed on 12 July 2017.

b. On 14 July 2017, ZMWH entered into a capital increase framework contract with Beijing Hehe Chuangjia Sports Development Co., Ltd (北京和合創佳體育發展有限公司) and Tianjin Lide Sports Culture Communication Co., Ltd. (天津里德體育文化傳播有限公司), who are the original shareholders of Beijing Shangde Shangpin Sports Development Co., Ltd, whose name was changed to Beijing Wisdom Shangde Sports Co., Ltd. ("**ZMSD**"). As at 20 July 2017, ZMWH contributed RMB63,555,555 to ZMSD and holds 32.5% equity interest in ZMSD. The transaction was completed on 20 July 2017. The Articles of Association specifies that at least two-third of the shareholding is required to approve for decision on directing the relevant activities of ZMSD.

c. On 29 August 2017, the Board declared the payment of an interim dividend of RMB0.038 per share for the period ended 30 June 2017 to the shareholders whose names appear on the register of members of the Company on 27 October 2017. It is expected that the interim dividend will be paid on 15 November 2017 in Hong Kong dollars at the spot rate published by The People's Bank of China on 27 October 2017.