



**WISDOM**

WISDOM  
SPORTS GROUP  
**智美體育集團**

Stock Code: 1661

(Incorporated in the Cayman Islands with limited liability)

**2015**

Interim Report

Sports + Events, Media, Marketing, Services, Internet.....

**SPORTS +**

**WISDOM**



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# Corporate Information

## EXECUTIVE DIRECTORS

Ms. Ren Wen (*Chairlady*)  
Mr. Sheng Jie (*Vice-chairman*)  
Mr. Zhang Han (*Vice-chairman*)  
Dr. Shen Wei (*President*)  
Mr. Hu Xing

## NON-EXECUTIVE DIRECTORS

Mr. Jin Haitao  
Mr. Xu Jiongwei

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## AUDIT COMMITTEE

Mr. Wei Kevin Cheng (*Chairman*)  
Mr. Jin Guoqiang  
Mr. Xu Jiongwei

## REMUNERATION COMMITTEE

Mr. Jin Guoqiang (*Chairman*)  
Mr. Wei Kevin Cheng  
Mr. Sheng Jie

## NOMINATION COMMITTEE

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

## JOINT COMPANY SECRETARIES

Mr. Sheng Jie  
Ms. Kam Mei Ha Wendy

## AUTHORISED REPRESENTATIVES

Mr. Sheng Jie  
Ms. Kam Mei Ha Wendy

## COMPANY'S REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## COMPANY'S HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

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Beijing 100015, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kwun Tong, Kowloon, Hong Kong

## AUDITOR

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*Certified Public Accountants*  
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Central, Hong Kong

## HONG KONG LEGAL ADVISERS

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13th Floor  
Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central  
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## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HONG KONG SHARE REGISTRAR

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Shops 1712-1716  
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Hong Kong

## WEBSITE

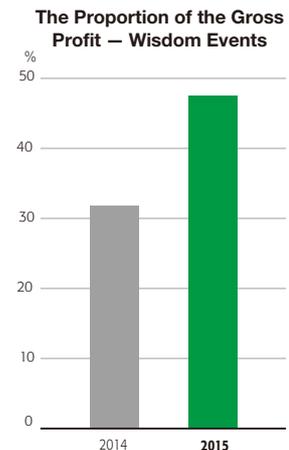
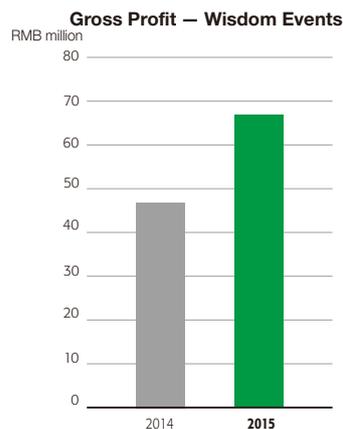
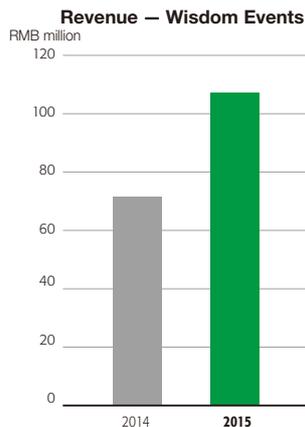
[www.wisdom-china.cn](http://www.wisdom-china.cn)

# Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Wisdom Sports Group (the “**Company**” or “**Wisdom**”, formerly known as Wisdom Holdings Group) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2015, together with the comparative figures for the corresponding period in 2014.

The financial highlights are as follows:

- Revenue from Wisdom Events increased by approximately 49.9% to RMB106.9 million for the six months ended June 30, 2015 from RMB71.3 million for the six months ended June 30, 2014;
- The gross profit of Wisdom Events increased by approximately 42.6% to RMB66.9 million for the six months ended June 30, 2015 from RMB46.9 million for the six months ended June 30, 2014;
- The proportion of the gross profit from Wisdom Events increased to approximately 47.4% for the six months ended June 30, 2015 from 31.8% for the six months ended June 30, 2014;
- Affected by the economic cycle, revenue from Wisdom Program & Branding decreased by approximately 24.8% to RMB187.9 million from RMB250.0 million for the six months ended June 30, 2014, resulting in a decrease in the total revenue of the Group by approximately 8.2% to RMB294.8 million from RMB321.3 million for the six months ended June 30, 2014. Net profit decreased by approximately 8.8% to RMB93.1 million from RMB102.1 million for the six months ended June 30, 2014.
- The Board did not propose to declare interim dividend for the six months ended June 30, 2015.



# Chairlady's Statement



Dear Shareholders,

As the fourth Chairlady's Statement penned in the second anniversary of the listing of Wisdom, Wisdom has grown into a widely admired leader in the sports industry of the PRC from a little-known newly listed company. Such growth is a process where luck is of indispensable importance, but it is not luck raining down from the sky, it is luck hard won through our perseverance.

The first half of the year saw a torrent of capital landing onto the sports industry due to the "Several Opinions of the State Council on Acceleration of the Development of the Sports Industry and Stimulation of the Sports-related Consumption" (國務院關於加快發展體育產業促進體育消費的若干意見), or Circular No. 46, being issued, in addition to the stormy tides of China's stock market. It is inevitable that Wisdom, being the only company perceived as purely sports-related in its working concept, was also under the influence of massive changes in the capital market. In my opinion, profitable enterprises are not to be congratulated, not more than those suffering a temporary setback are to regret, all being mere players in this capricious game of capital. Putting this into the perspective of history, victory or defeat in such a game is not a proof of anything, and a momentary adjustment in the capital market is unlikely to bring down the growth of a truly great company. For the present situation of the PRC, the choice of developing the sports industry is made not only by the state, but more importantly by the nationals. It is only the beginning of our nationals' pursuit of health and living quality following the increase of national income. Wisdom, which switched to the fast track not too long ago, is yet to reach the stage of explosive growth, but its growth has surely become irresistible.

Speaking of growth, certain numbers can summarise the development of Wisdom over these years. In 2015, more than 10 million participants accumulated are expected for more than 1,300 events to be held by Wisdom Events, indicating an enormous progress achieved by Wisdom in terms of arousing the passion of our citizens for participating in sports and encouraging mass consumption. It is well-known that the primary force driving cultural industry is the demands for consumption, which constitutes both the key to success as well as the difficulty for a country as populous as the PRC. Since the cultural background, health education and physical fitness do not predispose the Chinese to an enthusiasm for sports, it is crucial for Wisdom to be able to bring more people to be involved in sports by providing entertaining contents, professional and customised services, and convenient methods of participation.

In adherence to its strategy of “gathering population, building scenes and promoting consumption”, Wisdom laid down clear and precise short-term goals and well-defined mid-to long-term plans. For our short-term goals, the management will make sustained efforts in significantly growing our events in terms of participation population and number of events operated and holding onto major populated areas and building up communal relations, in order to provide solid support for our mid-term plans for a platform-based business model and a sound foundation for the general explosive growth of the Group. In 2015, major marathons operated by Wisdom will expect a period-on-period increase of 200%, and footrace events will expect a period-on-period increase of 300%, with the number of participants exceeding a historical level of 10 million. Focusing on enthusiasts for footraces and square fitness, Wisdom will actively expand into basketball and other projects.

It is the corporate philosophy of Wisdom to keep pacing and to aim high. All our employees will strive continuously in adherence to this philosophy. I hereby express my gratitude to everyone for their support and encouragement for Wisdom. Wisdom will adhere to its platform-based development route under its “Sports +” strategic plan to become a forerunner in the sports industry of the PRC and to realise its own ideals set out in the Chinese collective dream for sports and even greater national strength.

**Ren Wen**  
*Chairlady*



our proprietary footrace event “Season Run” (四季跑) were organized in the first half of the year, together with the inter-provincial walkathon events co-organised with different regional governments, Wisdom Events recorded a period-on-period increase of 50% in its revenue. An active approach to exploring the market of sports marketing leads to an increase of 51 additional customers. A larger potential market is available for our upcoming events organised under the rubric of our B2B (business-to-business services) sports marketing, since the B2B enterprise customers are more concerned with the audience reach of the sports marketing. Meanwhile, the organisation of various large-scale events helped the Group accumulate a massive number of B2C (business-to-customer services) end consumers, with the number of total participants reaching 3 million in the first half of the year, representing a period-on-period increase of 500%, resulting in an enormous mass of participants and large platforms which will provide solid support for us in extending our presence and developing across the industry chain. In addition to exploring new businesses, the Group continued to perfect its conventional program & branding business to ensure the steady and stable development. Leveraging on the synergy drawn from the combination of different business segments of the Group, as well as our cooperation with other well-developed enterprises, we further improved the packaging of our sports events as a new form of entertainment by repackaging them as programs in pursuit of our goal to cover the whole industry-chain.

In 2015, the Group further improved its management and equipped itself with more resources and talents in view of its plan to further develop in the sports industry. As part of our internal management, a more standardised management approach was imposed on our existing business model, and procedures were streamlined under our new business model, thereby effecting a more target-based internal control which enhanced management efficiency and quality and improved the internal control system. As for our personnel strategy, we actively introduced high-end professional talents into our Company and incentivised the initiative and creativity of our team with our share option scheme as a better way to attract and retain core human capital. As a result, our employment structure was in healthy development and our competitiveness improved.

## BUSINESS REVIEW

### I. Wisdom Events

Wisdom Events is engaged in the organisation, management and promotion of various international and domestic sporting tournaments and other marketing activities. Wisdom Events derives its revenue from B2B and B2C businesses, namely title sponsorships, general sponsorships and advertising fees paid by branded companies, enrolment fees paid by events participants, as well as sales of admission tickets and related products and service for sporting events as derivative industry chain sectors.

The Group sought for rapid development as it intensified its overall industry planning in 2015. In respect of our industry chain platform planning, the Group has developed into a comprehensive sports culture company with an integration of sports event operation, sports-related services, sports marketing, sports media, and sports internet services.

For sports event operation, in respect of professional footrace events, the Group secured the exclusive operating rights for 2015 Kunming International Half Marathon, 2015 Shenyang Marathon, 2015 Changsha International Marathon, 2015 Hangzhou International Marathon and 2015 Guangzhou Marathon, five of the largest marathon races in the country, in addition to our exclusive cooperative operating rights with CCTV

## Management Discussion and Analysis

Sports & Entertainment Co., Ltd to the annual marathon races to be held from 2014 to 2018; in respect of our proprietary intellectual property events, four races of “Season Run”, our creative running event with self-owned intellectual property rights, were held in Shenzhen, Tianjin, Chongqing and Beijing in the first half of 2015, with a total of 8 to 10 races expected to be held as at the end of the second half of 2015. Meanwhile, Dong Le CBL Basketball Tournament (動樂CBL籃球聯賽), an amateurish basketball tournament with entry limits on height, saw a significant increase in the numbers of races held and of participants due to our operation of the tournament in conjunction with Season Run and our cooperation with certain online websites. In respect of mass sports events, “Charitable Walkathon for the Chinese Dream” (幸福足跡城市徒步大會), an urban walkathon, was successfully operated by the Group in the first half of 2015, which spanned across 3 months with a route covering 25 cities in 12 provinces and enjoying a participant base close to one million. In 2015, the Group expanded its strategically cooperative provinces and municipalities to 14, including the government authorities of major economic regions, namely Beijing, Tianjin, Hebei, Liaoning, Shandong, Henan, Hubei, Jiangsu, Anhui, Shanghai, Zhejiang, Chongqing, Hunan and Kunming. Public Sports Event Alliance of China (中國大眾體育賽事聯盟) and Campus Soccer Development Alliance of China (中國校園足球發展聯盟) were established with cooperation projects on footrace, basketball, soccer, badminton, tennis, swimming, competitive dancing, table tennis, rollers, walkathon, square dancing, Go chess, Chinese chess, cycling and fitness competition. Within the year, more than 1,300 events in these fields and more than 10 million participants accumulated are expected.

For sports services, with an aim to serve the mass consumers, the Group utilised an “online + offline” integrated service model to form a sports and fitness database which is the largest across the nation. The Group has also created a mature system for provision of consumption services which realised comprehensive commercial value through sports education and training, sports tourism and event merchandises. In the first half of 2015, we enhanced the entertainment elements of “Season Run” and enriched its commercial services in order to gain an in-depth understanding of our consumers’ demands, together with our fruitful attempts on sports education and training services and event merchandises, etc., the Group created a one-shop user experience bringing running, shows, leisure and shopping under one roof for our consumers. In the meantime, in tandem with our exclusively operated 5 major marathons, the Group commenced its operation of various training camps for marathons in cooperation with different game committees which served such needs as pre-race training guidance, pre-run protection, in-race injury treatment, first-aids information, scientific training, and tailor-made training programme formulation. The services of the training camps cater for the needs of different sporting population groups and came in the forms of online Q&A and offline training activities. The Group also joined hands with the world’s top 10 premium marathons and pooled in various marathons operated by the Group to establish a mega marathon group spanning across 3 continents known as “8848”, which will become the biggest alliance for global footrace enthusiasts. Currently, the “Dong Le” brand under our sports service business has been developed into a systematised operation model covering Dong Le Carnival, “8848” Mega Marathon Group, sports tourism and youth sports training.

For sports marketing, the Group fully exploited the values of our sports events in order to satisfy branding needs. Through various types of sports events operated by us every year, we help enterprises to convey to the public their inner values and spiritual contents of their brands and to allow the customers to gain deeper understanding of the spirit of the brands, fully exploring the values of the sporting population for marketing. In the first half of 2015, the Group signed a strategic memorandum of understanding with Xtep, marking the

initial realisation of our envisioned closed circuit operation which includes the “online to offline” and “event to event products” operation. In the future, our one-stop industry chain management for products and services will be rolled out to further facilitate the formation of a whole-industry chain business for our Group.

For sports media, the Group carried out synergetic development of our sports media and Wisdom Program & Branding, committed to the production of sports and entertainment program contents as well as the promotion and market development businesses. In cooperation with HBS (湖南經視), the Group jointly developed sports and entertainment program series based on the television program production work carried out for its proprietary events. The aim is to construct a platform for production, broadcasting and trading of sports and entertainment program copyrights. The Group also constructed a powerful broadcasting platform under the long-term cooperation with certain powerful media outlets such as CCTV Integrated Channel, CCTV Sports Channel and CCTV News Channel.

For sports Internet, the Group entered into strategic cooperation with www.51dongle.com (動樂網) to jointly develop the registration system for mass sports events in 14 provinces as agreed. It provides comprehensive online registration services for mass sports events in various provinces and cities, over 1,300 tournaments and 640 projects are covered with more than 10 million participants expected. The establishment of the registration system enables the Group to collect information of participants of mass sports events to build into our own database, which in turn provides an access to massive data and population for the further development of B2C integrated industry chain. Through the Internet platform for sports, an O2O (Online-to-Offline) integrated business model is established with the integration of the B2C-related consumptions such as sports services, sports training, sports tourism and merchandises.

For capital cooperation, as part of our plan to expand our presence in the industry chain, the Group independently acquired Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司), whose operation of 178doing.com (動贏網) was integrated into the Group, becoming a platform for consumers to meet and arrange for races where auxiliary services such as choice of venues and referees are provided for sports users. Meanwhile, the Group also cooperated with Shenzhen Capital Fund Co. Ltd. and wisdom Hongtu sports culture business fund (Wisdom Hongtu Cultural Investment Management Centre (Limited Partnership) (北京智美紅土文化投資管理中心(有限合夥)) (the “**Wisdom Hongtu Fund**”) in investing in CoolplayClub (北京酷玩部落科技有限公司), which will bring gym room users, outdoor sporting enthusiasts and participants of various events into interaction. Customer combination can be achieved among offline event population and various sporting groups through online intelligent interactive means. Leveraging on the Group’s offline events and direct user base, online and offline users will be connected into a rapidly growing user base which will help to bring an interactive O2O fitness culture into existence.

## II. Wisdom Program & Branding

Wisdom Program & Branding is the more established traditional business of the Group. In the first half of 2015, the traditional industries suffered great impact of the slowdown of the development of China’s economy, bringing pressure to the advertisement industry as a result. The Group actively coped with market changes and strived to sustain the stability usually enjoyed by our traditional businesses by adopting flexible marketing strategies and utilising the synergies between different projects. Despite a decline in the results as compared to previous records, with its business sector’s stable gross margin, it nonetheless achieved a good operation

## Management Discussion and Analysis

condition in the industry and demonstrated stronger risk resistance. Wisdom Program & Branding generated revenue through television program production, distribution and advertising operations.

In accordance with the Group's strategic layout for 2015, Wisdom Program & Branding, as the traditional business segment with stable performance, adhered to its development principles as the provider of steady cash flow and customer resources for the Group. In 2015, the Group successfully renewed its exclusive advertising rights in respect of 5 programs, including "Oriental Horizon (《東方時空》)", "World Express (《國際時訊》)", "News Weekly (《新聞週刊》)" and "World Weekly (《世界週刊》)" of the CCTV News Channel and "Treasure Hunt (《尋寶》)" of the CCTV Integrated Channel. In the context of a general economic downturn, a stable position over the industry average was maintained.

In accordance with the Group's overall strategic layout and strategic transformation and upgrading arrangement, integrating and coordinating various types of internal resources and its event operation segment, the Group cooperated with HBS and CCTV to further expand its sports media business and to jointly develop sports and entertainment program series. Although the research and development efforts of Wisdom Program & Branding on sports and entertainment programs in its course of business had certain effect on the results of Wisdom Program & Branding in the current period, such efforts are a crucial step towards the successful strategic transformation of the Group and the further expansion of our presence in the industry chain, and will bring a wider space of stable development for Wisdom Program & Branding and Wisdom Events operations in the future.

2015 represents an important year for the Group's strategic transformation and business structure adjustment. In accordance with the overall strategic layout, the Group focuses on the business expansion in the sports industry, positioning itself as a leading sports culture company in the PRC, while setting its foot on event operation and making effective extension along the entire industry chain, forming the whole industry chain layout framework of "Sports +", laying a solid foundation for the upcoming platform development and international connections.



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## OUTLOOK OF INDUSTRY AND GROUP

Following the issuance of “Several Opinions of the State Council on Acceleration of the Development of the Sports Industry and the Stimulation of Sports-related Consumption” (國務院關於加快發展體育產業促進體育消費的若干意見) (Guo Fa [2014] No. 46) as well as its implementation measures for the sports industry in different provinces and municipalities, the outlook for the 5 trillion industry value for the nation began to take shape. Accordingly, the industry experts projected that as various sports-related policies reached the stage of actual implementation, and as the existing system had been in constant optimisation, the events resources and values tend to be more flexible and the public participation and enthusiasm intensify, thereby providing with the suitable soil to nurse professional sports operation companies which are able to master the entire industry value chain. A “gold craze” in the sports industry field will emerge.

Judging from the current phase and status of development of China’s sports industry, several general industry trends can be foreseen — greater clarity for the industry chain, with leading companies taking the lead to build up a general business environment for the sports industry; more open and flexible environment for event resources and sprouts of commercial development at multiple points; and robust development in sports marketing with whole industry chain integrated marketing as the focus.

The second half of 2015 will be a crucial stage for the Group’s development in its sports businesses. Under the “Sports +” strategic setup, the Group insists on the focus on platform building as its development orientation, laying out a whole industry chain with platform vision, and concentrating on events that draw the most participants such as footrace, basketball and soccer. We strive to provide products of professional quality, enhance the content of standardised services, and motivate public participation as well as spectatorial interest, combining professionalism, participation and spectacularity. Our goal is to achieve the first stage of international platform construction in 2016 and become a forerunner in the sports industry of the PRC.

For our products, the Group will independently operate 5 marathons in the second half of 2015. On top of our experience in fashioning Guangzhou Marathon and Hangzhou International Marathon as premium marathon races, we acquired the operating rights of Shenyang Marathon, Changsha International Marathon and Kunming International Half Marathon. The Group will also further upgrade its proprietary “Season Run”, which is expected to be held for 4 to 5 races in the second half of the year, and 8 to 10 races in the whole year in different regions. The events to be held in the second half of the year will further contribute to the revenue growth generated by the Group’s event operation.

Apart from refashioning our proprietary “Season Run” with entertainment and commercial upgrades, in the second half of the year, the Group will develop auxiliary sports-related services for marathons and public sports competitions co-operated with cooperative provincial or municipal governments. As new business models are developed and professional standardised services are provided, the results of our efforts in developing B2B and B2C customers will become more prominent and our commercial development will sprout from multiple spots. In accordance with the Group’s strategic plan, scene consumption will remain our important development focus in the second half of 2015. Scene consumption provides a situation where individual consumers are assembled for consumption behavior patterns to be formed, from which revenue is to be derived from the consuming mass. Through cooperating with travel companies, a series of services including ticketing, accommodation and sports

## Management Discussion and Analysis

tourism products are provided for sports enthusiasts, while the enrolment system helps as an extension in the industry chain for our self-operated events and acquired premium event resources by constituting a service provision system. Derivative merchandises such as souvenir gold medals, etc., are developed based on our various self-operated sports events to expend the consumption pattern of B2C. Moreover, the Group has begun negotiating with sports venues in PRC for cooperation, which can organically integrate sports venue resources and create an asset-light approach to sports venue operation.

Wisdom Events will also commence full-scale cooperation in such fields as youth competitions and training by cooperating with the national football associations and clubs in Argentina, Brazil and Spain, constructing our international platform step by step.

Leveraging on our rich sports events resources and products, the Group will develop sports and entertainment programs based on the synergy with Wisdom Program & Branding business development, successively leading to the development of sports media business products, eventually constructing a platform for the production, broadcasting and trading of the copyrights of sports and entertainment programs. Reorganising our media resources, the Group will also explore new forms of businesses such as sports documentaries, films, etc., in addition to existing live broadcasting of events and content production.

For our customer development, as the sports industry thrives, the Group will expand its customer base through product upgrades. We continue to develop our advantages in term of our customer base in B2B and B2C businesses. Following our strategic cooperation with Xtep and other sports gear companies, the Group will also continue to seek for opportunities to cooperate with companies upward and downward in the industry chain to complement our existing customer profile. In 2015, we will also strengthen our customer development by establishing branches in well-developed regions such as Shanghai, Guangdong, Hubei and Changsha, among others, to provide readily available services for our premium customers. Such efforts will lay a sound foundation for the enhancement of our B2B and B2C businesses.

For our internal management, the Group will continue to fine-tune its management system in compliance with the regulatory requirements and internal control standards for listed companies. Standardisation and systematic upgrades will be carried out on our management procedure flow based on the needs of our constantly evolving business model and approaches to cooperation with different companies. In the meantime, a proper incentive mechanism will be established to provide a good base for human capital accumulation. A sound internal management model, effective management practices and optimal organisation structure will help on our upcoming international platform and standardised operation.

For capital operation, the Group continues to actively adopt a comprehensive approach. The Group will reach different target companies across the industry chain and seek for cooperation and acquisition opportunities with premium domestic or foreign sports-related companies through our own investment or in cooperation with Wisdom Hongtu Fund and other investment institutions.

In pursuit of our core principles of striving for health and happiness, the Group will launch on an ongoing basis different sports and entertainment products and commercial projects which the public would like to participate to stimulate the public interest in sports-related consumption. The Group will further optimise its operation platforms and business environment of “Sports + Events”, “Sports + Services”, “Sports + Marketing”, “Sports + Media” and “Sports + Internet”. The Group will also cooperate with domestic and foreign governmental organisations and leading companies in related industries and create frequent and quality consumption scenes for the millions of our sporting citizens, creating a trend of sports and entertainment consumption and encouraging the development of sports culture in the PRC.



## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately 8.2% to RMB294.8 million for the six months ended June 30, 2015 from RMB321.3 million for the six months ended June 30, 2014. This decrease was mainly due to a decrease in revenue from Wisdom Program & Branding.

Revenue from Wisdom Events increased by approximately 49.9% to RMB106.9 million for the six months ended June 30, 2015 from RMB71.3 million for the six months ended June 30, 2014. This increase was mainly due to (i) an increase in revenue from the operation of new sports competitions, such as Charitable Walkathon for the Chinese Dream and Mass Sports Events; and (ii) the increase in revenue from the continued operation of existing events such as “Season Run”, the independently developed creative running event, which was held in four cities in the first half year of 2015, and the continued commercial development of such events.

Revenue from Wisdom Program & Branding decreased by approximately 24.8% to RMB187.9 million for the six months ended June 30, 2015 from RMB250.0 million for the six months ended June 30, 2014. This decrease was mainly due to the decrease in the revenue from the advertising and program production business.

# Management Discussion and Analysis

## Cost of Services

The Group's cost of services decreased by approximately 11.4% to RMB153.7 million for the six months ended June 30, 2015 from RMB173.5 million for the six months ended June 30, 2014. This decrease was mainly due to the decrease in the cost of services from Wisdom Program & Branding.

Cost of services for Wisdom Events increased by approximately 64.0% to RMB40.0 million for the six months ended June 30, 2015 from RMB24.4 million for the six months ended June 30, 2014. This increase was mainly due to the increase in the number of events held and the upgrade of the events.

Cost of services for Wisdom Program & Branding decreased by approximately 23.8% to RMB113.7 million for the six months ended June 30, 2015 from RMB149.1 million for the six months ended June 30, 2014. This decrease was mainly due to the decrease in both the cost of advertising and program production.

## Gross Profit and Gross Margin

As a result of the above factors, the Group's gross profit decreased by approximately 4.5% to RMB141.1 million for the six months ended June 30, 2015 from RMB147.7 million for the six months ended June 30, 2014. The gross margin for the Group increased to approximately 47.9% for the six months ended June 30, 2015 from 46.0% for the six months ended June 30, 2014. The decrease of the gross profit was mainly due to the decrease in the gross profit from Wisdom Program & Branding. The increase in the gross margin was mainly due to the increase in the proportion of revenue from Wisdom Events which devoted higher gross margin.

As a result of the foregoing changes in revenue and cost of services for Wisdom Events, the gross profit for Wisdom Events increased by approximately 42.6% to RMB66.9 million for the six months ended June 30, 2015 from RMB46.9 million for the six months ended June 30, 2014. This increase was mainly due to (i) more events and competitions were held in the first half of year 2015 compared with that in the first half of year 2014; and (ii) the exploration of more events and more commercial advertising resources which are benefited from our more extensive experience in organizing such events. The gross margin for Wisdom Events decreased to 62.6% for the six months ended June 30, 2015 from 65.8% for the six months ended June 30, 2014. This decrease was primarily due to the increase in the cost of the upgrade of the sporting events.

As a result of the foregoing changes in revenue and cost of services for Wisdom Program & Branding, the gross profit for Wisdom Program & Branding decreased by approximately 26.4% to RMB74.2 million for the six months ended June 30, 2015 from RMB100.8 million for the six months ended June 30, 2014. The gross margin for Wisdom Program & Branding decreased to 39.5% for the six months ended June 30, 2015 from 40.3% for the six months ended June 30, 2014. This decrease was mainly due to the decrease in the proportion of revenue from program with higher gross margin.

## Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 17.8% to RMB11.6 million for the six months ended June 30, 2015 from RMB14.1 million for the six months ended June 30, 2014. This decrease was mainly due to the relatively stable development of the advertising business and the Group's cost control.

## General and Administrative Expenses

The Group's general and administrative expenses increased by approximately 20.0% to RMB22.6 million for the six months ended June 30, 2015 from RMB18.8 million for the six months ended June 30, 2014. This increase was mainly because the Group utilized more professional services based on the need of strategic development.

## Other Income

The Group's other income increased by approximately 27.6% to RMB3.7 million for the six months ended June 30, 2015 from RMB2.9 million for the six months ended June 30, 2014. This increase was mainly due to the increase of the income generated from purchasing principal-guaranteed and low risk financial products offered by commercial banks with good reputation, for the purpose of maintaining and enhancing the value of the Group's capital.

## Other Gains, Net

The Group's other gains, net increased by approximately 31.3% to RMB13.4 million for the six months ended June 30, 2015 from RMB10.2 million for the six months ended June 30, 2014. This increase was mainly due to the increase in the tax refund from the governmental body.

## Finance Income, Net

The Group's net finance income decreased by approximately 51.9% to RMB3.3 million for the six months ended June 30, 2015 from RMB6.8 million for the six months ended June 30, 2014. This decrease was mainly due to the decrease in the interest income arising from bank deposits.

## Profit Before Income Tax

As a result of the foregoing, the Group's profit before income tax decreased by approximately 5.5% to RMB127.4 million for the six months ended June 30, 2015 from RMB134.8 million for the six months ended June 30, 2014.

## Income Tax Expense

The Group's income tax expense increased by approximately 4.7% to RMB34.2 million for the six months ended June 30, 2015 from RMB32.7 million for the six months ended June 30, 2014. This increase was mainly attributable to the increase of the profit from domestic companies of the Group which needed to pay income tax.

The Group's effective tax rate for the six months ended June 30, 2014 was approximately 24.2%, compared to approximately 26.9% for the six months ended June 30, 2015. This change was mainly due to the expense incurred by the offshore companies in the first half of 2015 which was unable to deduct the taxable income.

## Profit

As a result of the foregoing, the Group's profit decreased by approximately 8.8% to RMB93.1 million for the six months ended June 30, 2015 from RMB102.1 million for the six months ended June 30, 2014. The Group's net profit margin decreased from 31.8% for the six months ended June 30, 2014 to 31.6% for the six months ended June 30, 2015.

# Management Discussion and Analysis

## Cash Flows

As at June 30, 2015, the Group's cash and cash equivalents amounted to RMB619.1 million compared with that of RMB598.5 million as at December 31, 2014. Aside from the deposits placed with state-owned banks and commercial banks with good reputation, the Group purchased principal-guaranteed, short-term and low risk financial products so as to ensure the security and value of the capital. Such products were offered and guaranteed by banks with good reputation. The principal of such products will be fully refunded upon maturity. All terms of such products are less than three months while some of the products can be redeemed at any time. The annualized rate of return ranged from 2.1% to 5.3%. The Group takes a prudent approach in selecting financial products.

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

	For the six months ended June 30,	
	2015	2014
	RMB'000	RMB'000
Net cash generated from operating activities	49,052	1,981
Net cash generated from/(used in) investing activities	121,194	(253,218)
Net cash used in financing activities	(149,641)	(149,641)
Net increase/(decrease) in cash and cash equivalents	20,605	(400,878)
Cash and cash equivalents at beginning of the period	598,486	819,933
Exchange losses on cash and cash equivalents	(3)	—
Cash and cash equivalents at end of the period	619,088	419,055

## Net Cash Generated from Operating Activities

Net cash generated from operating activities increased to RMB49.1 million for the six months ended June 30, 2015 from RMB2.0 million for the six months ended June 30, 2014. The increase was mainly attributable to an increase in cash received from operations.

## Net Cash Generated from/Used in Investing Activities

Net cash used in investing activities amounted to RMB253.2 million for the six months ended June 30, 2014 while net cash generated from investing activities amounted to RMB121.2 million for the six months ended June 30, 2015. The change was mainly attributable to (i) Cash inflow generated from the redemption of the principal and the interest of principal guaranteed low risk products which was purchased from the commercial bank and large financial institution with good reputation, and (ii) Cash payment of the first contribution for the joint establishment of Wisdom Hongtu Fund.

## Net Cash Used in Financing Activities

Net cash used in financing activities for the six months ended June 30, 2014 and June 30, 2015 amounted to RMB149.6 million respectively. This capital was mainly attributable to the payment of dividend which was approved by the Company's shareholders.

## Working Capital

The Group's net current assets decreased by approximately 7.9% to RMB1,070.0 million as at June 30, 2015 from RMB1,162.5 million as at December 31, 2014. Despite a slight decrease in the net current assets, the Group maintained working capital at a relatively high level that can adequately meet the working capital requirements and finance the business development.

## Capital Expenditure

The total spending on the acquisition of property, plant and equipment amounted to RMB0.7 million for the six months ended June 30, 2015 (For the six months ended June 30, 2014: RMB2.0 million).

## LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimise 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 June 30, 2015, the Group had net current assets of RMB1,070.0 million (December 31, 2014: RMB1,162.5 million), of which cash and cash equivalents amounted to RMB619.1 million (December 31, 2014: RMB598.5 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.

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

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

## Management Discussion and Analysis

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 June 30, 2015. The Company has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

### CAPITAL STRUCTURE OF THE GROUP

The reorganization of the Company and the subsidiaries of the Company as set out in the prospectus of the Company dated June 28, 2013 (the “**Prospectus**”) was completed on June 24, 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on July 11, 2013. On August 7, 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 May 23, 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 May 29, 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 June 30, 2015.

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

Reference is made to the announcement of the Company dated October 28, 2014. As of June 30, 2015, Beijing Wisdom Media Holding Co., Ltd had contributed RMB30 million to Wisdom Hongtu Fund. Save as disclosed in this report, for the six months ended June 30, 2015, the Company has no material investment, material acquisition and disposal of subsidiaries. Save as disclosed in the relevant announcements, the Company has no plans for material investment or acquisition of material capital asset in the future.

### CHARGE ON ASSETS

As at June 30, 2015, there was no charge on the Group’s assets.

### FINANCIAL RATIO

Financial ratio	As at June 30, 2015	As at December 31, 2014
Current ratio	1,596.3%	989.7%
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 December 31, 2014 and June 30, 2015.

## CONTINGENT LIABILITIES

As at June 30, 2015, the Company had no material contingent liabilities.

## HUMAN RESOURCES

The total number of employees of the Group was 219 as at June 30, 2015. 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 June 30, 2015 amounted to RMB21.8 million.

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

The Group also selects potential management staff to receive advance training in domestic leading business schools regularly, aiming at enhancing their all-round capability.

The Company adopted a share option scheme. As at June 30, 2015, the Company has granted certain share options under the share option scheme. For further details, please refer to the paragraph headed "Share Option Scheme" in this report.

## 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 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 June 24, 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 June 30, 2015, 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;

## Management Discussion and Analysis

- (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.

Beijing Wisdom Leadership Sports Culture Co., Ltd., (北京智美領航體育文化有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media whose business scope includes operation of sports events etc., was an operating entity of the Group controlled through the Structured Contracts during the financial year ended December 31, 2014. Beijing Wisdom Leadership Sports Culture Co., Ltd. was de-registered on January 6, 2015. Beijing Wisdom Media entered into an equity transfer agreement with the shareholders of Beijing Kuawei Lianzhong Sports Development Company Limited on April 8, 2015 to acquire the entire equity interest therein and the completion of the acquisition took place in May 2015.

# Disclosure of Interests

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

As at June 30, 2015, 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)	603,480,000	37.51%

Note:

1. Upon completion of the Capitalization Issue (as defined in the Prospectus), Queen Media Co., Ltd. (“**Queen Media**”) became the direct owner of 603,480,000 Shares. The entire issued share capital of Queen Media is owned by Sky Limited, 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.

## Disclosure of Interests

### (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	52.38%
	Beijing Car Culture Advertising Co., Ltd. (北京智美車文廣告有限公司) (Note 2)	100%
	Beijing Xinchuang Branding Co., Ltd. (北京新創智力品牌管理有限公司) (Note 2)	100%
	Beijing Wisdom Films Culture Media Co., Ltd. (北京智美映畫文化傳媒有限公司) (Note 2)	100%
	Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司) (Note 2)	100%
Mr. Sheng Jie	Beijing Wisdom Media	8.46%
Mr. Zhang Han	Beijing Wisdom Media	0.18%

Note:

2. A wholly owned subsidiary of Beijing Wisdom Media.

Save as disclosed above, as at June 30, 2015, 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 June 30, 2015, 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
Mr. Zhou Wenjie	Interest of spouse ( <i>Note 3</i> )	603,480,000	37.51%
Sky Limited	Interest of controlled corporation ( <i>Note 4</i> )	603,480,000	37.51%
Credit Suisse Trust Limited	Trustee ( <i>Note 4</i> )	603,480,000	37.51%
Queen Media	Beneficial owner ( <i>Note 4</i> )	603,480,000	37.51%
Lucky Go Co., Ltd.	Beneficial owner	176,643,000	10.98%
Avance Holdings Limited	Beneficial owner	111,955,000	6.96%
Top Car Co., Ltd.	Beneficial owner	110,075,000	6.84%

Note:

- Mr. Zhou Wenjie is the spouse of Ms. Ren Wen. Therefore, he is deemed to be interested in 603,480,000 Shares.
- Queen Media is the direct owner of 603,480,000 Shares. The entire issued share capital of Queen Media is owned by Sky Limited, 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.

Save as disclosed above, as at June 30, 2015, 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 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.

# Important Events

## SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on June 14, 2013, which became effective on the date of listing of the Company on the Stock Exchange on July 11, 2013. A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix IV to the Prospectus.

The options to subscribe for a total of 1,210,000 Shares were granted under the Share Option Scheme on May 23, 2014 to employees 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. 25% of the options became exercisable on May 23, 2015 and the remaining options will become exercisable on May 23, 2016, May 23, 2017 and May 23, 2018, respectively 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 May 22, 2024. The options to subscribe for a total of 2,500,000 Shares were granted under the Share Option Scheme on May 29, 2015 to employees of the Group. 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\$8.00. 25% of the options will become exercisable on May 29, 2016, May 29, 2017, May 29, 2018 and May 29, 2019, 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 May 28, 2025. For the six months ended June 30, 2015, no option has been exercised. 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. 435,000 options lapsed due to the resignation of the employees for the six months ended June 30, 2015 and no option was cancelled during such period.

A valuation analysis in connection with the estimation of the fair value of the options granted by the Company for the six months ended June 30, 2015 was performed by a professional valuer and the fair value of such options was estimated to be HK\$7,697,000 (equivalent to approximately RMB6,075,000) as at May 29, 2015. The Black-Scholes Option Pricing Model was used in the valuation.

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended June 30, 2015.

## 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 June 30, 2015 and as at the date of this interim report, the Company has maintained sufficient public float as required under the Listing Rules.

### USE OF NET PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of overallotment option (after deducting the underwriting fees, capitalised professional service fees and related expenses) amounted to approximately RMB635.9 million, which are intended to be applied in the manner as disclosed in the Prospectus in respect of the global offering of its shares. As at June 30, 2015, part of the proceeds was applied as follows:

RMB290 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 March 30, 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

Mr. Hu Xing and Mr. Hu Jianguo have been appointed as an executive director and an independent non-executive director of the Company respectively with effect from May 14, 2015.

### INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended June 30, 2015.

### POST BALANCE SHEET EVENTS

The Group used its treasury to invest in the financial products offered by banks in PRC from time to time. During the period since June 30, 2015 to the date that the condensed consolidated interim financial information was approved, the Group has mainly invested in four principal-guaranteed short-term financial products issued by four banks in PRC of RMB55,000,000 each.

# 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 June 30, 2015, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1. Details will be set out below.

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

During the period from January 1, 2015 to March 24, 2015, Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, was also the president of the Company, responsible for overall management and formulation of business strategy of the Group. The Board meets from time to time 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.

Since March 24, 2015, however, Ms. Ren Wen ceased to act as the president of the Company and Dr. Shen Wei, an executive Director, was appointed as the president of the Company as the Company understands the importance of division of responsibilities between the chairlady and the president as well as the importance of compliance with the code provision A.2.1 of the CG Code. Ms. Ren Wen remains as the chairlady of the Board and an executive Director. For details, please refer to the Company’s announcement dated March 24, 2015.

## 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 June 30, 2015.

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 June 30, 2015.

### 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 as set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee comprises three members, two being independent non-executive Directors and one being a non-executive Director, namely, Mr. Wei Kevin Cheng, as its Chairman, Mr. Jin Guoqiang and Mr. Xu Jiongwei.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Audit Committee, and there is no difference in opinions on the accounting treatment methods adopted by the Company. The interim financial results of the Group for the six months ended June 30, 2015 is unaudited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, and by the Audit Committee.

The Audit Committee has reviewed together with management the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2015 and considers it in compliance with generally accepted accounting principles as well as laws and regulations.

# Report on Review of Condensed Consolidated Interim Financial Information



羅兵咸永道

**Report on Review of Condensed Consolidated Interim Financial Information**  
**To the Board of Directors of Wisdom Sports Group**  
(incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 29 to 50, which comprises the interim condensed consolidated balance sheet of Wisdom Sports Group (the “**Company**”), formerly known as Wisdom Holdings Group, and its subsidiaries (together, the “**Group**”) as at June 30, 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 condensed consolidated interim financial information 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.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, August 21, 2015

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# Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Unaudited	
		Six months ended June 30,	
		2015	2014
		RMB'000	RMB'000
<b>Revenue</b>	6	<b>294,805</b>	321,259
Cost of services	8	<b>(153,694)</b>	(173,515)
<b>Gross profit</b>		<b>141,111</b>	147,744
Selling and distribution expenses	8	<b>(11,559)</b>	(14,055)
General and administrative expenses	8	<b>(22,560)</b>	(18,805)
Other income		<b>3,686</b>	2,888
Other gains, net	9	<b>13,383</b>	10,193
<b>Operating profit</b>		<b>124,061</b>	127,965
Finance income		<b>6,310</b>	8,172
Finance costs		<b>(3,021)</b>	(1,333)
Finance income, net		<b>3,289</b>	6,839
<b>Profit before income tax</b>		<b>127,350</b>	134,804
Income tax expense	10	<b>(34,209)</b>	(32,675)
<b>Profit and total comprehensive income for the period</b>		<b>93,141</b>	102,129
<b>Profit attributable to owners of the Company</b>		<b>93,141</b>	102,129
<b>Earnings per share attributable to owners of the Company</b>			
Basic earnings per share	11	<b>RMB0.06</b>	RMB0.06
Diluted earnings per share	11	<b>RMB0.06</b>	RMB0.06

Details of dividends attributable to owners of the Company for the six months ended June 30, 2015 and 2014 are set out in Note 21.

The notes on pages 34 to 50 form an integral part of this condensed consolidated interim financial information.

# Interim Condensed Consolidated Balance Sheet

		Unaudited As at June 30, 2015 RMB'000	Audited As at December 31, 2014 RMB'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	10,123	11,735
Investment property	12	21,362	21,992
Goodwill	12	105	—
Intangible assets	12	4,358	2,074
Deferred income tax assets		1,067	967
Available-for-sale financial assets	13	30,000	—
Prepayment for investment		6,000	—
		<b>73,015</b>	36,768
<b>Current assets</b>			
Capitalized program costs		2,441	2,013
Trade and notes receivables	14	222,193	310,725
Other receivables	15	117,736	127,303
Prepayments and other current assets	16	173,508	99,355
Financial assets at fair value through profit or loss	17	6,587	155,233
Cash and cash equivalents	18	619,088	598,486
		<b>1,141,553</b>	1,293,115
<b>Total assets</b>		<b>1,214,568</b>	1,329,883
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	2,479	2,479
Share premium	19	337,352	486,993
Reserves		122,150	121,813
Retained earnings		681,076	587,935
<b>Total equity</b>		<b>1,143,057</b>	1,199,220

## Interim Condensed Consolidated Balance Sheet

	Note	Unaudited As at June 30, 2015 RMB'000	Audited As at December 31, 2014 RMB'000
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	20	9,666	14,565
Other payables		10,448	13,111
Advance from customers		12,979	16,584
Tax payables		38,418	86,403
		<b>71,511</b>	130,663
<b>Total liabilities</b>		<b>71,511</b>	130,663
<b>Total equity and liabilities</b>		<b>1,214,568</b>	1,329,883
<b>Net current assets</b>		<b>1,070,042</b>	1,162,452
<b>Total assets less current liabilities</b>		<b>1,143,057</b>	1,199,220

The notes on pages 34 to 50 form an integral part of this condensed consolidated interim financial information.

# Interim Condensed Consolidated Statement of Changes in Equity

Unaudited						
Attributable to owners of the Company						
	Note	Share Capital RMB'000	Share Premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
<b>Balance at January 1, 2015</b>		<b>2,479</b>	<b>486,993</b>	<b>121,813</b>	<b>587,935</b>	<b>1,199,220</b>
Total comprehensive income for the period ended June 30, 2015		—	—	—	93,141	93,141
Dividends relating to 2014 paid in June 2015	21	—	(149,641)	—	—	(149,641)
Share-based payments		—	—	337	—	337
<b>Balance at June 30, 2015</b>		<b>2,479</b>	<b>337,352</b>	<b>122,150</b>	<b>681,076</b>	<b>1,143,057</b>
<b>Balance at January 1, 2014</b>		2,479	636,634	117,067	314,148	1,070,328
Total comprehensive income for the period ended June 30, 2014		—	—	—	102,129	102,129
Dividends relating to 2013 paid in June 2014	21	—	(149,641)	—	—	(149,641)
Share-based payments		—	—	33	—	33
<b>Balance at June 30, 2014</b>		2,479	486,993	117,100	416,277	1,022,849

The notes on pages 34 to 50 form an integral part of this condensed consolidated interim financial information.

# Interim Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended June 30,	
	2015	2014
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	127,307	61,896
Income tax paid	(78,255)	(59,915)
Net cash generated from operating activities	49,052	1,981
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(698)	(2,014)
Purchases of intangible assets	(969)	(201)
Purchases of available-for-sale financial assets	(30,000)	—
Proceeds on disposal/(purchases) of financial assets at fair value through profit or loss	150,000	(150,000)
Purchases of other financial assets	(320,000)	(212,000)
Proceeds on disposal of other financial assets	323,686	102,542
Increase in prepayment for investment	(6,000)	—
Acquisition of a subsidiary	(1,650)	—
Interest received	6,825	8,455
Net cash generated from/(used in) investing activities	121,194	(253,218)
<b>Cash flows from financing activities</b>		
Dividends paid to owners	(149,641)	(149,641)
Net cash used in financing activities	(149,641)	(149,641)
<b>Net increase/(decrease) in cash and cash equivalents</b>	20,605	(400,878)
Cash and cash equivalents at beginning of the period	598,486	819,933
Exchange losses on cash and cash equivalents	(3)	—
<b>Cash and cash equivalents at end of the period</b>	619,088	419,055

The notes on pages 34 to 50 form an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information

## 1. GENERAL INFORMATION

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

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

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

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

### Key events

In October 2014, Beijing Wisdom Media Holding Co., Ltd. (“**Beijing Wisdom Media**”), a wholly owned subsidiary of the Company, entered into a Limited Partnership Agreement with Shenzhen Capital Group Co., Ltd. (“**SCG**”) 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) (“**Hongtu Jingshan**”), whereas Beijing Wisdom Media committed to make a capital contribution of RMB75,000,000 for the joint establishment of wisdom Hongtu sports culture business fund (Wisdom Hongtu Cultural Investment Management Center (Limited Partnership) (北京智美紅土文化投資管理中心(有限合夥)) (“**Wisdom Hongtu Fund**” or “**the Fund**”) with SCG and Hongtu Jingshan. Beijing Wisdom Media is a Limited Partner of the Fund, and has no influence power of the financial and operating decisions of the Fund. The Fund intends to invest in sports culture business, sports culture media and other sectors relating to sports culture, such as the Internet and new media. As at June 30, 2015, Beijing Wisdom Media had invested RMB30,000,000 into the Fund, and recognized this investment as available-for-sale financial assets (Note 13).

In May 2015, Beijing Wisdom Media acquired 100% equity interest of Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司), at a cash consideration of RMB1,650,000. The excess of the consideration over the fair value of the identifiable net assets of Beijing Kuawei Lianzhong Sports Development Company Limited is recorded as goodwill (Note 12).

On June 23, 2015, Beijing Wisdom Media entered into a capital increase framework contract with Nie Xuezheng, Kong Fei, Gu Shufeng and Zhang Xiaodong, who are the original shareholders of CoolplayClub (北京酷玩部落科技有限公司), whereas Beijing Wisdom Media will make capital contribution into CoolplayClub. As at June 30, 2015, Beijing Wisdom Media has prepaid RMB6,000,000 to CoolplayClub.

# Notes to the Condensed Consolidated Interim Financial Information

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended June 30, 2015 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to the existing standards have been issued but are not effective for the financial year beginning on January 1, 2015 and have not been early adopted. The Group has already commenced an assessment of the impact of below new standards and amendments and is not yet in a position to state what impact they would have on the Group.

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendment to HKAS 1	Disclosure initiative <sup>2</sup>
Amendment to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendment to HKAS 27	Equity Method in Separate Financial Statements <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception <sup>2</sup>
Annual Improvements 2014	Annual Improvements 2012-2014 cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

There are no other new and amended standards that are not yet effective that would be expected to have a material impact on the Group.

# Notes to the Condensed Consolidated Interim Financial Information

## 4. ESTIMATES

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 interim financial information, 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 December 31, 2014.

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 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 interim financial information 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 December 31, 2014.

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

### 5.2 Liquidity risk

Compared to the year ended December 31, 2014, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### 5.3 Fair value estimation

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).

# Notes to the Condensed Consolidated Interim Financial Information

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(CONTINUED)

### 5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at June 30, 2015 and December 31, 2014.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Unaudited</b>				
<b>At June 30, 2015</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	6,587	—	—	6,587
Available-for-sale financial assets	—	—	30,000	30,000
<b>Liabilities</b>				
	—	—	—	—
<b>Audited</b>				
<b>At December 31, 2014</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	155,233	—	—	155,233
<b>Liabilities</b>				
	—	—	—	—

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. Instruments included in level 1 comprise primarily investment products held for trading.

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.

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(CONTINUED)

### 5.3 Fair value estimation (Continued)

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

The Group's finance department leads the valuations of financial assets required for financial reporting purposes, including level 3 fair values. The financial department reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and finance department at least once half a year.

The valuation technique is discounted cash flow. Future cash flows are estimated and discounted using the expected yield rate set with reference to the benchmark yield rate of the financial investment products of banks.

As of June 30, 2015, Beijing Wisdom Media has entered into a Limited Partnership Agreement with SCG and Hongtu Jingshan, and has invested RMB30,000,000 into the Wisdom Hongtu Fund. Since the Fund has not commenced any major operations as of June 30, 2015, the level 3 fair value of this investment approximated the value of the cash contribution made.

The carrying amounts of the Group's financial assets, including cash and cash equivalents, trade and notes receivables, other receivables; and financial liabilities including trade payables, advance from customers, tax payables and other payables, approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

## 6. REVENUE AND SEGMENT INFORMATION

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

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

# Notes to the Condensed Consolidated Interim Financial Information

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

(Unaudited)	Wisdom Events RMB'000	Wisdom Program & Branding RMB'000	Headquarters (Unallocated) RMB'000	Total RMB'000
Revenue	106,902	187,903	—	294,805
Cost of services	(39,993)	(113,701)	—	(153,694)
— Depreciation and amortization	(2,089)	(102)	—	(2,191)
Gross profit	66,909	74,202	—	141,111
Selling and distribution expenses			(11,559)	(11,559)
General and administrative expenses			(22,560)	(22,560)
Other income			3,686	3,686
Other gains, net			13,383	13,383
Finance income			6,310	6,310
Finance costs			(3,021)	(3,021)
Income tax expense			(34,209)	(34,209)
Profit for the period				93,141

The segment information provided to the Chief Executive Officer for the reportable segments for the six months ended June 30, 2014 is as follows:

(Unaudited)	Wisdom Events RMB'000	Wisdom Program & Branding RMB'000	Headquarters (Unallocated) RMB'000	Total RMB'000
Revenue	71,301	249,958	—	321,259
Cost of services	(24,385)	(149,130)	—	(173,515)
— Depreciation and amortization	(82)	(1,459)	—	(1,541)
Gross profit	46,916	100,828	—	147,744
Selling and distribution expenses			(14,055)	(14,055)
General and administrative expenses			(18,805)	(18,805)
Other income			2,888	2,888
Other gains, net			10,193	10,193
Finance income			8,172	8,172
Finance costs			(1,333)	(1,333)
Income tax expense			(32,675)	(32,675)
Profit for the period				102,129

# Notes to the Condensed Consolidated Interim Financial Information

## 6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

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

For the six months ended June 30, 2015, the Group recognized revenue from one customer amounting to RMB36,321,000, and the revenue individually represent over 10% of the Group's total revenue. The revenue is attributable to the Wisdom Events segment.

For the six months ended June 30, 2014, the Group recognized revenue from one customer amounting to RMB37,492,000, and the revenue individually represent over 10% of the Group's total revenue. The revenue is attributable to the Wisdom Program & Branding segment.

## 7. SEASONALITY OF OPERATIONS

The demand for the Group's services is usually higher during the second half of each year than it is during the first half, which is mainly attributable to the greater marketing and sales efforts of the Group's customers during that period. In addition, the Group derives a portion of its revenues from organization, management and promotion of domestic and international sports-related competitions and events, the occurrence of which varies from period to period. In the financial year ended December 31, 2014, 39.9% of revenues accumulated in the first half of the year, with 60.1% accumulated in the second half of the year.

# Notes to the Condensed Consolidated Interim Financial Information

## 8. EXPENSES BY NATURE

	Unaudited	
	Six months ended June 30,	
	2015	2014
	RMB'000	RMB'000
Event organization and related costs	20,919	15,790
Advertising time slots, program production and related costs	113,566	144,601
Employee benefit expenses	21,797	21,477
Operating lease rentals	5,758	6,406
Provision for impairment of other receivables	4,100	—
General office expenses	3,995	7,911
Depreciation and amortization	3,165	3,389
Travelling expenses	2,410	3,554
Entertainment expenses	420	533
Promotion related expenses	255	380
Professional fees	7,928	1,534
Remuneration — audit fees	800	800
Remuneration — non-audit fees	2,700	—
	<b>187,813</b>	206,375

## 9. OTHER GAINS, NET

	Unaudited	
	Six months ended June 30,	
	2015	2014
	RMB'000	RMB'000
Financial assets at fair value through profit or loss		
— fair value gain (Note a)	1,354	3,292
Government grants (Note b)	12,029	6,901
	<b>13,383</b>	10,193

Notes:

- (a) The financial assets at fair value through profit or loss are investment products held for trading (Note 17).
- (b) The Group benefits from government grants in the form of tax refund from governmental bodies of Fuzhou, Jiangxi Province and Tianjin City as a result of their assistance for developing the cultural and media industry in the respective cities.

# Notes to the Condensed Consolidated Interim Financial Information

## 10. INCOME TAX EXPENSE

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

	Unaudited	
	Six months ended June 30,	
	2015	2014
	RMB'000	RMB'000
Current income tax	34,309	33,399
Deferred income tax	(100)	(724)
	34,209	32,675

### (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 June 30, 2015 (2014: 16.5%).

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

CIT is provided on the taxable income of entities within the Group incorporated 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 January 1, 2008.

### (iv) PRC withholding income tax

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

Deferred income tax liabilities of RMB68,419,000 (December 31, 2014: RMB58,262,000) have not been recognized for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totaled RMB684,190,000 as at June 30, 2015 (December 31, 2014: RMB582,616,000).

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share for the six months ended June 30 is calculated by dividing the profit for the six months ended June 30 attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended June 30.

	Unaudited Six months ended June 30,	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	93,141	102,129
Weighted average number of ordinary shares in issue (thousands)	1,609,045	1,609,045
Basic earnings per share	RMB0.06	RMB0.06

### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise shares to be issued under its share options. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option. The number of shares calculated as below is the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended June 30,	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	93,141	102,129
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,609,383	1,609,045
Diluted earnings per share	RMB0.06	RMB0.06

## Notes to the Condensed Consolidated Interim Financial Information

### 12. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY, INTANGIBLE ASSETS AND GOODWILL

	Unaudited			
	Property, plant and equipment RMB'000	Investment property RMB'000	Intangible assets RMB'000	Goodwill RMB'000
<b>Six months ended June 30, 2015</b>				
<b>Net book value</b>				
Opening amount as at January 1, 2015	11,735	21,992	2,074	—
Acquisition of a subsidiary	—	—	1,540	105
Additions	698	—	969	—
Depreciation and amortization	(2,310)	(630)	(225)	—
<b>Closing amount as at June 30, 2015</b>	<b>10,123</b>	<b>21,362</b>	<b>4,358</b>	<b>105</b>
<b>Six months ended June 30, 2014</b>				
<b>Net book value</b>				
Opening amount as at January 1, 2014	35,677	—	2,276	—
Additions	2,014	—	201	—
Depreciation and amortization	(2,940)	—	(200)	—
<b>Closing amount as at June 30, 2014</b>	<b>34,751</b>	<b>—</b>	<b>2,277</b>	<b>—</b>

Details of the goodwill of the Group are set out in Note 1.

### 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Available-for-sale financial assets	30,000	—

As at June 30, 2015, the available-for-sale financial assets were stated at fair value of RMB30,000,000. Details of the available-for-sale financial assets are set out in Note 1.

# Notes to the Condensed Consolidated Interim Financial Information

## 14. TRADE AND NOTES RECEIVABLES

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Trade receivables	207,635	301,623
Notes receivables	14,558	9,102
	<b>222,193</b>	310,725

As at June 30, 2015 and December 31, 2014, the ageing analysis based on recognition date of the above trade receivables was as follows:

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Within 1 month	56,627	109,602
1 to 3 months	79,889	131,099
4 to 6 months	10,337	18,440
7 to 12 months	49,003	24,414
Over 12 months	11,779	18,068
	<b>207,635</b>	301,623

As at June 30, 2015, no provisions or write-offs were recorded for trade and notes receivables as management assessed that the receivables could be recovered (December 31, 2014: nil).

## Notes to the Condensed Consolidated Interim Financial Information

### 15. OTHER RECEIVABLES

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Government grant receivables	55,054	62,399
Deposits with media companies and event organization companies	51,442	49,736
Advances to employees	10,163	10,736
Lease and other deposits	3,181	3,365
Interest receivables	137	654
Others	1,859	413
Less: Provision for impairment of other receivables	(4,100)	—
	<b>117,736</b>	127,303

### 16. PREPAYMENTS AND OTHER CURRENT ASSETS

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Prepayments for advertising timeslots	135,577	81,692
Prepayments for sport competition and event organization expenses	25,215	9,425
Prepaid lease and property management fees	4,304	3,701
Prepaid professional fees	4,597	—
Prepaid membership fees	1,457	1,565
Prepayments for programme production expenses	1,092	1,058
Others	1,266	1,914
	<b>173,508</b>	99,355

# Notes to the Condensed Consolidated Interim Financial Information

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

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Investment products held for trading	6,587	155,233

The above financial assets are recorded in the interim condensed consolidated balance sheet at fair value. Changes in fair values of financial assets at fair value through profit or loss are recorded in “other gains, net” in the interim condensed consolidated statement of comprehensive income.

The fair value of the financial assets is based on their current bid prices in an active market.

## 18. CASH AND CASH EQUIVALENTS

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Cash on hand	455	374
Cash in bank	618,633	598,112
	619,088	598,486

# Notes to the Condensed Consolidated Interim Financial Information

## 19. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	Share capital RMB'000	Share premium RMB'000	Total RMB'000
<b>Issued and fully paid:</b>				
<b>Opening balance January 1, 2015</b>	<b>1,609,045</b>	<b>2,479</b>	<b>486,993</b>	<b>489,472</b>
Dividends relating to 2014 paid in June 2015	—	—	(149,641)	(149,641)
<b>At June 30, 2015</b>	<b>1,609,045</b>	<b>2,479</b>	<b>337,352</b>	<b>339,831</b>
<b>Opening balance January 1, 2014</b>	1,609,045	2,479	636,634	639,113
Dividends relating to 2013 paid in June 2014	—	—	(149,641)	(149,641)
<b>At June 30, 2014</b>	1,609,045	2,479	486,993	489,472

## 20. TRADE PAYABLES

As at June 30, 2015 and December 31, 2014, the ageing analysis of the trade payables based on recognition date were as follows:

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Within 1 month	5,786	12,205
1 to 3 months	54	24
4 to 6 months	965	—
7 to 12 months	1,762	1,871
Over 12 months	1,099	465
	<b>9,666</b>	14,565

## 21. DIVIDENDS

A dividend in respect of the year ended December 31, 2014 of RMB0.093 (2013: RMB0.093) per share, amounting to a total dividend of RMB149,641,000 was paid by the Company in June 2015 (2014: RMB149,641,000).

No interim dividend for the six months ended June 30, 2015 is proposed (2014: nil).

# Notes to the Condensed Consolidated Interim Financial Information

## 22. CONTINGENT LIABILITIES

The Group has no contingent liabilities in respect of legal claims arising in the ordinary course of business.

## 23. 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:

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Within one year	8,753	9,659
In the second to fifth years, inclusive	4,417	8,022
	13,170	17,681

### (b) Strategic cooperation agreements with sports related organization commitments

The Group entered into strategic cooperation agreements with sports related organizations of fourteen provinces and cities in 2014 and 2015. Pursuant to the terms of the strategic cooperation agreements, the Group has been granted the exclusive rights for operating all the social sports competitions organized and operated by the above organizations.

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

	Unaudited as at June 30, 2015 RMB'000	Audited as at December 31, 2014 RMB'000
Within one year	13,950	13,500
In the second to fifth years, inclusive	34,000	41,200
	47,950	54,700

# Notes to the Condensed Consolidated Interim Financial Information

## 23. COMMITMENTS (CONTINUED)

### (c) Investment commitments

Beijing Wisdom Media entered into a Limited Partnership Agreement with SCG and Hongtu Jingshan, and committed to make a capital contribution of RMB75,000,000 for the joint establishment of Wisdom Hongtu Fund. As at June 30, 2015, Beijing Wisdom Media has invested RMB30,000,000 into the Fund. The remaining aggregate payments amounted to RMB45,000,000.

## 24. RELATED PARTY TRANSACTIONS

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 or common significant influence. The parent company of the Company is Queen Media Co., Ltd., a company which was incorporated in British Virgin Islands. The ultimate shareholder of the Company is Ms. Ren Wen.

The major transaction with related parties is related to key management compensation as follows:

	Unaudited	
	Six months ended June 30,	
	2015	2014
	RMB'000	RMB'000
Director's fees	102	75
Salaries and allowances	3,459	1,968
Social welfare	199	169
	3,760	2,212

Key management personnel were determined to be the executive directors, vice president and Chief Financial Officer of the Group.

## 25. SUBSEQUENT EVENTS

The Group used its treasury to invest in the financial products offered by banks in PRC from time to time. During the period since June 30, 2015 to the date that the condensed consolidated interim financial information was approved, the Group has mainly invested in four principal-guaranteed short-term financial products issued by four banks in PRC of RMB55,000,000 each.