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WISDOM

WISDOM SPORTS GROUP

智美體育集團

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1661)

DISCLOSEABLE TRANSACTION ACQUISITION OF INTEREST IN THE TARGET COMPANY

THE SALE AND PURCHASE AGREEMENT

Reference is made to the Company's voluntary announcement dated 25 March 2020 in relation to the Possible Acquisition. The Board is pleased to announce that, on 12 May 2020 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor and the Guarantor, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 49% of the issued share capital of the Target Company at a consideration of HK\$53,410,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Reference is made to the voluntary announcement of the Company dated 25 March 2020 regarding the MOU in relation to the Possible Acquisition. The Board announces that pursuant to the negotiations between the Company and the Vendor and the changes in the transaction structure, on 12 May 2020 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor and the Guarantor, which superseded the terms as contained in the MOU. The Company has

conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 49% of the issued share capital of the Target Company, at a consideration of HK\$53,410,000.

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 12 May 2020

Parties: (1) The Company;
(2) The Guarantor (being the ultimate beneficial owner of the Vendor);
and
(3) The Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and the Guarantor is an Independent Third Party.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 49% of the issued share capital of the Target Company.

In addition, pursuant to the Sale and Purchase Agreement, the Guarantor shall guarantee the due and punctual performance by the Vendor of all its obligations and responsibilities under the Sale and Purchase Agreement and the warranties given or provided by the Vendor to the Company under the Sale and Purchase Agreement being true, accurate and correct.

Consideration

The Consideration for the Acquisition is HK\$53,410,000. The Company shall pay the Vendor 15% of the Consideration, being HK\$8,011,500, as refundable Down Payment within five business days from the date of the Sale and Purchase Agreement.

Subject to the Conditions Precedent to the Sale and Purchase Agreement having been duly fulfilled or validly waived by the Company before the CP Long Stop Date, and all the obligations of the Vendor for the Completion under the Sale and Purchase Agreement having been performed, the remaining balance of the Consideration shall be paid to the Vendor within five business days after the date of the Completion.

The Consideration will be funded by the Group's internal resources and/or available banking facilities of the Group.

Basis for the Consideration

The Consideration was arrived at after arm's length negotiations between the Parties to the Sale and Purchase Agreement, with reference to the valuation of 100% interest in the Target Company of HK\$109,000,000 as at the Valuation Date based on the draft valuation report prepared by an independent valuer using the market approach, after taking into account the historical financial performance, net assets and future development potential of the Target Company. Therefore, the Board considers that the Consideration is fair and reasonable and is in the best interests of the Group and the Shareholders as a whole.

Conditions Precedent

Completion of the Acquisition is conditional upon the fulfillment (or waiver) of the following Conditions Precedent on or before the CP Long Stop Date:

- (a) the warranties given by each of the Vendor and the Guarantor under the Sale and Purchase Agreement remaining true, complete, accurate and not misleading in all material respects;
- (b) the Vendor and the Guarantor not having violated its commitments and obligations under the Sale and Purchase Agreement;
- (c) the Company not having discovered or known that from the date of signing of the Sale and Purchase Agreement, there being any abnormal operations or any material adverse change in the business, positions (including assets, financial and legal status), operations, performance or assets, or any undisclosed material potential risks in respect of the Target Group;
- (d) the Company having been approved by the SFC under the SFO as a substantial Shareholder of the Target Company;
- (e) the Vendor, the Company and the Target Company having obtained all other requisite consents and standards relating to the sale and purchase of the Sale Shares, and all licenses, permits, consents, approvals, authorisations, exemptions, orders and waivers from any relevant government or regulatory bodies and applied for by relevant third parties, and all applicable statutory or legal obligations having been observed;
- (f) the Company having completed and being reasonably satisfied with the results of the due diligence review;
- (g) YT Global Asset remaining as a licensed corporation permitted by the SFC to carry on Type 9 regulated activities, and YT Global Securities remaining as a licensed corporation permitted by the SFC to carry on Type 1, Type 2 and Type 4 regulated activities, and the relevant licenses still remaining valid and not having been withdrawn or temporarily suspended; and

- (h) a valuation report prepared by an independent valuer using the market approach having been obtained, showing that the market value of 100% interest in the Target Company as at the Valuation Date was not less than HK\$109,000,000.

If the aforesaid Conditions Precedent have not been fulfilled on or before the CP Long Stop Date (or such later date as the Parties may agree), the Sale and Purchase Agreement shall automatically terminate.

The Completion of the Sale and Purchase Agreement will take place within five business days after the date on which the aforesaid Conditions Precedent have been fulfilled or waived.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and, through its wholly-owned subsidiaries, is engaged in, among others, the provision of (i) securities brokerage; (ii) wealth and asset management; and (iii) corporate financial services such as underwriting and placing of IPO shares.

The Target Company legally and beneficially holds the entire issued share capital of YT Global Capital, YT Global Asset and YT Global Securities, as well as 50% of the management shares of the Fund Company.

YT Global Capital is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of financial services to institutional investors.

YT Global Asset is a company incorporated in Hong Kong with limited liability and is a licensed corporation which may carry on Type 9 regulated activities in Hong Kong under the SFO.

YT Global Securities is a company incorporated in Hong Kong with limited liability and is a licensed corporation which may carry on Type 1, Type 2 and Type 4 regulated activities in Hong Kong under the SFO.

The Fund Company is an exempted segregated portfolio company incorporated in the Cayman Islands and is principally engaged in fund investments.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the main financial information of the Target Company based on its audited financial statements for the two years ended 31 December 2018 and 31 December 2019.

	For the year ended 31 December	
	2019	2018
	HK\$	HK\$
Net profit/(loss) before tax	13,818,901	(7,203,322)
Net profit/(loss) after tax	13,818,901	(7,203,322)
Net assets	2,526,764	(11,292,137)

INFORMATION ON THE VENDOR

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is a limited company incorporated in the British Virgin Islands and is an investment holding company. As at the date of this announcement, the Vendor directly owns the entire issued share capital of the Target Company, and the Guarantor owns the entire issued share capital of the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires each of the Vendor and the Guarantor are third parties independent of the Company and its connected persons.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in the provision of events operation and marketing services, sports services and advertising program and branding services in the PRC.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been constantly looking for business opportunities to enhance shareholders' value while abiding to the internal investment policies of the Group.

In view of the optimistic prospect for the financial services industry in Hong Kong, the Board believes that the Acquisition will enable the Group to capitalize on the active financial market in Hong Kong, therefore broadening its sources of income.

Based on the aforesaid, the Board believes that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable, are on normal commercial terms as far as the Company and the Shareholders are concerned, and that the transactions contemplated thereunder are also in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As Completion is conditional upon the satisfaction and/or waiver of the Conditions Precedent set out in the Sale and Purchase Agreement, the Acquisition may or may not proceed accordingly. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Acquisition”	the acquisition of 49% of interest in the Target Company by the Company through the purchase of the Sale Shares from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors of the Company
“business day(s)”	a day on which banks in Hong Kong are open for business, excluding (i) Saturdays; (ii) days when Typhoon Warning Signal No.8 or above is hoisted in Hong Kong from 9:00 a.m. to 12:00 noon and is not lowered at or before 12:00 noon; or (iii) days when Black Rainstorm Warning is hoisted in Hong Kong before 12:00 noon and is not lowered at or before 12:00 noon
“Company”	Wisdom Sports Group (智美體育集團), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition contemplated under the Sale and Purchase Agreement
“Conditions Precedent”	the conditions precedent to the Completion as set out in the Sale and Purchase Agreement
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition under the Sale and Purchase Agreement of HK\$53,410,000

“CP Long Stop Date”	28 February 2021, or such later date and time as the Parties may agree in writing
“Directors”	the directors of the Company
“Down Payment”	a refundable down payment of HK\$8,011,500 payable by the Company to the Vendor in cash
“Fund Company”	Nobleseed Global Opportunities SFC Fund, an exempted segregated portfolio company incorporated in the Cayman Islands
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Kwok Wai Tak, a Hong Kong resident and the beneficial owner of 100% equity interest in the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“MOU”	a non-legally binding memorandum of understanding entered into by the Company and the Vendor on 25 March 2020
“Parties”	the parties to the Sale and Purchase Agreement
“Possible Acquisition”	the transaction contemplated by the Company under the MOU
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region
“Sale and Purchase Agreement “	the sale and purchase agreement dated 12 May 2020 entered into by the Company and the Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	49 ordinary shares of the Target Company, representing 49% of the issued share capital of the Target Company
“SFC”	the Hong Kong Securities and Futures Commission

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.00025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Yuan Tong Global Financial Group Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiaries
“Valuation Date”	29 February 2020, the date on which the market value of 100% interest in the Target Company was appraised by an independent valuer using the market approach as shown in the valuation report issued by it
“Vendor”	LPD Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by the Guarantor
“YT Global Capital”	Yuan Tong Global Capital Limited, a company incorporated in Hong Kong with limited liability
“YT Global Asset”	Yuan Tong Global Asset Management Limited, a company incorporated in Hong Kong with limited liability, and a corporation licensed by the SFC to carry on Type 9 (asset management) regulated activities under the SFO
“YT Global Securities”	Yuan Tong Global Securities Limited, a company incorporated in Hong Kong with limited liability, and a corporation licensed by the SFC to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	U.S. dollars, the lawful currency of the United States

“%”

per cent.

By Order of the Board

Wisdom Sports Group

Ren Wen

Chairlady and Executive Director

Hong Kong, 12 May 2020

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